

**TOWNSHIP OF SOUTHAMPTON**

**COUNTY OF BURLINGTON**

**REPORT OF AUDIT**

**For the Year Ended December 31, 2013**

# TOWNSHIP OF SOUTHAMPTON

## TABLE OF CONTENTS

### PAGE NO.

#### AUDITOR'S REPORTS

Report on Regulatory Basis Financial Statements - Independent Auditor's Report 1-3

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 4-5

#### CURRENT FUND - Exhibits

A Comparative Balance Sheets 6

A-1 Comparative Statements of Operations and Changes in Fund Balance 7

A-2 Statement of Revenues 8-10

A-3 Statement of Expenditures 11-19

#### TRUST FUND - Exhibits

B Comparative Balance Sheets 20

#### GENERAL CAPITAL FUND - Exhibits

C Comparative Balance Sheets 21

C-1 Statement of Fund Balance 22

#### SEWER UTILITY FUND - Exhibits

D Comparative Balance Sheets 23

D-1 Comparative Statements of Operations and Changes in Operating Fund  
Balance 24

D-2 Statement of Revenues 25

D-3 Statement of Expenditures 26

PAYROLL ACCOUNT - Exhibit

F	Comparative Balance Sheets	27
---	----------------------------	----

GENERAL FIXED ASSETS - Exhibit

G	Statement of General Fixed Assets	28
---	-----------------------------------	----

NOTES TO FINANCIAL STATEMENTS

29-48

CURRENT FUND - Exhibits

A-4	Schedule of Cash - Chief Financial Officer	49
A-5	Schedule of Current Cash - Collector	50
A-6	Schedule of Taxes Receivable and Analysis of Property Tax Levy	51
A-7	Schedule of Tax Title Liens	52
A-8	Schedule of Revenue Accounts Receivable	53
A-9	Schedule of Appropriation Reserves - 2012	54-58
A-10	Schedule of Local District Taxes	59
A-11	Schedule of Regional High School Taxes	60
A-12	Schedule of Federal and State Grants Receivable	61
A-13	Schedule of Reserve for Federal and State Grants - Appropriated	62
A-14	Schedule of Reserve for Federal and State Grants - Unappropriated	63

TRUST FUND - Exhibits

B-1	Schedule of Cash - Chief Financial Officer	64
B-2	Schedule of Cash - Collector	65
B-3	Schedule of Reserve for Dog Fund Expenditures	66
B-4	Schedule of Tax Title Lien Redemptions	67
B-5	Schedule of Premium Received at Tax Sale	68
B-6	Schedule of Reserve for Municipal Open Space	69

	<u>PAGE NO.</u>
<b>GENERAL CAPITAL FUND - Exhibits</b>	
C-2            Schedule of Cash - Chief Financial Officer	70
C-3            Analysis of Cash	71
C-4            Schedule of Deferred Charges to Future Taxation - Unfunded	72
C-5            Schedule of Capital Improvement Fund	73
C-6            Schedule of Improvement Authorizations	74
C-7            Schedule of Bonds Payable	75
C-8            Schedule of Bond Anticipation Notes	76
C-9            Schedule of USDA Loans Payable	77
C-10           Schedule of Bonds and Notes Authorized But Not Issued	78
 <b>SEWER UTILITY FUND - Exhibits</b>	
D-4            Schedule of Cash - Chief Financial Officer	79
D-5            Schedule of Sewer Rents Receivable	80
D-6            Schedule of Appropriation Reserves	81
D-7            Schedule of Fixed Capital	82
D-8            Schedule of USDA Loans Payable	83
D-9            Schedule of Serial Bonds Payable	84
D-10           Schedule of USDA Loans Authorized But No Issued	85
 <b>PAYROLL ACCOUNT - Exhibit</b>	
F-1            Schedule of Payroll Deductions Payable	86
 <b>GENERAL FIXED ASSETS - Exhibit</b>	
G-1            Schedule of Activity	87
 <b>GENERAL COMMENTS</b>	 88-89
<b>OTHER COMMENTS</b>	90-91
<b>SCHEDULE OF FINDINGS AND QUESTIONED COSTS</b>	92
<b>SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT</b>	93
<b>OFFICIALS IN OFFICE AND SURETY BONDS</b>	94
<b>APPRECIATION</b>	95

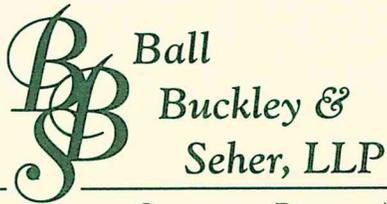
**TOWNSHIP OF SOUTHAMPTON**

\*\*\*\*\*

**PART I**

**REPORT OF EXAMINATION ON FINANCIAL STATEMENTS  
AND SUPPLEMENTARY DATA**

**For the Year Ended December 31, 2013**



CERTIFIED PUBLIC ACCOUNTANTS



## REPORT ON REGULATORY BASIS FINANCIAL STATEMENTS - INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying balance sheets - regulatory basis of the various funds and account groups of the Township of Southampton, County of Burlington, State of New Jersey, as of December 31, 2013 and 2012, and the related statements of operations and changes in fund balances - regulatory basis for the years then ended, and the related statements of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds, as of and for the year ended December 31, 2013, which collectively comprise the Township of Southampton's financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified accrual basis of accounting described in Note A; this includes determining that the modified accrual basis, with certain exceptions, and the budget laws of the 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 error or fraud.

### Auditor's Responsibility

We conducted our audit in accordance with 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 the 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

## **Basis of Accounting**

As discussed in Note 1, the Township of Southampton prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with a modified accrual basis, with certain exceptions, and the budget laws of the State of New Jersey. These practices are a basis of accounting other than accounting principles generally accepted in the United States of America. The presentation requirement does not include a Management Discussion and Analysis as required by the Governmental Accounting Standards Board to be presented as Required Supplementary Information, but not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The effect on the financial statements of the variances between the prescribed basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

## **Opinion**

In our opinion, because of the effects on the financial statements of the requirement that the Township of Southampton prepare its financial statements in accordance with the accounting practices discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township of Southampton as of December 31, 2013 and 2012, or the results of its operations and changes in fund balance for the years then ended.

However, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position - regulatory basis of the various funds and account groups of the Township of Southampton as of December 31, 2013 and 2012, and the results of operations and changes in fund balances - regulatory basis of such funds for the year then ended and the statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the years ended December 31, 2013 and 2012 on a modified accrual basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 9, 2014, on our consideration of the Township of Southampton's internal control structure 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*, and should be considered in assessing the results of our audit.

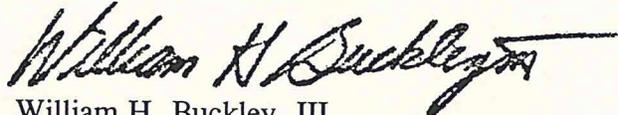
## Disclaimer of Opinion on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Township of Southampton's financial statements as a whole. The accompanying supplemental schedules and information presented in the "General Comments", "Other Comments", and "Schedule of Findings and Questioned Costs" sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has been subjected to 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 as a whole.

Respectfully submitted,

*Ball, Buckley & Seher, LLP*

BALL, BUCKLEY & SEHER, LLP  
Certified Public Accountants



William H. Buckley, III  
Registered Municipal Accountant #46  
Certified Public Accountant

July 9, 2014

**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**

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

We have audited the financial statements - regulatory basis of the Township of Southampton, County of Burlington, State of New Jersey, as of and for the year ended December 31, 2013, and have issued our report thereon dated July 9, 2014 which indicated that the financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America but were prepared on a regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. We conducted our audit in accordance with 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 in compliance with audit requirements as 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, we considered the Township of Southampton's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township of Southampton's internal control over financial reporting. Accordingly, we do not express an opinion of the effectiveness of the Township of Southampton's internal control over financial reporting.

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 Township of Southampton's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies or material weaknesses have been identified. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, as described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting. 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.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township of Southampton's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants 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* or the requirements of the Division of Local Government Services which is described in the accompanying summary schedule of prior year audit findings and questioned costs as item 2012-1.

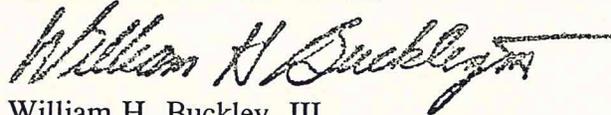
## Purpose of this Report

This report is intended solely for the information and use of management, the Township Committee of the Township of Southampton, others within the entity, and federal awarding agencies and pass-through entities, the New Jersey Division of Local Government Services, and certain other interested government agencies and is not intended to be and should not be used by anyone other than those specified parties.

Respectfully submitted,

*Ball, Buckley & Seher, LLP*

BALL, BUCKLEY & SEHER, LLP  
Certified Public Accountants



William H. Buckley, III  
Registered Municipal Accountant #46  
Certified Public Accountant

July 9, 2014

**CURRENT FUND**



**TOWNSHIP OF SOUTHAMPTON  
CURRENT FUND  
COMPARATIVE STATEMENTS OF OPERATIONS AND  
CHANGES IN FUND BALANCE  
REGULATORY BASIS**

**For the Years Ended December 31, 2013 and 2012**

	Ref.	Year 2013	Year 2012
Revenue and other income realized:			
Fund balance utilized	A-2	\$ 350,000.00	\$ 452,200.00
Miscellaneous revenue anticipated	A-2	2,069,144.36	1,980,261.96
Receipts from delinquent taxes	A-2	423,181.25	348,081.49
Receipts from current taxes	A-2	24,702,473.19	24,687,919.37
Non-budget revenue	A-2	28,453.90	136,874.42
Other credits to income:			
Unexpended balance of appropriation reserves	A-9	178,520.71	186,973.49
Return of prior year utility deficit		35,000.00	0.00
Due from USDA		0.00	2,361.00
Prior year change fund adjustments		0.00	140.00
Prepaid local district school tax		0.00	1.38
Total income		<u>27,786,773.41</u>	<u>27,794,813.11</u>
Expenditures:			
Budget and appropriations			
Operations:			
Salaries and wages	A-3	1,371,280.79	1,315,382.86
Other expenses	A-3	2,875,427.28	2,894,141.24
Capital Improvements	A-3	60,000.00	0.00
Municipal debt service	A-3	882,404.18	878,514.40
Deferred charges and statutory expenditures	A-3	380,854.47	392,922.00
County taxes	A-6	4,199,176.40	4,494,465.17
County's share of added and omitted tax	A-6	3,584.50	5,007.06
Local district school tax	A-10	10,742,685.00	10,587,374.00
Municipal open space tax	A-6	200,728.27	201,717.63
Municipal open space share of added and omitted taxes	A-6	162.66	223.53
Regional high school tax	A-11	6,687,817.00	6,784,730.19
Creation of interfund		67,325.73	12,817.78
Total expenditures		<u>27,471,446.28</u>	<u>27,567,295.86</u>
Excess or (deficit) in revenue		315,327.13	227,517.25
Expenditures included above which are by statute			
deferred charges to budget of succeeding year		263.74	0.00
Statutory excess to fund balance		<u>315,590.87</u>	<u>227,517.25</u>
Fund balance - January 1	A-1	435,525.79	660,208.54
Decreased by utilization as anticipated revenue	A-2	751,116.66	887,725.79
		<u>350,000.00</u>	<u>452,200.00</u>
Fund balance - December 31	A	<u>\$ 401,116.66</u>	<u>\$ 435,525.79</u>

See Accompanying Notes to the Financial Statements

TOWNSHIP OF SOUTHAMPTON  
CURRENT FUND  
STATEMENT OF REVENUES  
REGULATORY BASIS

For the Year Ended December 31, 2013

	Ref.	Anticipated		Per N.J.S.A. 40A:4-87	Realized	Excess Or (Deficit)
		Budget	\$			
Fund balance anticipated	A-1	\$ 350,000.00	\$ 0.00		\$ 350,000.00	\$ 0.00
Miscellaneous revenues:						
Licenses:						
Alcoholic beverages	A-8	12,500.00	0.00		12,500.00	0.00
Other	A-2	800.00	0.00		800.00	0.00
Fees and permits	A-2	40,000.00	0.00		44,612.50	4,612.50
Fines and costs - municipal court	A-8	91,362.13	0.00		91,185.12	(177.01)
Interest and costs on taxes	A-5	77,700.00	0.00		94,914.31	17,214.31
Interest on investments and deposits	A-8	16,000.00	0.00		19,626.84	3,626.84
Energy receipts tax	A-8	1,100,389.00	0.00		1,100,389.00	0.00
Reserve for garden state trust	A	5,472.00	0.00		5,472.00	0.00
Uniform construction code fees	A-8	170,000.00	0.00		182,104.00	12,104.00
Shared service agreements:						
Eastampton Township - vehicle maintenance services	A-4	10,000.00	0.00		463.00	(9,537.00)
Shamong Township - municipal court	A-4	0.00	11,666.65		11,666.65	0.00
Special items of revenue:						
Recycling tonnage grant	A-13	14,375.67	0.00		14,375.67	0.00
Clean communities program	A-13	30,027.76	0.00		30,027.76	0.00
DEP community forestry grant	A-13	0.00	20,000.00		20,000.00	0.00
EDA grant- Stokes property	A-13	28,129.20	0.00		28,129.20	0.00
NJDOT- Holly Boulevard	A-13	205,000.00	0.00		205,000.00	0.00
County of Burlington, CDBG - Holly Blvd - Phase II	A-13	65,000.00	0.00		65,000.00	0.00
Reserve for debt service - general capital fund	C	20,000.00	0.00		20,000.00	0.00
Rental income Good Farm	A-4	32,343.00	0.00		32,342.49	(0.51)
Cable television franchise fees	A-8	44,180.00	0.00		44,056.31	(123.69)
Housing inspection fees	A-8	23,000.00	0.00		26,974.00	3,974.00
Sale of municipal assets	A-4	19,100.00	0.00		19,505.51	405.51
Total	A-1	2,005,378.76	31,666.65		2,069,144.36	32,098.95
Receipts from delinquent taxes	A-1; A-2	400,000.00	0.00		423,181.25	23,181.25
Amount to be raised by taxes for support of municipal budget - local taxes for municipal purposes	A-2	3,313,304.35	0.00		3,388,193.63	74,889.28
Budget totals		6,068,683.11	31,666.65		6,230,519.24	130,169.48
Non-budget revenues	A-1; A-2	0.00	0.00		28,453.90	28,453.90
Total	A-3	\$ 6,068,683.11	\$ 31,666.65		\$ 6,258,973.14	\$ 158,623.38

See Accompanying Notes to the Financial Statements

TOWNSHIP OF SOUTHAMPTON  
CURRENT FUND  
STATEMENT OF REVENUES  
REGULATORY BASIS  
For the Year Ended December 31, 2013

ANALYSIS OF REALIZED REVENUES

	<u>Ref.</u>	
Allocations of current tax collections:		
Revenue from collections	A-1; A-6	\$ 24,702,473.19
Allocated to:		
School taxes, county taxes and local open space taxes	A-6	<u>21,834,153.83</u>
Balance for support of municipal appropriations		2,868,319.36
Add: appropriation "reserve for uncollected taxes"	A-3	<u>519,874.27</u>
Amount for support of municipal budget appropriations	A-2	<u>\$ 3,388,193.63</u>
Analysis of receipts from delinquent taxes:		
Delinquent tax collections	A-6	\$ 421,172.09
Tax title lien collections	A-7	<u>2,009.16</u>
Total	A-2	<u>\$ 423,181.25</u>
Other licenses:		
Township clerk:		
Trailer park licenses		\$ 400.00
Pig farm park licenses	A-5	<u>400.00</u>
	A-2	<u>\$ 800.00</u>
Other fees and permits:		
Tax collector:		
Trailer fees	A-5	\$ 44,612.50
	A-2	<u>\$ 44,612.50</u>

See Accompanying Notes to the Financial Statements

TOWNSHIP OF SOUTHAMPTON  
CURRENT FUND  
STATEMENT OF REVENUES  
REGULATORY BASIS  
For the Year Ended December 31, 2013

ANALYSIS OF NON-BUDGET REVENUES

	<u>Ref.</u>		
Chief financial officer:			
Refunds		\$ 5,607.31	
Administrative fee - statutory deductions		7,431.09	
Notary services		262.50	
Miscellaneous		<u>1,385.00</u>	
	A-4		\$ 14,685.90
Tax collector:			
Trailer fee - penalties		88.11	
Tax searches		220.00	
Tax penalty received		<u>4,366.19</u>	
	A-5		4,674.30
Revenue accounts receivable:			
Chief financial officer:			
Clerk	A-8	583.40	
Planning and zoning board application fees	A-8	7,500.00	
Registrar fees	A-8	875.00	
Discovery	A-8	<u>135.30</u>	
			<u>9,093.70</u>
Total	A-2		<u><u>\$ 28,453.90</u></u>

See Accompanying Notes to the Financial Statements

TOWNSHIP OF SOUTHAMPTON  
CURRENT FUND  
STATEMENT OF EXPENDITURES  
REGULATORY BASIS  
For the Year Ended December 31, 2013

	Appropriations		Expended			Unexpended Balance	
	Budget	Budget After Modifications	Paid Or Charged	Encumbrances	Reserved	Canceled	Overexpended
<b>OPERATIONS- within "CAP"</b>							
General government functions:							
Human resources (personnel):							
Other expenses	\$ 2,500.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Executive:							
Salaries and wages	156,020.00	156,020.00	152,021.49	0.00	3,998.51	0.00	0.00
Other expenses	38,100.00	37,600.00	35,501.95	343.01	1,755.04	0.00	0.00
Municipal clerk:							
Salaries and wages	28,852.10	28,852.10	28,728.62	0.00	123.48	0.00	0.00
Other expenses	7,200.00	6,200.00	5,950.77	0.00	249.23	0.00	0.00
Data processing:							
Salaries and wages	3,249.72	3,249.72	3,249.72	0.00	0.00	0.00	0.00
Other expenses	24,200.00	22,200.00	21,925.51	0.00	274.49	0.00	0.00
Financial administration:							
Salaries and wages	58,520.94	58,520.94	57,197.02	0.00	1,323.92	0.00	0.00
Other expenses	1,250.00	1,250.00	971.61	30.20	248.19	0.00	0.00
Audit services:							
Other expenses	28,000.00	31,000.00	30,885.50	0.00	114.50	0.00	0.00
Revenue - administration (tax collection):							
Salaries and wages	88,939.67	88,939.67	88,939.21	0.00	0.46	0.00	0.00
Other expenses	4,000.00	4,000.00	3,529.18	350.00	120.82	0.00	0.00
Tax assessment - administration:							
Salaries and wages	22,644.00	22,644.00	22,131.73	0.00	512.27	0.00	0.00
Other expenses:							
Revision of tax map	1,000.00	1,000.00	35.00	0.00	965.00	0.00	0.00
Miscellaneous	4,050.00	5,050.00	1,871.54	2,963.04	215.42	0.00	0.00
Legal services:							
Other expenses	60,000.00	90,860.00	77,725.54	5,748.54	7,385.92	0.00	0.00
Engineering services:							
Other expenses	34,652.00	25,652.00	21,482.50	0.00	4,169.50	0.00	0.00
Historical sites office:							
Salaries and wages	520.00	520.00	245.00	275.00	0.00	0.00	0.00
Other expenses	400.00	400.00	239.45	0.00	160.55	0.00	0.00
Municipal court:							
Salaries and wages	150,534.52	150,534.52	145,099.66	0.00	5,434.86	0.00	0.00
Other expenses	9,200.00	9,200.00	9,088.53	74.25	37.22	0.00	0.00

TOWNSHIP OF SOUTHAMPTON  
CURRENT FUND  
STATEMENT OF EXPENDITURES  
REGULATORY BASIS  
For the Year Ended December 31, 2013

	Appropriations		Expended			Unexpended Balance Canceled	Reserved	Overexpended
	Budget	Budget After Modifications	Paid Or Charged	Encumbrances	Reserved			
\$	12,240.00	\$ 12,240.00	\$ 11,963.17	\$ 0.00	\$ 276.83	\$ 0.00	\$ 0.00	0.00
Land use - administration:								
Planning board:								
Salaries and wages	3,400.00	800.00	550.00	0.00	250.00	0.00	0.00	0.00
Other expenses:	500.00	500.00	250.00	0.00	250.00	0.00	0.00	0.00
Legal								
Engineering								
Miscellaneous	3,300.00	2,300.00	1,240.25	0.00	1,059.75	0.00	0.00	0.00
Zoning board of adjustment:								
Salaries and wages	5,916.00	5,916.00	5,782.03	0.00	133.97	0.00	0.00	0.00
Other expenses:								
Legal	2,400.00	11,500.00	10,464.00	0.00	1,036.00	0.00	0.00	0.00
Engineering	1,500.00	1,500.00	1,500.00	0.00	0.00	0.00	0.00	0.00
Miscellaneous	3,500.00	2,500.00	1,954.80	0.00	545.20	0.00	0.00	0.00
Zoning board:								
Salaries and wages	34,881.56	34,881.56	34,784.83	0.00	96.73	0.00	0.00	0.00
Other expenses	3,000.00	3,000.00	2,204.93	0.00	795.07	0.00	0.00	0.00
Public defender:								
Other expenses	1,000.00	1,000.00	600.00	0.00	400.00	0.00	0.00	0.00
Insurance:								
General liability	58,000.00	58,000.00	58,000.00	0.00	0.00	0.00	0.00	0.00
Workers compensation	129,500.00	129,500.00	129,500.00	0.00	0.00	0.00	0.00	0.00
Employee group health	579,000.00	567,500.00	566,839.83	0.00	660.17	0.00	0.00	0.00
Employee group health waivers	1,500.00	4,940.00	4,940.00	0.00	0.00	0.00	0.00	0.00
Unemployment insurance	5,950.00	2,050.00	1,885.60	0.00	164.40	0.00	0.00	0.00
Surety bond premiums	500.00	500.00	500.00	0.00	0.00	0.00	0.00	0.00
Other insurance premiums	6,500.00	7,200.00	4,033.05	2,591.88	575.07	0.00	0.00	0.00
Flexible spending account	600.00	600.00	550.00	0.00	50.00	0.00	0.00	0.00

OPERATIONS- within "CAP"

General government functions (continued):

Land use - administration:

  Planning board:

    Salaries and wages

    Other expenses:

      Legal

      Engineering

      Miscellaneous

  Zoning board of adjustment:

    Salaries and wages

    Other expenses:

      Legal

      Engineering

      Miscellaneous

  Zoning board:

    Salaries and wages

    Other expenses

  Public defender:

    Other expenses

Insurance:

  General liability

  Workers compensation

  Employee group health

  Employee group health waivers

  Unemployment insurance

  Surety bond premiums

  Other insurance premiums

  Flexible spending account

TOWNSHIP OF SOUTHAMPTON  
CURRENT FUND  
STATEMENT OF EXPENDITURES  
REGULATORY BASIS  
For the Year Ended December 31, 2013

	Appropriations		Expended			Unexpended Balance Canceled	Overexpended
	Budget	Budget After Modifications	Paid Or Charged	Encumbrances	Reserved		
<b>OPERATIONS- within "CAP"</b>							
Public safety:							
Office of emergency management:							
Salaries and wages	\$ 5,000.00	\$ 5,000.00	\$ 4,619.13	\$ 0.00	\$ 380.87	\$ 0.00	\$ 0.00
Other expenses	3,000.00	2,100.00	1,429.60	228.20	442.20	0.00	0.00
Aid to volunteer fire companies:							
Other expenses	60,000.00	60,000.00	59,751.52	0.00	248.48	0.00	0.00
Aid to volunteer ambulance companies:							
Other expenses	30,000.00	31,800.00	31,075.00	0.00	725.00	0.00	0.00
EMT:							
Other expenses	189,910.00	189,910.00	174,236.85	15,653.00	20.15	0.00	0.00
Fire:							
Other expenses	20,000.00	20,000.00	20,000.00	0.00	0.00	0.00	0.00
Municipal prosecutor:							
Other expenses	11,172.00	11,264.00	11,263.56	0.00	0.44	0.00	0.00
Discovery:							
Salaries and wages	3,491.00	3,491.00	3,271.27	0.00	219.73	0.00	0.00
Police courtroom security:							
Salaries and wages	6,493.00	6,493.00	6,493.00	0.00	0.00	0.00	0.00
Other expenses	400.00	400.00	127.60	0.00	272.40	0.00	0.00
Public works functions:							
Street and road maintenance:							
Salaries and wages	359,165.00	354,165.00	344,843.81	0.00	9,321.19	0.00	0.00
Other expenses	104,600.00	105,700.00	79,642.54	19,672.48	6,384.98	0.00	0.00
Other public works functions (shade tree):							
Other expenses	5,500.00	5,500.00	5,391.50	95.00	13.50	0.00	0.00
Recycling:							
Salaries and wages	2,164.24	2,164.24	2,132.72	0.00	31.52	0.00	0.00
Other expenses	2,000.00	2,000.00	1,787.06	0.00	212.94	0.00	0.00
Garbage and trash removal:							
Salaries and wages	202,950.00	200,525.00	194,814.41	0.00	5,710.59	0.00	0.00
Other expenses	10,000.00	6,000.00	4,471.30	432.63	1,096.07	0.00	0.00

TOWNSHIP OF SOUTHAMPTON  
CURRENT FUND  
STATEMENT OF EXPENDITURES  
REGULATORY BASIS  
For the Year Ended December 31, 2013

	Appropriations			Expended			Unexpended Balance Canceled	Overexpended
	Budget	Budget After Modifications	Paid Or Charged	Encumbrances	Reserved			
<b>OPERATIONS- within "CAP"</b>								
Public works functions (concluded):								
Buildings and grounds:								
Salaries and wages	\$ 14,782.00	\$ 14,782.00	\$ 14,727.37	\$ 0.00	\$ 54.63	\$ 0.00	\$ 0.00	\$ 0.00
Other expenses	63,500.00	69,500.00	63,640.77	1,680.01	4,179.22	0.00	0.00	0.00
Vehicle maintenance:								
Other expenses	87,000.00	88,000.00	75,924.88	11,675.22	399.90	0.00	0.00	0.00
Health and human services:								
Vital statistics:								
Salaries and wages	4,854.53	4,854.53	3,884.02	0.00	970.51	0.00	0.00	0.00
Other expenses	1,200.00	700.00	648.75	0.00	51.25	0.00	0.00	0.00
Environmental commission:								
Salaries and wages	1,500.00	1,500.00	1,500.00	0.00	0.00	0.00	0.00	0.00
Other expenses	1,250.00	658.00	290.00	0.00	368.00	0.00	0.00	0.00
Animal control services:								
Other expenses	4,000.00	4,550.00	4,202.07	0.00	347.93	0.00	0.00	0.00
Welfare/administration of public assistance:								
Other expenses	1,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Parks and recreation:								
Recreation services and programs:								
Other expenses	17,550.00	17,550.00	15,878.65	0.00	1,671.35	0.00	0.00	0.00
Maintenance of parks:								
Other expenses	6,000.00	4,500.00	4,130.09	307.96	61.95	0.00	0.00	0.00
Celebration of public events:								
Other expenses	5,000.00	4,500.00	4,374.19	0.00	125.81	0.00	0.00	0.00
Sanitation:								
Landfill/solid waste costs:								
Other expenses-contractual	340,000.00	350,800.00	325,579.73	25,202.92	17.35	0.00	0.00	0.00
Aid to library (N.J.S. 40:54-35):								
Other expenses	38,000.00	38,000.00	38,000.00	0.00	0.00	0.00	0.00	0.00

TOWNSHIP OF SOUTHAMPTON  
CURRENT FUND  
STATEMENT OF EXPENDITURES  
REGULATORY BASIS  
For the Year Ended December 31, 2013

	Appropriations		Expended			Unexpended Balance Canceled	Overexpended
	Budget	Budget After Modifications	Paid Or Charged	Encumbrances	Reserved		
<b>OPERATIONS- within "CAP"</b>							
Unclassified:							
Registration of bonds	\$ 3,100.00	\$ 2,330.00	\$ 2,330.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Accumulated sick leave	1,000.00	1,000.00	994.02	0.00	5.98	0.00	0.00
JIF coordinator:							
Salaries and wages	1,000.00	1,000.00	1,000.00	0.00	0.00	0.00	0.00
JIF wellness program	1,000.00	1,000.00	751.44	0.00	248.56	0.00	0.00
Code enforcement and administration:							
Uniform construction code enforcement:							
Salaries and wages	83,639.06	83,639.06	80,436.35	0.00	3,202.71	0.00	0.00
Other expenses	11,200.00	8,700.00	6,552.95	1,531.93	615.12	0.00	0.00
Sub code officials:							
Plumbing inspector:							
Salaries and wages	10,982.41	10,982.41	10,733.69	0.00	248.72	0.00	0.00
Electrical inspector:							
Salaries and wages	16,599.69	16,599.69	16,224.28	0.00	375.41	0.00	0.00
Fire protection official:							
Salaries and wages	3,246.35	3,246.35	3,172.76	0.00	73.59	0.00	0.00
Utility expenses and bulk purchases:							
Electricity	44,000.00	32,000.00	25,670.60	2,836.41	3,492.99	0.00	0.00
Street lighting	144,000.00	141,500.00	115,777.69	13,535.02	12,187.29	0.00	0.00
Telephone	10,000.00	9,500.00	9,400.95	0.00	99.05	0.00	0.00
Telecommunications	8,500.00	9,500.00	8,416.23	0.00	1,083.77	0.00	0.00
Fuel oil	3,300.00	3,300.00	2,364.52	0.00	935.48	0.00	0.00
Gasoline/diesel	124,000.00	113,264.00	106,616.06	5,991.08	656.86	0.00	0.00
Water	3,200.00	3,200.00	3,020.49	123.02	56.49	0.00	0.00
Propane	3,000.00	3,700.00	2,992.26	0.00	707.74	0.00	0.00
Sewerage processing	1,700.00	1,700.00	789.23	29.36	881.41	0.00	0.00
Fire hydrants	38,000.00	38,300.00	37,310.96	0.00	989.04	0.00	0.00
<b>Total operations within "CAP"</b>	<b>3,689,969.79</b>	<b>3,680,988.79</b>	<b>3,477,047.89</b>	<b>111,370.16</b>	<b>92,570.74</b>	<b>0.00</b>	<b>0.00</b>

TOWNSHIP OF SOUTHAMPTON  
CURRENT FUND  
STATEMENT OF EXPENDITURES  
REGULATORY BASIS  
For the Year Ended December 31, 2013

	Appropriations			Expended			Unexpended Balance Canceled	Overexpended
	Budget	Budget After Modifications	Paid Or Charged	Encumbrances	Reserved			
\$ 1,277,185.79	\$ 1,269,760.79	\$ 1,236,995.29	\$ 275.00	\$ 32,490.50	\$ 0.00	\$ 0.00	\$ 0.00	
2,412,784.00	2,411,228.00	2,240,052.60	111,095.16	60,080.24	0.00	0.00	0.00	

OPERATIONS- within "CAP"

Detail:

Salaries and wages  
Other expenses

DEFERRED CHARGES AND STATUTORY  
EXPENDITURES - MUNICIPAL WITHIN  
"CAP"

Deferred charges:							
Deficit in sewer operating budget	39,553.98	39,553.98	28,781.47	0.00	0.00	10,772.51	0.00
Statutory expenditures:							
Contribution to:							
Public employees' retirement system	129,393.00	129,393.00	129,393.00	0.00	0.00	0.00	0.00
Social security system (O.A.S.I.)	99,000.00	107,776.00	105,869.40	0.00	1,906.60	0.00	0.00
Defined contribution retirement plan	550.00	745.00	744.60	0.00	0.40	0.00	0.00
Public employees' retirement system-ERT	6,699.00	6,699.00	6,699.00	0.00	0.00	0.00	0.00

Total deferred charges and statutory  
expenditures -within "CAP"

Total general appropriations for  
municipal purposes within "CAP"

Stormwater permits (NJDEP):

Street division:  
Salaries and wages  
Other expenses

275,195.98	284,166.98	271,487.47	0.00	1,907.00	10,772.51	0.00
3,965,165.77	3,965,155.77	3,748,535.36	111,370.16	94,477.74	10,772.51	0.00
101,520.00	101,520.00	97,988.59	0.00	3,531.41	0.00	0.00
20,000.00	20,000.00	19,841.47	158.01	0.52	0.00	0.00

Insurance:

Employee group health insurance

27,500.00	27,500.00	27,500.00	0.00	0.00	0.00	0.00
-----------	-----------	-----------	------	------	------	------

TOWNSHIP OF SOUTHAMPTON  
CURRENT FUND  
STATEMENT OF EXPENDITURES  
REGULATORY BASIS  
For the Year Ended December 31, 2013

	Appropriations		Expended			Unexpended Balance Canceled	Overexpended
	Budget	Budget After Modifications	Paid Or Charged	Encumbrances	Reserved		
<b>OPERATIONS EXCLUDED FROM "CAP"</b>							
Shared services agreements:							
Township of Shamong:							
Tax assessor	\$ 31,500.00	\$ 31,500.00	\$ 30,593.21	\$ 0.00	\$ 906.79	\$ 0.00	\$ 0.00
Municipal court:							
Salaries and wages	0.00	3,000.00	811.50	0.00	2,188.50	0.00	0.00
Other expenses	0.00	8,666.65	2,433.98	334.28	5,898.39	0.00	0.00
Eastampton Township:							
Streets and roads:							
Salaries and wages	10,000.00	10,000.00	0.00	0.00	10,000.00	0.00	0.00
State and federal programs offset by revenues:							
Clean communities program	30,027.76	30,027.76	30,027.76	0.00	0.00	0.00	0.00
Matching funds for grants	1,000.00	1,000.00	1,000.00	0.00	0.00	0.00	0.00
DEP community forestry grant	0.00	20,000.00	20,000.00	0.00	0.00	0.00	0.00
Recycling tonnage grant	14,375.67	14,375.67	14,375.67	0.00	0.00	0.00	0.00
NJDOT - Holly Boulevard	205,000.00	205,000.00	205,000.00	0.00	0.00	0.00	0.00
EDA grant- Stokes property	28,129.20	28,129.20	28,129.20	0.00	0.00	0.00	0.00
Burlington County - CDBG - Holly Blvd Phase II	65,000.00	65,000.00	65,000.00	0.00	0.00	0.00	0.00
Total operations excluded from "CAP"	534,052.63	565,719.28	542,701.38	492.29	22,525.61	0.00	0.00
<i>Detail:</i>							
Salaries and wages	101,520.00	101,520.00	97,988.59	0.00	3,531.41	0.00	0.00
Other expenses	432,532.63	464,199.28	444,712.79	492.29	18,994.20	0.00	0.00
<b>CAPITAL IMPROVEMENTS</b>							
Capital improvement fund	60,000.00	60,000.00	60,000.00	0.00	0.00	0.00	0.00
Total capital improvements	60,000.00	60,000.00	60,000.00	0.00	0.00	0.00	0.00

TOWNSHIP OF SOUTHAMPTON  
CURRENT FUND  
STATEMENT OF EXPENDITURES  
REGULATORY BASIS  
For the Year Ended December 31, 2013

	Appropriations		Expended			Unexpended Balance Canceled	Overexpended
	Budget	Budget After Modifications	Paid Or Charged	Encumbrances	Reserved		
<u>MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAP"</u>							
Payment of bond principal	\$ 409,000.00	\$ 409,000.00	\$ 409,000.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Payment of bond anticipation notes and capital notes	204,240.00	204,250.00	204,250.00	0.00	0.00	0.00	0.00
Interest on bonds	227,232.00	227,232.00	227,232.01	0.00	0.00	0.00	0.01
Interest on notes	18,767.00	18,767.00	19,030.73	0.00	0.00	0.00	263.73
USDA rural development community facilities: Hampton Lakes Fire Company	22,891.44	22,891.44	22,891.44	0.00	0.00	0.00	0.00
Total municipal debt service - excluded from "CAP"	882,130.44	882,140.44	882,404.18	0.00	0.00	0.00	263.74
<u>DEFERRED CHARGES - MUNICIPAL WITHIN "CAP"</u>							
Special emergency authorizations - 5 years	90,000.00	90,000.00	90,000.00	0.00	0.00	0.00	0.00
Deferred charges to future taxation - unfunded	17,460.00	17,460.00	17,460.00	0.00	0.00	0.00	0.00
Total deferred charges- municipal excluded from "CAP"	107,460.00	107,460.00	107,460.00	0.00	0.00	0.00	0.00
Total general appropriations for municipal purposes - excluded from "CAP"	1,583,643.07	1,615,319.72	1,592,565.56	492.29	22,525.61	0.00	263.74
Reserve for uncollected taxes	519,874.27	519,874.27	519,874.27	0.00	0.00	0.00	0.00
Total general appropriations	\$ 6,068,683.11	\$ 6,100,349.76	\$ 5,860,975.19	\$ 111,862.45	\$ 117,003.35	\$ 10,772.51	\$ 263.74

Ref. A-2 A-3 A A-1 A

Adopted budget  
Appropriation by 40A-4-87

\$ 6,068,683.11  
31,666.65  
\$ 6,100,349.76

See Accompanying Notes to the Financial Statements

TOWNSHIP OF SOUTHAMPTON  
CURRENT FUND  
STATEMENT OF EXPENDITURES  
REGULATORY BASIS  
For the Year Ended December 31, 2013

	<u>Ref.</u>		
Paid or charged:			
State and federal grants	A-13	\$	363,532.63
Deferred charges to future taxation - unfunded	C-10		17,460.00
Due general capital fund			313.73
Due payroll fund			(1,906.08)
Reserve for uncollected taxes	A-2		519,874.27
Disbursed	A-4		<u>4,961,700.64</u>
		\$	<u><u>5,860,975.19</u></u>

See Accompanying Notes to the Financial Statements

**TRUST FUND**

TOWNSHIP OF SOUTHAMPTON  
TRUST FUND  
COMPARATIVE BALANCE SHEETS  
REGULATORY BASIS  
December 31, 2013 and 2012

		Balance December 31, 2013	Balance December 31, 2012	Ref.	Balance December 31, 2013	Balance December 31, 2012
<b>ASSETS</b>						
Animal control fund:						
Cash - chief financial officer	B-1	\$ 1,104.97	\$ 508.75			0.31
Due from current fund	A	0.00	0.01			2.40
		<u>1,104.97</u>	<u>508.76</u>	B-3	\$ 1,102.26	\$ 508.76
					<u>1,104.97</u>	<u>508.76</u>
Other funds:						
Cash - chief financial officer	B-1	902,239.13	951,789.64			
Cash - tax collector	B-2	145,012.86	109,149.78	A	6,409.32	6,074.04
Due from payroll account	F	2,565.71	2,271.14			
Due from current fund	A	73,635.93	112,130.60		160,604.22	207,482.77
Due from developers		22,931.98	26,147.15		28,619.67	27,619.67
		<u>1,146,385.61</u>	<u>1,201,488.31</u>		<u>1,000.60</u>	<u>1,000.60</u>
Animal control fund:						
Due to current fund					5,082.50	1,052.00
Due to State of New Jersey					379,872.73	393,345.48
Reserve for dog fund expenditures					789.32	3,740.56
Other funds:						
Due to current fund					144,200.00	105,400.00
Escrow for planning board subdivision and cash performance guarantees					36,282.10	36,282.10
Accumulated sick leave					10,301.16	40,360.01
Private contributions for street lighting improvements					79,713.43	77,354.42
Public defender					1,470.00	0.00
Municipal open space tax	B-6				34,951.27	41,437.37
Reserve for tax title lien redemption	B-4				257,089.29	260,339.29
Reserve for tax sale premiums	B-5				<u>1,146,385.61</u>	<u>1,201,488.31</u>
Reserve for recreation						
Reserve for snow removal						
Reserve for New Jersey unemployment compensation						
Reserve for general trust						
Reserve for encumbrances						
Reserve for COAH						
<b>Total all funds</b>		<b>\$ 1,147,490.58</b>	<b>\$ 1,201,997.07</b>		<b>\$ 1,147,490.58</b>	<b>\$ 1,201,997.07</b>

LIABILITIES, RESERVES, AND FUND BALANCE

**GENERAL CAPITAL FUND**

**TOWNSHIP OF SOUTHAMPTON  
GENERAL CAPITAL FUND  
COMPARATIVE BALANCE SHEETS  
REGULATORY BASIS  
December 31, 2013 and 2012**

	Ref.	Balance December 31, 2013	Balance December 31, 2012
<b><u>ASSETS</u></b>			
Cash - chief financial officer	C-2; C-3	\$ 3,328,147.38	\$ 1,616,540.37
Due from state and federal grant fund	A	0.00	140,000.00
Deferred charges to future taxation:			
Funded		6,774,000.00	7,330,371.36
Unfunded	C-4	4,543,995.80	1,108,205.80
		<u>\$ 14,646,143.18</u>	<u>\$ 10,195,117.53</u>
<b><u>LIABILITIES AND RESERVES</u></b>			
Bonds payable	C-7	\$ 6,774,000.00	\$ 7,308,000.00
Bond anticipation notes payable	C-8	4,473,500.00	1,020,250.00
USDA loan payable	C-9	0.00	22,371.36
Contract payable	C-6	1,239,800.03	174,887.00
Due to current fund	A	39,196.17	14,305.46
Improvement authorizations:			
Funded	C-6	167,677.64	485,124.92
Unfunded	C-6	1,451,606.03	426,916.48
Down payment of capital improvements		321.00	321.00
Capital improvement fund	C-5	220,250.00	457,750.00
Reserve for assessment revaluation		2,000.00	2,000.00
Reserve for debt service		274,601.00	280,000.00
Fund balance	C-1	3,191.31	3,191.31
		<u>\$ 14,646,143.18</u>	<u>\$ 10,195,117.53</u>

See Accompanying Notes to the Financial Statements

**TOWNSHIP OF SOUTHAMPTON  
GENERAL CAPITAL FUND  
STATEMENT OF FUND BALANCE  
REGULATORY BASIS  
For the Year Ended December 31, 2013**

	Ref.	
Balance - December 31, 2012	C	\$ 3,191.31
Balance - December 31, 2013	C	\$ 3,191.31

See Accompanying Notes to the Financial Statements

**SEWER UTILITY FUND**

TOWNSHIP OF SOUTHAMPTON  
SEWER UTILITY FUND  
COMPARATIVE BALANCE SHEETS  
REGULATORY BASIS  
December 31, 2013 and 2012

	Ref.	Balance December 31, 2013	Balance December 31, 2012
<b>ASSETS</b>			
Operating fund:			
Cash - chief financial officer	D-4	\$ 128,832.16	\$ 82,313.32
Change fund		60.00	60.00
Consumer accounts receivable	D-5	20,255.70	20,809.24
		149,147.86	103,182.56
Deferred charges:			
Overexpenditure of appropriation reserves		0.00	6,401.42
Deficit in operations		0.00	20,044.17
		0.00	26,445.59
Total operating fund		149,147.86	129,628.15
Capital fund:			
Fixed capital	D-7	2,295,000.00	2,295,000.00
Total capital fund		2,295,000.00	2,295,000.00
		\$ 2,444,147.86	\$ 2,424,628.15
<b>LIABILITIES, RESERVES, AND FUND BALANCE</b>			
Operating fund:			
Accounts payable	D-3	\$ 23,000.00	\$ 491.06
Appropriation reserves	D-3; D-6	18,565.60	67,717.17
Rent overpayments	D-4	2,330.41	413.93
Due to current fund	A	82,130.89	36,520.51
Accrued interest on bonds		2,703.13	3,514.11
		128,730.03	108,656.78
Reserve for receivables	D	20,255.70	20,809.24
Fund balance	D-1	162.13	162.13
Total operating fund		149,147.86	129,628.15
Capital fund:			
USDA loan payable	D-8	0.00	863,737.66
Serial bonds payable	D-9	780,000.00	0.00
Reserve for amortization		1,515,000.00	1,431,262.34
Total capital fund		2,295,000.00	2,295,000.00
		\$ 2,444,147.86	\$ 2,424,628.15

**TOWNSHIP OF SOUTHAMPTON  
SEWER UTILITY OPERATING FUND  
COMPARATIVE STATEMENTS OF OPERATIONS AND  
CHANGES IN OPERATING FUND BALANCE  
REGULATORY BASIS**

For the Years Ended December 31, 2013 and 2012

	Ref.	Year 2013	Year 2012
Revenue and other income realized:			
Fund balance utilized	D-2	\$ 0.00	\$ 617.48
Sewer rents	D-2	169,030.61	168,303.05
Additional sewer rents	D-2	13,888.00	0.00
Reserve for debt service	D-2	0.00	482.52
Miscellaneous revenue not anticipated	D-2	5,967.74	6,479.65
Appropriation reserves lapsed	D-6	3,266.23	0.00
Prior period adjustment- change fund		0.00	60.00
Total income		<u>192,152.58</u>	<u>175,942.70</u>
Expenditures:			
Budget appropriations:			
Other expenses	D-3	142,250.00	167,301.00
Municipal debt service	D-3	52,238.46	60,612.10
Deferred charges	D-3	26,445.59	0.00
Refund of prior year revenue	D-4	0.00	3,073.77
Overexpenditure of appropriation reserves	D-6	0.00	6,401.42
Total expenditures		<u>220,934.05</u>	<u>237,388.29</u>
Deficit in revenue		<u>28,781.47</u>	<u>61,445.59</u>
Adjustments to income before surplus:			
Realized from general budget for anticipated deficit	D-2	28,781.47	35,000.00
Expenditures included above which are by statute deferred charges to budget of succeeding year		<u>0.00</u>	<u>6,401.42</u>
Total adjustments to income before surplus		<u>28,781.47</u>	<u>41,401.42</u>
Operating deficit to be raised in budget of succeeding year		<u>\$ 0.00</u>	<u>\$ 20,044.17</u>
<b><u>FUND BALANCE</u></b>			
Balance - January 1	D	<u>\$ 162.13</u>	<u>\$ 779.61</u>
		162.13	779.61
Decreased by:			
Utilization by operating budget	D-1	<u>0.00</u>	<u>617.48</u>
Balance - December 31	D	<u>\$ 162.13</u>	<u>\$ 162.13</u>

See Accompanying Notes to the Financial Statements

**TOWNSHIP OF SOUTHAMPTON  
SEWER UTILITY OPERATING FUND  
STATEMENT OF REVENUES  
REGULATORY BASIS  
For the Year Ended December 31, 2013**

	<u>Ref.</u>	<u>Anticipated Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Sewer rents	D-1	\$ 168,303.05	\$ 169,030.61	\$ 727.56
Additional rents- base rate increase	D-1	13,888.00	13,888.00	0.00
Deficit (general budget)	D-1	39,553.98	28,781.47	(10,772.51)
		<u>221,745.03</u>	<u>211,700.08</u>	<u>(10,044.95)</u>
Non-budget revenue	D-2	<u>0.00</u>	<u>5,967.74</u>	<u>5,967.74</u>
		<u>\$ 221,745.03</u>	<u>\$ 217,667.82</u>	<u>\$ (4,077.21)</u>
	<u>Ref.</u>	D-3	D-1	
Detail of non-budget revenue:				
Interest earned on investments:				
Sewer operating fund				\$ 130.96
Interest and costs				1,444.53
Bond sale premium				3,942.20
Other				<u>450.05</u>
Total non-budget revenues	D-4			<u>\$ 5,967.74</u>

See Accompanying Notes to the Financial Statements

**TOWNSHIP OF SOUTHAMPTON  
SEWER UTILITY OPERATING FUND  
STATEMENT OF EXPENDITURES  
REGULATORY BASIS  
For the Year Ended December 31, 2013**

	Appropriations		Expended		Unexpended Balances Cancelled
	Budget	Budget After Modifications	Paid Or Charged	Reserved	
Operating:					
Other expenses	\$ 142,250.00	\$ 142,250.00	\$ 123,684.40	\$ 18,565.60	\$ 0.00
Total operating	<u>142,250.00</u>	<u>142,250.00</u>	<u>123,684.40</u>	<u>18,565.60</u>	<u>0.00</u>
Debt service:					
Payment of principal	30,000.00	30,000.00	30,000.00	0.00	0.00
Interest on bonds	23,049.44	23,049.44	22,238.46	0.00	810.98
Total debt service	<u>53,049.44</u>	<u>53,049.44</u>	<u>52,238.46</u>	<u>0.00</u>	<u>810.98</u>
Deferred charges:					
Overexpenditure of appropriation reserves	6,401.42	6,401.42	6,401.42	0.00	0.00
Deficit in operations	20,044.17	20,044.17	20,044.17	0.00	0.00
Total deferred charges	<u>26,445.59</u>	<u>26,445.59</u>	<u>26,445.59</u>	<u>0.00</u>	<u>0.00</u>
	<u>\$ 221,745.03</u>	<u>\$ 221,745.03</u>	<u>\$ 202,368.45</u>	<u>\$ 18,565.60</u>	<u>\$ 810.98</u>
<u>Ref.</u>	D-2	D-3	D	D	D-1
Cash			\$ 130,684.40		
Accounts payable			23,000.00		
Deferred charges			26,445.59		
Accrued interest on bonds			<u>22,238.46</u>		
			<u>\$ 202,368.45</u>		

See Accompanying Notes to the Financial Statements

**PAYROLL ACCOUNT**

TOWNSHIP OF SOUTHAMPTON  
 PAYROLL ACCOUNT  
 COMPARATIVE BALANCE SHEETS  
 REGULATORY BASIS  
 December 31, 2013 and 2012

	<u>Ref.</u>	<u>Balance December 31, 2013</u>	<u>Balance December 31, 2012</u>
<u>ASSETS</u>			
Cash		\$ 18,314.40	\$ 19,151.64
 <u>LIABILITIES</u>			
Due to current fund	A	\$ 213.42	\$ 3,724.37
Due to unemployment trust fund	B	2,565.71	2,270.92
Payroll withholding payable	F-1	10,830.40	8,237.54
Reserve for flexible spending		4,704.87	4,918.81
		<u>\$ 18,314.40</u>	<u>\$ 19,151.64</u>

See Accompanying Notes to the Financial Statements

**GENERAL FIXED ASSETS**

**TOWNSHIP OF SOUTHAMPTON**  
**GENERAL FIXED ASSETS**  
**STATEMENT OF GENERAL FIXED ASSETS**  
**REGULATORY BASIS**  
**At December 31, 2013 and 2012**

	<u>Ref.</u>	<u>2013</u>	<u>2012</u>
General fixed assets:			
Land and improvements	G-1	\$ 1,261,300.00	\$ 1,261,300.00
Buildings	G-1	1,430,900.00	1,430,900.00
Equipment	G-1	<u>1,476,440.79</u>	<u>1,438,366.79</u>
Total general fixed assets		<u>4,168,640.79</u>	<u>4,130,566.79</u>
Investments in general fixed assets	G-1	<u>\$ 4,168,640.79</u>	<u>\$ 4,130,566.79</u>

See Accompanying Notes to the Financial Statements

**NOTES TO FINANCIAL STATEMENTS**

TOWNSHIP OF SOUTHAMPTON  
COUNTY OF BURLINGTON  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2013

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

**A. Reporting Entity**

The Township of Southampton was incorporated in 1845 and is located in the County of Burlington in the State of New Jersey. The Township covers approximately 43.31 square miles with a population, according to the 2010 census, of 10,464. The governing body is a Township Committee comprised of five elected members who serve three-year terms. The Mayor and Deputy Mayor are elected by the members of the Committee and serve for a one-year term in this office.

The Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria to be used to determine which component units should be included in the financial statements of an oversight entity. The primary criterion for including activities within the reporting entity, as set forth in the Statement, is the degree of oversight responsibility maintained by the reporting entity. However, the State of New Jersey, Division of Local Government Services requires the financial statements of the Township to be presented separately. As such, the financial statements of the Township of Southampton include each board, body, officer, or commission supported and maintained wholly or in part by funds appropriated by the Township, as required by N.J.S. 40A:5-5.

Except as noted below, the financial statements of the Township of Southampton include every board, body, officer, or commission supported and maintained wholly or in part by funds appropriated by the Township of Southampton, as required by N.J.S. 40A:5-5.

**B. Description of Funds**

The accounting policies of the Township of Southampton conform to the accounting principles applicable to municipalities which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Township of Southampton accounts for its financial transactions through the following separate funds and accounts as presented below. This presentation differs from the three fund, two account group presentation as required by GAAP.

**Current Fund** - resources and expenditures for governmental operations of a general nature, including Federal and State grant funds.

**Trust Fund** - receipts, custodianship, and disbursement of funds in accordance with the purpose for which each reserve was created.

**General Capital Fund** - receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the Current Fund. In addition, the fund is used to track the status of debt authorized for capital projects.

**Sewer Operating and Capital Funds** - account for the operations and acquisition of capital facilities of the municipally-owned Sewer Utility.

**Payroll Account** - receipt and disbursement of funds to meet obligations to employees and payroll tax liabilities.

**General Fixed Assets Account Group** - to account for fixed assets used in governmental operations.

TOWNSHIP OF SOUTHAMPTON  
COUNTY OF BURLINGTON  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2013

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Basis of Accounting**

The accounting principles and practices prescribed for municipalities by the State of New Jersey differ in certain respects from accounting principles generally accepted in the United States of America applicable to local governmental units. A modified accrual basis of accounting is followed with minor exceptions. The more significant policies in New Jersey follow.

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

**Expenditures** - are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuances of a purchase order in accordance with the Encumbrance Accounting System. Outstanding encumbrances at December 31 are reported as cash liability in the financial statements as encumbrances payable and constitute part of the Municipality's statutory appropriation reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31 of each year and recorded as liabilities, except for amounts which may be canceled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Grant appropriations are charged upon budget adoption to create separate spending reserves. Budgeted transfers to other funds are recorded as expenditures when the budget is adopted to the extent permitted or required by law. Appropriations for principal payments on outstanding general capital and utility bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis, whereas interest on utility indebtedness is on the accrual basis.

**Property Taxes** - Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied annually and are payable in quarterly installments on February 1, May 1, August 1, and November 1 of each year. All unpaid taxes levied become delinquent January 1 of the following year. Delinquent taxes are considered fully collectible and therefore no allowance for uncollectible taxes is provided.

**Foreclosed Property** - Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved.

**Interfunds** - Interfund receivables in the Current Fund are recorded with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves.

**Insurance** - Cost of insurance for all funds are recorded as expenditures at the time of payment. Insurance costs chargeable to future periods are not carried as prepayments.

TOWNSHIP OF SOUTHAMPTON  
COUNTY OF BURLINGTON  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2013

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Basis of Accounting (Continued)**

**Inventories of Supplies** - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets. The Township did not take a physical inventory of the supplies in the Utility Fund; therefore, no amount is reported on the utility balance sheet.

**Proprietary Fund - Cash Flows Statement** - In accordance with the reporting requirements of the Division of Local Government Services, the utility fund's financial statements do not include a statement of cash flows.

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

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

All fixed assets are valued at historical cost or estimated historical cost if actual historical costs is not available, except for land which is valued at assessed value at the time the land is foreclosed or donated. Land purchased by the Township is valued at cost.

No depreciation has been provided for in the financial statements.

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

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

Property and equipment purchased by the Sewer Utility Fund is recorded in the Sewer Capital account at cost and are adjusted for disposals and abandonments. Contributions in aid of construction are not capitalized. The balances in Reserve for Amortization and Deferred Reserve for Amortization accounts in the Utility Capital Fund represent charges to operations for the costs of acquisition of property, equipment, and improvements. The utilities do not record depreciation on fixed assets.

**Tax Appeals and Other Contingent Losses** - Losses which arise from tax appeals and other contingent losses are recognized at the time an unfavorable decision is rendered by an administrative or judicial body.

**Budgets** - The governing body prepares and approves by resolution an operating and capital budget for the Current Fund and Sewer Operating Fund which is then submitted for certification to the State of New Jersey, Department of Community Affairs, Director of Local Government Services. Upon the receipt of such certification and after a public hearing, the budget is then adopted by resolution. Transfers of budgeted amounts may be made by resolution of the Township Committee subsequent to October 31 in the current budget year and up to March 31 of the following year.

Once adopted, the Township may make emergency appropriations for purposes which are not known at the time the budget was adopted per N.J.S.A. 40A:4-46. Also, the Township may make amendments to the budget for any special item of revenue made available by any public or private funding source per N.J.S.A. 40A:4-87.

**TOWNSHIP OF SOUTHAMPTON  
COUNTY OF BURLINGTON  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2013**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Basis of Accounting (Continued)**

**Deferred Charges** - The recognition of certain expenditures is deferred to future periods. These expenditures, or deferred charges, are generally overexpenditures of legally adopted budget appropriations 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 balances included in the current fund and utility operating funds represent amounts available for anticipation as revenue in future years budgets, with certain restrictions.

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

**School Taxes** - The municipality is responsible for levying, collecting, and remitting school taxes for the Township of Southampton School District and the Township's share of the Lenape Regional High School District. Operations are charged for the full amount required to be raised from taxation to operate the local school district for the period from January 1 to December 31. The regional high school district taxes are raised and charged to operations on a school year basis.

**County Taxes** - The municipality is responsible for levying, collecting, and remitting the Township's share of 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 10 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 10 of the current year and due to be paid to the County by February 15 of the following year.

**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.

**Comparative Data** - Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the Township's financial position and operations. However, comparative data has not been presented in each of the statements because its inclusion would make the statements unduly complex and difficult to read.

**Use of Estimates** - The preparation of financial statements in accordance with accounting principles applicable to municipalities which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**TOWNSHIP OF SOUTHAMPTON  
COUNTY OF BURLINGTON  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2013**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)**

**C. Basis of Accounting (Concluded)**

**Departures from Generally Accepted Accounting Principles** - The accounting principles and practices followed by the Township of Southampton differ in some respects, which in some instances may be material, from generally accepted accounting principles applicable to local government units. The more significant differences are as follows:

Taxes and other receivables are fully reserved.

Interfund receivables in the Current Fund are fully reserved and recognized as a revenue in the year of liquidation.

Unexpended and uncommitted appropriations are reflected as expenditures.

Overexpended appropriations and emergency appropriations are deferred to the succeeding years' operations.

No provision is made for accumulated vested vacation and sick leave.

Undetermined contributions to state-administered pension plans applicable to the six months ended December 31 are not accrued.

Estimated losses arising from tax appeals and other contingencies are not recorded when it is probable that a loss has been incurred and the amount of such loss can be reasonably estimated.

Depreciation expense is not calculated on fixed assets.

It was not practicable to determine the effect of such differences.

**NOTE 2 - INVESTMENTS**

As of December 31, 2013 and 2012, the Township did not have any investments.

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

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

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

**TOWNSHIP OF SOUTHAMPTON  
COUNTY OF BURLINGTON  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2013**

**NOTE 3 - CASH AND CASH EQUIVALENTS**

**Custodial Credit Risk Related to Deposits**

Custodial credit risk is the risk that, in the event of a bank failure, the Township's deposits might not be recovered. Although the Township does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). Under the Act, the first \$250,000.00 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (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, escrow trust, 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, 2013, the Township's bank balances were exposed to custodial credit risk as follows:

Insurance	\$ 624,472.05
Uninsured and collateralized with securities held by pledging financial institutions (GUDPA)	<u>5,241,016.85</u>
	<u>\$ 5,865,488.90</u>

**New Jersey Cash Management Fund**

During the year, the Township participated in the New Jersey Cash Management Fund. The Fund is governed by regulations of the State Investment Council, who prescribe standards designed to insure the quality of investments in order to minimize risk to the Fund's participants. Deposits with the New Jersey Cash Management Fund are not subject to custodial credit risk as defined above. At December 31, 2013, the Township's deposits with the New Jersey Cash Management Fund were \$2,216,820.78.