

PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 24, 2025

NEW ISSUE

NOT RATED

In the opinion of Parker McCay P.A., Mount Laurel, New Jersey, Bond Counsel, assuming continuing compliance by the Township (as hereinafter defined) with certain tax covenants described herein, under existing law, interest on the Notes (as hereinafter defined) is not included for federal income tax purposes in the gross income of the owners thereof pursuant to Section 103 of the Internal Revenue Code of 1986, as amended ("Code"), and will not constitute a tax preference item for purposes of the alternative minimum tax imposed on individuals; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on such corporations. In addition, interest on the Notes and any gain from the sale thereof are not included in the gross income of owners thereof under the New Jersey Gross Income Tax Act, as presently executed and construed. See "TAX MATTERS" herein.

\$6,000,000

TOWNSHIP OF SOUTHAMPTON

County of Burlington, New Jersey

**BOND ANTICIPATION NOTES OF 2025, SERIES B
(BOOK-ENTRY ONLY) (NON-CALLABLE) (BANK-QUALIFIED)**

COUPON: ____% YIELD: ____% CUSIP*: _____

Dated: Date of Delivery

Due: June 16, 2026

The \$6,000,000 Bond Anticipation Notes of 2025, Series B ("Notes"), are general obligations of the Township of Southampton, County of Burlington, New Jersey ("Township"), payable ultimately from *ad valorem* taxes to be levied upon all the taxable property within the Township without limitation as to rate or amount, as more fully described herein.

The Notes will be issued as fully registered notes in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, Brooklyn, New York ("DTC"), which will maintain a book-entry system for recording ownership interests of DTC Participants. Individual purchases of beneficial ownership interests in the Notes may be made in book-entry form only on the records of DTC and its Participants and only in the principal amount of \$5,000, or any integral multiple of \$1,000 in excess thereof, or in such amount necessary to issue the principal amount of the Notes. Beneficial Owners of the Notes will not receive certificates representing their interests in the Notes. As long as Cede & Co. is the registered owner, as nominee of DTC, references in this Official Statement to the registered owners shall mean Cede & Co., and not the Beneficial Owners of the Notes.

Principal of and interest on the Notes will be payable by the Township or a duly designated paying agent on the date of maturity. The Notes will bear interest at the rate per annum indicated above, commencing from their date of delivery. While DTC is acting as securities depository for the Notes, the principal of and interest on the Notes will be payable by wire transfer to DTC or its nominee, which is obligated to remit such principal and interest payments to DTC Participants. DTC Participants and Indirect Participants will be responsible for remitting such principal and interest payments to the Beneficial Owners of the Notes. The Notes are not subject to redemption prior to their stated maturity date.

The Notes are authorized to be issued pursuant to: (i) the Local Bond Law, Chapter 169 of the Laws of 1960 of the State of New Jersey, as amended and supplemented ("Local Bond Law"); (ii) bond ordinances 2017-4, 2021-13 and 2025-04, each duly and finally adopted by the Township Committee and published in accordance with the requirements of the Local Bond Law; and (iii) a Certificate of Determination and Award executed by the Chief Financial Officer of the Township on October __, 2025.

The Notes are being issued by the Township to provide funds which, together with other available funds, will be used to: (i) temporarily finance the costs of various capital improvements and the acquisition of various capital equipment by the repayment at maturity of the principal of certain bond anticipation notes heretofore issued by the Township; (ii) temporarily finance the costs of various capital improvements and the acquisition of various capital equipment for which obligations have been authorized, but not yet issued; and (iii) pay certain costs and expenses incidental to the issuance and delivery of the Notes.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire official statement to obtain information essential to the making of an informed investment decision.

The Notes are offered when, as and if issued and subject to prior sale, to withdrawal or modification of the offer without notice, and to the approval of legality by the law firm of Parker McCay P.A., Mount Laurel, New Jersey, Bond Counsel to the Township, and certain other conditions described herein. Certain legal matters will be passed upon for the Township by its Solicitor, George M. Morris, Esquire, of Parker McCay P.A., Mount Laurel, New Jersey. Phoenix Advisors, a division of First Security Municipal Advisors, Inc., Hamilton, New Jersey, has served as Municipal Advisor to the Township in connection with the issuance of the Notes. The Notes are expected to be available for delivery in definitive form through DTC in Brooklyn, New York on or about October 15, 2025.

**BID PROPOSALS FOR THE NOTES WILL BE RECEIVED BY THE TOWNSHIP ON WEDNESDAY,
OCTOBER 1, 2025 UNTIL 11:30 AM (EST) BY EMAIL: STRACEY@MUNIADVISORS.COM OR
ELECTRONICALLY VIA THE PARITY ELECTRONIC BID SUBMISSION SYSTEM. FOR MORE DETAILS
ON HOW TO BID PLEASE VIEW THE NOTICE OF SALE POSTED AT WWW.MUNIHB.COM.**

* Registered trademark of the American Bankers Association. CUSIP data herein are provided by CUSIP Global Services, which is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. The CUSIP number listed above is being provided solely for the convenience of noteholders only at the time of issuance of the Notes and the Township does not make any representation with respect to such number or undertake any responsibility for its accuracy now or at any time in the future. The CUSIP number is subject to being changed after the issuance of the Notes as a result of procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of the Notes.

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

<u>Name</u>	<u>Title</u>
Ronald Heston	Mayor
Elizabeth Rossell	Deputy Mayor
Arnold Harrison III	Committeeperson
William “Bill” Raftery	Committeeperson
James F. Young, Sr.	Committeeperson

Township Administrator

Brandon E. Umba

Township Clerk

Melanie L. Brown

Chief Financial Officer

Nancy Gower

Solicitor

George M. Morris, Esquire
Parker McCay P.A.
Mount Laurel, New Jersey

Auditor

Holt McNally & Associates
Medford, New Jersey

Bond Counsel

Parker McCay P.A.
Mount Laurel, New Jersey

Municipal Advisor

Phoenix Advisors,
a division of First Security Municipal Advisors, Inc.
Hamilton, New Jersey

The information which is set forth herein has been provided by the Township of Southampton, County of Burlington, New Jersey ("Township"), The Depository Trust Company and by other sources which are believed to be reliable by the Township, but the information provided by such sources is not guaranteed as to accuracy or completeness by the Township. Certain general and financial information concerning the Township is contained in Appendices "A" and "B" to this Official Statement. Such information has been furnished by the Township.

No broker, dealer, salesperson or other person has been authorized by the Township to give any information or to make any representations with respect to the Notes other than those contained in this Official Statement, and, if given or made, such information or representations must not be relied upon as having been authorized by the foregoing. The information contained herein has been provided by the Township and other sources deemed reliable; however, no representation or warranty is made as to its accuracy or completeness and such information is not to be construed as a representation or warranty by the Underwriter or, as to information from sources other than itself, by the Township. The information and the expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder under any circumstances shall create any implication that there has been no change in any of the information herein since the date hereof or since the date as of which such information is given, if earlier.

References in this Official Statement to laws, rules, regulations, resolutions, agreements, reports and documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein, and copies of which may be inspected at the offices of the Township during normal business hours.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Notes in any jurisdiction in which it is unlawful for any person to make such an offer, solicitation or sale. No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations other than as contained in this Official Statement. If given or made, such other information or representations must not be relied upon as having been authorized by the Township or the Underwriter.

Upon issuance, the Notes will not be registered under the Securities Act of 1933, as amended, will not be listed on any stock or other securities exchange and neither the Securities and Exchange Commission nor any other federal, State, municipal or other governmental entity will have passed upon the accuracy or adequacy of this Official Statement.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE NOTES AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME WITHOUT PRIOR NOTICE.

The order and placement of materials in this Official Statement, including the Appendices, are not to be deemed to be a determination of relevance, materiality or importance, and this Official Statement, including the Appendices, must be considered in its entirety.

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OFFICIAL STATEMENT
Relating to
\$6,000,000
TOWNSHIP OF SOUTHAMPTON
County of Burlington, New Jersey
BOND ANTICIPATION NOTES OF 2025, SERIES B
(BOOK-ENTRY ONLY) (NON-CALLABLE) (BANK-QUALIFIED)

INTRODUCTION

This Official Statement, which includes the cover page and the appendices attached hereto, has been prepared by the Township of Southampton in the County of Burlington, New Jersey (“Township”), in connection with the sale and the issuance of its \$6,000,000 Bond Anticipation Notes of 2025, Series B (“Notes”). This Official Statement has been executed by and on behalf of the Township by the Chief Financial Officer and may be distributed in connection with the sale of the Notes.

DESCRIPTION OF THE NOTES

The Notes shall be dated and shall bear interest from their date of delivery and shall mature on the date and in the amount shown on the front cover page hereof. The Notes shall bear interest, payable at maturity, at the rate shown on the front cover page hereof. Interest on the Notes shall be calculated on the basis of twelve (12) thirty (30) day months in a three hundred sixty (360) day year. The Notes are not subject to redemption prior to their stated maturity date.

The Notes will be issued as fully registered notes in book-entry only form, if applicable, and when issued, will be registered in the name of and held by Cede & Co., as nominee of DTC. DTC will act as securities depository for the Notes. Principal of and interest on the Notes will be payable by the Township or a duly designated paying agent on the date of maturity by wire transfer of immediately available funds to DTC or its nominee. Purchases of beneficial interests in the Notes will be made in book-entry only form, without certificates, in denominations of \$5,000, or any integral multiple of \$1,000 in excess thereof, or in such amount necessary to issue the principal amount of the Notes, through book entries made on the books and records of DTC and its participants. Under certain circumstances, such beneficial interests in the Notes are exchangeable for one or more fully registered Note certificates in authorized denominations.

The Note certificates will be on deposit with DTC, if applicable. DTC will be responsible for maintaining a book-entry system for recording the interests of its participants and transfers of the interests among its participants. The participants will be responsible for maintaining records regarding the beneficial ownership interests in the Notes on behalf of the individual purchasers. Individual purchasers of the Notes will not receive certificates representing their beneficial ownership interests in the Notes, but each book-entry owner will receive a credit balance on the books of its nominee, and this credit balance will be confirmed by an initial transaction statement stating the details of the Notes purchased. So long as DTC or its nominee, Cede & Co., is the registered owner of the Notes, payments of the principal of and interest on the Notes will be made by the Township or a duly designated paying agent directly to DTC or its nominee, Cede & Co., which will in turn remit such payments to DTC Participants, which will in turn remit such payments to the beneficial owners of the Notes. See “BOOK-ENTRY ONLY SYSTEM” herein.

AUTHORIZATION AND PURPOSE OF THE NOTES

The Notes are authorized to be issued pursuant to: (i) the Local Bond Law, Chapter 169 of the Laws of 1960 of the State of New Jersey, as amended and supplemented (“Local Bond Law”); (ii) bond ordinances 2017-4, 2021-13 and 2025-04 (collectively, the “Bond Ordinances”), each duly and finally adopted by the Township Committee and published in accordance with the requirements of the Local Bond Law; and (iii) a Certificate of Determination and Award executed by the Chief Financial Officer of the Township on October __, 2025.

The Notes are being issued by the Township to provide funds which, together with other available funds, will be used to: (i) temporarily finance the costs of various capital improvements and the acquisition of various capital equipment by the repayment at maturity of the principal of certain bond anticipation notes heretofore issued by the Township; (ii) temporarily finance the costs of various capital improvements and the acquisition of various capital equipment for which obligations have been authorized, but not yet issued; and (iii) pay certain costs and expenses incidental to the issuance and delivery of the Notes.

The following table sets forth certain information with respect to the Bond Ordinances authorizing the Notes.

<u>Ordinance Number</u>	<u>Description</u>	<u>Amount Authorized</u>	<u>Amount of Outstanding Notes</u>	<u>Amount of Available Funds</u>	<u>Amount of Notes to be Issued</u>
2017-04	Reconstruction and/or Repaving of Various Roads	\$2,755,000	\$267,000	\$0	\$267,000
2021-13	Acquisition of Various Capital Equipment and the Reconstruction and/or Resurfacing of Various Roads	3,515,000	2,733,000	0	2,733,000
2025-04	Acquisition of Various Capital Equipment and Completion of Various Capital Improvements	<u>5,225,000</u>	<u>0</u>	<u>0</u>	<u>3,000,000</u>
	Total:	\$11,495,000	\$3,000,000	\$0	\$6,000,000

BOOK-ENTRY ONLY SYSTEM

General

The description which follows of the procedures and recordkeeping with respect to beneficial ownership interest in the Notes, payment of principal and interest and other payments on the Notes to DTC Participants or Beneficial Owners (as such terms are defined or used herein), confirmation and transfer of beneficial ownership interests in the Notes and other related transactions by and between DTC, DTC Participants and Beneficial Owners, is based on certain information furnished by DTC to the Township. Accordingly, the Township does not make any representations concerning these matters.

DTC will act as securities depository for the Notes. The Notes will be issued as fully registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered certificate will be issued for

each maturity of the Notes, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of "AA+". The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found www.dtcc.com.

Purchases of Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of each Note ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all Notes deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Notes, such as redemptions, tenders, defaults, and proposed amendments to the Note documents. Beneficial Owners of the Notes may wish to ascertain that the nominee holding the Notes for their benefit has agreed to obtain

and transmit notices to Beneficial Owners, or in the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Notes, unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Township as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Township or agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, agent, or the Township, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Township or agent, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Notes at any time by giving reasonable notice to the Township or the agent. Under such circumstances, in the event that a successor depository is not obtained, Note certificates are required to be printed and delivered.

The Township may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Note certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Township believes to be reliable, but the Township takes no responsibility for the accuracy thereof.

Discontinuation of Book-Entry Only System

If the Township, in its sole discretion, determines that DTC is not capable of discharging its duties, or if DTC discontinues providing its services with respect to the Notes at any time, the Township will attempt to locate another qualified Securities Depository. If the Township fails to find such Securities Depository, or if the Township determines, in its sole discretion, that it is in the best interest of the Township or that the interest of the Beneficial Owners might be adversely affected if the book-entry only system of transfer is continued (the Township undertakes no obligation to make an investigation to determine the occurrence of any events that would permit it to make such determination) the Township shall notify DTC of the termination of the book-entry only system.

In the event that the book-entry only system for the Notes is discontinued, the Township has provided that upon receipt of the Note certificates from DTC and the Participant information, the Township will authenticate (or cause to be authenticated) and deliver definitive Notes to the holders thereof, and the

principal of and interest on the Notes will be payable and the Notes may thereafter be transferred or exchanged in the manner described in the Note certificates so provided.

SECURITY AND SOURCE OF PAYMENT

The Notes are valid and legally binding general obligations of the Township and the Township has pledged its full faith and credit for the payment of the principal of and the interest on the Notes. Unless paid from other sources, the Notes are payable from *ad valorem* taxes to be levied upon all the taxable real property within the Township without limitation as to rate or amount. However, the enforceability of rights or remedies with respect to such Notes may be limited by bankruptcy, moratorium or similar laws relating to the enforcement of creditors' rights or to the application of general principles of equity by a court of competent jurisdiction.

The Township may pledge only its own credit and taxing power in respect of the Notes, and has no power to pledge the credit or taxing power of the State of New Jersey ("State") or any other political subdivision thereof, nor shall the Notes be deemed to be obligations of said State or any other political subdivision thereof, nor shall said State or any other political subdivision thereof be liable for the payment of principal of or interest on the Notes.

MARKET PROTECTION

The Township does not anticipate issuing any bonds within the next ninety (90) days. The Township may issue additional bond anticipation notes, as necessary, during the balance of calendar year 2025.

GENERAL INFORMATION REGARDING THE TOWNSHIP

General

The Township is located in the County of Burlington, New Jersey ("County"). General information concerning the Township, including economic, financial, demographic and other relevant data, is set forth in Appendix "A" to this Official Statement.

Financial

Appendix "B" to this Official Statement contains audited financial statements of the Township for the years ended December 31, 2024 and 2023. The audited financial statements were provided by Holt McNally & Associates, Medford, New Jersey ("Auditor"), and are included herein in reliance upon the authority of such firm. The Auditor has consented to the inclusion of its report in this Official Statement. Copies of the complete reports of audit may be obtained upon request to the office of the Chief Financial Officer of the Township.

CERTAIN PROVISIONS OF THE LAWS OF THE STATE OF NEW JERSEY AND THE UNITED STATES RELATING TO GENERAL OBLIGATION DEBT

Local Bond Law

General – The Local Bond Law governs the issuance of bonds and notes by counties and municipalities for the financing of capital improvements. Among its provisions are the following: (i) the power and obligation to pay any and all bonds and notes issued pursuant to the Local Bond Law shall be unlimited; (ii) the county or municipality shall levy *ad valorem* taxes upon all taxable property therein for the payment of the principal of and interest on such bonds and notes without limitation as to rate or amount; (iii) generally, a down payment that is not less than five percent (5%) of the amount of debt obligations authorized must be appropriated in addition to the amount of debt obligations authorized; (iv) all non-special-assessment bonds shall mature within the period of usefulness or average period of usefulness of the improvements being financed; and (v) after issuance, all bonds and notes shall be conclusively presumed to be fully authorized and issued by all of the laws of the State, and all persons shall be estopped from questioning their sale, execution or delivery.

Debt Limits – The authorized bonded indebtedness of the Township is limited by statute, subject to the exceptions noted below, to an amount equal to three and one-half percent (3.5%) of its equalized valuation basis. The equalized valuation basis of the Township is set by statute as the average for the last three years of the equalized value of all taxable real property and improvements as annually determined by the State Board of Taxation. Certain categories of debt are permitted by statute to be deducted for purposes of computing the statutory debt limit.

Bonds, notes and long-term loans are included in the computation of debt for the statutory debt limit. The Township, including the issuance of the Notes, will not exceed its three and one-half percent (3.5%) debt limit.

Exceptions to Debt Limits - Extensions of Credit – The Township may exceed its debt limit with the approval of the State Department of Community Affairs, Division of Local Government Services, Local Finance Board (“Local Finance Board”), a State regulatory agency, and as permitted by other statutory exceptions. If all or any part of a proposed debt authorization would exceed its debt limit, the Township may apply to the Local Finance Board for an extension of credit. If the Local Finance Board determines that a proposed debt authorization would not materially impair the credit of the Township or substantially reduce the ability of the Township to meet its obligations or to provide essential public improvements and services, or make certain other statutory determinations, approval may be granted.

In addition, debt in excess of the statutory limit may be issued by the Township to fund certain notes, to provide for purposes in an amount not exceeding two-thirds (2/3) of the amount budgeted in such fiscal year for the retirement of outstanding obligations (exclusive of utility and assessment obligations).

Short-Term Financing – When approved by bond ordinance, the Township may issue bond anticipation notes to temporarily finance capital improvements. Such notes may not be issued in an aggregate amount exceeding that specified by the ordinance. The notes may not be issued for periods of more than one year, renewable with the final maturity occurring no later than the first day of the fifth month following the close of the tenth fiscal year next following the date of the original note. After the third year, the amount of the notes that may be renewed annually must be decreased by the minimum amount required for the first year’s principal payment for the bond issue in anticipation of which the notes are issued.

Refunding Bonds – Refunding bonds may be issued pursuant to the Local Bond Law for the purpose of paying, funding or refunding outstanding bonds, including emergency appropriations, the actuarial liabilities of a non-state administered public employee pension system and amounts owing to

others for taxes levied in the local unit, or any renewals or extensions thereof, and for paying the cost of issuance of refunding bonds.

Local Fiscal Affairs Law

The Local Fiscal Affairs Law, Chapter 5 of Title 40A of the State Statutes, as amended and supplemented (“Local Fiscal Affairs Law”), governs audits, auditors, public moneys and financial statements of local governmental units, including the Township.

Each municipality is required to cause an annual audit of its books, accounts and financial transactions to be made and completed within six months after the close of its fiscal year by either a Registered Municipal Accountant or, by agreement with the Director (“Director”) of the Division of Local Government Services (“Division”) in the Department of Community Affairs, by qualified employees of the Division.

An independent examination of the Township’s books, accounts and financial transactions must be performed annually by a Registered Municipal Accountant who is licensed by the State Board of Public Accountants. The audit, conforming to the Division’s “Requirements of Audit”, includes recommendations for improvement of the municipality’s financial procedures and must be filed with the report, together with all recommendations made. A Summary of Audit, together with recommendations, must be published in a local newspaper within 30 days of its submission. The entire annual audit report for the year ended December 31, 2024 is on file with the Chief Financial Officer and is available for review during business hours.

The Local Fiscal Affairs Law also requires that the chief financial officer of the municipality file annually with the Director a verified statement of the financial condition of the municipality as of the close of the fiscal year to be made not later than February 10 for December 31 fiscal year end municipalities and August 10 for June 30 fiscal year end municipalities.

The Local Budget Law

The Local Budget Law, Chapter 4 of Title 40A of the State, as amended and supplemented (“Local Budget Law”), governs the budgeting and appropriation of funds by local governmental units.

The Local Budget Law requires local governmental units to adopt a “cash basis” budget in such form that there will be sufficient cash collected to meet all debt service requirements, necessary operations of the local governmental units for the fiscal year and any mandatory payments required to be met during the fiscal year.

No budget shall be adopted unless the Director shall have previously certified his approval thereof.

Each local governmental unit must include in its budget an appropriation for the payment of debt service. The Director is required to examine such appropriation to determine whether it is properly set forth, in addition to determining whether all estimates of revenue contained in the budget are reasonable, accurate and correctly stated.

A statute passed in 1976, as amended (N.J.S.A. 40A:4-45.1 et seq.), commonly known as the “Cap Law”, imposed limitations on increases in municipal appropriations subject to various exceptions. On August 20, 1990, the Governor signed into law P.L. 1990, c. 89, which revised and made permanent the “Cap Law”. Since its inception, the “Cap Law” has been amended and modified several times, most recently on July 13, 2010. While the revised “Cap Law” is more restrictive on the ability of a municipality to increase its overall appropriations, it does not limit the obligation of the Township to levy *ad valorem*

taxes upon all taxable real property within the Township to pay debt service on the Notes. The Cap Law provides that a municipality shall limit any increase of its budget to 2.5% or the index rate, whichever is less, over the previous year's final appropriations subject to certain exceptions. The "index rate" is the rate of annual percentage increase in the Implicit Price Deflator for State and Local Government Purchases of Goods and Services computed by the United States, Department of Commerce. Among the exceptions to the limitations imposed by the Cap Law are capital expenditures; debt service; extraordinary expenses approved by the Local Finance Board for implementation of an interlocal services agreement; expenditures mandated as a result of certain emergencies; and certain expenditures for services mandated by law.

Additionally, legislation constituting P.L. 2010, c. 44, was adopted on July 13, 2010, which, among other things, imposes a two percent (2%) cap on the tax levy that municipalities, counties, fire districts and solid waste collection districts may impose, with very limited exceptions and subject to certain adjustments.

Exclusions from the two percent (2%) tax levy cap include: (i) increases required to be raised by taxation for capital expenditures, including debt service as defined by law; (ii) increases in pension contributions and accrued liability for pension contributions in excess of 2.0%; (iii) increases in health care costs equal to that portion of the actual increase in total health care costs for the budget year that is in excess of 2.0% of the total health care costs in the prior year, but is not in excess of the product of the total health care costs in the prior year and the average percentage increase of the State Health Benefits Program, P.L.1961, c.49 (C.52:14-17.25 et seq.), as annually determined by the Division of Pensions and Benefits in the Department of the Treasury; and (iv) extraordinary costs incurred by a local unit directly related to a declared emergency, as defined by regulation promulgated by the Commissioner of the Department of Community Affairs, in consultation with the Commissioner of Education, as appropriate. The amendments to the tax levy sections of the "Cap Law" (specifically, N.J.S.A. 40A:4-45-46) in 2010 no longer permit municipalities, counties, fire districts and solid waste collection districts to request approval from the Local Finance Board for a waiver to increase the amount to be raised by taxation in excess of the two percent (2%) cap. However, counties, municipalities, fire districts and solid waste collection districts may request, through a public question submitted to the voters, an increase in the amount to be raised by taxes above the two percent (2%) tax levy cap. Such approval must be achieved by an affirmative vote in excess of fifty percent (50%) of those voting on such public question.

Neither the tax levy limitation nor the "Cap Law" limits the obligation of the Township to levy *ad valorem* taxes upon all taxable real property within the Township to pay debt service on its bonds or notes, including the Notes.

Miscellaneous Revenues

N.J.S.A. 40A:4-26 provides that: "No miscellaneous revenues from any source shall be included as an anticipated revenue in the budget in an amount in excess of the amount actually realized in cash from the same source during the next preceding fiscal year, unless the Director shall determine upon application by the governing body that the facts clearly warrant the expectation that such excess amount will actually be realized in cash during the fiscal year and shall certify such determination, in writing, to the local unit." Such determination may be made by the governing body and the Chief Financial Officer in any year during which the municipality is subject to local examination.

No budget or amendment shall be adopted unless the Director has previously certified the approval of such anticipated revenues.

Real Estate Taxes

Receipts from Delinquent Taxes – Revenues are permitted by N.J.S.A. 40A:4-29 to be anticipated in the annual budget for collection of delinquent taxes of prior years. The maximum amount permitted to

be anticipated is determined by applying the collection rate of the prior year's delinquent taxes to the total amount of delinquent taxes outstanding at the beginning of the current year.

Current Year Tax Levy and Reserve for Uncollected Taxes – The current year's taxes to be levied are determined by adding the sums of the cash required from taxes to support the municipal, school, county and special district budgets, if any, together with the amount of an appropriation required to be included in the annual municipal budget entitled "Reserve for Uncollected Taxes", less the total of anticipated revenues. The inclusion of the "Reserve for Uncollected Taxes" appropriation in the current year's budget protects the municipality from taxes currently unpaid. The "Reserve for Uncollected Taxes" is required to be, at a minimum, an amount sufficient to provide for the same percentage of uncollected taxes in the current year as was experienced in the immediately preceding year, the average of the previous three years in accordance with P.L. 2000, c. 126, or the previous year collection percentage after reducing the previous year levy by tax appeal judgments of the county tax board pursuant to R.S.54:3-21 et seq., or the State tax court pursuant to R.S.54:48-1 et seq. in accordance with Chapter 56 of P.L. 2010.

N.J.S.A. 40A:4-41 provides with regard to current taxes that: "Receipts from the collection of taxes levied or to be levied in the municipality, or in the case of a county for general county purposes and payable in the fiscal year, shall be anticipated in an amount which is not in excess of the percentage of taxes levied and payable during the next preceding fiscal year which was received in cash by the last day of such preceding fiscal year."

Another provision requires that an additional amount (the "reserve for uncollected taxes") be added to the tax levy required for all current budget appropriations and school and county taxes of the current fiscal year. The reserve requirement is calculated as follows:

$$\frac{\text{Levy Required for Current Budget,} \\ \text{School and County Taxes}}{\text{Prior Year's Percentage of Current} \\ \text{Tax Collections (or Lesser \%)}} = \text{Total Taxes to be Levied}$$

Deferral of Current Expenses

Emergency appropriations (i.e., those made after the adoption of the budget and determination of the tax rate for an unforeseen event or purpose) may be authorized by the governing body of the local governmental units. With minor exceptions, however, such appropriations must be included in full in the following year's budget. When such appropriations exceed three percent (3%) of the adopted operating budget, consent of the Director of Local Government Services must be obtained.

The exceptions are certain enumerated projects to cover the cost of the extraordinary expense for the repair or reconstruction of streets, roads or bridges, or other public property damaged by snow, ice, frost or flood, where such expense was not foreseen at the time of the adoption of the budget, which may be amortized over three (3) years; and tax map preparations, revision of ordinances, revaluations, master plan preparation, studies and planning necessary for the installation and construction of a sanitary sewer system, and payments of accumulated sick and vacation time which may be amortized over five (5) years.

Budget Transfers

Budget transfers provide a degree of flexibility and afford a control mechanism. Transfers between major appropriation accounts are prohibited until the last two (2) months of the year and, although subaccounts within an appropriation are not subject to the same year-end transfer restriction, they are subject to internal review and approval.

Operations of Utilities

Municipal public utilities are supported by the revenues generated by the respective operations of the utilities in addition to the general taxing power upon real property. For each utility, there is established a separate budget. The anticipated revenues and appropriations for each utility are set forth in the separate budget. The budget is required to be balanced and to provide fully for debt service. The regulations regarding anticipation of revenues and deferral of charges apply equally to the budgets of the utilities. Deficits or anticipated deficits in utility operations which cannot be funded from utility surplus, if any, are required to be raised in the "Current" or operating budget. The Township does not operate an internal utility.

Capital Budget

In accordance with the Local Budget Law, each local unit shall prepare and adopt a capital budget, in conjunction with its annual operating budget, for any year in which it proposes to undertake a capital project. Every local unit which adopts a capital budget must also adopt a three (3) year capital program unless the local unit's population exceeds 10,000 where a six (6) year capital program is required.

Related Constitutional and Statutory Provisions

In the general election of January 2, 1976, as amended by the general election of January 6, 1984, the following Article 8, Section 1, Paragraph 7, with respect to a state income tax, was added to the State Constitution:

No tax shall be levied on personal incomes of individuals, estates and trusts of this State unless the entire net receipts therefrom shall be received into the treasury, placed in a perpetual fund and be annually appropriated, pursuant to formulas established from time to time by the Legislature, to the several counties, municipalities and school districts of this State exclusively for the purpose of reducing or offsetting property taxes. In no event, however, shall a tax so levied on personal income be levied on payments received under the Federal Social Security Act, the Federal Railroad Retirement Act, or any federal law which substantially reenacts the provisions of either of those laws.

A progressive state income tax is currently in effect in the State.

The State Constitution may only be amended after: (i) approval of a proposed amendment by three-fifths (3/5) of all of the members of each house of the State Legislature and approval by a majority vote in a statewide referendum; or (ii) approval in two successive legislative years by a majority of all of the members of each house and approval by a majority vote in a statewide referendum. Amendments failing to receive voter approval may not be resubmitted for voter approval before the third succeeding general election after such disaffirmance.

Rights and Remedies of Owners of Bonds

The State Municipal Finance Commission Act, Chapter 27 of Title 52 of the State Statutes, as amended and supplemented ("Act"), provides that when it has been established, by court proceedings, that a municipality has defaulted for over sixty days in the payment of the principal of or interest on any of its outstanding bonds or notes, the Local Finance Board (which, pursuant to the Act, is constituted the Municipal Finance Commission and shall hereinafter be referred to as the "Commission") shall take control of the fiscal affairs of the defaulting municipality.

The Act provides that the Commission shall remain in control of the municipality until all bonds or notes of the municipality that have fallen due and all bonds or notes that will fall due within one year, and the interest thereon, have been paid, funded or refunded, or the payment thereof in cash shall have been adequately provided for by a cash reserve.

The Act empowers the Commission to direct the municipality to provide for the funding or refunding of notes or bonds of the municipality and the interest thereon, which the Commission shall have found to be outstanding and unpaid and to be due or become due. The Act further authorizes the Commission to bring and maintain an appropriate proceeding for the assessment, levy or collection of taxes by the municipality for the payment of principal of or interest on such indebtedness.

Under Article 6 of the Act, while the Commission functions in the municipality, no judgment, levy, or execution against the municipality or its property for the recovery of the amount due on any bonds, notes or other obligations of the municipality in the payment of which it has defaulted, shall be enforced unless otherwise directed by Court Order. However, Article 6 of the Act also provides that upon application of any creditor made upon notice to the municipality and the Commission, a court may vacate, modify or restrict any such statutory stay contained therein.

Limitation of Remedies Under Federal Bankruptcy Code

The rights and remedies of the registered owners of the Notes are subject to the provisions of Chapter 9 of the Federal Bankruptcy Code of the United States ("Bankruptcy Code"). In general, Chapter 9 permits, under prescribed circumstances, but only after an authorization by the applicable state legislature or by a governmental officer or organization empowered by state law to give such authorization, a political subdivision of a state to file a petition for relief in a bankruptcy court of the United States if it is insolvent or unable to meet its debts as they mature and desires to effect a plan to adjust its debts.

The State has authorized the political subdivisions thereof to file such petitions for relief under the Bankruptcy Code pursuant to and subject to Article 8 of the Act. The Act provides that such petitions may not be filed without the prior approval of the Commission and that no plan of readjustment of the municipality's debts may be filed or accepted by the petitioner without express authority from the Commission to do so.

THE ABOVE REFERENCES TO THE BANKRUPTCY CODE ARE NOT TO BE CONSTRUED AS AN INDICATION THAT THE TOWNSHIP EXPECTS TO RESORT TO THE PROVISIONS OF SUCH BANKRUPTCY CODE OR THAT, IF IT DID, SUCH ACTION WOULD BE APPROVED BY THE COMMISSION, OR THAT ANY PROPOSED PLAN WOULD INCLUDE A DILUTION OF THE SOURCE OF PAYMENT OF AND SECURITY OF THE BONDS.

THE SUMMARIES OF AND REFERENCES TO THE STATE CONSTITUTION AND OTHER STATUTORY PROVISIONS ABOVE ARE NOT AND SHOULD NOT BE CONSTRUED AS COMPREHENSIVE OR DEFINITIVE. ALL REFERENCES TO SUCH DOCUMENTS ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE PARTICULAR DOCUMENT, THE FULL TEXT OF WHICH MAY CONTAIN QUALIFICATIONS OF AND EXCEPTIONS TO STATEMENTS MADE HEREIN.

TAXATION

Procedure for Assessment and Collection of Taxes

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income where appropriate. Current assessments are the results of maintaining new assessments on a like basis with established comparable properties for newly assessed or purchased properties resulting in a decrease of the assessment ratio to its present level of 65.13%. This method assures equitable treatment to like property owners. Because of the escalation of property resale values, annual adjustments could not keep pace with rising values. The last complete revaluation of property within the Township was effective for the year 2011.

Upon the filing of certified adopted budgets by the Township, the local school district, and the County, the tax rate is struck by the County Board of Taxation based on the certified amounts in each of the taxing districts for collection to fund the budgets. The statutory provision for the assessment of property, levying of taxes and the collection thereof are set forth in N.J.S.A. 54:4-1 et seq. Special taxing districts are permitted in the State for various special services rendered to the properties located within the special district.

Tax bills are due quarterly on February 1, May 1, August 1 and November 1. Installments not paid on or before the due date are subject to interest penalties of 8% per annum on the first \$1,500.00 of the delinquency and 18% per annum on any amounts in excess of \$1,500.00. These interest penalties are the maximum permitted under State Statutes. Additionally, a 6% penalty is charged on any delinquencies in excess of \$10,000.00 if not paid by the end of each year. Delinquent taxes open for one year or more are annually included in a tax sale in accordance with State Statutes. Tax liens retained by the Township are periodically assigned to the Solicitor for "in rem foreclosures" in order to acquire title to these properties.

Tax Appeals

The State statutes provide a taxpayer with remedial procedures for appealing an assessment deemed excessive. The taxpayer has a right to petition the State Board of Taxation ("Tax Board") on or before the first day of April of the current tax year for review. The Tax Board has the authority, after a hearing, to decrease, increase or reject the appeal petition. These adjustments are usually concluded within the current tax year and reductions are shown as canceled or remitted taxes for that year. If the taxpayer feels his petition was unsatisfactorily reviewed by the Tax Board, appeal may be made to the State Tax Court. State Tax Court appeals tend to take several years prior to settlement and any losses in tax collection from prior years are charged directly to operations.

LITIGATION

To the knowledge of the Township's Solicitor, George M. Morris, Esquire, of Parker McCay P.A., Mount Laurel, New Jersey ("Solicitor"), there is no litigation of any nature now pending, restraining or enjoining the issuance or the delivery of the Notes, or the levy or the collection of any taxes to pay the principal of or the interest on the Notes, or in any manner questioning the authority or the proceedings for the issuance of the Notes or for the levy or the collection of taxes, or contesting the corporate existence or the boundaries of the Township or the title of any of the present officers. Moreover, to the knowledge of the Solicitor, no litigation is presently pending that, in the opinion of the Solicitor, would have a material adverse impact on the financial condition of the Township if adversely decided.

NO RATING

The Township will not obtain a credit rating related to the issuance of the Notes.

TAX MATTERS

Federal

In the opinion of Parker McCay P.A., Mount Laurel, New Jersey, Bond Counsel to the Township, assuming continuing compliance by the Township with the tax covenants described below, under existing law, interest on the Notes is not included for federal income tax purposes in the gross income of the owners thereof pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (“Code”), and will not constitute a tax preference item for purposes of the alternative minimum tax imposed on individuals; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on such corporations.

Section 884 of the Code imposes on certain foreign corporations a branch profits tax equal to thirty percent (30%) of the “dividend equivalent amount” for the taxable year. Interest on the Notes received or accrued by a foreign corporation subject to the branch profits tax may be included in computing the “dividend equivalent amount” of such corporation.

In addition, passive investment income, including interest on the Notes, may be subject to federal income taxation under Section 1375 of the Code for any S corporation that has Subchapter C earnings and profits at the close of the taxable year, if more than twenty-five percent (25%) of the gross receipts of such S corporation is passive investment income.

In rendering its opinion, Bond Counsel has relied on the Township’s covenants contained in the Certificate as to Non-Arbitrage and Other Tax Matters that it will comply with the applicable requirements of the Code, relating to, inter alia, the use and investment of proceeds of the Notes and rebate to the United States Treasury of specified arbitrage earnings, if any, under Section 148(f) of the Code. Failure of the Township to comply with such covenants could result in the interest on the Notes being subject to federal income tax from the date of issue. Bond Counsel has not undertaken to monitor compliance with such covenants or to advise any party as to changes in the law after the date of issuance of the Notes that may affect the tax-exempt status of the interest on the Notes.

Ownership of the Notes may result in collateral federal income tax consequences to certain taxpayers including, without limitation, certain holders of an interest in a financial asset securitization investment trust, controlled foreign corporations, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, individuals who otherwise qualify for the earned income credit, and to individuals and families that qualify for a premium assistance credit amount under Section 36B of the Code. The Code denies the earned income credit to an individual who is otherwise eligible if the aggregate amount of disqualified income of the taxpayer for the taxable year exceeds certain limits set forth in Sections 32(i) and (j) of the Code. Interest on the Notes will constitute disqualified income for this purpose. The Code also provides that the earned income credit is phased out if the modified adjusted gross income of the taxpayer exceeds certain amounts. Interest on the Notes is included in determining the modified adjusted gross income of the taxpayer. Section 36B of the Code provides that the amount of the premium assistance credit amount is in part determined by the household income. Section 36B(d) of the Code provides that household income consists of the “modified adjusted gross income” of the taxpayer and certain other individuals. “Modified adjusted gross income” means adjusted gross income

increased by certain amounts, including interest received or accrued by the taxpayer which is exempt from tax, such as the interest on the Notes.

In addition, attention is called to the fact that Section 265(b)(1) of the Code eliminates the interest deduction otherwise allowable with respect to indebtedness deemed incurred by Banks, Thrift institutions and other financial institutions to purchase or to carry tax-exempt obligations acquired after August 7, 1986 other than "qualified tax-exempt obligations" as defined in Section 265(b)(3) of the Code. The Township has designated the Notes as "qualified tax-exempt obligations" for the purposes of Section 265(b)(1) of the Code. Eighty percent (80%) of the interest expense deemed incurred by banks, thrift institutions and other financial institutions to purchase or carry "qualified tax-exempt obligations" is deductible.

Owners of the Notes should consult their own tax advisors as to the applicability and effect on their federal income taxes of the alternative minimum tax, the branch profits tax and the tax on passive investment income of S corporations, as well as the applicability and effect of any other collateral federal income tax consequences.

New Jersey

Bond Counsel is also of the opinion that interest on the Notes and any gain from the sale thereof are not included in the gross income of the owners thereof under the New Jersey Gross Income Tax Act, as presently enacted and construed.

Changes in Federal and State Tax Law

From time to time, there are legislative proposals in the United States Congress and in the states that, if enacted, could alter or amend the Federal and State tax matters referred to above or adversely affect the market value of the Notes. It cannot be predicted whether or in what form any such proposals might be enacted or whether, if enacted, it would apply to bonds or notes issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Notes.

PROSPECTIVE PURCHASERS OF THE NOTES SHOULD CONSULT WITH THEIR OWN TAX ADVISORS REGARDING ANY FEDERAL AND STATE INCOME TAX LEGISLATION, WHETHER CURRENTLY PENDING OR PROPOSED, REGULATORY INITIATIVES OR LITIGATION. THE OPINIONS EXPRESSED BY BOND COUNSEL ARE BASED UPON EXISTING LEGISLATION AND REGULATIONS AS INTERPRETED BY RELEVANT JUDICIAL AND REGULATORY AUTHORITIES AS OF THE DATE OF ISSUANCE AND DELIVERY OF THE NOTES AND BOND COUNSEL HAS EXPRESSED NO OPINION AS OF ANY DATE SUBSEQUENT THERETO OR WITH RESPECT TO ANY PENDING LEGISLATION, REGULATORY INITIATIVES OR LITIGATION.

CONTINUING DISCLOSURE

In accordance with the requirements of Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended ("Rule"), the Township has undertaken to file notice of certain enumerated events, pursuant to an Information Reporting Undertaking Agreement for the Notes, substantially in the form set forth in Appendix "D" hereto.

The Township has previously entered into secondary market disclosure undertakings in accordance with the Rule. The Township appointed Phoenix Advisors, a division of First Security Municipal Advisors,

Inc., Hamilton, New Jersey to serve as continuing disclosure agent to assist in the timely filing of certain information on EMMA as required under its prior secondary market disclosure undertakings.

NO DEFAULT

There is no record of default in the payment of the principal of or interest on the bonds or notes of the Township.

CERTAIN RISK FACTORS

Recent Healthcare Developments

In early March of 2020, the World Health Organization declared a pandemic following the global outbreak of COVID-19, a respiratory disease caused by a newly discovered strain of coronavirus. The national public health emergency and the State public health emergency have since ended, while the state of emergency declared by the State and several executive orders signed by the Governor remain to manage COVID-19 on an endemic level.

In an effort to provide relief to entities impacted by the COVID-19 pandemic, the American Rescue Plan Act of 2021, H.R. 1319 ("Plan") was signed into law on March 12, 2021 and provided \$1.9 trillion in financial assistance to businesses, individuals and governmental entities. The Plan provided funding for state and local governments to recoup and offset costs related to COVID-19 and to encourage and re-establish economic development and certain infrastructure improvements.

Pursuant to the funding methodology under the Plan, the Township received \$1,056,629.06 in funding ("Plan Funds"). The deadline to obligate the Plan Funds was December 31, 2024 and to spend Plan Funds is December 31, 2026. Such Plan Funds were received in two (2) equal payments; one (1) received within 60 days of enactment of the Plan, and the balance was received no earlier than 12 months from the initial payment.

While the effects of COVID-19 have abated significantly, the Township cannot predict, and does not predict, whether or if the Coronavirus or any similar viral disease (including any variants or sub-variants thereof) may reemerge in the future and, if such reemergence occurs, what the effects thereof may have upon global, State-wide and local economies and operations, including that of the Township.

Cyber Security

The Township relies upon a large and complex technology environment to conduct its various operations. As a result, the Township faces certain cybersecurity threats at various times including, but not limited to, hacking, phishing, viruses, malware and other attacks on its computing and digital networks and systems. To mitigate the risks of business operations impact and/or damage from cybersecurity incidents or cyberattacks, the Township has invested in multiple forms of cybersecurity and operational safeguards. However, there can be no assurance that any existing safety or security measures will provide adequate protection in safeguarding against cybersecurity threats and attacks. Cybersecurity breaches of the Township could cause material disruption of the Township's finances and operations.

Climate Change

The State is naturally susceptible to the effects of extreme weather events and natural disasters, including floods and hurricanes, which could result in negative economic impacts on communities,

including the Township. Such effects can be exacerbated by a longer-term shift in the climate over several decades (commonly referred to as "climate change"), including increasing global temperatures and rising sea levels. The occurrence of such extreme weather events could damage local infrastructure that provides essential services to the Township as well as resulting in economic impacts such as loss of *ad valorem* tax revenue, interruption of municipal services and escalated recovery costs. The Township has an Office of Emergency Management and also engages with the County Office of Emergency Management to plan for and respond to emergencies, including weather-related emergencies. No assurance can be given as to whether future extreme weather events will occur that could materially adversely affect the financial condition of the Township.

UNDERWRITING

The Notes have been purchased from the Township at a public sale by _____, _____ ("Underwriter") at a price of \$ _____ ("Purchase Price"). The Purchase Price reflects the principal amount of the Notes plus a bid premium of \$ _____.

The Underwriter intends to offer the Notes to the public initially at the offering yield set forth on the front cover page of this Official Statement, which may subsequently change without any requirement of prior notice. The Underwriter reserves the right to join with dealers and other underwriters in offering the Notes to the public. The Underwriter may offer and sell the Notes to certain dealers (including dealers depositing the Notes into investment trusts) at yields higher than the public offering yield set forth on the front cover page of this Official Statement.

MUNICIPAL ADVISOR

Phoenix Advisors, a division of First Security Municipal Advisors, Inc., Hamilton, New Jersey, has served as Municipal Advisor to the Township in connection with the issuance of the Notes ("Municipal Advisor") and has assisted in matters related to the planning, structuring and terms of the Notes. The Municipal Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of, or to assume responsibility for the accuracy, completeness, or fairness of the information contained in the Official Statement and the Appendices hereto. The Municipal Advisor is an Independent Registered Municipal Advisor pursuant to the Dodd-Frank Act and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

APPROVAL OF LEGAL PROCEEDINGS

Certain legal matters incident to the authorization, issuance, sale and delivery of the Notes are subject to the approval of Bond Counsel, whose approving legal opinion will be delivered with the Notes substantially in the form set forth in Appendix "C" hereto. Certain legal matters will be passed on for the Township by the Solicitor.

Bond Counsel has not verified the accuracy, completeness or fairness of the statements contained in this Official Statement (except to the extent, if any, as stated herein) and will express no opinion relating thereto.

The various legal opinions to be delivered concurrently with the delivery of the Notes express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or the future performance of parties to the

transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

LEGALITY FOR INVESTMENT

The State and all public officers, municipalities, counties, political subdivisions and public bodies, and agencies thereof, all banks, bankers, trust companies, savings and loan associations, savings banks and institutions, building and loan associations, investment companies, and other persons carrying on banking business, all insurance companies, and all executors, administrators, guardians, trustees, and other fiduciaries may legally invest any sinking funds, money or other funds belonging to them or within their control in any bonds of the Township, including the Notes, and such Notes are authorized security for any and all public deposits.

PREPARATION OF OFFICIAL STATEMENT

The Township hereby states that the descriptions and statements herein and in the Appendices attached hereto, including financial and statistical statements, are true and correct in all material respects, and it will confirm the same to the purchasers of the Notes by certificates signed by various officers and officials of the Township upon issuance and delivery of the Notes.

All of the information has been obtained from sources which the Township considers to be reliable and it makes no warranty, guaranty or other representation with respect to the accuracy and completeness of such information.

The Township compiled Appendix "A" from information obtained from various sources they consider to be reliable and makes no warranty, guaranty or other representation with respect to the accuracy and completeness or fairness of the information contained herein and, accordingly, will express no opinion with respect thereto.

The Municipal Advisor has participated in the preparation and review of the information contained in this Official Statement, including the collection of financial, statistical and demographic information; however, it has not verified the accuracy, completeness or fairness thereof, and, accordingly, expresses no opinion or other assurance with respect thereto. Certain information set forth herein has been obtained from the Township and other sources, which are deemed reliable, but no warranty, guaranty or other representation as to the accuracy or completeness is made as to such information contained herein. There is no assurance that any of the assumptions or estimates contained herein will be realized.

Bond Counsel has not participated in the preparation of this Official Statement, nor has such firm verified the accuracy, completeness or fairness of the information contained herein (except under the heading "TAX MATTERS") and, accordingly, will express no opinion with respect thereto.

The Auditor only takes responsibility for the audited financial statements, appearing in Appendix "B" hereto and has not participated in the preparation of this Official Statement, nor has such firm verified the accuracy, completeness or fairness of the information contained herein and, accordingly, will express no opinion with respect thereto.

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including information additional to that contained herein, may be directed to Nancy Gower, Chief Financial Officer, Township of Southampton, at (609) 859-8105, or to its Municipal Advisor, Phoenix Advisors, a division of First Security Municipal Advisors, Inc., 2000 Waterview Drive, Suite 101, Hamilton, New Jersey, telephone (609) 291-0130.

So far as any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated, they are set forth merely as opinions and not as representations of fact, and no representation is made that any such statements will be realized. Neither this Official Statement nor any statement, which may have been made verbally or in writing, is to be construed as a contract with, or a covenant for the benefit of, the holders of the Notes. The information and expressions of opinion contained herein are subject to change without notice and neither the delivery of this Official Statement nor any sale of the Notes made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Township since the date hereof.

All quotations from and summaries and explanations of provisions of laws of the State herein do not purport to be complete and are qualified in their entirety by reference to the official compilation thereof.

This Official Statement has been duly executed and delivered by the Chief Financial Officer of the Township for and on behalf of the Township.

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

By: _____
NANCY GOWER, Chief Financial Officer

Dated: October __, 2025

APPENDIX A

CERTAIN ECONOMIC, FINANCIAL AND DEMOGRAPHIC INFORMATION REGARDING THE TOWNSHIP OF SOUTHAMPTON

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INFORMATION REGARDING THE TOWNSHIP OF SOUTHAMPTON¹

The following material presents certain economic and demographic information of the Township of Southampton (“Township”), County of Burlington (“County”) in the State of New Jersey (“State”).

General Information

The Township is a rural community in south central part of the State. It covers a total of 43.31 square miles, about half of it located in the Pinelands Reserve. The historic village of Vincentown is at the center of the community on the south branch of the Rancocas Creek and is the location of the municipal government headquarters. The Township is intersected by three major State highways: North/South Route 206 and East/West Routes 38 and 70.

Form of Government

The Township is governed by a Township Committee composed of five members, all of whom are elected at large. The Mayor is elected by the members of the Township Committee. The Township employs a Township Administrator who has the responsibility of operating the Township government efficiently under the guidelines and provisions of the Township Committee and the Township's Administrative Code.

The general administration of the Township business, tax assessment and collection, zoning and planning, elections and court is provided, utilizing a full-time staff in the offices in the Township Municipal Building.

Public Services

The Township is policed by the New Jersey State Police. A volunteer fire and medical service company also protect the Township and its citizens.

The Public Works Department facilitates improvements and maintenance of the Township streets and equipment.

Transportation

The Township is intersected by State Highways Route 206, Route 38 and Route 70; Route 70 intersects State Highway Route 73. Both Route 70 and 73 allow access to Interstate Highway 295 for travel to Philadelphia, Pennsylvania. Also accessible from Route 206 is the New Jersey Turnpike for travel north to New York City and points north, or to the south to the State of Delaware and points south. The only public transportation in the Township is the New Jersey Transit bus line, which operates on Route 206.

¹ Source: The Township, unless otherwise indicated.

Pension and Retirement Systems

Substantially all eligible employees participate in the Public Employees' Retirement System, the Police and Firemen's Retirement System or the Defined Contribution Retirement Program, which have been established by State statute and are administered by the New Jersey Division of Pensions and Benefits ("Division"). Benefits, contributions, means of funding and the manner of administration are established pursuant to State statute. The Division annually charges municipalities and other participating governmental units for their respective contributions to the plans based upon actuarial calculations and the employees contribute a portion of the cost. Each Plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes the financial statements and required supplementary information. This report may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625 or is available online at www.nj.gov/treasury/pensions/financial-reports.shtml.

The Public Employees' Retirement System ("PERS") is a cost-sharing multiple-employer defined benefit pension plan which was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A, to provide retirement, death, disability and medical benefits to certain qualified members. Membership is mandatory for substantially all full-time employees of the State or any county, municipality, school district or public agency, provided the employee is not required to be a member of another State-administered retirement system or other State pension fund or local jurisdiction's pension fund.

The Police and Firemen's Retirement System ("PFRS") is a cost-sharing multiple-employer defined benefit pension plan which was established as of July 1, 1944, under the provisions of N.J.S.A. 43:16A, to provide retirement, death, disability and medical benefits to certain qualified members. Membership is mandatory for substantially all full-time county and municipal police and firemen or officer employees with police powers appointed after June 30, 1944.

The Defined Contribution Retirement Program ("DCRP") is a multiple-employer defined contribution pension fund which was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, and was expanded under the provisions of Chapter 89, P.L. 2009. The DCRP provides eligible employees and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance coverage and disability coverage.

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Employment and Unemployment Comparisons

For the following years, the New Jersey Department of Labor reported the following annual average employment information for the Township, the County, and the State:

	<u>Total Labor Force</u>	<u>Employed Labor Force</u>	<u>Total Unemployed</u>	<u>Unemployment Rate</u>
<u>Township</u>				
2024	4,634	4,417	217	4.7%
2023	4,608	4,401	207	4.5%
2022	4,548	4,343	205	4.5%
2021	4,452	4,150	302	6.8%
2020	4,464	4,029	435	9.7%
<u>County</u>				
2024	248,122	237,708	10,414	4.2%
2023	246,548	236,845	9,703	3.9%
2022	240,684	232,054	8,630	3.6%
2021	235,227	221,531	13,696	5.8%
2020	232,816	213,811	19,005	8.2%
<u>State</u>				
2024	4,898,008	4,676,064	221,944	4.5%
2023	4,867,113	4,659,779	207,334	4.3%
2022	4,756,002	4,572,879	183,123	3.9%
2021	4,654,243	4,342,075	312,168	6.7%
2020	4,643,700	4,204,301	439,399	9.5%

Source: New Jersey Department of Labor, Office of Research and Planning, Division of Labor Market and Demographic Research, Bureau of Labor Force Statistics, Local Area Unemployment Statistics

Income (as of 2023)

	<u>Township</u>	<u>County</u>	<u>State</u>
Median Household Income	\$88,793	\$105,271	\$101,050
Median Family Income	119,458	127,277	123,892
Per Capita Income	52,287	53,077	53,118

Source: US Bureau of the Census, 2023 American Community Survey 5-Year Estimates

Population

The following tables summarize population increases and the decreases for the Township, the County, and the State.

<u>Year</u>	<u>Township</u>		<u>County</u>		<u>State</u>	
	<u>Population</u>	<u>% Change</u>	<u>Population</u>	<u>% Change</u>	<u>Population</u>	<u>% Change</u>
2024 est.	10,458	1.37%	475,515	2.96%	9,500,851	2.28%
2020	10,317	-1.40	461,860	2.93	9,288,994	5.65
2010	10,464	0.73	448,734	5.98	8,791,894	4.49
2000	10,388	1.82	423,394	7.17	8,414,350	8.85
1990	10,202	15.83	395,066	8.97	7,730,188	4.96

Source: United States Department of Commerce, Bureau of the Census

Largest Taxpayers

The ten largest taxpayers in the Township and their assessed valuations are listed below:

<u>Taxpayers</u>	<u>2024</u>	<u>% of Total</u>
	<u>Assessed Valuation</u>	<u>Assessed Valuation</u>
Mobile Estates of Southampton	\$10,217,800	1.03%
Singh Real Estate Ent. Inc.	6,649,000	0.67%
Southampton Industrial Park, LLC	4,312,800	0.43%
ARA 1869, LLC	3,810,900	0.38%
Diamond M. Lumber	3,688,100	0.37%
Wawa, Inc.	2,798,600	0.28%
Prime Storage Southampton, LLC	2,196,200	0.22%
RCC Properties, LLC	2,173,300	0.22%
Tax Payer #1	2,144,900	0.22%
Sil-Con, Inc.	<u>2,131,300</u>	<u>0.21%</u>
Total	<u>\$40,122,900</u>	<u>4.03%</u>

Source: Annual Comprehensive Financial Report of the School District & Municipal Tax Assessor

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Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Current Year Collection</u>	<u>Current Year % of Collection</u>
2024	\$32,859,226	\$32,440,644	98.73%
2023	31,600,346	31,162,949	98.62%
2022	30,473,847	29,986,275	98.40%
2021	29,890,723	29,457,061	98.55%
2020	29,283,527	28,838,410	98.48%

Source: Annual Audit Reports of the Township

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Tax</u>	<u>Total Delinquent</u>	<u>% of Tax Levy</u>
2024	\$504,163	\$307,732	\$811,895	2.47%
2023	468,511	331,023	799,535	2.53%
2022	533,653	362,931	896,583	2.94%
2021	1,087,761	311,388	1,399,149	4.68%
2020	1,046,540	365,418	1,411,958	4.82%

Source: Annual Audit Reports of the Township

Property Acquired by Tax Lien Liquidation

<u>Year</u>	<u>Amount</u>
2024	\$247,800
2023	247,800
2022	485,800
2021	485,800
2020	485,800

Source: Annual Audit Reports of the Township

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Tax Rates per \$100 of Net Valuations Taxable and Allocations

The table below lists the tax rates for Township residents for the past five (5) years.

<u>Year</u>	<u>Municipal</u>	<u>Municipal Open Space</u>	<u>Local School</u>	<u>Regional School</u>	<u>County</u>	<u>Total</u>
2025	\$0.434	\$0.020	N/A	N/A	N/A	N/A
2024	0.435	0.020	1.307	0.958	0.579	3.299
2023	0.427	0.020	1.319	0.880	0.531	3.177
2022	0.408	0.020	1.308	0.825	0.504	3.065
2021	0.409	0.019	1.280	0.794	0.496	2.998

Source: Abstract of Ratables and State of New Jersey – Property Taxes

Valuation of Property

<u>Year</u>	<u>Aggregate Assessed Valuation of Real Property</u>	<u>Aggregate True Value of Real Property</u>	<u>Ratio of Assessed to True Value</u>	<u>Assessed Value of Personal Property</u>	<u>Equalized Valuation</u>
2024	\$993,678,300	\$1,768,458,029	56.24%	\$1,604,722	\$1,770,062,751
2023	989,451,300	1,625,782,616	60.86	1,768,991	1,627,551,607
2022	991,284,300	1,477,544,045	67.09	1,877,602	1,479,421,647
2021	994,680,950	1,331,389,305	74.71	1,940,614	1,333,329,919
2020	993,846,700	1,255,967,016	79.13	1,940,716	1,257,907,732

Source: Abstract of Ratables and State of New Jersey – Table of Equalized Valuations

Classification of Ratables

The table below lists the comparative assessed valuation for each classification of real property within the Township for the past five (5) years.

<u>Year</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Farm</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartments</u>	<u>Total</u>
2024	\$12,518,800	\$829,622,900	\$56,141,650	\$83,344,350	\$12,050,600	\$0	\$993,678,300
2023	12,195,800	829,055,500	55,636,450	81,957,050	10,606,500	0	989,451,300
2022	12,556,300	830,596,600	54,365,050	83,159,850	10,606,500	0	991,284,300
2021	12,547,500	834,522,600	53,843,000	83,161,350	10,606,500	0	994,680,950
2020	12,963,900	835,606,600	54,316,700	80,353,000	10,606,500	0	993,846,700

Source: Abstract of Ratables and State of New Jersey – Property Value Classification

Financial Operations

The following table summarizes the Township's Current Fund budget for the past five (5) fiscal years ending December 31. This summary should be used in conjunction with the tables from which it is derived.

Summary of Current Fund Budget

<u>Anticipated Revenues</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Fund Balance Utilized	\$950,000	\$1,110,000	\$2,273,728	\$1,468,386	\$1,365,000
Miscellaneous Revenues	1,933,373	2,075,921	2,042,207	1,983,944	1,839,373
Receipts from Delinquent Taxes	355,000	330,000	340,000	375,000	350,000
Amount to be Raised by Taxation	<u>4,070,811</u>	<u>4,051,412</u>	<u>4,230,562</u>	<u>4,325,782</u>	<u>4,314,575</u>
Total Revenue:	<u>\$7,309,184</u>	<u>\$7,567,333</u>	<u>\$8,886,497</u>	<u>\$8,153,112</u>	<u>\$7,868,948</u>
<u>Appropriations</u>					
General Appropriations	\$4,611,478	\$4,684,731	\$4,829,852	\$5,214,281	\$5,454,585
Operations (Excluded from CAPS)	708,574	850,030	723,169	623,310	520,875
Deferred Charges and Statutory Expenditures	0	0	0	0	0
Judgments	0	0	0	0	0
Capital Improvement Fund	375,000	400,000	1,200,000	500,000	100,000
Municipal Debt Service	1,084,288	1,085,788	1,572,988	1,269,426	1,247,488
Reserve for Uncollected Taxes	<u>529,845</u>	<u>546,784</u>	<u>560,488</u>	<u>546,095</u>	<u>546,000</u>
Total Appropriations:	<u>\$7,309,184</u>	<u>\$7,567,333</u>	<u>\$8,886,497</u>	<u>\$8,153,112</u>	<u>\$7,868,948</u>

Source: Annual Adopted Budgets of the Township

Fund Balance

Current Fund

The following table lists the Township's fund balance and the amount utilized in the succeeding year's budget for the Current Fund for the past five (5) fiscal years ending December 31.

	<u>Fund Balance - Current Fund</u>	
	<u>Balance</u>	<u>Utilized in Budget</u>
<u>Year</u>	<u>12/31</u>	<u>of Succeeding Year</u>
2024	\$2,752,932	\$1,365,000
2023	3,123,377	1,468,386
2022	4,161,703	2,273,728
2021	2,236,813	1,110,000
2020	2,308,980	950,000

Source: Annual Audit Reports of the Township

Sewer Utility Operating Fund

The following table lists the Township's fund balance and the amount utilized in the succeeding year's budget for the Sewer Utility Operating Fund for the past five (5) fiscal years ending December 31.

<u>Fund Balance - Sewer Utility Operating Fund</u>		
	Balance	Utilized in Budget
<u>Year</u>	<u>12/31</u>	<u>of Succeeding Year</u>
2024	\$304,320	\$32,500
2023	242,722	0
2022	193,482	-
2021	120,277	4,904
2020	83,448	33,855

Source: Annual Audit Reports of the Township

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Township Indebtedness as of December 31, 2024

General Purpose Debt

Serial Bonds	\$1,010,000
Bond Anticipation Notes	3,587,690
Bonds and Notes Authorized but Not Issued	0
Other Bonds, Notes and Loans	0
Total:	<u>\$4,597,690</u>

Local School District Debt

Serial Bonds	\$0
Temporary Notes Issued	0
Bonds and Notes Authorized but Not Issued	0
Total:	<u>\$0</u>

Regional School District Debt

Serial Bonds	\$5,658,188
Temporary Notes Issued	0
Bonds and Notes Authorized but Not Issued	0
Total:	<u>\$5,658,188</u>

Self-Liquidating Debt

Serial Bonds	\$485,000
Bond Anticipation Notes	0
Bonds and Notes Authorized but Not Issued	30,400
Other Bonds, Notes and Loans	0
Total:	<u>\$515,400</u>

TOTAL GROSS DEBT

\$10,771,278

Less: Statutory Deductions	
General Purpose Debt	\$0
Local School District Debt	0
Regional School District Debt	5,658,188
Self-Liquidating Debt	515,400
Total:	<u>\$6,173,588</u>

TOTAL NET DEBT

\$4,597,690

Source: Annual Debt Statement of the Township

Overlapping Debt (as of December 31, 2024)

<u>Name of Related Entity</u>	<u>Related Entity Debt Outstanding</u>	<u>Township Percentage</u>	<u>Township Share</u>
Local School District	\$0	100.00%	\$0
Regional School District	85,110,000	6.69%	5,658,188
County	611,689,001	2.32%	<u>14,210,034</u>
Net Indirect Debt			\$19,868,222
Net Direct Debt			<u>4,597,690</u>
Total Net Direct and Indirect Debt			<u>\$24,465,912</u>

Debt Limit

Average Equalized Valuation Basis (2022, 2023, 2024)	\$1,623,928,230
Permitted Debt Limitation (3 1/2%)	56,837,488
Less: Net Debt	<u>4,597,690</u>
Remaining Borrowing Power	<u>\$52,239,798</u>
Percentage of Net Debt to Average Equalized Valuation	0.283%
Gross Debt Per Capita based on 2020 population of 10,317	\$1,044
Net Debt Per Capita based on 2020 population of 10,317	\$446

Source: Annual Debt Statement of the Township

³ Township percentage of County debt is based on the Township's share of total equalized valuation in the County

APPENDIX B

FINANCIAL STATEMENTS OF THE TOWNSHIP OF SOUTHAMPTON

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

**AUDIT REPORT FOR THE YEAR
ENDED DECEMBER 31, 2024**

**TOWNSHIP OF SOUTHAMPTON
COUNTY OF BURLINGTON
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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

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, County of Burlington, State of New Jersey, as of December 31, 2024 and 2023, and the related statement 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, 2024 and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

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 and account group of the Township of Southampton, County of Burlington, State of New Jersey, as of December 31, 2024 and 2023, 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 and statement of expenditures - regulatory basis, for the year ended December 31, 2024 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.

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 below "*Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America*" section of the report, the accompanying financial statements referred to above do not present fairly, the financial position of the Township of Southampton, County of Burlington, State of New Jersey, as of December 31, 2024 and 2023, or the results of its operations and changes in fund balance for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

Basis for Unmodified Opinion on Regulatory Basis of Accounting

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, 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. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Township and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 1, the financial statements are prepared by the Township 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 and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for twelve months beyond the financial statement date, including any current known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* and in accordance with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatements of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Township's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Southampton's basic financial statements. The Township's Audit Report for the fiscal year ended December 31, 2024, includes certain supplementary information that is not included with this presentation of the basic financial statements.

Respectfully submitted,

HOLT MCNALLY & ASSOCIATES, INC.

Certified Public Accountants & Advisors

A handwritten signature in dark ink, appearing to read "David McNally", with a stylized flourish at the end.

David McNally
Certified Public Accountant
Registered Municipal Accountant
RMA No. 573

Medford, New Jersey
March 31, 2025

BASIC FINANCIAL STATEMENTS

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TOWNSHIP OF SOUTHAMPTON
CURRENT FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2024 AND 2023

	Ref.	2024	2023
ASSETS			
Current Fund:			
Cash and Cash Equivalents	A-4	\$ 10,014,729.32	\$ 9,476,519.92
Change Fund	A-5	240.00	240.00
		<u>10,014,969.32</u>	<u>9,476,759.92</u>
Total Cash			
Receivables & Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-6	307,731.64	331,023.41
Tax Title Liens	A-7	504,163.45	468,511.42
Tax Penalty Receivable	A-9	3,815.49	2,568.36
Property Acquired for Taxes - at Assessed Valuation	A-12	247,800.00	247,800.00
Revenue Accounts Receivable	A-13	11,288.13	1,449.90
Prepaid Local School Levy	A-17	360.50	-
Interfund Receivable:			
Trust - Other Fund	B	3,230.81	3,230.81
Municipal Open Space	B	2,561.33	2,368.36
Animal Control Trust Fund	B	12,687.22	10,914.48
General Capital Fund	C	46,099.97	21,570.11
Payroll Agency Trust Fund	F	699.13	418.00
		<u>1,140,437.67</u>	<u>1,089,854.85</u>
Total Receivables & Other Assets With Full Reserves			
		<u>11,155,406.99</u>	<u>10,566,614.77</u>
Total Regular Funds			
Federal & State Grants:			
Federal and State Grants Receivable	A-23	854,198.13	1,526,897.68
Due from Current Fund	A-26	1,937,806.72	1,198,643.60
		<u>2,792,004.85</u>	<u>2,725,541.28</u>
Total State & Federal Grants			
		<u>\$ 13,947,411.84</u>	<u>\$ 13,292,156.05</u>
Total Assets			

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

TOWNSHIP OF SOUTHAMPTON
CURRENT FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2024 AND 2023

	Ref.	2024	2023
LIABILITIES RESERVES & FUND BALANCE			
Regular Fund:			
Appropriation Reserves	A-3	\$ 906,200.34	\$ 859,951.02
Reserve for Encumbrances - Current Year	A-15	59,051.27	100,239.81
Accounts Payable	A-16	-	37,846.86
Prepaid Taxes	A-10	343,942.14	252,220.29
Tax Overpayments	A-8	71,514.15	99,261.00
Due to County for Added and Omitted Taxes	A-20	4,335.07	18,311.86
Local School Tax Payable	A-17	-	159,372.42
Regional School Tax Payable	A-18	3,741,861.85	3,335,715.31
Due to Fire Company	A-4	2,500.00	2,500.00
Due To State:			
Veterans and Senior Citizens Deductions	A-11	170,573.79	163,056.22
Inspection Fees	A-21	3,658.00	4,754.00
Marriage Licenses	A-22	100.00	200.00
Lead Paint Testing	A	-	440.00
Reserve for Deposit for Sale of Property	A	1,101.10	1,101.10
Reserve for Municipal Relief Fund	A	-	57,376.23
Interfund Payable:			
Federal and State Grant Fund	A	1,937,806.72	1,198,643.60
Trust - Other Fund	B	-	43,000.00
Utility Operating Fund	D	19,393.04	19,393.04
Subtotal Regular Fund		<u>7,262,037.47</u>	<u>6,353,382.76</u>
Reserve for Receivables & Other Assets	A	1,140,437.67	1,089,854.85
Fund Balance	A-1	<u>2,752,931.85</u>	<u>3,123,377.16</u>
Total Regular Fund		<u>11,155,406.99</u>	<u>10,566,614.77</u>
State & Federal Grants:			
Cash Deficit	A-4	1,748,526.22	1,368,041.84
Reserve for Unappropriated Grants	A-25	-	68,556.82
Reserve for Appropriated Grants	A-24	915,457.96	1,160,864.98
Reserve for Encumbrances	A-24	<u>128,020.67</u>	<u>128,077.64</u>
Total State & Federal Grants		<u>2,792,004.85</u>	<u>2,725,541.28</u>
Total Liabilities, Reserves & Fund Balance		<u><u>\$ 13,947,411.84</u></u>	<u><u>\$ 13,292,156.05</u></u>

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

TOWNSHIP OF SOUTHAMPTON
CURRENT FUND
STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2024 AND 2023

	<u>Reference</u>	<u>2024</u>	<u>2023</u>
Revenue and Other Income Realized:			
Fund Balance Utilized	A-2	\$ 1,468,386.00	\$ 2,273,728.00
Miscellaneous Revenue Anticipated	A-2	2,100,710.45	2,713,112.10
Receipt From Current Taxes	A-2	32,440,644.21	31,162,949.33
Receipts From Delinquent Taxes	A-2	385,531.88	387,420.49
Miscellaneous Revenue Not Anticipated	A-2	122,940.51	120,374.92
Other Credits To Income:			
Unexpended Balance of Appropriation Reserves	A-14	691,692.65	669,753.51
Prior Year Accounts Payable Cancelled	A-16	37,846.86	-
Interfunds Returned	A	-	830.46
Cancellation of Overpayments Balance	A-8	7,685.47	-
Sale of Municipal Assets	A-4	33,298.00	-
Total Revenue		<u>37,288,736.03</u>	<u>37,328,168.81</u>
Expenditures:			
Budget Appropriations Within "CAPS":			
Operations:			
Salaries and Wages	A-3	1,540,726.00	1,471,227.00
Other Expenses	A-3	3,335,711.00	3,036,799.00
Deferred Charges and Statutory Expenditures	A-3	337,844.00	268,450.00
Appropriations Excluded From "CAPS":			
Operations:			
Salaries and Wages	A-3	162,073.00	157,844.00
Other Expenses	A-3	532,365.39	1,101,842.62
Capital Improvements	A-3	500,000.00	1,200,000.00
Municipal Debt Service	A-3	1,269,266.92	1,572,981.58
Local District School Taxes	A-17	13,007,870.00	13,076,093.00
Municipal Open Space Tax	A-19	198,245.00	198,244.06
Municipal Open Space Share of Added and Omitted Taxes	A-19	150.15	689.90
Regional High School Taxes	A-18	9,530,281.00	8,717,988.00
County Taxes	A-20	5,764,622.83	5,263,934.91
County Share of Added Taxes	A-20	4,335.07	18,311.86
Other Charges to Income:			
Interfund Advanced	A	192.97	2,368.36
Prepaid Local School Tax Levy	A-17	360.50	-
Cancellation of Grants Receivable	A-23	0.18	-
Prior Year Senior Citizens & Veterans Disallowed	A-11	6,751.33	5,992.38
Total Expenditures		<u>36,190,795.34</u>	<u>36,092,766.67</u>
Statutory Excess To Fund Balance		1,097,940.69	1,235,402.14
Fund Balance, January 1	A	<u>3,123,377.16</u>	<u>4,161,703.02</u>
Decreased By:			
Utilized as Anticipated Revenue	A-1,A-2	<u>1,468,386.00</u>	<u>2,273,728.00</u>
Fund Balance, December 31	A	<u>\$ 2,752,931.85</u>	<u>\$ 3,123,377.16</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, 2024**

	<u>Budget</u>	<u>Budget Amendments</u>	<u>Realized</u>	<u>Excess/ (Deficit)</u>
Surplus Anticipated	\$ 1,468,386.00	\$ -	\$ 1,468,386.00	\$ -
Miscellaneous Revenues:				
Alcoholic Beverages	12,500.00	-	12,500.00	-
Other Licenses	5,000.00	-	290.00	(4,710.00)
Fees and Permits	82,000.00	-	118,244.33	36,244.33
Interest and Costs on Taxes	75,000.00	-	81,476.30	6,476.30
Interest on Investments and Deposits	175,000.00	-	207,820.51	32,820.51
Energy Receipts Tax	1,113,510.00	-	1,113,510.20	0.20
Garden State Trust	6,738.00	-	6,738.00	-
Municipal Relief Fund	57,376.00	-	57,376.23	0.23
Uniform Construction Code Fees	225,000.00	-	187,915.00	(37,085.00)
Shared Service Agreements:				
Mansfield Twp - Municipal Court	55,000.00	-	69,818.27	14,818.27
Springfield Township - Tax Collector	15,263.00	-	15,263.00	-
Special Items of Revenue				
Clean Communities Grant	-	43,771.74	43,771.74	-
Emergency Performance Grant	10,000.00	-	10,000.00	-
Coronavirus Relief Fund	58,557.00	-	58,557.00	-
Recycling Tonnage	-	13,305.39	13,305.39	-
National Opioids Settlement Fund	-	14,051.26	14,051.26	-
Rental Income Good Farm	24,000.00	-	23,660.00	(340.00)
Cable Television Franchise Fees	54,000.00	-	54,463.22	463.22
Housing Inspection Fees	15,000.00	-	11,950.00	(3,050.00)
Total Miscellaneous Revenues	1,983,944.00	71,128.39	2,100,710.45	45,638.06
Receipts From Delinquent Taxes	375,000.00	-	385,531.88	10,531.88
Amount To Be Raised By Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes	4,325,782.00	-	4,481,235.16	155,453.16
Total Amount To Be Raised By Taxes for Support of Municipal Budget	4,325,782.00	-	4,481,235.16	155,453.16
Budget Totals	8,153,112.00	71,128.39	8,435,863.49	211,623.10
Non-Budget Revenue	-	-	122,940.51	122,940.51
Total General Revenues	\$ 8,153,112.00	\$ 71,128.39	\$ 8,558,804.00	\$ 334,563.61

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, 2024**

Analysis of Realized Revenue

Allocation of Current Tax Collections:

Revenue From Collections	\$ 32,440,644.21
School, County and Municipal Open Space Taxes	<u>28,505,504.05</u>

Balance for Support of Municipal Budget

Appropriations	3,935,140.16
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Add: "Appropriation Reserve for

Uncollected Taxes"	<u>546,095.00</u>
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Amount for Support of Municipal Budget

Appropriations	<u>\$ 4,481,235.16</u>
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Receipts From Delinquent Taxes:

Delinquent Tax Collections	\$ 375,153.89
Tax Title Liens Collections	<u>10,377.99</u>

\$ 385,531.88

Miscellaneous Revenue Not Anticipated:

Chief Financial Officer:

Subdivision Application Fees	\$ 11,300.00	
Vital Statistics	2,243.00	
Lead Paint Testing - Township	2,137.40	
Road Opening Permits	7,807.50	
Building Rental	360.00	
New and Used Car Lot License	2,785.00	
Recycling Garbage Can	200.00	
Appliance Pickup	360.00	
Trailer Penalty	63.78	
Administrative Fee - Senior Citizen and Veterans' Deductions	3,766.11	
Miscellaneous	<u>88,251.61</u>	
		119,274.40

Tax Collector:

Tax Penalty Received	\$ 2,568.36	
Miscellaneous	<u>1,097.75</u>	
		<u>3,666.11</u>

Total		<u>\$ 122,940.51</u>
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**TOWNSHIP OF SOUTHAMPTON
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2024**

	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	\$ 1,000.00	\$ 1,000.00	\$ 848.00	\$ -	\$ 152.00	\$ -
Executive:						
Salaries and Wages	160,920.00	189,070.00	188,009.28	-	1,060.72	-
Other Expenses	40,000.00	41,000.00	40,503.57	459.00	37.43	-
Municipal Clerk:						
Salaries and Wages	90,550.00	85,550.00	85,275.05	-	274.95	-
Other Expenses	15,900.00	15,900.00	4,755.69	7,973.66	3,170.65	-
Data Processing:						
Salaries and Wages	5,510.00	5,510.00	5,491.98	-	18.02	-
Other Expenses	55,000.00	55,000.00	49,124.32	4,973.81	901.87	-
Financial Administration:						
Salaries and Wages	68,000.00	70,265.00	70,260.29	-	4.71	-
Other Expenses	4,000.00	4,000.00	3,777.84	-	222.16	-
Audit Services:						
Other Expenses	40,000.00	40,500.00	40,500.00	-	-	-
Collection of Taxes (Revenue Administration):						
Salaries and Wages	90,680.00	95,480.00	95,470.45	-	9.55	-
Other Expenses	5,850.00	5,850.00	5,200.70	10.99	638.31	-
Assessment of Taxes:						
Salaries and Wages	35,000.00	28,100.00	27,997.84	-	102.16	-
Other Expenses:						
Revision of Tax Map	9,000.00	9,000.00	3,420.87	-	5,579.13	-
Miscellaneous	5,500.00	6,000.00	5,830.72	-	169.28	-
Legal Services and Costs:						
Other Expenses	75,000.00	119,253.00	114,864.15	-	4,388.85	-
Engineering Services:						
Other Expenses	175,000.00	177,890.00	175,369.19	-	2,520.81	-
Historical Sites Office:						
Salaries and Wages	520.00	520.00	260.00	-	260.00	-
Other Expenses	200.00	200.00	40.70	-	159.30	-
Municipal Court:						
Other Expenses	36,691.00	36,691.00	36,165.00	-	526.00	-
LAND USE ADMINISTRATION						
Planning Board:						
Salaries and Wages	7,015.00	8,365.00	8,335.36	-	29.64	-
Legal	12,000.00	8,650.00	6,653.36	-	1,996.64	-
Engineering	1,500.00	4,850.00	4,843.75	-	6.25	-
Miscellaneous	4,127.00	4,127.00	2,371.90	38.43	1,716.67	-
Zoning Board of Adjustment:						
Salaries and Wages	7,560.00	7,560.00	7,560.00	-	-	-
Other Expenses:						
Miscellaneous	123.00	123.00	123.00	-	-	-
Planner:						
Other Expenses	10,000.00	10,000.00	2,738.75	-	7,261.25	-
Zoning Board:						
Salaries and Wages	11,240.00	11,575.00	11,572.78	-	2.22	-
Other Expenses	3,000.00	3,000.00	1,187.14	-	1,812.86	-
Other Exp: Abandoned Property Maintenance	100,000.00	100,000.00	-	-	100,000.00	-

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

**TOWNSHIP OF SOUTHAMPTON
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2024**

	APPROPRIATED		PAID OR CHARGED			Unexpended Balance Cancelled
	Original Budget	Budget After Modifications	Paid	Encumbered	Reserved	
INSURANCE						
General Liability	155,695.00	155,695.00	138,711.00	-	16,984.00	-
Workers Compensation	119,025.00	119,025.00	119,025.00	-	-	-
Employee Group Insurance	629,600.00	629,600.00	584,209.01	-	45,390.99	-
Health Benefit Waiver	30,000.00	32,210.00	17,431.62	14,776.84	1.54	-
Unemployment Trust Contribution	2,500.00	2,500.00	2,102.93	-	397.07	-
Other Insurances	25,000.00	-	-	-	-	-
Flexible Spending Account	600.00	600.00	550.00	-	50.00	-
PUBLIC SAFETY FUNCTIONS						
Emergency Management Services:						
Salaries and Wages	12,000.00	12,000.00	9,153.00	-	2,847.00	-
Other Expenses	3,000.00	3,000.00	702.74	78.02	2,219.24	-
Aid to Hampton Lakes Emergency Squad	25,000.00	-	-	-	-	-
Aid to Volunteer Fire Company:						
Other Expenses	100,000.00	100,000.00	99,011.90	155.37	832.73	-
Fire Department:						
Other Expenses	20,000.00	20,000.00	15,000.00	-	5,000.00	-
Reverse 911 Coordinator Salaries and Wages	5,220.00	5,220.00	5,207.00	-	13.00	-
PUBLIC WORKS FUNCTIONS						
Streets and Road Maintenance						
Salaries and Wages	510,432.00	500,432.00	491,253.93	-	9,178.07	-
Other Expenses	234,000.00	226,000.00	54,066.86	6,487.04	165,446.10	-
Recycling:						
Salaries and Wages	2,510.00	2,510.00	2,498.00	-	12.00	-
Other Expenses	1,000.00	1,000.00	417.17	30.00	552.83	-
Garbage and Trash Removal:						
Salaries and Wages	264,480.00	249,480.00	231,342.33	-	18,137.67	-
Other Expenses	6,000.00	6,000.00	3,920.89	405.76	1,673.35	-
Buildings and Grounds						
Salaries and Wages	19,525.00	19,525.00	18,310.16	-	1,214.84	-
Other Expenses	175,000.00	175,000.00	115,856.96	8,065.14	51,077.90	-
Vehicle Maintenance						
Other Expenses	200,000.00	200,000.00	130,554.50	6,865.97	62,579.53	-
HEALTH AND HUMAN SERVICES						
Vital Statistics:						
Salaries and Wages	8,050.00	8,050.00	7,603.98	-	446.02	-
Other Expenses	1,500.00	1,500.00	518.00	-	982.00	-
Environmental Commission:						
Other Expenses	1,000.00	1,000.00	425.00	-	575.00	-
Animal Control Services:						
Other Expenses	7,000.00	7,000.00	5,287.39	-	1,712.61	-
RECREATION AND EDUCATION						
Recreation Services and Programs:						
Other Expenses	16,900.00	16,900.00	350.00	-	16,550.00	-
Maintenance of Parks:						
Other Expenses	15,000.00	15,000.00	9,468.90	60.00	5,471.10	-

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

**TOWNSHIP OF SOUTHAMPTON
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2024**

	APPROPRIATED		PAID OR CHARGED			Unexpended Balance Cancelled
	Original Budget	Budget After Modifications	Paid	Encumbered	Reserved	
SANITATION						
Landfill/Solid Waste Costs:						
Other Expenses - Contractual	433,500.00	433,500.00	384,443.93	-	49,056.07	-
AID TO LIBRARY (N.J.S. 40:54-35):						
Other Expenses	48,000.00	48,000.00	48,000.00	-	-	-
UNCLASSIFIED:						
Registrations of Bonds	5,000.00	7,247.00	7,246.75	-	0.25	-
Accumulated Sick Leave	6,000.00	6,000.00	6,000.00	-	-	-
JIF Coordinator:						
Other Expenses	750.00	750.00	313.00	-	437.00	-
JIF Wellness Program						
Celebration of Public Events	10,000.00	10,000.00	3,707.60	-	6,292.40	-
CODE ENFORCEMENT AND ADMINISTRATION						
Uniform Construction Code Enforcement:						
Salaries and Wages	195,605.00	195,605.00	178,284.95	-	17,320.05	-
Other Expenses	14,750.00	14,750.00	8,415.02	2,461.11	3,873.87	-
Sub Code Officials:						
Plumbing Inspector:						
Salaries and Wages	20,000.00	20,000.00	19,675.53	-	324.47	-
Electrical Inspector:						
Salaries and Wages	20,511.00	20,511.00	20,460.96	-	50.04	-
Fire Protection Official:						
Salaries and Wages	5,398.00	5,398.00	5,398.00	-	-	-
UTILITY EXPENSES AND BULK PURCHASES						
Electricity	36,000.00	36,000.00	35,182.35	-	817.65	-
Street Lighting	200,000.00	200,000.00	172,503.69	1,184.18	26,312.13	-
Telecommunications	34,000.00	34,000.00	26,723.92	1,325.82	5,950.26	-
Fuel Oil	5,000.00	5,000.00	-	-	5,000.00	-
Gasoline/Diesel	85,000.00	85,000.00	32,907.47	-	52,092.53	-
Water	5,500.00	5,500.00	3,843.85	-	1,656.15	-
Propane	10,000.00	10,000.00	4,843.27	-	5,156.73	-
Sewerage Processing	3,000.00	3,000.00	433.92	159.91	2,406.17	-
Fire Hydrants	75,000.00	79,400.00	79,392.82	-	7.18	-
Natural Gas	2,500.00	2,500.00	1,069.97	-	1,430.03	-
Total Operations Within "CAPS"	4,876,437.00	4,876,437.00	4,100,376.95	55,511.05	720,549.00	-
Detail:						
Salaries and Wages	1,540,726.00	1,540,726.00	1,489,420.87	-	51,305.13	-
Other Expenses	3,335,711.00	3,335,711.00	2,610,956.08	55,511.05	669,243.87	-
DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL - WITHIN "CAPS"						
Statutory Expenditures:						
Contribution To:						
Public Employees Retirement System	204,875.00	204,875.00	204,875.00	-	-	-
Social Security System (O.A.S.I.)	130,000.00	130,000.00	116,188.22	-	13,811.78	-
Defined Contribution Retirement Plan	1,500.00	1,500.00	1,239.70	-	260.30	-
PERS - Retro from 2011/12	1,469.00	1,469.00	1,468.39	-	0.61	-
Total Deferred and Statutory Expenditures - Municipal - Within "CAPS"	337,844.00	337,844.00	323,771.31	-	14,072.69	-
Total General Appropriations for Municipal Purpose: Within "CAPS"	5,214,281.00	5,214,281.00	4,424,148.26	55,511.05	734,621.69	-

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

**TOWNSHIP OF SOUTHAMPTON
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2024**

	APPROPRIATED		PAID OR CHARGED			Unexpended Balance Cancelled
	Original Budget	Budget After Modifications	Paid	Encumbered	Reserved	
OPERATIONS - EXCLUDED FROM "CAPS"						
Stormwater Permits (NJDEP):						
Street Division:						
Salaries and Wages	146,810.00	146,810.00	100,209.41	-	46,600.59	-
Other Expenses	85,000.00	85,000.00	44,775.86	3,540.22	36,683.92	-
Emergency Services Volunteer Length of Service						
Awards Program (LOSAP)	46,000.00	46,000.00	-	-	46,000.00	-
Employees Group Insurance	20,400.00	20,400.00	20,400.00	-	-	-
General Liability Insurance	44,305.00	44,305.00	44,305.00	-	-	-
Worker's Compensation	975.00	975.00	975.00	-	-	-
Total Other Operations Excluded From "CAPS"	343,490.00	343,490.00	210,665.27	3,540.22	129,284.51	-
SHARED SERVICE AGREEMENTS:						
Township of Mansfield:						
Municipal Court:						
Other Expenses	96,000.00	96,000.00	96,000.00	-	-	-
Township of Lumberton:						
Vehicle Fueling	100,000.00	100,000.00	57,705.86	-	42,294.14	-
Township of Springfield:						
Tax Collector						
Salaries and Wages	15,263.00	15,263.00	15,263.00	-	-	-
Total Shared Service Agreements	211,263.00	211,263.00	168,968.86	-	42,294.14	-
ADDITIONAL APPROPRIATIONS OFFSET BY						
REVENUES (N.J.S.A. 40A:4-45.3h)						
Clean Communities Grant	-	43,771.74	43,771.74	-	-	-
Recycling Tonnage Grant	-	13,305.39	13,305.39	-	-	-
Emergency Performance Grant	10,000.00	10,000.00	10,000.00	-	-	-
Coronavirus Relief Fund	58,557.00	58,557.00	58,557.00	-	-	-
National Opioid Settlement Fund	-	14,051.26	14,051.26	-	-	-
Total Additional Appropriations Offset						
By Revenues	68,557.00	139,685.39	139,685.39	-	-	-
Total Operations - Excluded From "CAPS"	623,310.00	694,438.39	519,319.52	3,540.22	171,578.65	-
Detail:						
Salaries and Wages	162,073.00	162,073.00	115,472.41	-	46,600.59	-
Other Expenses	461,237.00	532,365.39	403,847.11	3,540.22	124,978.06	-
Capital Improvements - Excluded From "CAPS"						
Capital Improvements Fund	500,000.00	500,000.00	500,000.00	-	-	-
Total Capital Improvements - Excluded						
From "CAPS"	500,000.00	500,000.00	500,000.00	-	-	-

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

TOWNSHIP OF SOUTHAMPTON
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2024

	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	425,000.00	425,000.00	425,000.00	-	-	-
Payment of BANs and Capital Notes	675,155.00	675,155.00	675,155.00	-	-	-
Interest on Bonds	35,750.00	35,750.00	35,750.00	-	-	-
Interest on Notes	133,521.00	133,521.00	133,361.92	-	-	159.08
Total Municipal Debt Service - Excluded From "CAPS"	1,269,426.00	1,269,426.00	1,269,266.92	-	-	159.08
Total General Appropriations for Municipal Purpose: Excluded From "CAPS"	2,392,736.00	2,463,864.39	2,288,586.44	3,540.22	171,578.65	159.08
Subtotal General Appropriations	7,607,017.00	7,678,145.39	6,712,734.70	59,051.27	906,200.34	159.08
Reserve for Uncollected Taxes	546,095.00	546,095.00	546,095.00	-	-	-
Total General Appropriations	<u>\$ 8,153,112.00</u>	<u>\$ 8,224,240.39</u>	<u>\$ 7,258,829.70</u>	<u>\$ 59,051.27</u>	<u>\$ 906,200.34</u>	<u>\$ 159.08</u>

Budget as Adopted	\$ 8,153,112.00
Appropriations by 40A:4-87	<u>71,128.39</u>
	<u>\$ 8,224,240.39</u>

Analysis of Paid or Charged:	
State and Federal Grants	\$ 139,685.39
Reserve for Uncollected Taxes	546,095.00
Disbursements	<u>6,573,049.31</u>
	<u>\$ 7,258,829.70</u>

TOWNSHIP OF SOUTHAMPTON
TRUST FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2024 AND 2023

ASSETS	Ref.	2024	2023
Dog Trust Fund:			
Cash	B-4	\$ 21,973.42	\$ 20,679.28
Other Trust Funds:			
Cash-Treasurer	B-4	1,316,537.04	1,091,747.83
Cash-Collector	B-4	382,756.44	384,234.67
Interfunds and Receivables:			
Due from Current Fund	A	-	43,000.00
Due from Developers	B	2,162.65	2,162.65
		<u>1,701,456.13</u>	<u>1,521,145.15</u>
Municipal Open Space Trust Fund:			
Cash	B-4	532,349.29	427,678.98
		<u>532,349.29</u>	<u>427,678.98</u>
Total Assets		<u>\$ 2,255,778.84</u>	<u>\$ 1,969,503.41</u>
LIABILITIES, RESERVES, AND FUND BALANCE			
Dog Trust Fund:			
Reserve for Dog Fund Expenditures	B-5	\$ 9,286.20	\$ 9,764.80
Due to Current Fund	B-7	12,687.22	10,914.48
		<u>21,973.42</u>	<u>20,679.28</u>
Other Trust Funds:			
Miscellaneous Reserves	B-8	1,698,225.32	1,517,914.34
Due to Current Fund	A	3,230.81	3,230.81
		<u>1,701,456.13</u>	<u>1,521,145.15</u>
Municipal Open Space Trust Fund:			
Due to Current Fund	A	2,561.33	2,368.36
Reserve for Future Use	B-1	529,787.96	425,310.62
		<u>532,349.29</u>	<u>427,678.98</u>
Total		<u>\$ 2,255,778.84</u>	<u>\$ 1,969,503.41</u>

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

**TOWNSHIP OF SOUTHAMPTON
MUNICIPAL OPEN SPACE TRUST FUND
STATEMENTS OF OPERATIONS AND CHANGES IN RESERVE
FOR FUTURE USE - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
Revenue and Other Income Realized:		
Amounts to be Raised by Taxation	\$ 198,395.15	\$ 198,933.96
Miscellaneous Revenue Not Anticipated	<u>6,425.31</u>	<u>5,322.13</u>
Total Revenue	<u>204,820.46</u>	<u>204,256.09</u>
Expenditures:		
Other Expenses	343.12	2,346.11
Municipal Debt Service	<u>100,000.00</u>	<u>100,000.00</u>
Total Expenditures	<u>100,343.12</u>	<u>102,346.11</u>
Excess (Deficit) in Revenue	104,477.34	101,909.98
Fund Balance, January 1	<u>425,310.62</u>	<u>323,400.64</u>
Fund Balance, December 31	<u><u>\$ 529,787.96</u></u>	<u><u>\$ 425,310.62</u></u>

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

**TOWNSHIP OF SOUTHAMPTON
MUNICIPAL OPEN SPACE TRUST FUND
STATEMENT OF REVENUES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2024**

	<u>Budget</u>	<u>Realized</u>	<u>Excess/ (Deficit)</u>
Amounts to be Raised by Taxation	\$ 198,245.00	\$ 198,395.15	\$ 150.15
Miscellaneous	-	6,425.31	6,425.31
	<u>\$ 198,245.00</u>	<u>\$ 204,820.46</u>	<u>\$ 6,575.46</u>

Cash Receipts	\$ 104,670.31
Due from Current Fund	<u>100,150.15</u>
	<u>\$ 204,820.46</u>

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

**TOWNSHIP OF SOUTHAMPTON
MUNICIPAL OPEN SPACE TRUST FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2024**

	<u>APPROPRIATIONS</u>		<u>PAID OR CHARGED</u>		
	<u>Original Budget</u>	<u>Budget After Modifications</u>	<u>Paid</u>	<u>Encumbered</u>	<u>Reserved</u>
Debt Service:					
Payment on Bond Principal	\$ 90,000.00	\$ 90,000.00	\$ 90,000.00	\$ -	\$ -
Payment on Bond Interest	10,000.00	10,000.00	10,000.00	-	-
Total Debt Service	100,000.00	100,000.00	100,000.00	-	-
Reserve for Future Use	98,245.00	98,245.00	-	-	98,245.00
Total Appropriations	<u>\$ 198,245.00</u>	<u>\$ 198,245.00</u>	<u>\$ 100,000.00</u>	<u>\$ -</u>	<u>\$ 98,245.00</u>
Due to Current Fund			<u>\$ 100,000.00</u>		
			<u><u>\$ 100,000.00</u></u>		

**TOWNSHIP OF SOUTHAMPTON
GENERAL CAPITAL FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2024 AND 2023**

ASSETS	Ref.	2024	2023
Cash and Cash Equivalents	C-2	\$ 2,632,139.60	\$ 2,902,362.41
Deferred Charges to Future Taxation:			
Funded	C-5	1,010,000.00	1,525,000.00
Unfunded	C-6	3,587,690.00	4,262,845.00
Deferred Charge - Expenditure Without Appropriation	C	20,608.37	472,430.00
Total Assets		<u>\$ 7,250,437.97</u>	<u>\$ 9,162,637.41</u>
LIABILITIES, RESERVES & FUND BALANCE			
Bond Anticipation Notes Payable	C-10	\$ 3,587,690.00	\$ 4,262,845.00
Bonds Payable	C-9	1,010,000.00	1,525,000.00
Encumbrances Payable	C-8	128,179.88	209,758.51
Due to Current Fund	A	46,099.97	21,570.11
Improvement Authorizations:			
Funded	C-7	39,560.71	56,160.62
Unfunded	C-7	743,118.09	952,992.04
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
Reserve for Fire Truck	C	-	399,000.00
Reserve for Public Works Small Equipment	C	100,000.00	133,901.00
Capital Improvement Fund	C-4	1,377,627.00	1,415,250.00
Fund Balance	C-1	215,240.32	183,238.13
Total Liabilities, Reserves & Fund Balance		<u>\$ 7,250,437.97</u>	<u>\$ 9,162,637.41</u>

There were \$ -0- of bonds and notes authorized but not issued as of December 31, 2024 and 2023.

**TOWNSHIP OF SOUTHAMPTON
GENERAL CAPITAL FUND
STATEMENT OF FUND BALANCE -
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2024**

Balance December 31, 2023	\$ 183,238.13
Increased By:	
Premium on Bond Anticipation Notes Issued	<u>32,002.19</u>
Balance December 31, 2024	<u><u>\$ 215,240.32</u></u>

**TOWNSHIP OF SOUTHAMPTON
SEWER UTILITY FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2024 AND 2023**

	Ref.	2024	2023
ASSETS			
Operating Fund:			
Cash and Cash Equivalents	D-4	\$ 339,704.47	\$ 251,093.62
Change Fund	D	60.00	60.00
Due from Current Fund	A	19,393.04	19,393.04
		<u>359,157.51</u>	<u>270,546.66</u>
Total			
Receivables & Other Assets With Full Reserves:			
Consumer Accounts Receivable	D-6	59,980.14	52,606.57
Sewer Liens Receivable	D-7	5,494.63	6,321.94
		<u>65,474.77</u>	<u>58,928.51</u>
Total Receivables & Other Assets With Full Reserves			
Deferred Charges:			
Overexpenditure of Appropriation Reserves	D-8	22,361.09	33,568.67
		<u>22,361.09</u>	<u>33,568.67</u>
Total Deferred Charges			
		<u>22,361.09</u>	<u>33,568.67</u>
Total Operating Fund		<u>446,993.37</u>	<u>363,043.84</u>
Capital Fund:			
Cash and Cash Equivalents	D-4	200,000.00	200,000.00
Due from Sewer Operating Fund	D	62,424.00	52,424.00
Fixed Capital	D-16	2,295,000.00	2,295,000.00
Fixed Capital Authorized and Uncompleted	D-14	82,000.00	32,000.00
		<u>2,639,424.00</u>	<u>2,579,424.00</u>
Total Capital Fund			
		<u>2,639,424.00</u>	<u>2,579,424.00</u>
Total Operating & Capital Fund		<u>\$ 3,086,417.37</u>	<u>\$ 2,942,467.84</u>

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

**TOWNSHIP OF SOUTHAMPTON
SEWER UTILITY FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2024 AND 2023**

	Ref.	<u>2024</u>	<u>2023</u>
LIABILITIES RESERVES & FUND BALANCE			
Operating Fund:			
Liabilities:			
Appropriation Reserves	D-3	\$ 12,426.18	\$ 5,517.63
Reserve for Encumbrances	D-3	353.68	-
Overpaid Sewer Rents	D	366.25	1,677.61
Accrued Interest on Bonds and Notes	D-10	1,628.13	1,773.96
Due to Sewer Capital fund	D	<u>62,424.00</u>	<u>52,424.00</u>
Subtotal		<u>77,198.24</u>	<u>61,393.20</u>
Reserve for Receivables	D	65,474.77	58,928.51
Fund Balance	D-1	<u>304,320.36</u>	<u>242,722.13</u>
Total Operating Fund		<u>446,993.37</u>	<u>363,043.84</u>
Capital Fund:			
Serial Bonds Payable	D-12	485,000.00	520,000.00
Improvement Authorizations:			
Funded	D-11	51,600.00	1,600.00
Unfunded	D-11	30,400.00	30,400.00
Reserve for Amortization	D	1,810,000.00	1,775,000.00
Reserve for Maintenance to Sewer Plant	D	150,000.00	200,000.00
Deferred Reserve for Amortization	D	51,600.00	1,600.00
Capital Improvement Fund	D-13	<u>60,824.00</u>	<u>50,824.00</u>
Total Capital Fund		<u>2,639,424.00</u>	<u>2,579,424.00</u>
Total Liabilities, Reserves & Fund Balance		<u>\$ 3,086,417.37</u>	<u>\$ 2,942,467.84</u>

There were \$30,400.00 of bonds and notes authorized but not issued as of December 31, 2024 & \$30,400.00 on December 31, 2023.

**TOWNSHIP OF SOUTHAMPTON
SEWER UTILITY OPERATING FUND
STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
Revenue and Other Income Realized:		
Sewer Rents	\$ 348,455.07	\$ 317,828.49
Miscellaneous	<u>13,142.45</u>	<u>31,803.58</u>
Total Revenue	<u>361,597.52</u>	<u>349,632.07</u>
Expenditures:		
Other Expenses	200,000.00	185,000.00
Capital Improvements	10,000.00	10,000.00
Municipal Debt Service	56,430.62	53,008.06
Deferred Charges	<u>33,568.67</u>	<u>52,383.74</u>
Total Expenditures	<u>299,999.29</u>	<u>300,391.80</u>
Statutory Excess to Surplus	61,598.23	49,240.27
Fund Balance, January 1	<u>242,722.13</u>	<u>193,481.86</u>
Fund Balance, December 31	<u><u>\$ 304,320.36</u></u>	<u><u>\$ 242,722.13</u></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, 2024**

	<u>Budget</u>	<u>Realized</u>	<u>Excess/ (Deficit)</u>
Sewer Rents	\$ 295,356.67	\$ 348,455.07	\$ 53,098.40
Miscellaneous	5,000.00	13,142.45	8,142.45
	<u>\$ 300,356.67</u>	<u>\$ 361,597.52</u>	<u>\$ 61,240.85</u>

Analysis of Miscellaneous Revenue

Interest on Investments	\$ 7,310.49
Interest and Costs	3,844.65
Sewer Lien Receipts	<u>1,987.31</u>
	<u>\$ 13,142.45</u>

**TOWNSHIP OF SOUTHAMPTON
SEWER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2024**

	APPROPRIATIONS		PAID OR CHARGED		Unexpended Balance Cancelled
	<u>Original Budget</u>	<u>Budget After Modifications</u>	<u>Paid</u>	<u>Encumbered</u>	<u>Reserved</u>
Operating:					
Other Expenses	\$ 200,000.00	\$ 200,000.00	\$ 187,220.14	\$ 353.68	\$ 12,426.18
Total Operating	200,000.00	200,000.00	187,220.14	353.68	12,426.18
Capital Improvements:					
Capital Improvement Fund	10,000.00	10,000.00	10,000.00	-	-
Total Capital Improvements	10,000.00	10,000.00	10,000.00	-	-
Debt Service:					
Payment on Bond Principal	35,000.00	35,000.00	35,000.00	-	-
Interest on Bonds	21,788.00	21,788.00	21,430.62	-	357.38
Total Debt Service	56,788.00	56,788.00	56,430.62	-	357.38
Deferred Charges					
Overexpenditure of Appropriation Reserve	33,568.67	33,568.67	33,568.67	-	-
Total Deferred Charges	33,568.67	33,568.67	33,568.67	-	-
Total Sewer Utility Appropriations	\$ 300,356.67	\$ 300,356.67	\$ 287,219.43	\$ 353.68	\$ 12,426.18
Budget as Adopted	\$ 300,356.67	\$ 300,356.67			357.38
Cash			\$ 222,220.14		
Due to Sewer Capital Fund			10,000.00		
Deferred Charges			33,568.67		
Accrued Interest on Bonds			21,430.62		
			\$ 287,219.43		

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

**TOWNSHIP OF SOUTHAMPTON
GENERAL FIXED ASSET ACCOUNT GROUP
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2024 AND 2023**

ASSETS	Ref.	2024	2023
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	4,156,228.23	3,852,292.70
Total Assets		<u>\$ 6,848,428.23</u>	<u>\$ 6,544,492.70</u>
LIABILITIES, RESERVES & FUND BALANCE			
Investment in General Fixed Assets	E	<u>\$ 6,848,428.23</u>	<u>\$ 6,544,492.70</u>
Total Liabilities, Reserves & Fund Balance		<u>\$ 6,848,428.23</u>	<u>\$ 6,544,492.70</u>

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

**TOWNSHIP OF SOUTHAMPTON
PAYROLL AGENCY TRUST FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2024 AND 2023**

ASSETS	Ref.	<u>2024</u>	<u>2023</u>
Cash	F	\$ 11,783.65	\$ 16,299.82
Total Assets		<u>\$ 11,783.65</u>	<u>\$ 16,299.82</u>
LIABILITIES, RESERVES & FUND BALANCE			
Due to Current Fund	A	\$ 699.13	\$ 418.00
Payroll Withholding Payable	F	2,908.69	7,932.09
Reserve for Flexible Spending	F	<u>8,175.83</u>	<u>7,949.73</u>
Total Liabilities, Reserves & Fund Balance		<u>\$ 11,783.65</u>	<u>\$ 16,299.82</u>

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

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**TOWNSHIP OF SOUTHAMPTON
COUNTY OF BURLINGTON**

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

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**TOWNSHIP OF SOUTHAMPTON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

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 90, 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 90.

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 States 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 account 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, 2024**

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, 2024

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 \$5,000.00, 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, 2024**

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, 2024**

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.

**TOWNSHIP OF SOUTHAMPTON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Note 1. Summary of Significant Accounting Policies (continued)

Recently Adopted Accounting Pronouncements

The following GASB Statements became effective for the year ended December 31, 2024:

Statement No. 101, Compensated Absences. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The Township has implemented this standard as of December 31, 2024.

Recently Issued Accounting Pronouncements

The GASB has issued the following Statements which will become effective in future years as shown below:

Statement No. 102, Certain Risk Disclosures, requires a government to disclose information about concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. The standard will improve financial reporting by providing users of financial statements with essential information that currently is not often provided. Statement No. 102 is effective for reporting periods beginning after June 15, 2024. Management has not yet determined the potential impact on the Township's financial statements.

Statement No. 104, Disclosure of Certain Capital Assets, requires a government to disclose information on intangible assets separately by major class within the capital assets note disclosures as required by Statement No. 34. The standard will improve financial reporting by providing users of financial statements with essential information about certain types of capital assets. Statement No. 104 is effective for reporting periods beginning after June 15, 2024. Management has not yet determined the potential impact on 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.

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.

**TOWNSHIP OF SOUTHAMPTON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Note 2. Deposits and Investments (continued)

As of December 31, 2024, the Township's bank balance of \$13,755,281.69 was insured or collateralized as follows:

Insured under FDIC and GUDPA	\$ 10,864,834.89
NJ Cash Management Fund	876,024.11
Uninsured and Uncollateralized	<u>2,014,422.69</u>
	<u><u>\$ 13,755,281.69</u></u>

Investments

The Township had no investments as of December 31, 2024.

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>2024</u>	<u>2023</u>	<u>2022</u>
Tax Rate	<u>\$ 3.299</u>	<u>\$ 3.177</u>	<u>\$ 3.065</u>
Apportionment of Tax Rate:			
Municipal	0.435	0.427	0.408
Municipal Open Space	0.020	0.020	0.020
County	0.579	0.531	0.504
Local School	1.307	1.319	1.308
Regional School	0.958	0.880	0.825

Assessed Valuation

<u>Year</u>	<u>Amount</u>
2024	\$ 995,283,022.00
2023	991,220,291.00
2022	993,161,902.00

**TOWNSHIP OF SOUTHAMPTON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Note 3. Property Taxes (continued)

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage Of Collection</u>
2024	\$ 32,859,226.47	\$ 32,440,644.21	98.72%
2023	31,600,345.90	31,162,949.33	98.61%
2022	30,473,847.26	29,986,274.67	98.40%

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>
2024	\$ 504,163.45	\$ 307,731.64	\$ 811,895.09	2.47%
2023	468,511.42	331,023.41	799,534.83	2.53%
2022	533,652.56	362,930.79	896,583.35	2.94%

Number of Tax Title Liens

<u>Year</u>	<u>Number</u>
2024	26
2023	29
2022	43

The last tax sale was held on October 8, 2024.

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>Year</u>	<u>Amount</u>
2024	\$ 247,800.00
2023	247,800.00
2022	485,800.00

**TOWNSHIP OF SOUTHAMPTON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

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>Rents Levied</u>	<u>Total</u>	<u>Cash Collections</u>	<u>Percentage Of Collection</u>
2024	\$ 52,606.57	\$ 356,988.64	\$ 409,595.21	\$ 348,455.07	85.07%
2023	40,355.36	331,719.70	372,075.06	317,828.49	85.42%
2022	40,063.04	309,376.00	349,439.04	307,419.28	87.97%

Note 6. Fund Balances Appropriated

The following schedule details the amount of fund balances available at the end of the current year and three 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:			
2024	\$ 2,752,931.85	\$ 1,365,000.00 *	49.58%
2023	3,123,377.16	1,468,386.00	47.01%
2022	4,161,703.02	2,273,278.00	54.62%
Sewer Utility Operating Fund:			
2024	\$ 304,320.36	\$ 32,500.00 *	10.68%
2023	242,722.13	-	0.00%
2022	193,481.86	-	0.00%

* As introduced.

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, 2024:

**TOWNSHIP OF SOUTHAMPTON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Note 8. Interfund Receivables, Payables and Transfers (continued)

Fund	Interfund Receivable	Interfund Payable
Current Fund	\$ 65,278.46	\$ 1,957,199.76
State and Federal Grant Fund	1,937,806.72	-
Animal Control Trust	-	12,687.22
Trust Other Fund	-	3,230.81
Open Space Trust Fund	-	2,561.33
General Capital Fund	-	46,099.97
Utility Operating Fund	19,393.04	62,424.00
Utility Capital Fund	62,424.00	-
Payroll Agency Fund	-	699.13
	<u>\$2,084,902.22</u>	<u>\$ 2,084,902.22</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.

Note 9. Fixed Assets

The following is a summary of changes in the General Fixed Assets Account Group for the year ended December 31, 2024:

	Balance December 31, <u>2023</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2024</u>
Land	\$ 1,261,300.00	\$ -	\$ -	\$ 1,261,300.00
Buildings and Improvements	1,430,900.00	-	-	1,430,900.00
Machinery & Equipment	3,852,292.70	414,600.61	110,665.08	4,156,228.23
	<u>\$ 6,544,492.70</u>	<u>\$ 414,600.61</u>	<u>\$ 110,665.08</u>	<u>\$ 6,848,428.23</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 Annual Comprehensive Financial Report (ACFR) which can be found at <http://www.state.nj.us/treasury/pensions/annual-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.

**TOWNSHIP OF SOUTHAMPTON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Note 10. Pension Obligations (continued)

A. Public Employees' Retirement System (PERS) (continued)

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.

Basis of Presentation - The schedules of employer and nonemployer allocations and the schedules of pension amounts by employer and nonemployer (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 2023, the State's pension contribution was more 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, 2023, the Township's contractually required contribution to PERS plan was \$204,875.

**TOWNSHIP OF SOUTHAMPTON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Note 10. Pension Obligations (continued)

A. Public Employees' Retirement System (PERS) (continued)

Components of Net Pension Liability - At December 31, 2023, the Township's proportionate share of the PERS net pension liability was \$2,220,296. The net pension liability was measured as of June 30, 2023. 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, 2022, which was rolled forward to June 30, 2023. 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, 2023. The Township's proportion measured as of June 30, 2023, was 0.015329% which was an increase of 0.000367% from its proportion measured as of June 30, 2022.

Balances at December 31, 2023 and December 31, 2022

	<u>12/31/2023</u>	<u>12/31/2022</u>
Actuarial valuation date (including roll forward)	June 30, 2023	June 30, 2022
Deferred Outflows of Resources	\$ 462,777	\$ 647,001
Deferred Inflows of Resources	411,372	807,239
Net Pension Liability	2,220,296	2,257,960
Township's portion of the Plan's total Net Pension Liability	0.015329%	0.014962%

Pension Expense and Deferred Outflows/Inflows of Resources - At December 31, 2023, the Township's proportionate share of the PERS expense/(benefit), calculated by the plan as of the June 30, 2023 measurement date is \$(42,963). This expense/(benefit) 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 \$204,875 to the plan in 2023.

**TOWNSHIP OF SOUTHAMPTON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Note 10. Pension Obligations (continued)

A. Public Employees' Retirement System (PERS) (continued)

At December 31, 2023, 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	\$ 21,229	\$ 9,076
Changes of Assumptions	4,878	134,559
Net Difference between Projected and Actual Earnings on Pension Plan Investments	10,225	-
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions	<u>426,445</u>	<u>267,737</u>
	<u>\$ 462,777</u>	<u>\$ 411,372</u>

**TOWNSHIP OF SOUTHAMPTON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Note 10. Pension Obligations (continued)

A. Public Employees' Retirement System (PERS) (continued)

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

	<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, 2018	-	5.63
June 30, 2019	-	5.21
June 30, 2020	5.16	-
June 30, 2021	5.13	-
June 30, 2022	-	5.04
June 30, 2023	-	5.08
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2018	-	5.63
June 30, 2019	-	5.21
June 30, 2020	-	5.16
June 30, 2021	5.13	-
June 30, 2022	-	5.04
June 30, 2023	-	5.08
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2018	5.00	-
June 30, 2019	5.00	-
June 30, 2020	5.00	-
June 30, 2021	5.00	-
June 30, 2022	5.00	-
June 30, 2023	5.00	-
Changes in Proportion and Differences between Contributions and		
Pro Year of Pension Plan Deferral:		
June 30, 2018	5.63	5.63
June 30, 2019	5.21	5.21
June 30, 2020	5.16	5.16
June 30, 2021	5.13	5.13
June 30, 2022	5.04	5.04
June 30, 2023	5.08	5.08

**TOWNSHIP OF SOUTHAMPTON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Note 10. Pension Obligations (continued)

A. Public Employees' Retirement System (PERS) (continued)

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:

Year Ending Dec 31,	<u>Amount</u>
2024	\$ 56,157
2025	31,345
2026	(43,802)
2027	7,839
2028	<u>(134)</u>
	<u>\$ 51,405</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	
Price	2.75%
Wage	3.25%
Salary Increases	2.75%-6.55% based on years of service
Investment Rate of Return	7.00%
Period of Actuarial Experience	
Study upon which Actuarial	
Assumptions were Based	July 1, 2018 - June 30, 2021

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee Mortality Table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

**TOWNSHIP OF SOUTHAMPTON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Note 10. Pension Obligations (continued)

A. Public Employees' Retirement System (PERS) (continued)

The actuarial assumptions used in the July 1, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021. 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, 2023) 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, 2023 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	28.00%	8.98%
Non-U.S. Developed Markets Equity	12.75%	9.22%
International Small Cap Equity	1.25%	9.22%
Emerging Markets Equity	5.50%	11.13%
Private Equity	13.00%	12.50%
Real Estate	8.00%	8.58%
Real Assets	3.00%	8.40%
High Yield	4.50%	6.97%
Private Credit	8.00%	9.20%
Investment Grade Credit	7.00%	5.19%
Cash Equivalents	2.00%	3.31%
U.S. Treasuries	4.00%	3.31%
Risk Mitigation Strategies	3.00%	6.21%
	<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments to determine the total pension liability.

**TOWNSHIP OF SOUTHAMPTON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Note 10. Pension Obligations (continued)

A. Public Employees' Retirement System (PERS) (continued)

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 (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Township's Proportionate Share of the Net Pension Liability	<u>\$ 2,914,721</u>	<u>\$ 2,220,296</u>	<u>\$ 1,663,900</u>

Special Funding Situation – Under N.J.S.A. 43:15A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed that legally obligated the State if certain circumstances occurred. The legislation, which legally obligates the State, are Chapter 366, P.L. 2001 and Chapter 133, P.L. 2001. The amounts contributed on behalf of the local participating employers under the legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under the legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers related to the legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employers as well as revenue in an amount equal to the nonemployer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer.

The State's proportionate share of the PERS net pension liability associated with the special funding situation is \$-0- as of December 31, 2023. The State's proportionate share of the contribution associated with the special funding situation was \$6,924 as of December 31, 2023. These are based on measurements as of June 30, 2023.

*Note that the information presented above is in accordance with N.J.A.C. 5:30, which differs from the requirements of *GASB Statement No. 68, Accounting and Financial Reporting for Pensions*.

Note 11. Postemployment Benefits Other Than Pensions

General Information about the OPEB Plan

The State Health Benefit Local Government Retired Employees Plan (the Plan) is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of

**TOWNSHIP OF SOUTHAMPTON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Note 11. Postemployment Benefits Other Than Pensions (continued)

Pensions and Benefits' (the Division) Annual Comprehensive Financial Report (ACFR), which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

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

In accordance with Chapter 330, P.L. 1997, which is codified in N.J.S.A 52:14-17.32i, the State provides medical and prescription coverage to local police officers and firefighters, who retire with 25 years of service or on a disability from an employer who does not provide postretirement medical coverage. Local employers were required to file a resolution with the Division in order for their employees to qualify for State-paid retiree health benefits coverage under Chapter 330. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L.1989.

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

Basis of Presentation

The schedule of employer and nonemployer allocations and the schedule of OPEB amounts by employer and nonemployer (collectively, the Schedules) present amounts that are considered elements of the financial statements of its participating employers or the State as a nonemployer contributing entity. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of the participating employers or the State. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of the Plan 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.

Allocation Methodology

GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred

**TOWNSHIP OF SOUTHAMPTON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Note 11. Postemployment Benefits Other Than Pensions (continued)

inflows of resources, and collective OPEB (benefit) expense. The special funding situation's and nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB (benefit) expense are based on separately calculated total OPEB liabilities. For the special funding situation and the nonspecial funding situation, the total OPEB liabilities for the year ended June 30, 2023 were \$3,461,898,890 and \$11,427,677,896, respectively. The nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB (benefit) expense are further allocated to employers based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2022 through June 30, 2023. Employer and nonemployer allocation percentages have been rounded for presentation purposes; therefore, amounts presented in the schedule of OPEB amounts by employer and nonemployer may result in immaterial differences.

Net OPEB Liability

The components of the collective net OPEB liability of the Plan as of June 30, 2023 is as follows:

Total OPEB liability	\$ 14,889,576,786
Plan fiduciary net position (deficit)	<u>(116,962,691)</u>
Net OPEB Liability	<u>\$ 15,006,539,477</u>

The total OPEB liability as of June 30, 2023 was determined by an actuarial valuation as of June 30, 2022, which was rolled forward to June 30, 2023. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Salary Increases*:

Public Employees' Retirement System (PERS)

Rate for all future years 2.75% to 6.55% based on years of service

Police and Firemen's Retirement System (PFRS)

Rate for all future years 3.25% to 16.25% based on years of service

Mortality:

PERS Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2021

PERS Pub-2010 Safety classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2021

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

OPEB Obligation and OPEB (benefit) Expense - The State's proportionate share of the total Other Post-Employment Benefits Obligations, attributable to the Township's as of June 30, 2023 was \$5,428,616. The Township's proportionate share was \$0.

**TOWNSHIP OF SOUTHAMPTON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Note 11. Postemployment Benefits Other Than Pensions (continued)

The OPEB Obligation was measured as of June 30, 2023, and the total OPEB Obligation used to calculate the OPEB Obligation was determined by an actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023. The State's proportionate share of the OPEB Obligation associated with the Township was based on projection of the State's long-term contributions to the OPEB plan associated with the Township relative to the projected contributions by the State associated with all participating Municipalities, actuarially determined. At June 30, 2023, the State proportionate share of the OPEB Obligation attributable to the Township was 0.036175%, which was a increase of 0.003235% from its proportion measured as of June 30, 2022.

For the fiscal year ended June 30, 2023, the State of New Jersey recognized an OPEB (benefit)/expense in the amount of \$(47,162) for the State's proportionate share of the OPEB (benefit) expense attributable to the Township. This OPEB (benefit)/expense was based on the OPEB plans June 30, 2022 measurement date.

Actuarial assumptions used in the July 1, 2022 valuation were based on the results of the PERS experience studies prepared for July 1, 2018 to June 30, 2021.

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

Discount Rate

The discount rate for June 30, 2023 was 3.65%. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

The following presents the collective net OPEB liability of the participating employers as of June 30, 2023, calculated using the discount rate as disclosed above as well as what the collective net OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

	At 1% Decrease (2.65%)	At Discount Rate (3.65%)	At 1% Increase (4.65%)
State of New Jersey's Proportionate Share of Total OPEB Obligation Associated with the Township	\$ 6,288,068	\$ 5,428,616	\$ 4,737,320
State of New Jersey's Total Nonemployer OPEB Liability	\$ 17,382,355,978	\$ 15,006,539,477	\$ 13,095,561,553

**TOWNSHIP OF SOUTHAMPTON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Note 11. Postemployment Benefits Other Than Pensions (continued)

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

The following presents the net OPEB liability as of June 30, 2023, calculated using the healthcare trend rate as disclosed above as well as what the net OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with the Township	\$ 4,613,685	\$ 5,428,616	\$ 6,471,977
State of New Jersey's Total Nonemployer OPEB Liability	\$ 12,753,792,805	\$ 15,006,539,477	\$ 17,890,743,651

Additional Information – The following is a summary of the collective balances of the local group at June 30, 2023:

Collective Balances at December 31, 2023 and December 31, 2022

	12/31/2023	12/31/2022
Actuarial valuation date (including roll forward)	June 30, 2023	June 30, 2022
Collective Deferred Outflows of Resources	\$ 2,635,934,069	\$ 2,993,464,316
Collective Deferred Inflows of Resources	8,319,630,129	8,504,994,107
Collective Net OPEB Liability	15,006,539,477	16,149,595,478
Township's Portion	0.036175%	0.032940%

The collective amounts reported as a deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30:	
2024	\$ (1,702,483,126)
2025	(1,394,440,795)
2026	(754,368,466)
2027	(353,621,247)
2028	(713,799,887)
Thereafter	(764,982,539)
	<u>\$ (5,683,696,060)</u>

**TOWNSHIP OF SOUTHAMPTON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Note 11. Postemployment Benefits Other Than Pensions (continued)

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflow of resources related to the changes in proportion. These amounts should be recognized (amortized) by each employer over the average remaining service lives of all plan members, which is 7.89, 7.82, 7.82, 7.87, 8.05, and 8.14 years for the 2023, 2022, 2021, 2020, 2019, and 2018 amounts, respectively.

Plan Membership

At June 30, 2022, the Program membership consisted of the following:

	<u>June 30, 2022</u>
Active Plan Members	65,613
Retirees Currently Receiving Benefits	<u>34,771</u>
Total Plan Members	<u><u>100,384</u></u>

Changes in the Total OPEB Liability

The change in the State's Total OPEB liability for the fiscal year ended June 30, 2023 (measurement date June 30, 2022) is as follows:

Service Cost	\$ 597,135,801
Interest on the Total OPEB Liability	581,375,849
Change of Benefit Terms	23,039,435
Differences Between Expected and Actual Experience	(2,123,324,632)
Changes of Assumptions	255,103,873
Contributions From the Employer	(431,386,179)
Contributions From Non-Employer Contributing Entity	(55,614,978)
Net Investment Income	(2,001,914)
Administrative Expense	<u>12,616,744</u>
Net Change in Total OPEB Liability	(1,143,056,001)
Total OPEB Liability (Beginning)	<u>16,149,595,478</u>
Total OPEB Liability (Ending)	<u><u>\$ 15,006,539,477</u></u>

*Note that the information presented above is in accordance with N.J.A.C. 5:30, which differs from the requirements of *GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

**TOWNSHIP OF SOUTHAMPTON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Note 12. 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:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Issued:			
General:			
Bonds, Notes and Loans	\$ 4,597,690.00	\$ 5,787,845.00	\$ 7,195,395.00
Utility:			
Bonds, Notes and Loans	485,000.00	520,000.00	550,000.00
	<hr/>	<hr/>	<hr/>
Total Debt Issued	5,082,690.00	6,307,845.00	7,745,395.00
	<hr/>	<hr/>	<hr/>
Authorized but not issued:			
General:			
Bonds, Notes and Loans	-	-	-
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	30,400.00	30,400.00
	<hr/>	<hr/>	<hr/>
Total Gross Debt	<u>\$ 5,113,090.00</u>	<u>\$ 6,338,245.00</u>	<u>\$ 7,775,795.00</u>
	<hr/>	<hr/>	<hr/>
Deductions:			
General:			
Funds on Hand For Payment of Bonds and Notes:			
Reserve for Debt Service	\$ 601.00	\$ 601.00	\$ 601.00
Utility:			
Self Liquidating Debt	515,400.00	550,400.00	580,400.00
	<hr/>	<hr/>	<hr/>
Total Deductions	516,001.00	551,001.00	581,001.00
	<hr/>	<hr/>	<hr/>
Total Net Debt	<u>\$ 4,597,089.00</u>	<u>\$ 5,787,244.00</u>	<u>\$ 7,194,794.00</u>

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	\$ -	\$ -	\$ -
Regional School Debt	5,658,188.00	5,658,188.00	-
General Debt	4,597,690.00	601.00	4,597,089.00
Utility Debt	515,400.00	515,400.00	-
	<hr/>	<hr/>	<hr/>
	\$ 10,771,278.00	\$ 6,174,189.00	\$ 4,597,089.00

**TOWNSHIP OF SOUTHAMPTON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Note 12. Municipal Debt (continued)

Net Debt \$4,597,089.00 divided by the average Equalized Valuation Basis per N.J.S.A 40A:2-2 as amended, \$1,623,928,230.00, equals 0.283%. 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, 2024 is calculated as follows:

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 56,837,488.05
Net Debt	<u>4,597,089.00</u>
Remaining Borrowing Power	<u>\$ 52,240,399.05</u>

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

Cash Receipts From Fees, Rents or Other Charges for the Year	\$ 361,597.52
Deductions:	
Operating and Maintenance Costs	\$ 200,000.00
Debt Service	<u>56,788.00</u>
Total Deductions	<u>256,788.00</u>
Excess/(Deficit) in Revenue	<u>\$ 104,809.52</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 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 510,000.00	\$ 30,300.00	\$ 540,300.00
2026	<u>500,000.00</u>	<u>15,000.00</u>	<u>515,000.00</u>
	<u>\$ 1,010,000.00</u>	<u>\$ 45,300.00</u>	<u>\$ 1,055,300.00</u>

**TOWNSHIP OF SOUTHAMPTON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Note 12. Municipal Debt (continued)

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, 2024:

<u>Description</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Rate</u>	<u>Balance December 31, 2024</u>
Series 2024-A	3/20/2024	3/19/2025	4.50%	<u>\$ 3,587,690.00</u>
				<u><u>\$ 3,587,690.00</u></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, 2024.

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.

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 35,000.00	\$ 19,537.50	\$ 54,537.50
2026	35,000.00	17,787.50	52,787.50
2027	40,000.00	16,037.50	56,037.50
2028	40,000.00	14,037.50	54,037.50
2029	45,000.00	12,037.50	57,037.50
2030-2034	240,000.00	33,243.76	273,243.76
2035	50,000.00	1,687.50	51,687.50
	<u>\$ 485,000.00</u>	<u>\$ 114,368.76</u>	<u>\$ 599,368.76</u>

**TOWNSHIP OF SOUTHAMPTON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Note 12. Municipal Debt (continued)

B. Bond Anticipation Notes Payable – Short Term Debt

The Township had no bond anticipation notes outstanding in the Utility Capital Fund at December 31, 2024.

C. Bonds and Notes Authorized But Not Issued

As of December 31, 2024, 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>2023</u>	Accrued/ <u>Increases</u>	Retired/ <u>Decreases</u>	Balance December 31, <u>2024</u>	Balance Due Within <u>One Year</u>
General Capital:					
General Bonds	\$ 1,525,000.00	\$ -	\$ 515,000.00	\$ 1,010,000.00	\$ 510,000.00
Bond Anticipation Notes	4,262,845.00	3,587,690.00	4,262,845.00	3,587,690.00	3,587,690.00
	<u>\$ 5,787,845.00</u>	<u>\$ 3,587,690.00</u>	<u>\$ 4,777,845.00</u>	<u>\$ 4,597,690.00</u>	<u>\$ 4,097,690.00</u>
Utility Capital:					
Utility Bonds	\$ 520,000.00	\$ -	\$ 35,000.00	\$ 485,000.00	\$ 35,000.00
	<u>\$ 520,000.00</u>	<u>\$ -</u>	<u>\$ 35,000.00</u>	<u>\$ 485,000.00</u>	<u>\$ 35,000.00</u>

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>2024</u>	<u>2023</u>
Total Balance of Local Tax	\$ -	\$ 159,372.42
Local Tax Payable	<u>\$ -</u>	<u>\$ 159,372.42</u>
<u>Regional Tax</u>	Balance, December 31,	
	<u>2024</u>	<u>2023</u>
Total Balance of Regional Tax	\$ 4,466,771.85	\$ 4,060,625.31
Deferred Taxes	<u>724,910.00</u>	<u>724,910.00</u>
Regional Tax Payable	<u>\$ 3,741,861.85</u>	<u>\$ 3,335,715.31</u>

**TOWNSHIP OF SOUTHAMPTON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

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.

Note 15. Accrued Sick, Vacation and Compensation Time

Sick Leave

Under the current policy of the Township, all full-time employees shall be entitled to ten (10) paid sick days per year. During the first calendar year of employment, employees shall earn 5/6 hours per month of service. Unused sick leave not utilized in the calendar year shall accumulate within the Employee's Sick Leave Bank to be used if and when needed. The employee only upon retirement in accordance with the requirements of PERS, must have at least (20) or more years of credited service in the pension system and with the Township shall be entitled to sell back accumulated time at fifty percent (50%) of its value upon retirement with a maximum of \$15,000 as per New Jersey Statute. For purposes of this provision, the employee's hourly rate at retirement shall be used to calculate the hourly rate of pay to be remunerated upon retirement to establish this payment.

Vacation

Regular Full Time Employees shall be eligible for vacation leave in accordance with the following Schedule:

<u>Years of Service</u>	<u>Number of Days</u>
First year (pro-rata) -	10 working days
Second year to the completion of Fifth year -	12 working days
Sixth year to the completion of Tenth year -	15 working days
Eleven year to the completion of Twentieth year -	20 working days
Twenty first year and up -	1 additional day for each year of service up to max of 25 days

Vacation time is to be used during the year in which it is granted. Carryover of vacation time may only be accomplished with the written approval of the Township Administrator. Vacation leave will be credited to an employee's account on January 1. Upon separation in good standing employees will be paid for all unused (earned) vacation leave.

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. 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 \$47,567.76, which includes employer FICA of \$3,380.34 at December 31, 2024. The Township has established a Trust Fund in accordance with NJSA 40A:4-39 to set aside funds for future payments of compensated

**TOWNSHIP OF SOUTHAMPTON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Note 15. Accrued Sick, Vacation and Compensation Time (continued)

absences. As of December 31, 2024, the Township has reserved in the Other Trust Fund \$18,159.34 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	\$ 2,000,000.00
Worker's Compensation & Employer's Liability	\$ 2,000,000.00
General Liability	\$ 2,000,000.00
Property Damage	\$ 2,000,000.00
Automobile Liability	\$ 2,000,000.00

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, 2024 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>Interest Earned</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2024	\$ 7,225.14	\$ 1,385.89	\$ -	\$ 102,969.96
2023	3,493.18	1,304.96	-	94,358.93
2022	428.26	-	-	89,560.79

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

**TOWNSHIP OF SOUTHAMPTON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Note 17. Contingencies (continued)

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, 2024, the Township estimates that no material liabilities will result from such audits.

Litigation

The Township is a defendant in 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, 2024.

Note 18. Deferred Charges to be Raised in Succeeding Budgets

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2024 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>2024</u>	2025 Budget <u>Appropriation</u>	Balance to Succeeding <u>Budgets</u>
Utility Operating Fund:			
Overexpenditure of Appropriation Reserves	\$ 22,361.09	\$ 22,361.09	\$ -
General Capital Fund:			
Expenditure Without Appropriation	\$ 20,608.37	\$ -	\$ 20,608.37

Note 19. Subsequent Events

Management has reviewed and evaluated all events and transactions that occurred between December 31, 2024 and March 31, 2025, the date that the financial statements were available for issuance, for possible disclosure and recognition in the financial statements. No items have come to the attention of the Township that would require disclosure.

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APPENDIX C

FORM OF BOND COUNSEL OPINION

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October __, 2025

Mayor and Township Committee
of the Township of Southampton
5 Retreat Road
Southampton, New Jersey

**RE: \$6,000,000 TOWNSHIP OF SOUTHAMPTON, COUNTY OF BURLINGTON, NEW
JERSEY, BOND ANTICIPATION NOTES OF 2025, SERIES B**

Mayor and Township Committee Members:

We have served as Bond Counsel to the Township of Southampton, County of Burlington, New Jersey ("Township"), in connection with the authorization, issuance, sale and delivery of the above-referenced obligations ("Notes").

The Notes are authorized to be issued pursuant to: (i) the Local Bond Law, constituting Chapter 169 of the Laws of 1960 of the State of New Jersey, as amended and supplemented ("Local Bond Law"); (ii) bond ordinances 2017-4, 2021-13, and 2025-04 (collectively, the "Bond Ordinances"), each duly and finally adopted by the Township Committee and published in accordance with the requirements of the Local Bond Law; and (iii) a Certificate of Determination and Award executed by the Chief Financial Officer of the Township on October 1, 2025 ("Award Certificate").

The Notes are issued to temporarily finance the costs of certain improvements described in the Bond Ordinances. The Notes are issued in registered book-entry only form without coupons and are not subject to redemption prior to maturity. The Notes are dated October 15, 2025 and mature on June 16, 2026.

As the basis for the opinion set forth below, we have examined such matters of law as we have deemed necessary including, inter alia, the Constitution of the State of New Jersey, the Internal Revenue Code of 1986, as amended ("Code"), and the Local Bond Law. We have also examined such documents, certifications and instruments as we have deemed necessary including, without limitation, the Bond Ordinances, the Award Certificate, the representations and covenants of the Township given pursuant to the Code as set forth in the Certificate as to Nonarbitrage and other Tax Matters ("Nonarbitrage Certificate"), and the other certifications, opinions and instruments listed in the closing agenda prepared in connection with the settlement for the Notes.

In rendering the following opinion, we have relied upon the authenticity, truthfulness and completeness of all documents, certifications, instruments and opinions examined including, without limiting the generality of the foregoing, the Nonarbitrage Certificate.

Based upon and subject to the foregoing, we are of the following opinion:



1. The Notes are legal, valid and binding obligations of the Township enforceable in accordance with the terms thereof, except to the extent that enforcement thereof may be limited by bankruptcy, insolvency, moratorium or other laws or equitable principles affecting the enforcement of creditors' rights generally ("Creditors' Rights Limitations").

2. For the payment of principal of and interest on the Notes, the Township has the power and is obligated, to the extent payment is not otherwise provided, to levy ad valorem taxes upon all taxable real property within the Township without limitation as to rate or amount, except to the extent that enforcement thereof may be affected by Creditors' Rights Limitations.

3. Interest on the Notes is not included for federal income tax purposes in the gross income of the owners thereof pursuant to Section 103 of the Code and will not constitute a tax preference item for purposes of the alternative minimum tax imposed on individuals; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on such corporations.

Section 884 of the Code imposes on certain foreign corporations a branch profits tax equal to thirty percent (30%) of the "dividend equivalent amount" for the taxable year. Interest on the Notes received or accrued by a foreign corporation subject to the branch profits tax may be included in computing the "dividend equivalent amount" of such corporation.

In addition, passive "investment" income, including interest on the Notes, may be subject to federal income taxation under Section 1375 of the Code for any S corporation that has Subchapter C earnings and profits at the close of the taxable year if more than twenty-five percent (25%) of the gross receipts of such S corporation is passive investment income.

In rendering this opinion, we have assumed continuing compliance by the Township with the applicable requirements of the Code, including requirements relating to, *inter alia*, the use and investment of proceeds of the Notes and rebate to the United States Treasury of specified arbitrage earnings, if any, under Section 148(f) of the Code. Failure of the Township to comply with such covenants could result in the interest on the Notes being subject to federal income tax from the date of issue. We have not undertaken to monitor compliance with such covenants or to advise any party as to changes in the law after the date hereof that may affect the tax-exempt status of the interest on the Notes.

Ownership of the Notes may result in collateral federal income tax consequences to certain taxpayers including, without limitation, certain holders of an interest in a financial asset securitization investment trust, property and casualty insurance companies, controlled foreign corporations, individual recipients of Social Security or Railroad Retirement benefits, individuals who otherwise qualify for the earned income credit and to individuals and families that qualify for a premium assistance credit amount under Section 36B of the Code. The Code denies the earned income credit to an individual who is otherwise eligible if the aggregate amount of disqualified income of the taxpayer for the taxable year exceeds certain limits set forth in Sections 32(i) and (j) of the Code. Interest on the Notes will constitute disqualified income for this purpose. The Code also provides that the earned income credit is phased out if the modified adjusted gross income of the taxpayer exceeds certain amounts. Interest on the Notes is included in determining the



modified adjusted gross income of the taxpayer. Section 36B of the Code provides that the amount of the premium assistance credit amount is in part determined by household income. Section 36B(d) of the Code provides that household income consists of the "modified adjusted gross income" of the taxpayer and certain other individuals. "Modified adjusted gross income" means adjusted gross income increased by certain amounts, including interest received or accrued by the taxpayer which is exempt from tax, such as the interest on the Notes.

In addition, attention is called to the fact that Section 265(b)(1) of the Code eliminates the interest deduction otherwise allowable with respect to indebtedness deemed incurred by banks, thrift institutions and other financial institutions to purchase or to carry tax-exempt obligations acquired after August 7, 1986 other than "qualified tax-exempt obligations" as defined in Section 265(b)(3) of the Code. The Township has designated the Notes as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code. Eighty percent (80%) of the interest expense deemed incurred by banks, thrift institutions and other financial institutions to purchase or carry "qualified tax-exempt obligations" is deductible.

Owners of the Notes should consult their own tax advisers as to the applicability and effect on their federal income taxes of the alternative minimum tax, the branch profits tax and the tax on passive investment income of S corporations, as well as the applicability and effect of any other collateral federal income tax consequences.

4. Interest on the Notes and any gain from the sale thereof are not included in the gross income of the owners thereof under the New Jersey Gross Income Tax Act, as enacted and construed on the date hereof.

We express no opinion as to any matter not set forth in the numbered paragraphs above including, without limitation, any financial or other information which has been or may be supplied to purchasers of the Notes.

This is only an opinion letter and not a warranty or guaranty of the matters discussed above.

The opinions expressed in the numbered paragraphs above are being rendered on the basis of federal law and the laws of the State of New Jersey, as presently enacted and construed, and we assume no responsibility to advise any party as to any changes in law or fact subsequent to the date hereof.

This letter is being provided solely for the benefit of the Township and may not be relied upon by any other person, party, firm or organization without our prior written consent.

Very truly yours,

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APPENDIX D

FORM OF INFORMATION REPORTING UNDERTAKING AGREEMENT

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INFORMATION REPORTING UNDERTAKING AGREEMENT

ISSUER: Township of Southamptn, County of Burlington, New Jersey ("Issuer")

ISSUE: \$6,000,000 Bond Anticipation Notes of 2025, Series A
(Non-Callable) ("Notes")

DATED: October 15, 2025

CUSIP: 841196__

This Information Reporting Undertaking Agreement ("Agreement") is executed and delivered by the Issuer as of the date set forth below for the purpose of providing continuing disclosure with respect to the Issuer in order to comply with the provisions of Rule 15c2-12 ("Rule"), promulgated by the Securities and Exchange Commission ("Commission") pursuant to the Securities Exchange Act of 1934, as it may be amended and supplemented from time to time.

Section 1. (a) The Issuer, as an obligated person for purposes of and as defined in the Rule ("Obligated Person"), hereby agrees, in accordance with the provisions of the Rule, so long as any of the Notes are outstanding to provide or cause to be provided to the Municipal Securities Rulemaking Board ("MSRB"), through the internet facilities of the Electronic Municipal Market Access System ("EMMA")¹, or any other public or private repository or entity that shall hereafter be designated by the Commission as a repository for purposes of the Rule (each a "National Repository") and any public or private repository or entity designated by the State of New Jersey as a state information repository for purpose of the Rule ("State Repository" and together with each National Repository, the "Repository" or "Repositories"), as applicable, notice of the occurrence of any of the following listed events (each a "Listed Event" or "Listed Events") with respect to the Notes:

- i. Principal and interest payment delinquencies;
- ii. Non-payment related defaults, if material
- iii. Unscheduled draws on debt service reserves reflecting financial difficulties;
- iv. Unscheduled draws on credit enhancements reflecting financial difficulties;
- v. Substitution of credit or liquidity providers, or their failure to perform;
- vi. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Notes, or other material events affecting the tax status of the Notes;

¹ An internet based filing system created and maintained by the MSRB in accordance with Release No. 34-59062, of the Commission, dated December 5, 2008, pursuant to which issuers of tax-exempt bonds, including the Notes, and other filers on behalf of such issuers shall upload certain information and notices to assist underwriters in complying with the Rule and to provide the general public with access thereto.

- vii. Modifications to the rights of Noteholders, if material;
- viii. Note calls (excluding mandatory sinking fund redemptions), if material, or tender offers;
- ix. Defeasances;
- x. Release, substitution, or sale of property securing repayment of the Notes, if material;
- xi. Rating changes;
- xii. Bankruptcy, insolvency, receivership or similar event of the Issuer;
- xiii. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- xiv. Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- xv. Incurrence of a financial obligation² of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material; and
- xvi. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

(b) The Issuer shall, within ten (10) business days of the occurrence of any of the Listed Events, report the event to the MSRB, through the internet facilities of EMMA, or any other Repositories, as applicable, pursuant to the provisions of Section 1(a) hereof. In determining the materiality of a Listed Event specified in subsections (a)(ii), (vii), (viii), (x), (xiii), (xiv) and (xv) of this Section 1, the Issuer may, but shall not be required to, rely conclusively on a written opinion of counsel expert in federal securities law acceptable to the Issuer.

Section 2. The Issuer reserves the right to terminate its obligation to provide notices of Listed Events, if material, as set forth above, if and when the Issuer no longer remains an Obligated Person with respect to the Notes within the meaning of the Rule. The Issuer will provide notice of such termination to the MSRB via the internet facilities of EMMA and the State Repository, if any.

² The term "financial obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with Rule 15c2-12.

Section 3. The Issuer agrees that its undertaking pursuant to the Rule set forth in Section 1 of this Agreement is intended to be for the benefit of the holders of the Notes and shall be enforceable by such Noteholders; provided that, the Noteholder's right to enforce the provisions of this undertaking shall be limited to a right to obtain specific enforcement of the Obligated Person's obligations hereunder.

Section 4. This Agreement shall be governed by the laws of the State of New Jersey.

IN WITNESS WHEREOF, the Issuer has executed and delivered this Agreement as of this 15th day of October, 2025.

ISSUER:

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

By: _____
NANCY GOWER,
Chief Financial Officer

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