

**TOWNSHIP OF SOUTHAMPTON**

**COUNTY OF BURLINGTON**

**REPORT OF AUDIT**

**For the Year Ended December 31, 2010**

# TOWNSHIP OF SOUTHAMPTON

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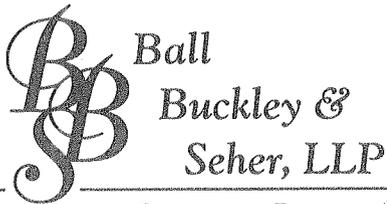
**TOWNSHIP OF SOUTHAMPTON**

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**PART I**

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

**For the Year Ended December 31, 2010**



CERTIFIED PUBLIC ACCOUNTANTS



## INDEPENDENT AUDITOR'S REPORT

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

I have audited the accompanying balance sheets - statutory basis of the various funds and account groups of the Township of Southampton, County of Burlington, State of New Jersey, as of December 31, 2010 and 2009, and the related statements of operations and changes in fund balances - statutory basis for the years then ended, and the related statements of revenues - statutory basis and statement of expenditures - statutory basis of the various funds, as of and for the year ended December 31, 2010, which collectively comprise the Township of Southampton's financial statements as listed in the table of contents. These financial statements are the responsibility of the Township of Southampton's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

As discussed in Note 1, the Township of Southampton prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with a modified accrual basis, with certain exceptions, and the budget basis of the State of New Jersey. These practices are a basis of accounting other than accounting principles generally accepted in the United States of America.

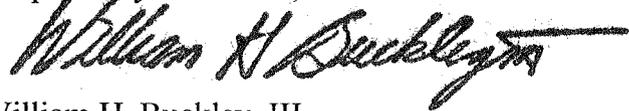
In my opinion, because the Township of Southampton prepares its financial statements on the basis of accounting described in the preceding paragraph, the financial statements referred to in the first paragraph do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township of Southampton as of December 31, 2010, and the results of its operations for the year then ended.

However, in my opinion, based on my audit, the financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position - statutory basis of the various funds and account groups of the Township of Southampton as of December 31, 2010 and 2009, and the results of operations and changes in fund balances - statutory basis of such funds and the statement of revenues - statutory basis and statement of expenditures - statutory basis of the various funds of the Township of Southampton as of December 31, 2010 and 2009 on the modified accrual basis of accounting thereof for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, I have also issued my report dated May 3, 2011, on my consideration of the Township of Southampton's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be considered in assessing the results of my audit.

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Township of Southampton's financial statements as a whole. The accompanying supplemental schedules and information presented in the "Supplementary Data", "General Comments", "Other Comments", and "Recommendations" sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has been subjected to auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information, is fairly stated in all material respects, in relation to the financial statements as a whole.

Respectfully submitted,



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

May 3, 2011



CERTIFIED PUBLIC ACCOUNTANTS



**REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER  
MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

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

I have audited the financial statements of the Township of Southampton, County of Burlington, State of New Jersey, as of and for the year ended December 31, 2010, which collectively comprise the Township of Southampton's financial statements, and have issued my report thereon dated May 3, 2011. I conducted my audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

**Internal Control Over Financial Reporting**

In planning and performing my audit, I considered the Township of Southampton's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township of Southampton's internal control over financial reporting. Accordingly, I do not express an opinion of the effectiveness of the Township of Southampton's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Township of Southampton's financial statements will not be prevented, or detected and corrected on a timely basis.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above. However, I noted certain immaterial instances of noncompliance that I have reported to management in the "General Comments and Recommendations" section of this report.

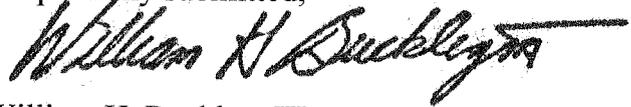
## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township of Southampton's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

I noted certain immaterial matters that I have reported to management of the Township of Southampton, in the "General Comments and Recommendations" section of this report.

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

Respectfully submitted,



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

May 3, 2011

**CURRENT FUND**

TOWNSHIP OF SOUTHAMPTON  
CURRENT FUND  
COMPARATIVE BALANCE SHEETS  
December 31, 2010 and 2009

ASSETS		Balance December 31, 2010	Balance December 31, 2009
Ref.			
<b>Regular fund:</b>			
A-4	Cash - chief financial officer	\$ 4,410,679.78	\$ 4,565,989.03
	Change fund	50.00	50.00
		<u>4,410,729.78</u>	<u>4,566,039.03</u>
A-6	Receivables and other assets with full reserves:		
A-7	Delinquent property taxes receivable	424,178.92	467,264.76
	Tax title liens receivable	525,323.40	490,961.78
	Tax penalty receivable	2,443.23	4,492.48
	Property acquired for taxes - assessed valuation	340,800.00	322,400.00
A-8	Revenue accounts receivable	6,247.78	4,266.50
B	Interfund amounts due from:		
B	Animal control fund	0.03	0.00
C	Trust funds	2,056.11	1,902.84
F	General capital fund	3,636.95	43,027.55
A-10	Payroll funds	79.60	1,574.82
	Prepaid local school district tax	1.40	0.00
		<u>1,304,767.42</u>	<u>1,335,890.73</u>
		<u>5,715,497.20</u>	<u>5,901,929.76</u>
<b>Federal and state grant fund:</b>			
A-12	Federal and state grant receivable	146,573.56	295,941.16
A	Amount due from current fund	184,742.31	80,842.00
		<u>331,315.87</u>	<u>376,783.16</u>
Total		\$ 6,046,813.07	\$ 6,278,712.92

LIABILITIES, RESERVES, AND FUND BALANCE		Balance December 31, 2010	Balance December 31, 2009
Ref.			
<b>Regular fund:</b>			
A-3, A-9	Appropriation reserves	\$ 282,287.61	\$ 221,412.16
A-3, A-9	Reserve for encumbrances	60,442.72	237,738.84
	Tax overpayments	28,011.50	18,991.63
A-5, A-6	Prepaid taxes	225,744.30	234,134.22
A-8	Prepaid revenue	200.00	400.00
A-6	Due county for added and omitted taxes	6,835.55	14,041.96
	Due fire company	250.00	250.00
A-11	Regional high school taxes payable	2,666,783.59	2,563,752.94
A-4	Amount due to State of New Jersey for inspection fees	3,366.00	2,252.00
A-4, A-6	Amount due to State of New Jersey for veterans and senior citizens deductions	110,764.81	88,469.23
A	Interfund amount due to:		
B	Federal and state grant fund	184,742.31	80,842.00
B	Animal control fund	0.00	159.94
A-4	Trust fund - other	70,288.00	69,578.53
	Reserve for garden state trust	5,472.00	8,208.74
		<u>3,645,188.39</u>	<u>3,540,232.19</u>
A	Reserve for receivables and other assets	1,304,767.42	1,335,890.73
A-1	Fund balance	765,541.39	1,025,806.84
		<u>5,715,497.20</u>	<u>5,901,929.76</u>
<b>Federal and state grant fund:</b>			
C	Federal and state grant fund:	140,000.00	140,000.00
	Due to general capital fund		
A-13	Reserve for federal and state grants:		
	Appropriated	161,557.76	179,044.66
A-14	Unappropriated	15,384.33	0.00
A-13	Reserve for encumbrances	14,373.78	57,738.50
		<u>331,315.87</u>	<u>376,783.16</u>
Total		\$ 6,046,813.07	\$ 6,278,712.92

**TOWNSHIP OF SOUTHAMPTON**  
**CURRENT FUND**  
**COMPARATIVE STATEMENTS OF OPERATIONS AND**  
**CHANGES IN FUND BALANCE**  
**For the Years Ended December 31, 2010 and 2009**

	Ref.	Year 2010	Year 2009
Revenue and other income realized:			
Fund balance utilized	A-2	\$ 600,000.00	\$ 938,375.00
Miscellaneous revenue anticipated	A-2	1,740,571.21	2,529,058.35
Receipts from delinquent taxes	A-2	458,263.38	417,389.91
Receipts from current taxes	A-2	25,297,238.48	24,813,293.50
Non-budget revenue	A-2	121,877.63	90,862.48
Other credits to income:			
Unexpended balance of appropriation reserves	A-9	112,530.08	144,637.40
Prepaid local district school tax		0.00	1.00
Interfunds cleared		40,902.03	0.00
Total income		<u>28,371,382.81</u>	<u>28,933,617.64</u>
Expenditures:			
Budget and appropriations			
Operations:			
Salaries and wages	A-3	1,305,340.00	1,344,539.00
Other expenses	A-3	2,508,009.77	3,040,572.00
Capital improvements	A-3	0.00	477,000.00
Municipal debt service	A-3	954,241.92	1,329,745.95
Deferred charges and statutory expenditures	A-3	220,576.00	103,500.00
County taxes	A-6	5,141,930.40	5,243,940.71
County's share of added and omitted tax	A-6	6,835.55	14,041.96
Local district school tax	A-10	10,291,453.00	9,936,996.00
Local open space tax	A-6	153,610.07	153,596.98
Regional high school tax	A-11	7,380,125.53	7,174,064.13
State grant receivables and reserves canceled		0.00	585.81
Expenditure of prior year refund		26,327.56	0.00
Prepaid local district school tax	A-10	1.40	0.00
Creation of interfund		43,197.06	20,415.43
Total expenditures		<u>28,031,648.26</u>	<u>28,838,997.97</u>
Statutory excess to fund balance		339,734.55	94,619.67
Fund balance - January 1	A-1	<u>1,025,806.84</u>	<u>1,869,562.17</u>
Decreased by utilization as anticipated revenue	A-2	<u>1,365,541.39</u>	<u>1,964,181.84</u>
Fund balance - December 31	A	<u>\$ 765,541.39</u>	<u>\$ 1,025,806.84</u>

**TOWNSHIP OF SOUTHAMPTON**  
**CURRENT FUND**  
**STATEMENT OF REVENUES**  
**For the Year Ended December 31, 2010**

	Ref.	Anticipated Budget	Realized	Excess Or (Deficit)
Fund balance anticipated	A-1	\$ 600,000.00	\$ 600,000.00	\$ 0.00
Miscellaneous revenues:				
Licenses:				
Alcoholic beverages	A-8	12,500.00	12,500.00	0.00
Other	A-8	800.00	800.00	0.00
Fees and permits	A-8	47,000.00	45,255.00	(1,745.00)
Fines and costs - municipal court	A-8	115,000.00	85,424.38	(29,575.62)
Interest and costs on taxes	A-5	75,000.00	89,380.31	14,380.31
Interest on investments and deposits	A-4	76,700.00	64,676.85	(12,023.15)
Consolidated municipal property tax relief act	A-8	11,435.00	11,435.00	0.00
Energy receipts tax	A-8	1,088,954.00	1,088,954.00	0.00
Reserve for garden state trust	A	8,208.74	8,208.74	0.00
Fees and permits - construction code official	A-8	110,000.00	161,247.00	51,247.00
Special items of revenue:				
Municipal alliance for drug and alcohol abuse	A-13	8,603.00	8,603.00	0.00
Clean communities program	A-13	26,137.77	26,137.77	0.00
Reserve for debt service - general capital fund	C	20,000.00	20,000.00	0.00
Rental income Good Farm		32,352.50	32,342.49	(10.01)
Cable television franchise fees		42,579.12	42,579.12	0.00
Prior year interfund accounts receivable - due from general capital		43,027.55	43,027.55	0.00
Total	A-1	1,718,297.68	1,740,571.21	22,273.53
Receipts from delinquent taxes	A-1; A-2	400,000.00	458,263.38	58,263.38
Amount to be raised by taxes for support of municipal budget - local taxes for municipal purposes	A-2	2,849,800.93	2,903,214.85	53,413.92
Budget totals		5,568,098.61	5,702,049.44	133,950.83
Non-budget revenues	A-1; A-2	0.00	121,877.63	121,877.63
Total	A-3	\$ 5,568,098.61	\$ 5,823,927.07	\$ 255,828.46

TOWNSHIP OF SOUTHAMPTON  
CURRENT FUND  
STATEMENT OF REVENUES  
For the Year Ended December 31, 2010

ANALYSIS OF REALIZED REVENUES

	<u>Ref.</u>	
Allocations of current tax collections:		
Revenue from collections	A-1; A-6	\$ 25,297,238.48
Allocated to:		
School taxes, county taxes and local open space taxes	A-6	<u>22,973,954.55</u>
Balance for support of municipal appropriations		2,323,283.93
Add: appropriation "reserve for uncollected taxes"	A-3	<u>579,930.92</u>
Amount for support of municipal budget appropriations	A-2	<u>\$ 2,903,214.85</u>
Analysis of receipts from delinquent taxes:		
Delinquent tax collections	A-6	\$ 457,714.29
Tax title lien collections	A-7	<u>549.09</u>
Total	A-2	<u>\$ 458,263.38</u>
Other licenses:		
Township clerk:		
Trailer park licenses		\$ 400.00
Pig farm park licenses	A-5	<u>400.00</u>
	A-2	<u>\$ 800.00</u>
Other fees and permits:		
Tax collector:		
Trailer fees	A-5	<u>\$ 45,255.00</u>
	A-2	<u>\$ 45,255.00</u>

TOWNSHIP OF SOUTHAMPTON  
CURRENT FUND  
STATEMENT OF REVENUES  
For the Year Ended December 31, 2010

ANALYSIS OF NON-BUDGET REVENUES

	<u>Ref.</u>		
Chief financial officer:			
Refunds		\$ 93,642.83	
Rent		365.00	
Video rental - municipal court		1,100.00	
Administrative fee - statutory deductions		8,415.34	
State of New Jersey - burial permits		85.00	
Annual fee for electronic tax files		800.00	
Miscellaneous		<u>3,434.30</u>	
			\$ 107,842.47
Tax collector:			
Trailer fee - penalties		60.43	
Fees for duplicate copies		420.00	
Miscellaneous		<u>40.00</u>	
	A-5		520.43
Revenue accounts receivable:			
Chief financial officer:			
Clerk	A-8	3,361.99	
Construction	A-8	6,012.00	
Municipal court - miscellaneous	A-8	547.00	
Planning and zoning board application fees	A-8	1,375.00	
Registrar fees	A-8	824.00	
Discovery	A-8	<u>1,274.74</u>	
			13,394.73
Tax collector:			
Tax searches	A-8		<u>120.00</u>
Total	A-2		<u>\$ 121,877.63</u>

**TOWNSHIP OF SOUTHAMPTON  
CURRENT FUND  
STATEMENT OF EXPENDITURES  
For the Year Ended December 31, 2010**

	Appropriations		Expended		
	Budget	Budget After Modifications	Paid Or Charged	Encumbrances	Reserved
<b>OPERATIONS- within "CAP"</b>					
General government functions:					
Human resources (personnel):					
Other expenses	\$ 1,000.00	\$ 1,000.00	\$ 0.00	\$ 0.00	\$ 1,000.00
Executive:					
Salaries and wages	146,191.00	148,613.00	145,296.11	0.00	3,316.89
Other expenses	40,900.00	40,900.00	34,069.53	393.68	6,436.79
Municipal clerk:					
Salaries and wages	27,208.00	27,808.00	27,151.49	0.00	656.51
Other expenses	8,760.00	8,760.00	5,818.15	0.00	2,941.85
Data processing:					
Salaries and wages	2,812.00	2,832.00	2,812.20	0.00	19.80
Other expenses	24,500.00	27,500.00	24,542.87	1,761.16	1,195.97
Financial administration:					
Salaries and wages	54,080.00	54,380.00	53,248.00	0.00	1,132.00
Other expenses	1,350.00	1,350.00	990.48	0.00	359.52
Audit services:					
Other expenses	37,500.00	40,500.00	40,258.87	0.00	241.13
Revenue - administration (tax collection):					
Salaries and wages	82,044.00	78,044.00	76,273.80	0.00	1,770.20
Other expenses	3,000.00	3,200.00	2,811.59	103.00	285.41
Tax assessment - administration:					
Salaries and wages	63,114.00	54,614.00	53,518.11	0.00	1,095.89
Other expenses:					
Revision of tax map	7,500.00	10,300.00	10,207.70	0.00	92.30
Miscellaneous	4,400.00	4,400.00	3,101.90	220.50	1,077.60
Shared services - Shamong	0.00	8,682.00	8,681.91	0.00	0.09
Legal services:					
Other expenses	90,000.00	105,000.00	103,359.51	0.00	1,640.49

TOWNSHIP OF SOUTHAMPTON  
CURRENT FUND  
STATEMENT OF EXPENDITURES  
For the Year Ended December 31, 2010

	Appropriations		Expended		
	Budget	Budget After Modifications	Paid Or Charged	Encumbrances Reserved	
\$	52,000.00	\$ 32,000.00	\$ 12,765.35	\$ 0.00	\$ 19,234.65
Engineering services:					
Other expenses	520.00	520.00	245.00	275.00	0.00
Historical sites office:					
Salaries and wages	400.00	400.00	292.38	0.00	107.62
Other expenses					
Municipal court:					
Salaries and wages	139,111.00	139,111.00	135,756.60	0.00	3,354.40
Other expenses	13,741.00	13,741.00	6,854.57	189.62	6,696.81
Land use - administration:					
Planning board:					
Salaries and wages	12,488.00	12,763.00	12,483.89	0.00	279.11
Other expenses:					
Legal	2,000.00	2,900.00	2,686.00	0.00	214.00
Engineering	1,000.00	1,000.00	250.00	0.00	750.00
Miscellaneous	3,250.00	3,250.00	3,240.50	0.00	9.50
Zoning board of adjustment:					
Salaries and wages	5,653.00	6,153.00	5,967.17	0.00	185.83
Other expenses:					
Legal	2,000.00	2,000.00	1,075.00	0.00	925.00
Engineering	1,220.00	1,220.00	405.00	0.00	815.00
Miscellaneous	2,950.00	2,950.00	661.00	40.00	2,249.00
Zoning board:					
Salaries and wages	33,698.00	33,698.00	30,947.65	0.00	2,750.35
Other expenses	1,000.00	4,000.00	2,503.29	130.00	1,366.71
Planner:					
Other expenses	13,000.00	13,000.00	4,173.50	136.50	8,690.00

OPERATIONS- within "CAP"

General government functions (continued):

Engineering services:

  Other expenses

Historical sites office:

  Salaries and wages

  Other expenses

  Municipal court:

    Salaries and wages

    Other expenses

Land use - administration:

  Planning board:

    Salaries and wages

    Other expenses:

      Legal

      Engineering

      Miscellaneous

Zoning board of adjustment:

  Salaries and wages

  Other expenses:

    Legal

    Engineering

    Miscellaneous

Zoning board:

  Salaries and wages

  Other expenses

  Planner:

    Other expenses

TOWNSHIP OF SOUTHAMPTON  
CURRENT FUND  
STATEMENT OF EXPENDITURES  
For the Year Ended December 31, 2010

	Appropriations		Expended		
	Budget	Budget After Modifications	Paid Or Charged	Encumbrances	Reserved
<b>OPERATIONS- within "CAP"</b>					
General government functions (concluded):					
Public defender:					
Other expenses	\$ 1,900.00	\$ 1,900.00	\$ 200.00	\$ 0.00	\$ 1,700.00
Insurance:					
General liability	83,000.00	86,800.00	86,783.00	0.00	17.00
Workers compensation	123,714.00	123,714.00	123,714.00	0.00	0.00
Employee group health	417,040.00	417,040.00	416,323.62	0.00	716.38
Unemployment insurance	6,500.00	6,500.00	5,114.64	0.00	1,385.36
Surety bond premiums	2,000.00	2,000.00	0.00	1,000.00	1,000.00
Other insurance premiums	6,500.00	8,000.00	5,146.05	2,030.60	823.35
Public safety:					
Office of emergency management:					
Salaries and wages	4,000.00	4,000.00	4,000.00	0.00	0.00
Other expenses	5,300.00	5,300.00	2,201.21	40.01	3,058.78
Aid to volunteer fire companies:					
Other expenses	60,000.00	60,000.00	60,000.00	0.00	0.00
Aid to volunteer ambulance companies:					
Other expenses	30,000.00	30,000.00	30,000.00	0.00	0.00
911 coordinator:					
Other expenses	1,500.00	1,500.00	0.00	0.00	1,500.00
EMT:					
Other expenses	174,805.00	174,805.00	157,048.81	1,058.25	16,697.94
Fire:					
Other expenses	20,000.00	20,000.00	20,000.00	0.00	0.00
Municipal prosecutor:					
Other expenses	10,634.00	10,634.00	10,208.52	0.00	425.48

TOWNSHIP OF SOUTHAMPTON  
CURRENT FUND  
STATEMENT OF EXPENDITURES  
For the Year Ended December 31, 2010

	Appropriations		Expended		
	Budget	Budget After Modifications	Paid Or Charged	Encumbrances	Reserved
<u>OPERATIONS- within "CAP"</u>					
Public safety (concluded):					
Crossing guards:					
Salaries and wages	\$ 9,500.00	\$ 9,500.00	\$ 8,913.60	\$ 0.00	\$ 586.40
Other expenses	300.00	300.00	272.36	0.00	27.64
Discovery:					
Salaries and wages	3,226.00	3,445.00	3,442.04	0.00	2.96
Police courtroom security:					
Salaries and wages	6,000.00	6,000.00	5,550.00	0.00	450.00
Other expenses	200.00	200.00	0.00	0.00	200.00
Public works functions:					
Street and road maintenance:					
Salaries and wages	318,800.00	313,000.00	297,278.49	0.00	15,721.51
Other expenses	120,100.00	122,880.00	72,067.49	22,806.49	28,006.02
Other public works functions (shade tree):					
Other expenses	4,600.00	4,600.00	1,852.00	1,200.00	1,548.00
Recycling:					
Salaries and wages	2,000.00	2,000.00	2,000.00	0.00	0.00
Other expenses	2,000.00	2,000.00	105.37	0.00	1,894.63
Garbage and trash removal:					
Salaries and wages	184,260.00	186,260.00	182,317.65	0.00	3,942.35
Other expenses	9,000.00	9,000.00	5,586.66	95.64	3,317.70
Buildings and grounds:					
Salaries and wages	13,660.00	13,660.00	13,180.20	0.00	479.80
Other expenses	39,000.00	39,000.00	29,897.21	2,278.22	6,824.57
Vehicle maintenance:					
Other expenses	93,265.00	93,265.00	72,729.75	6,693.87	13,841.38

TOWNSHIP OF SOUTHAMPTON  
CURRENT FUND  
STATEMENT OF EXPENDITURES  
For the Year Ended December 31, 2010

	Appropriations		Expended	
	Budget	Budget After Modifications	Paid Or Charged	Encumbrances Reserved
<u>OPERATIONS- within "CAP"</u>				
Health and human services:				
Vital statistics:				
Salaries and wages	\$ 4,472.00	\$ 4,472.00	\$ 3,969.85	\$ 502.15
Other expenses	600.00	600.00	410.00	87.00
Environmental commission:				
Salaries and wages	1,400.00	1,400.00	1,400.00	0.00
Other expenses	1,705.00	1,705.00	388.48	1,316.52
Animal control services:				
Other expenses	1,500.00	1,500.00	0.00	1,500.00
Welfare/administration of public assistance:				
Other expenses	700.00	700.00	280.00	210.00
Parks and recreation:				
Recreation services and programs:				
Other expenses	17,550.00	17,550.00	17,550.00	0.00
Maintenance of parks:				
Other expenses	6,000.00	6,000.00	4,275.79	1,724.21
Celebration of public events:				
Other expenses	5,120.00	5,120.00	3,964.80	705.20
Sanitation:				
Landfill/solid waste costs:				
Other expenses-contractual	400,000.00	385,476.00	330,709.61	54,766.39
Aid to library (N.J.S. 40:54-35):				
Other expenses	40,000.00	40,000.00	40,000.00	0.00

EXHIBIT A-3  
(Continued)

TOWNSHIP OF SOUTHAMPTON  
CURRENT FUND  
STATEMENT OF EXPENDITURES  
For the Year Ended December 31, 2010

	Appropriations		Expended		
	Budget	Budget After Modifications	Paid Or Charged	Encumbrances	Reserved
<u>OPERATIONS- within "CAP"</u>					
Unclassified:					
Registration of bonds	\$ 3,000.00	\$ 3,000.00	\$ 2,680.00	\$ 0.00	\$ 320.00
Accumulated sick leave	9,000.00	9,000.00	9,000.00	0.00	0.00
Code enforcement and administration:					
Uniform construction code enforcement:					
Salaries and wages	77,292.00	78,392.00	76,638.91	0.00	1,753.09
Other expenses	16,250.00	16,250.00	8,455.69	326.56	7,467.75
Sub code officials:					
Plumbing inspector:					
Salaries and wages	10,149.00	10,739.00	10,525.97	0.00	213.03
Electrical inspector:					
Salaries and wages	15,340.00	16,276.00	15,960.32	0.00	315.68
Fire protection official:					
Salaries and wages	9,300.00	5,500.00	5,426.28	0.00	73.72
Utility expenses and bulk purchases:					
Electricity	24,600.00	26,600.00	25,775.46	0.00	824.54
Street lighting	150,000.00	150,000.00	132,787.01	1,172.11	16,040.88
Telephone	15,000.00	15,000.00	12,693.14	0.00	2,306.86
Telecommunications	11,000.00	11,000.00	7,403.44	389.13	3,207.43
Fuel oil	2,500.00	2,500.00	1,493.22	737.52	269.26
Gasoline	80,000.00	80,000.00	73,844.68	4,980.28	1,175.04
Water	2,700.00	3,700.00	3,244.93	66.94	388.13
Propane	4,000.00	4,000.00	2,082.79	0.00	1,917.21

EXHIBIT A-3  
(Continued)

TOWNSHIP OF SOUTHAMPTON  
CURRENT FUND  
STATEMENT OF EXPENDITURES  
For the Year Ended December 31, 2010

	Appropriations		Expended	
	Budget	Budget After Modifications	Paid Or Charged	Encumbrances Reserved
<u>OPERATIONS- within "CAP"</u>				
Utility expenses and bulk purchases:				
Sewerage processing	\$ 2,500.00	\$ 2,500.00	\$ 1,394.97	\$ 44.04
Fire hydrants	38,000.00	38,000.00	35,948.84	933.44
	<u>3,580,872.00</u>	<u>3,580,872.00</u>	<u>3,256,685.97</u>	<u>49,865.56</u>
Total operations within "CAP"				274,320.47
<i>Detail:</i>				
Salaries and wages	1,226,318.00	1,213,180.00	1,174,303.33	275.00
Other expenses	2,354,554.00	2,367,692.00	2,082,382.64	49,590.56
				<u>38,601.67</u>
				<u>235,718.80</u>
<u>DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAP"</u>				
Statutory expenditures:				
Contribution to:				
Public employees' retirement system	96,197.00	96,197.00	96,197.00	0.00
Social security system (O.A.S.I.)	100,725.00	100,725.00	97,182.05	0.00
Public employees' retirement system-ERT	6,194.00	6,194.00	6,194.00	0.00
	<u>203,116.00</u>	<u>203,116.00</u>	<u>199,573.05</u>	<u>0.00</u>
Total deferred charges and statutory expenditures -within "CAP"				3,542.95
Total general appropriations for municipal purposes within "CAP"	<u>3,783,988.00</u>	<u>3,783,988.00</u>	<u>3,456,259.02</u>	<u>49,865.56</u>
				<u>277,863.42</u>

TOWNSHIP OF SOUTHAMPTON  
CURRENT FUND  
STATEMENT OF EXPENDITURES  
For the Year Ended December 31, 2010

	Appropriations		Expended		
	Budget	Budget After Modifications	Paid Or Charged	Encumbrances	Reserved
	\$	\$	\$	\$	\$
<u>OPERATIONS EXCLUDED FROM "CAP"</u>					
Contribution to:					
Public employees retirement system (PERS)	24,966.00	24,966.00	24,966.00	0.00	0.00
Stormwater permits (NJDEP):					
Salaries and wages	92,160.00	92,160.00	90,014.96	0.00	2,145.04
Other expenses	25,000.00	25,000.00	17,793.69	4,927.16	2,279.15
Insurance:					
Employee group health insurance	50,960.00	50,960.00	50,960.00	0.00	0.00
State and federal programs offset by revenues:					
Municipal alliance for drug and alcohol abuse	10,754.00	10,754.00	10,754.00	0.00	0.00
Clean communities program	26,137.77	26,137.77	26,137.77	0.00	0.00
Matching Funds for Grants	2,500.00	2,500.00	2,500.00	0.00	0.00
Total operations excluded from "CAP"	232,477.77	232,477.77	223,126.42	4,927.16	4,424.19
<i>Detail:</i>					
Salaries and wages	92,160.00	92,160.00	90,014.96	0.00	2,145.04
Other expenses	140,317.77	140,317.77	133,111.46	4,927.16	2,279.15

TOWNSHIP OF SOUTHAMPTON  
CURRENT FUND  
STATEMENT OF EXPENDITURES  
For the Year Ended December 31, 2010

	Appropriations		Expended		
	Budget	Budget After Modifications	Paid Or Charged	Encumbrances	Reserved
<u>MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAP"</u>					
Payment of bond principal	\$ 370,000.00	\$ 370,000.00	\$ 370,000.00	\$ 0.00	\$ 0.00
Payment of bond anticipation notes and capital notes	204,250.00	204,250.00	204,250.00	0.00	0.00
Interest on bonds	297,641.26	297,641.26	297,641.26	0.00	0.00
Interest on notes	28,986.66	28,986.66	28,986.66	0.00	0.00
USDA rural development community facilities:					
Vincentown Fire Company	28,332.00	28,332.00	28,332.00	0.00	0.00
Hampton Lakes Fire Company	25,032.00	25,032.00	25,032.00	0.00	0.00
	<u>954,241.92</u>	<u>954,241.92</u>	<u>954,241.92</u>	<u>0.00</u>	<u>0.00</u>
Total municipal debt service - excluded from "CAP"					
	17,460.00	17,460.00	17,460.00	0.00	0.00
<u>DEFERRED CHARGES- MUNICIPAL WITHIN "CAP"</u>					
Deferred charges to future taxation - unfunded					
	17,460.00	17,460.00	17,460.00	0.00	0.00
Total deferred charges- municipal excluded from "CAP"					
	1,204,179.69	1,204,179.69	1,194,828.34	4,927.16	4,424.19
Total general appropriations for municipal purposes - excluded from "CAP"					
	<u>579,930.92</u>	<u>579,930.92</u>	<u>579,930.92</u>	<u>0.00</u>	<u>0.00</u>
Reserve for uncollected taxes					
	\$ 5,568,098.61	\$ 5,568,098.61	\$ 5,231,018.28	\$ 54,792.72	\$ 282,287.61
Total general appropriations					
	<u>\$ 5,568,098.61</u>	<u>\$ 5,568,098.61</u>	<u>\$ 5,231,018.28</u>	<u>\$ 54,792.72</u>	<u>\$ 282,287.61</u>

Ref.

A-2

A-2

A-3

A

A

TOWNSHIP OF SOUTHAMPTON  
CURRENT FUND  
STATEMENT OF EXPENDITURES  
For the Year Ended December 31, 2010

	<u>Ref.</u>		
Paid or charged:			
State and federal grants	A-13	\$	39,391.77
Deferred charges to future taxation - unfunded	C-4		17,460.00
Reserve for uncollected taxes	A-2		579,930.92
Garnishment by State of New Jersey	A-11		2,928.59
Disbursed	A-4		<u>4,591,307.00</u>
		\$	<u>5,231,018.28</u>

**TRUST FUND**

TOWNSHIP OF SOUTHAMPTON  
TRUST FUND  
COMPARATIVE BALANCE SHEETS  
December 31, 2010 and 2009

Ref.	Balance December 31, 2010	Balance December 31, 2009
<b>ASSETS</b>		
Animal control fund:		
B-1	\$ 322.04	\$ 885.65
A	0.00	159.94
	<u>322.04</u>	<u>1,045.59</u>
Other funds:		
B-1	1,169,674.19	1,185,341.40
B-2	100,754.43	67,278.94
	5,387.52	19,035.39
A	70,288.00	69,578.53
	40,202.41	43,639.44
	<u>1,386,306.55</u>	<u>1,384,873.70</u>
Total all funds	\$ <u>1,386,628.59</u>	\$ <u>1,385,919.29</u>

Ref.	Balance December 31, 2010	Balance December 31, 2009
<b>LIABILITIES, RESERVES, AND FUND BALANCE</b>		
Animal control fund:		
B-3	\$ 322.01	\$ 1,045.59
A	0.03	0.00
	<u>322.04</u>	<u>1,045.59</u>
Other funds:		
A	2,056.11	1,902.84
	0.00	350.00
	193,521.57	194,586.63
	21,323.72	12,323.72
	1,000.60	1,000.60
	2,740.00	400.00
B-6	543,303.83	567,431.30
B-4	0.00	6,125.76
B-5	100,700.00	61,150.00
	42,951.90	76,597.19
	360.01	7,960.01
	74,380.77	70,891.39
	54,784.23	72,047.12
	349,183.81	312,107.14
	<u>1,386,306.55</u>	<u>1,384,873.70</u>
Total all funds	\$ <u>1,386,628.59</u>	\$ <u>1,385,919.29</u>

**GENERAL CAPITAL FUND**

**TOWNSHIP OF SOUTHAMPTON  
GENERAL CAPITAL FUND  
COMPARATIVE BALANCE SHEETS  
December 31, 2010 and 2009**

	Ref.	Balance December 31, 2010	Balance December 31, 2009
<u>ASSETS</u>			
Cash - chief financial officer	C-2; C-3	\$ 3,159,418.54	\$ 3,340,315.41
Due from state and federal grant fund	A	140,000.00	140,000.00
Deferred charges to future taxation:			
Funded		8,391,341.60	8,909,038.60
Unfunded	C-4	1,551,625.80	1,773,335.80
		<u>\$ 13,242,385.94</u>	<u>\$ 14,162,689.81</u>
<u>LIABILITIES AND RESERVES</u>			
Bonds payable	C-7	\$ 8,298,000.00	\$ 8,768,000.00
Bond anticipation notes payable	C-8	1,428,750.00	1,633,000.00
USDA loan payable	C-9	93,341.60	141,038.60
Contract encumbrances		876,377.87	827,238.77
Due to current fund	A	3,636.95	43,027.55
Improvement authorizations:			
Funded	C-6	1,132,088.16	1,105,911.72
Unfunded	C-6	622,758.07	633,676.77
Down payment of capital improvements		321.00	321.00
Capital improvement fund	C-5	457,750.00	657,750.00
Reserve for assessment revaluation		2,000.00	2,000.00
Reserve for improvements to Old Town Hall		0.00	5,449.09
Reserve for debt service		322,085.98	340,000.00
Fund balance	C-1	5,276.31	5,276.31
		<u>\$ 13,242,385.94</u>	<u>\$ 14,162,689.81</u>

**TOWNSHIP OF SOUTHAMPTON  
GENERAL CAPITAL FUND  
STATEMENT OF FUND BALANCE  
For the Year Ended December 31, 2010**

	<u>Ref.</u>	
Balance - December 31, 2009	C	\$ <u>5,276.31</u>
Balance - December 31, 2010	C	\$ <u>5,276.31</u>

**SEWER UTILITY FUND**

TOWNSHIP OF SOUTHAMPTON  
SEWER UTILITY FUND  
COMPARATIVE BALANCE SHEETS  
December 31, 2010 and 2009

	Ref.	Balance December 31, 2010	Balance December 31, 2009
<u>ASSETS</u>			
Operating fund:			
Cash	D-4	\$ 14,178.11	\$ 57,060.25
Consumer accounts receivable	D-5	74,652.21	63,760.86
		88,830.32	120,821.11
Deferred charges:			
Deficit in operations	D-1	15,816.77	0.00
Overexpenditure of appropriation reserves	D-6	1,270.84	0.00
		17,087.61	0.00
Total operating fund		105,917.93	120,821.11
Capital fund:			
Due from sewer operating fund	D	482.52	482.52
Fixed capital	D-8	2,295,000.00	2,295,000.00
Total capital fund		2,295,482.52	2,295,482.52
		\$ 2,401,400.45	\$ 2,416,303.63
<u>LIABILITIES, RESERVES, AND FUND BALANCE</u>			
Operating fund:			
Accounts payable	D-3	\$ 517.34	\$ 27.00
Appropriation reserves	D-3,D-6	24,992.85	29,010.31
Rent overpayments	D-4	811.18	0.00
Due to sewer capital fund	D	482.52	482.52
Accrued interest on bonds		3,682.22	3,760.81
		30,486.11	33,280.64
Reserve for receivables	D	74,652.21	63,760.86
Fund balance	D-1	779.61	23,779.61
Total operating fund		105,917.93	120,821.11
Capital fund:			
Bonds payable	D-9	905,046.80	924,373.91
Improvement authorizations:			
Funded	D-7	482.52	482.52
Reserve for amortization		1,389,953.20	1,370,626.09
Total capital fund		2,295,482.52	2,295,482.52
		\$ 2,401,400.45	\$ 2,416,303.63

**TOWNSHIP OF SOUTHAMPTON**  
**SEWER UTILITY OPERATING FUND**  
**COMPARATIVE STATEMENTS OF OPERATIONS AND**  
**CHANGES IN OPERATING FUND BALANCE**  
**For the Years Ended December 31, 2010 and 2009**

	Ref.	Year 2010	Year 2009
Revenue and other income realized:			
Fund balance utilized	D-2	\$ 23,000.00	\$ 27,686.00
Sewer rents	D-2	158,120.50	166,633.78
Interest earnings on investments	D-2	117.56	390.82
Miscellaneous revenue not anticipated	D-2	2,264.58	1,105.57
Other credits to income:			
Appropriation reserves lapsed	D-6	0.00	17,480.68
Total income		<u>183,502.64</u>	<u>213,296.85</u>
Expenditures:			
Budget appropriations:			
Other expenses	D-3	138,700.00	133,063.00
Municipal debt service	D-3	60,619.41	60,622.83
Total expenditures		<u>199,319.41</u>	<u>193,685.83</u>
Operating deficit to be raised in budget of succeeding year		<u>\$ (15,816.77)</u>	
Statutory excess to fund balance			19,611.02
<u>FUND BALANCE</u>			
Balance - January 1	D	\$ 23,779.61	31,854.59
		23,779.61	51,465.61
Decreased by:			
Utilization by operating budget	D-1	23,000.00	27,686.00
Balance - December 31	D	<u>\$ 779.61</u>	<u>\$ 23,779.61</u>

**TOWNSHIP OF SOUTHAMPTON  
SEWER UTILITY OPERATING FUND  
STATEMENT OF REVENUES  
For the Year Ended December 31, 2010**

	<u>Ref.</u>	<u>Anticipated Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund balance anticipated	D-1	\$ 23,000.00	\$ 23,000.00	\$ 0.00
Sewer rents	D-1	166,000.00	158,120.50	(7,879.50)
Additional sewer rents	D-1	10,399.00	0.00	(10,399.00)
		<u>199,399.00</u>	<u>181,120.50</u>	<u>(10,399.00)</u>
Non-budget revenue	D-2	<u>0.00</u>	<u>2,382.14</u>	<u>2,382.14</u>
		<u>\$ 199,399.00</u>	<u>\$ 183,502.64</u>	<u>\$ (8,016.86)</u>
Detail of non-budget revenue:				
Interest earned on investments:				
Sewer operating fund				\$ 117.56
Other				<u>2,264.58</u>
Total non-budget revenues	D-4			<u>\$ 2,382.14</u>

**TOWNSHIP OF SOUTHAMPTON  
SEWER UTILITY OPERATING FUND  
STATEMENT OF EXPENDITURES  
For the Year Ended December 31, 2010**

	Appropriations		Expended		Unexpended Balances Cancelled
	Budget	Budget After Modifications	Paid Or Charged	Reserved	
Operating:					
Other expenses	\$ 138,700.00	\$ 138,700.00	\$ 113,707.15	\$ 24,992.85	\$ 0.00
Total operating	<u>138,700.00</u>	<u>138,700.00</u>	<u>113,707.15</u>	<u>24,992.85</u>	<u>0.00</u>
Debt service:					
Payment of bond principal	19,317.00	19,317.00	19,316.07	0.00	0.93
Interest on bonds	41,382.00	41,382.00	41,303.34	0.00	78.66
Total debt service	<u>60,699.00</u>	<u>60,699.00</u>	<u>60,619.41</u>	<u>0.00</u>	<u>79.59</u>
	<u>\$ 199,399.00</u>	<u>\$ 199,399.00</u>	<u>\$ 174,326.56</u>	<u>\$ 24,992.85</u>	<u>\$ 79.59</u>
	<u>Ref.</u>	D-2	D-3	D	D-1
Cash	D-4			\$ 132,505.88	
Accounts payable	D			517.34	
Accrued interest on bonds				<u>41,303.34</u>	
				<u>\$ 174,326.56</u>	

**PUBLIC ASSISTANCE TRUST FUND**

**\*\*NOT APPLICABLE\*\***

**PAYROLL ACCOUNT**

**TOWNSHIP OF SOUTHAMPTON  
PAYROLL ACCOUNT  
COMPARATIVE BALANCE SHEETS  
December 31, 2010 and 2009**

	<u>Ref.</u>	<u>Balance December 31, 2010</u>	<u>Balance December 31, 2009</u>
<u>ASSETS</u>			
Cash		\$ 12,122.66	\$ 28,721.51
		<u>\$ 12,122.66</u>	<u>\$ 28,721.51</u>
<u>LIABILITIES</u>			
Due to current fund	A	\$ 79.60	\$ 1,574.82
Due to unemployment trust fund	B	5,387.52	19,035.39
Payroll withholding payable	F-1	6,655.54	8,111.30
		<u>\$ 12,122.66</u>	<u>\$ 28,721.51</u>

**GENERAL FIXED ASSETS**

**TOWNSHIP OF SOUTHAMPTON**  
**GENERAL FIXED ASSETS**  
**STATEMENT OF GENERAL FIXED ASSETS**  
**At December 31, 2010 and 2009**

	<u>Ref.</u>	<u>2010</u>	<u>2009</u>
General fixed assets:			
Land and improvements	G-1	\$ 6,453,750.00	\$ 6,453,750.00
Buildings	G-1	851,750.00	851,750.00
Equipment	G-1	1,332,016.50	1,258,362.66
Total general fixed assets		<u>8,637,516.50</u>	<u>8,563,862.66</u>
Investments in general fixed assets	G-1	<u>\$ 8,637,516.50</u>	<u>\$ 8,563,862.66</u>

**BOND AND INTEREST ACCOUNT**

**\*\* NOT APPLICABLE \*\***

**NOTES TO FINANCIAL STATEMENTS**

**TOWNSHIP OF SOUTHAMPTON  
COUNTY OF BURLINGTON  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2010**

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

**A. Reporting Entity**

The Township is located in the County of Burlington, State of New Jersey. The governing body, the Township Committee, is comprised of five elected members who serve three-year terms.

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

**B. Description of Funds**

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

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

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

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

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

**C. Basis of Accounting**

A modified accrual basis of accounting is followed. The more significant accounting principles are as follows:

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

**TOWNSHIP OF SOUTHAMPTON  
COUNTY OF BURLINGTON  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2010**

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

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

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

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

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

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

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

**Inventories of Supplies** - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets.

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

**General Fixed Assets** - In accordance with Technical Accounting Directive No. 85-2, Accounting for Governmental Fixed Assets, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles, the Township has developed a fixed assets accounting and reporting system.

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

**TOWNSHIP OF SOUTHAMPTON  
COUNTY OF BURLINGTON  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2010**

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

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

All fixed assets are to be recorded at historical cost or estimated historical cost if actual historical cost is not available, in accordance with the State of New Jersey's Technical Accounting Directive 85-2. However, land and improvements are to be recorded at its assessed value which is a departure from the aforementioned directive.

No depreciation has been provided for in the financial statements.

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

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

Accounting for Utility Fund "fixed capital" remains unchanged under the requirements of Technical Accounting Directive No. 85-2.

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

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

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

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

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

**Fund Balance** - Fund balances included in the current fund and utility operating funds represent amounts available for anticipation as revenue in futures years budgets, with certain restrictions.

**TOWNSHIP OF SOUTHAMPTON  
COUNTY OF BURLINGTON  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2010**

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

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

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

**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 10 of the current year. In addition, operations is charged for the County share of added and omitted taxes certified to the County Board of Taxation by October 10 of the current year and due to be paid to the County by February 15 of the following year.

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

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

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

Taxes and other receivables are fully reserved.

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

Unexpended and uncommitted appropriations are reflected as expenditures.

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

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

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

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

**TOWNSHIP OF SOUTHAMPTON  
COUNTY OF BURLINGTON  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2010**

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

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

Depreciation expense is not calculated on fixed assets.

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

**D. Use of Estimates**

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

**NOTE 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS**

Cash and cash equivalents includes petty cash, change funds, amounts in deposits, and certificates of deposit.

Investments are stated at cost or amortized cost, which approximates market.

**Deposits**

New Jersey statutes require that municipalities deposit public funds in contracted depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. Municipalities are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds, under the Governmental Unit Deposit Protection Act (G.U.D.P.A.) N.J.S.A. 17:9-41, that exceed depository insurance limits as follows:

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.00.

Although the pledged securities are not in the name of the municipality, the deposits are deemed collateralized under New Jersey law, and certificates to eligibility are issued every six months by the public depository under the provisions of G.U.D.P.A.

TOWNSHIP OF SOUTHAMPTON  
COUNTY OF BURLINGTON  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2010

**NOTE 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)**

**Investments**

Securities which may be purchased by local units:

When authorized by a cash management plan approved pursuant to N.J.S. 40A:5-14, any local unit may use monies, which may be in hand, for the purchase of the following types of securities which, if suitable for registry, may be registered in the name of the local unit:

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
2. Government money market mutual funds;
3. Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
4. Bonds or other obligations of the local unit or bonds or other obligations of school districts of which the local unit is a part or within which the school district is located;
5. Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by local units;
6. Local government investment pools;
7. Deposits with the State of New Jersey Cash Management Fund established pursuant to Section 1 of P.L. 1977, c. 281 (C. 52:18A-90.4); or
8. Agreements for the repurchase of fully collateralized securities, if:
  - a. The underlying securities are permitted investments pursuant to paragraphs 1 and 3 of this subsection a;
  - b. The custody of collateral is transferred to a third party;
  - c. The maturity of the agreement is not more than 30 days;
  - d. The underlying securities are purchased through a public depository as defined in Section 1 of P.L. 1970, c. 236 (C:17:9-41); and
  - e. A master repurchase agreement providing for the custody and security of collateral is executed.

**TOWNSHIP OF SOUTHAMPTON  
COUNTY OF BURLINGTON  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2010**

**NOTE 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS (Concluded)**

**Investments (Concluded)**

The Township is permitted by N.J.S.A. 40:5-15.1 to invest monies in the following types of securities if suitable for registry: (a) bonds or other obligations of the United States of America or obligations guaranteed by the United States of America; (b) bond of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal Land Bank, Federal National Mortgage Associates, or any United States Bank for Cooperatives which have a maturity date not greater than 12 months from the date of purchase; (c) bonds or other obligations of the local unit or bonds or other obligations of school districts of which the local unit is a part or within which the school district is located; and (d) bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury.

All bank deposits as of the balance sheet date are classified as to credit risk by the following three categories described below:

**Category 1** - Insured, registered, or collateralized with securities held by the District or by its agent in the Township's name.

**Category 2** - Uninsured, unregistered, or collateralized with securities held by the pledging public depository or by its trust department or agent in the Township's name.

**Category 3** - Uninsured, unregistered, or uncollateralized, including any deposits that are collateralized with securities held by the pledging public depository or by its trust department or agent but not in the Township's name.

The amount on deposit of the Township's cash and investments at December 31, 2010 are categorized as follows - F.D.I.C. insured (Category 1), all others (Category3):

Cash:		
	F.D.I.C. insured	\$ 914,584.99
	G.U.D.P.A. insured	7,862,644.47
State investment pool:		
	New Jersey cash management fund	<u>168,820.95</u>
<b>Total</b>		<b><u>\$8,946,050.41</u></b>

For the year ended December 31, 2010, the carrying amount of the Township's cash and cash equivalents was \$8,892,327.73.

TOWNSHIP OF SOUTHAMPTON  
COUNTY OF BURLINGTON  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2010

**NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES**

The following schedule reconciles interfund receivables and payables for the year ended December 31, 2010:

	Due To						Total
	Due From	Current Fund	State and Federal Grant Fund	Other Trust Funds	General Capital Fund	Utility Capital Fund	
Current fund		\$ 0.00	\$ 184,742.31	\$ 70,288.00	\$ 0.00	\$ 0.00	\$ 255,030.31
State and federal grant fund		0.00	0.00	0.00	140,000.00	0.00	140,000.00
Animal control fund		0.03	0.00	0.00	0.00	0.00	0.03
Other trust funds		2,056.11	0.00	0.00	0.00	0.00	2,056.11
General capital fund		3,636.95	0.00	0.00	0.00	0.00	3,636.95
Utility operating fund		0.00	0.00	0.00	0.00	482.52	482.52
Payroll fund		79.60	0.00	5,387.52	0.00	0.00	5,467.12
		<u>\$ 5,772.69</u>	<u>\$ 184,742.31</u>	<u>\$ 75,675.52</u>	<u>\$ 140,000.00</u>	<u>\$ 482.52</u>	<u>\$ 406,673.04</u>

**TOWNSHIP OF SOUTHAMPTON  
COUNTY OF BURLINGTON  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2010**

**NOTE 4 - TAXES COLLECTED IN ADVANCE**

Taxes collected in advance, set forth as cash liabilities in the financial statements as follows:

	<u>Balance December 31, 2010</u>	<u>Balance December 31, 2009</u>
Prepaid Taxes	\$ 225,744.30	\$ 234,134.22

**NOTE 5 - FIXED ASSETS**

The following schedule is a summarization of the general fixed assets by source for the year ended December 31, 2010:

	<u>Balance December 31, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2010</u>
Land	\$ 6,453,750.00	\$ -	\$ -	\$ 6,453,750.00
Buildings and improvements	851,750.00	-	-	851,750.00
Equipment and vehicles	<u>1,258,362.66</u>	<u>73,653.84</u>	<u>-</u>	<u>1,332,016.50</u>
	<u>\$ 8,563,862.66</u>	<u>\$ 73,653.84</u>	<u>\$ -</u>	<u>\$ 8,637,516.50</u>

**NOTE 6 - DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS**

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2010, the following deferred charges are shown on the balance sheets of the various funds:

	<u>Balance December 31, 2010</u>	<u>2011 Budget</u>	<u>Balance To Succeeding Budgets</u>
Sewer Utility Fund:			
Overexpenditure of appropriation reserves	\$ 1,270.84	\$ 1,270.84	\$ -
Deficit in operations	\$ 15,816.77	\$ 15,816.77	\$ -

The appropriations in the 2011 budget are not less than those required by statute.

**NOTE 7 - FUND BALANCES APPROPRIATED**

The following amounts are the fund balances at December 31, 2010 that were anticipated as revenue in the approved 2011 budget:

	<u>Fund Balance December 31, 2010</u>	<u>Fund Balance Utilized</u>
Current fund	\$ 765,541.39	\$ 567,200.00
Sewer utility fund	\$ 779.61	\$ -

**TOWNSHIP OF SOUTHAMPTON  
COUNTY OF BURLINGTON  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2010**

**NOTE 8 - LONG-TERM DEBT**

As of December 31, 2010, debt service requirements on long-term debt in future years are:

**General Capital Fund**

Year Ended December 31	Principal	Interest	Total
2011	\$ 495,000.00	\$ 360,968.75	\$ 855,968.75
2012	495,000.00	339,221.25	834,221.25
2013	534,000.00	317,473.75	851,473.75
2014	465,000.00	294,010.00	759,010.00
2015	515,000.00	273,775.00	788,775.00
2016-2020	2,724,000.00	1,015,095.00	3,739,095.00
2021-2025	2,550,000.00	449,990.00	2,999,990.00
2026	520,000.00	22,620.00	542,620.00
	<u>\$ 8,298,000.00</u>	<u>\$ 3,073,153.75</u>	<u>\$ 11,371,153.75</u>

The Township also has two outstanding U.S.D.A. loans for the acquisition of fire apparatus as follows:

Vincentown Fire Company - January 2001 for a period of ten (10) years, ending December 2011, and requiring monthly payments of \$2,381.00.

Hampton Lakes Fire Company - December 2003 for a period of ten (10) years, ending November 2012, and requiring monthly payments of \$2,086.00.

The amortization schedules were not available for the entire term of these loans, therefore they have not been included in the above debt service requirement schedule.

**Sewer Utility Capital Fund**

Year Ended December 31	Principal	Interest	Total
2011	\$ 20,195.07	\$ 40,502.93	\$ 60,698.00
2012	21,114.07	39,583.93	60,698.00
2013	22,074.88	38,623.12	60,698.00
2014	23,079.43	37,618.57	60,698.00
2015	24,129.70	36,568.30	60,698.00
2016-2020	138,153.31	165,336.69	303,490.00
2021-2025	172,581.61	130,908.39	303,490.00
2026-2030	215,589.54	87,900.46	303,490.00
2031-2035	268,129.19	34,185.81	302,315.00
	<u>\$ 905,046.80</u>	<u>\$ 611,228.20</u>	<u>\$ 1,516,275.00</u>

**TOWNSHIP OF SOUTHAMPTON  
COUNTY OF BURLINGTON  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2010**

**NOTE 8 - LONG-TERM DEBT (Continued)**

**Permanently funded debt as of December 31, 2010**, consists of a combined general obligation and sewer serial bonds as follows:

<u>Date of Issue/ Original Issue</u>	<u>Purpose</u>	<u>Maturities</u>	<u>Interest Rates</u>	<u>Amount</u>
General Obligation Bonds, Series 1998 9/1/98, \$1,359,000	Various capital improvements	March, September 2010-13	4.625%	\$ 279,000.00
General Obligation Bonds, Series 2001 10/1/01, \$2,539,000	Various capital improvements	8/1/10-19	4.50%	974,000.00
General Obligation Bonds, Series 2006 7/27/06, \$8,130,000	Various capital improvements	7/1/10-26	Various	7,045,000.00
USDA loan payable 12/1/01 \$225,000	Purchase of fire truck	Monthly 1/2010-11/2011	4.75%	25,255.24
USDA loan payable 12/1/03 \$200,000	Purchase of fire apparatus	Monthly 12/2010-11/2012	4.625%	68,086.36
Waste Disposal Systems for Rural Communities, Series 1995, 11/28/95 \$1,100,000	Construction of sewer system	May, November 2010-35	4.50%	<u>905,046.80</u>
Total permanently funded debt as of December 31, 2010				<u>\$ 9,296,388.40</u>

**As of December 31, 2010**, there was temporarily unfunded debt as follows:

<u>Date of Issue/ Original Issue</u>	<u>Purpose</u>	<u>Maturities</u>	<u>Interest Rates</u>	<u>Amount</u>
Capital fund: 12/21/07	Acquisition of various pieces of equipment/ various capital improvements	8/15/11	1.25%	<u>\$ 1,428,750.00</u>

**TOWNSHIP OF SOUTHAMPTON  
COUNTY OF BURLINGTON  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2010**

**NOTE 8 - LONG-TERM DEBT (Concluded)**

**Summary of Municipal Debt Service**

During the calendar year 2010, the following changes occurred in the municipal debt of the Township:

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Bonds and notes issued:			
General capital fund	\$ 9,820,091.60	\$ 10,542,038.60	\$ 11,412,300.60
Sewer utility fund	905,046.80	924,373.91	942,849.23
Bonds and notes authorized but not issued:			
General capital fund	<u>122,875.80</u>	<u>140,335.80</u>	<u>175,750.00</u>
	<u>\$ 10,848,014.20</u>	<u>\$ 11,606,748.31</u>	<u>\$ 12,530,899.83</u>

**Summary of Statutory Debt Condition - Annual Debt Statement**

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of \$10,719,300.82.

	<u>Gross Debt</u>	<u>Deduction</u>	<u>Net Debt</u>
Regional school district debt	\$ 6,681,632.53	\$ 6,681,632.53	\$ -
Local school district debt	1,545,000.00	1,545,000.00	-
Sewer utility debt	905,046.80	128,713.38	776,333.42
General debt	<u>9,942,967.40</u>	<u>-</u>	<u>9,942,967.40</u>
	<u>\$ 19,074,646.73</u>	<u>\$ 8,355,345.91</u>	<u>\$ 10,719,300.82</u>

Net Debt \$10,719,300.82 divided by Equalized Valuation Basis per N.J.S. 40A:2-2, \$1,330,353,633.33 = .81%.

**Equalized Valuation Basis**

2008	\$1,367,235,337.00
2009	1,351,189,457.00
2010	<u>1,272,636,106.00</u>
Average	<u>\$1,330,353,633.33</u>

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

3 1/2% of equalized valuation basis (municipal)	\$ 46,562,377.17
Net debt	<u>10,719,300.82</u>
Remaining borrowing power	<u>\$ 35,843,076.35</u>

**Calculation of "Self-Liquidating Purpose" - Sewer Utility Per N.J.S. 40A:2-45**

Cash receipts from fees, rents or other charges for year	\$ 160,502.64
Deductions:	
Operating and maintenance cost	\$ 138,700.00
Debt service per utility account	<u>60,619.41</u>
Total deductions	<u>199,319.41</u>
Deficit in revenue	<u>\$ 38,816.77</u>

**TOWNSHIP OF SOUTHAMPTON  
COUNTY OF BURLINGTON  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2010**

**NOTE 9 - PENSION COSTS**

**Description**

Those municipal employees who are eligible for pension coverage are enrolled in one of the three multi-employer pension systems administered by the State of New Jersey. The Board of Trustees for the Pension System is responsible for the organization and administration of the System. According to the State of New Jersey administrative code, all obligations of the System will be assumed by the State of New Jersey should the System terminate.

The three Municipal State administered pension funds are the Police and Firemen's Retirement System, the Public Employees' Retirement System, and the Consolidated Police and Firemen's Retirement System. The Division of Pension charges units for their respective contributions. The Township municipal employees contribute to either the Public Employees' Retirement System (PERS) or the Police and Firemen's Retirement System (PFRS).

The Pension Systems are cost-sharing multiple employer contributory defined benefit plans. The System's designated purpose is to provide retirement, death, disability, and medical benefits for qualified retirees and other benefits to its members. Membership in the System 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 or local jurisdiction.

**Contributions Required and Made**

The Township was required to contribute to the state pension plans, on an annual basis, as follows:

	2010	2009
Township contribution:		
Public Employees' Retirement System (PERS)	\$ 127,357.00	\$ 98,899.00

The amount of the employer's current year's covered payroll was \$1,222,224.00 and the total payroll for all employees was \$1,285,043.00. The employees' contributions to the pension systems was \$66,533.92 or 5.4% of covered payroll.

*Public Employees' Retirement System*

Employers are required to contribute at an actuarially determined rate. The annual employer contribution includes funding for basic retirement allowances, cost-of-living adjustments, the cost for medical premiums after retirement for qualified retirees, and noncontributory death. Members contribute at a uniform rate of 5% of annual covered salary.

**Trend Information**

Ten-year historical trend information presenting the PERS and PFRS progress in accumulating sufficient assets to pay benefits as they come due is available from the New Jersey Division of Pensions and Benefits.

**TOWNSHIP OF SOUTHAMPTON  
COUNTY OF BURLINGTON  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2010**

**NOTE 9 - PENSION COSTS (Concluded)**

**Vesting and Benefit Provisions**

*Public Employees' Retirement System*

The vesting and benefit provisions are set by N.J.S.A. 43:15A and 43:3B. The System provides retirement, death, and disability benefits as well as medical benefits for certain qualified members. All benefits vest after 8 to 10 years of service, except for medical benefits which vest after 25 years of service. Retirement benefits for age and service are available at age 60 or at age 55 with 25 years of service and are generally determined to be based on the final average salary for each year of service credit as defined. Final average salary equals the average salary for the final 3 years of service prior to retirement (or highest 3 year's compensation if other than the final 3 years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving 8 to 10 years of service in which case benefits would begin the first day of the month after the members attains normal retirement age.

The System provides specified medical benefits for members who retire after achieving 25 years of qualified service as defined or under the disability provisions of the System.

Members are always fully vested for their own contributions and after 3 years of service credit becomes vested for 2% of related interest earned on the contributions. In the case of death before retirement members' beneficiaries are entitled to full interest credited to the members' accounts.

Eligible retirees receiving monthly benefits are entitled to cost-of-living increases equal to 60 percent of the change in the average consumer price index for the calendar year in which the pensioner retired as compared to the average consumer price index for a 12 month period ending with each August 31 immediately preceding the year in which the adjustment becomes payable. The regular retirement allowance is multiplied by the 60 percent factor as developed and results in the dollar amount of the adjustment payable. Retiree members become eligible for pension adjustment benefits after 24 months of retirement.

**Post-Retirement Medical Benefits**

Chapter 383 of Public Laws 1987 and Chapter 6 of Public Laws 1990 requires the PERS, to fund post-retirement medical benefits for those employees, covered by the State plan, who retire after reaching age 55 and accumulating 25 years of credited service. The cost of these benefits is actuarially determined and funded through contributions by the State in accordance with Chapter 62, P.L. 1994. Funding for the post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal year 1996 which increased the medical reserve by ½ of 1% of payroll.

**TOWNSHIP OF SOUTHAMPTON  
COUNTY OF BURLINGTON  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2010**

**NOTE 10 - SCHOOL TAXES**

Regulations provide for the deferral of not more than 50% of the annual levy when school taxes are raised for a school year and have not been requisitioned by the school district. In the Township of Southampton's case, the amount of \$3,690,062.77 would be the maximum amount permitted to be deferred as of December 31, 2010, under these regulations. The Township, in prior years, elected to defer school taxes and the accumulation of such deferral amounts to \$724,910.00.

Regional high school taxes has been raised and liabilities deferred by statute, resulting in the school taxes payable set forth in the current fund liabilities as follows:

	Balance December 31, 2010	Balance December 31, 2009
Balance of tax Deferred	\$ 2,666,783.59 <u>724,910.00</u>	\$ 2,563,752.94 <u>724,910.00</u>
Tax payable	<u>\$ 3,391,693.59</u>	<u>\$ 3,288,662.94</u>

**NOTE 11 - ACCRUED SICK AND VACATION TIME**

The Township allows employees to accrue unused sick and vacation time. The Chief Financial Officer maintains the records of the accumulated unused sick and vacation time. The estimated maximum liability at December 31, 2010, including the provision for social security is \$139,973.98. This amount is not reported as either an expenditure or liability.

The Township has an account to set aside funds to cover the future liability for accumulated sick and vacation time. The balance in this account at December 31, 2010 was \$21,323.72.

**NOTE 12 - JOINT INSURANCE FUND**

Township of Southampton is a member of the Burlington County Municipal Joint Insurance Fund. The Fund provides its members with the following coverage:

- Workers' Compensation and Employer's Liability
- Liability other than Motor Vehicles
- Property Damage other than Motor Vehicles
- Motor Vehicles

Contributions to the Fund, including a reserve for contingencies, are payable in two installments and are based on actuarial assumptions determined by the Fund's actuary. The Commissioner of Insurance may order additional assessments to supplement the Fund's claim, loss retention, or administrative accounts to assure the payment of the Fund's obligations.

**TOWNSHIP OF SOUTHAMPTON  
COUNTY OF BURLINGTON  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2010**

**NOTE 12 - JOINT INSURANCE FUND (Concluded)**

The Fund provides the Township with the following coverage:

- Property - Blanket Building and Grounds
- General and Automobile Liability
- Excess Crime - Public Employees' and Officials' Bonds
- Casualty Policy
- Business Automobile Policy
- Workers' Compensation
- Environmental Legal Liability
- Excess Liability
- Public Officials and Employment Liability Coverage

Contributions to the Fund, are payable in an annual premium and is based on actuarial assumptions determined by the Fund's actuary. The Township's agreement with the Fund provides that the Fund will be self-sustaining through member premiums and will reinsure through the Municipal Excess Liability Joint Insurance Fund for claims in excess of \$50,000.00 to \$200,000.00 based on the line of coverage for each insured event.

The fund publishes its own financial report for the year ended December 31, 2010, which can be obtained from the Burlington County Municipal Joint Insurance Fund.

**NOTE 13 - 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. The Township maintains commercial insurance coverage for property, liability, and surety bonds.

**NOTE 14 - LITIGATION**

Certain claims have been filed against the Township alleging damages and the outcome of these claims is not presently determinable. The claims are either being handled by the Township's insurance carrier or are not financially material to the financial statements.

**NOTE 15 - NEW JERSEY UNEMPLOYMENT COMPENSATION INSURANCE**

The Township has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the Township is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees 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 trust fund for the current and previous two years:

Year	Contributions To Fund	Amount Reimbursed	Ending Balance
2010	\$ 5,593.33	\$ 2,103.95	\$ 70,889.92
2009	\$ 6,463.05	\$ 2,314.47	\$ 53,752.67
2008	\$ 6,606.97	\$ -	\$ 55,982.30

**TOWNSHIP OF SOUTHAMPTON  
COUNTY OF BURLINGTON  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2010**

**NOTE 16 - SUBSEQUENT EVENTS**

Subsequent events were evaluated through May 3, 2011, which is the date that the financial statements were available to be issued.

**SUPPLEMENTARY DATA**

**TOWNSHIP OF SOUTHAMPTON**  
**For the Years Ended December 31, 2010 and 2009**

**Comparative Statements of Operations and Changes in Fund Balance - Current Fund**

	Year 2010		Year 2009	
	Amount	%	Amount	%
<b>Revenues and other income realized:</b>				
Fund balances utilized	\$ 600,000.00	2.11	\$ 938,375.00	3.24
Miscellaneous - from other than local property tax levies	1,740,571.21	6.13	2,529,058.35	8.74
Collection of delinquent taxes and tax title liens	458,263.38	1.62	417,389.91	1.44
Collection of current tax levy	25,297,238.48	89.16	24,813,293.50	85.76
Other credits to income	275,309.74	0.97	235,500.88	0.81
Total income	<u>28,371,382.81</u>	<u>100.00 %</u>	<u>28,933,617.64</u>	<u>100.00 %</u>
<b>Expenditures:</b>				
Budget expenditures:				
Municipal purposes	4,988,167.69	17.79	6,295,356.95	21.83
County taxes	5,148,765.95	18.37	5,257,982.67	18.23
School taxes	17,671,578.53	63.04	17,111,060.13	59.33
Local open space taxes	153,610.07	0.55	153,596.98	0.53
Other expenditures	69,526.02	0.25	21,001.24	0.07
Total expenditures	<u>28,031,648.26</u>	<u>100.00 %</u>	<u>28,838,997.97</u>	<u>100.00 %</u>
Statutory excess to fund balance	339,734.55		94,619.67	
Fund balance - January 1	<u>1,025,806.84</u>		<u>1,869,562.17</u>	
	1,365,541.39		1,964,181.84	
Less: Utilization as anticipated revenue	<u>600,000.00</u>		<u>938,375.00</u>	
Fund balance - December 31	<u>\$ 765,541.39</u>		<u>\$ 1,025,806.84</u>	

**TOWNSHIP OF SOUTHAMPTON**  
**For the Years Ended December 31, 2010 and 2009**

**Comparative Statements of Operations and Changes in Fund Balance -  
Sewer Utility Operating Fund**

	Year 2010		Year 2009	
	Amount	%	Amount	%
Revenues and other income realized:				
Fund balance utilized	\$ 23,000.00	12.53	\$ 27,686.00	12.98
Collection of sewer rents	158,120.50	86.17	166,633.78	78.12
Miscellaneous - from other than sewer rents	2,382.14	1.30	18,977.07	8.90
Total income	183,502.64	100.00 %	213,296.85	100.00 %
Expenditures:				
Budget expenditures:				
Operating	138,700.00	69.59	133,063.00	68.70
Debt service	60,619.41	30.41	60,622.83	31.30
Total expenditures	199,319.41	100.00 %	193,685.83	100.00 %
Operating deficit to be raised in budget of succeeding year	\$ (15,816.77)			
Statutory excess to fund balance			19,611.02	
Fund balance - January 1	\$ 23,779.61		31,854.59	
	23,779.61		51,465.61	
Decreased by:				
Utilization by operating budget	23,000.00		27,686.00	
Fund balance - December 31	\$ 779.61		\$ 23,779.61	

**TOWNSHIP OF SOUTHAMPTON**

**Comparison of Tax Rate Information**

	2010	2009	2008
Total Tax Rate	\$ 3.366	\$ 3.304	\$ 3.270
<b>Apportionate of Tax Rate:</b>			
Municipal	\$ .371	\$ .365	\$ .350
County	.671	.686	.681
Regional School	.962	.936	.952
Local School	1.342	1.297	1.267
Municipal Open Space	.020	.020	.020
<b>Assessed Valuation:</b>			
2010	\$ 767,032,394.00		
2009		\$ 765,937,240.00	
2008			\$ 759,599,706.00

**Comparison of Tax Levies and Collection Currently**

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

	Currently			
Year	Tax Levy	Cash Collections	Percentage of Collection	
2010	\$ 25,851,278.91	\$ 25,297,238.48	97.85%	
2009	\$ 25,373,365.58	\$ 24,813,293.50	97.79%	
2008	\$ 24,993,964.92	\$ 24,554,596.89	98.24%	

**Delinquent Taxes and Tax Title Liens**

This tabulation includes a comparison, expressed in percentage, of the total of delinquent taxes and tax title liens in relation to the tax levies of the last three years.

December 31 Year	Amount Of Tax Title Liens	Amount Of Delinquent Taxes	Total Delinquent	Percentage Of Tax Levy
2010	\$ 525,323.40	\$ 424,178.92	\$ 949,502.32	3.67%
2009	\$ 490,961.78	\$ 467,264.76	\$ 958,226.54	3.77%
2008	\$ 452,635.46	\$ 371,226.26	\$ 823,861.72	3.29%

**TOWNSHIP OF SOUTHAMPTON**

**Property Acquired by Tax Title Lien Liquidation**

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

<u>Year</u>	<u>Amount</u>
2010	\$ 340,800.00
2009	\$ 322,400.00
2008	\$ 322,400.00

**Comparison of Sewer Utility Levies**

<u>Year</u>	<u>Levy</u>
2010	\$ 166,561.54
2009	\$ 160,142.08
2008	\$ 166,700.48

**Comparative Schedule of Fund Balance**

	<u>Year</u>	<u>December 31</u>	<u>Utilized In Approved Budget Of Succeeding Year</u>
<b>Current Fund:</b>			
	2010	\$ 765,541.39	\$ 567,200.00
	2009	\$ 1,025,806.84	\$ 500,000.00
	2008	\$ 1,869,562.17	\$ 938,000.00
	2007	\$ 2,462,447.20	\$ 1,381,000.00
	2006	\$ 1,667,299.28	\$ 755,630.00
<b>Sewer Operating Fund:</b>			
	2010	\$ 779.61	\$ -
	2009	\$ 23,779.61	\$ 23,000.00
	2008	\$ 31,854.59	\$ 27,686.00
	2007	\$ 46,146.24	\$ 26,686.00
	2006	\$ 49,716.88	\$ 30,000.00

**TOWNSHIP OF SOUTHAMPTON  
OFFICIALS IN OFFICE AND SURETY BONDS**

The following officials were in office during the period under review:

Name	Title	Name Of Corporate Surety
James F. Young, Sr.	Mayor	
John Hicks	Deputy Mayor	
C. Edman Budd	Committeeperson	
Joseph Laufer	Committeeperson	
Robert Moore	Committeeperson	
Michael F. McFadden	Administrator/Township Clerk	A
Nancy Gower	Treasurer Chief Municipal Finance Officer	A
Gwendolyn Jobes	Tax Collector Tax Search Clerk	A
Jody S. Mazeall	Building Inspector Construction Code Official Zoning Officer	
Dennis DeKlerk	Assessor (1/1/10 - 8/10/10)	
James Renwick	Assessor (9/1/10 - 12/31/10)	
Dennis McInerney	Municipal Magistrate	A
Terry Bodine	Municipal Court and and Violations Clerk	A
Parker McCay	Solicitor	

A - Blanket position bonds with the Burlington County Joint Insurance Fund.