

TOWNSHIP OF SOUTHAMPTON

COUNTY OF BURLINGTON

REPORT OF AUDIT

For the Year Ended December 31, 2011

TOWNSHIP OF SOUTHAMPTON

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TOWNSHIP OF SOUTHAMPTON

PART I

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

For the Year Ended December 31, 2011



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

We have audited the accompanying balance sheets - regulatory basis of the various funds and account groups of the Township of Southampton, County of Burlington, State of New Jersey, as of December 31, 2011 and 2010, and the related statements of operations and changes in fund balances - regulatory basis for the years then ended, and the related statements of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds, as of and for the year ended December 31, 2011, 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. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

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In our opinion, because of the effects on the financial statements of the requirement that the Township of Southampton prepare its financial statements in accordance with the accounting practices discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township of Southampton as of December 31, 2011 and 2010, or the results of its operations and changes in fund balance for the years then ended.

However, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position - regulatory basis of the various funds and account groups of the Township of Southampton as of December 31, 2011 and 2010, and the results of operations and changes in fund balances - regulatory basis of such funds for the year then ended and the statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the years ended December 31, 2011 and 2010 on a modified accrual basis of accounting described in Note 1.

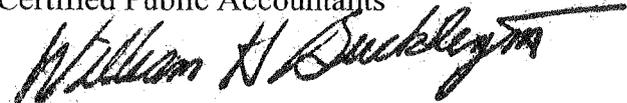
In accordance with *Government Auditing Standards*, we have also issued our report dated July 2, 2012, on our consideration of the Township of Southampton's internal control structure over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be considered in assessing the results of our audit.

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

Respectfully submitted,

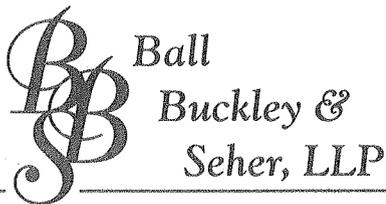
Ball, Buckley & Seher, LLP

BALL, BUCKLEY & SEHER, LLP
Certified Public Accountants



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

July 2, 2012



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

We have audited the financial statements - regulatory basis of the Township of Southampton, County of Burlington, State of New Jersey, as of and for the year ended December 31, 2011, and have issued our report thereon dated July 2, 2012 which indicated that the financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America but were prepared on a regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and in compliance with audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies or material weaknesses have been identified. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, as described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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Compliance and Other Matters

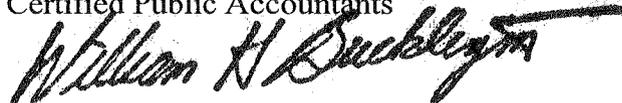
As part of obtaining reasonable assurance about whether the Township of Southampton's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or the requirements of the Division of Local Government Services which is described in the accompanying summary schedule of prior year audit findings and questioned costs as items 2011-1 and 2010-1.

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

Respectfully submitted,

Ball, Buckley & Seher, LLP

BALL, BUCKLEY & SEHER, LLP
Certified Public Accountants



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

July 2, 2012

CURRENT FUND

TOWNSHIP OF SOUTHAMPTON
CURRENT FUND
COMPARATIVE BALANCE SHEETS
REGULATORY BASIS
December 31, 2011 and 2010

ASSETS		Balance December 31, 2011	Balance December 31, 2010	Ref.	Balance December 31, 2011	Balance December 31, 2010
ASSETS						
LIABILITIES, RESERVES, AND FUND BALANCE						
Regular fund:						
Cash - chief financial officer	A-4	\$ 4,371,193.88	\$ 4,410,679.78	A-3, A-9	\$ 304,004.33	\$ 282,287.61
Change fund		50.00	50.00		108,539.71	60,442.72
		<u>4,371,243.88</u>	<u>4,410,729.78</u>		<u>15,917.06</u>	<u>28,011.50</u>
Receivables and other assets with full reserves:					278,080.66	225,744.30
Delinquent property taxes receivable	A-6	363,398.81	424,178.92	A-5, A-6	200.00	200.00
Tax title liens receivable	A-7	579,691.40	525,323.40	A-8	16,827.86	6,835.55
Tax penalty receivable		2,837.87	2,443.23	A-6, A-4	0.00	250.00
Property acquired for taxes - assessed valuation		340,800.00	340,800.00	A-4	2,530,848.94	2,666,783.59
Revenue accounts receivable	A-8	7,178.53	6,247.78	A-11	2,779.00	3,366.00
Due from USDA - loan overpayment		2,381.00	0.00		121,424.21	110,764.81
Interfund amounts due from:				A-4	360,000.00	0.00
Animal control fund	B	0.00	0.03		193,409.91	184,742.31
Trust funds	B	2,244.63	2,056.11	A	0.03	0.00
General capital fund	C	9,041.46	3,636.95	B	71,231.56	70,288.00
Utility operating fund	D	36,520.51	0.00	F	214.06	0.00
Payroll funds	F	0.00	79.60	A-4	26,601.01	0.00
Prepaid local school district tax	A-10	1,344,095.59	1,304,767.42	A-3	35,485.00	0.00
		<u>1,344,095.59</u>	<u>1,304,767.42</u>	A-3, A-4	<u>5,472.00</u>	<u>5,472.00</u>
Deferred charges:					4,071,035.34	3,645,188.39
Special emergency authorization		360,000.00	0.00	A	1,344,095.59	1,304,767.42
		<u>360,000.00</u>	<u>0.00</u>	A-1	<u>660,208.54</u>	<u>765,541.39</u>
Total regular fund		<u>6,075,339.47</u>	<u>5,715,497.20</u>		<u>6,075,339.47</u>	<u>5,715,497.20</u>
Federal and state grant fund:					140,000.00	140,000.00
Due to general capital fund	A-12	96,216.60	146,573.56	C		
Amount due from current fund	A	193,409.91	184,742.31	A-13	77,395.73	161,557.76
		<u>289,626.51</u>	<u>331,315.87</u>	A-14	14,565.18	15,384.33
Reserve for federal and state grants:				A-13, A-4	57,665.60	14,373.78
Appropriated					<u>289,626.51</u>	<u>331,315.87</u>
Unappropriated						
Reserve for encumbrances						
Total		<u>\$ 6,364,965.98</u>	<u>\$ 6,046,813.07</u>	Total	<u>\$ 6,364,965.98</u>	<u>\$ 6,046,813.07</u>

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

For the Years Ended December 31, 2011 and 2010

	Ref.	Year 2011	Year 2010
Revenue and other income realized:			
Fund balance utilized	A-2	\$ 567,200.00	\$ 600,000.00
Miscellaneous revenue anticipated	A-2	1,781,124.14	1,740,571.21
Receipts from delinquent taxes	A-2	439,748.14	458,263.38
Receipts from current taxes	A-2	25,155,713.72	25,297,238.48
Non-budget revenue	A-2	106,624.38	121,877.63
Other credits to income:			
Unexpended balance of appropriation reserves	A-9	143,598.90	112,530.08
Prepaid local district school tax		0.02	0.00
Net cancelation of state grant receivables and reserves	A-13	4,191.50	0.00
Interfunds cleared		0.00	40,902.03
Total income		<u>28,198,200.80</u>	<u>28,371,382.81</u>
Expenditures:			
Budget and appropriations			
Operations:			
Salaries and wages	A-3	1,280,706.52	1,305,340.00
Other expenses	A-3	3,056,489.10	2,508,009.77
Municipal debt service	A-3	950,031.53	954,241.92
Deferred charges and statutory expenditures	A-3	375,940.49	220,576.00
County taxes	A-6	4,790,620.76	5,141,930.40
County's share of added and omitted tax	A-6	16,827.86	6,835.55
Local district school tax	A-10	10,402,094.00	10,291,453.00
Municipal open space tax	A-6	152,571.74	153,406.48
Municipal open space share of added and omitted taxes	A-6	524.64	203.59
Regional high school tax	A-11	7,108,256.19	7,380,125.53
Overpayment of USDA loan	A-4	2,361.00	0.00
Expenditure of prior year refund		0.00	26,327.56
Refund of prior year revenue	A-4	7,796.31	0.00
Prepaid local district school tax	A-10	0.00	1.40
Creation of interfund		42,113.51	43,197.06
Total expenditures		<u>28,186,333.65</u>	<u>28,031,648.26</u>
Excess or (deficit) in revenue		11,867.15	339,734.55
Expenditures included above which are by statute deferred charges to budget of succeeding year		<u>450,000.00</u>	<u>0.00</u>
Statutory excess to fund balance		461,867.15	339,734.55
Fund balance - January 1	A-1	765,541.39	1,025,806.84
Decreased by utilization as anticipated revenue	A-2	<u>1,227,408.54</u>	<u>1,365,541.39</u>
Fund balance - December 31	A	<u>\$ 660,208.54</u>	<u>\$ 765,541.39</u>

See Accompanying Notes to the Financial Statements

TOWNSHIP OF SOUTHAMPTON
 CURRENT FUND
 STATEMENT OF REVENUES
 REGULATORY BASIS

For the Year Ended December 31, 2011

	Ref.	Anticipated		Per N.J.S.A. 40A:4-87	Realized	Excess Or (Deficit)
		Budget	\$			
Fund balance anticipated	A-1	\$ 567,200.00	\$	0.00	\$ 567,200.00	\$ 0.00
Miscellaneous revenues:						
Licenses:						
Alcoholic beverages	A-8	12,500.00		0.00	12,500.00	0.00
Other	A-2	800.00		0.00	800.00	0.00
Fees and permits	A-2	45,250.00		0.00	44,725.00	(525.00)
Fines and costs - municipal court	A-8	85,400.00		0.00	69,397.47	(16,002.53)
Interest and costs on taxes	A-5	89,350.00		0.00	85,164.24	(4,185.76)
Interest on investments and deposits	A-2	64,000.00		0.00	40,163.75	(23,836.25)
Energy receipts tax	A-8	1,100,389.00		0.00	1,100,389.00	0.00
Reserve for garden state trust	A	5,472.00		0.00	5,472.00	0.00
Uniform construction code fees	A-8	150,000.00		0.00	148,893.00	(1,107.00)
Shared service agreements:						
Eastampton Township - vehicle maintenance services	A-4	10,000.00		0.00	105.82	(9,894.18)
Special items of revenue:						
Recycling tonnage grant	A-12	15,384.33		0.00	15,384.33	0.00
Clean communities program	A-12	26,137.77		0.00	26,137.77	0.00
Community development block grant	A-12	72,000.00		0.00	72,000.00	0.00
Municipal park development program - playground improvements	A-12	0.00		65,307.00	65,307.00	0.00
Reserve for debt service - general capital fund		20,000.00		0.00	20,000.00	0.00
Rental income Good Farm	A-4	32,342.00		0.00	32,342.50	0.50
Cable television franchise fees	A-8	40,257.26		0.00	40,257.26	0.00
General capital fund balance	C-1	2,085.00		0.00	2,085.00	0.00
Total	A-1	1,771,367.36		65,307.00	1,781,124.14	(55,550.22)
Receipts from delinquent taxes	A-1; A-2	450,000.00		0.00	439,748.14	(10,251.86)
Amount to be raised by taxes for support of municipal budget - local taxes for municipal purposes	A-2	3,103,924.93		0.00	3,336,568.67	232,643.74
Non-budget revenues	A-1; A-2	5,892,492.29		65,307.00	6,124,640.95	166,841.66
Total	A-3	5,892,492.29		65,307.00	6,231,265.33	273,466.04

See Accompanying Notes to the Financial Statements

TOWNSHIP OF SOUTHAMPTON
CURRENT FUND
STATEMENT OF REVENUES
REGULATORY BASIS
For the Year Ended December 31, 2011

ANALYSIS OF REALIZED REVENUES

	<u>Ref.</u>	
Allocations of current tax collections:		
Revenue from collections	A-1; A-6	\$ 25,155,713.72
Allocated to:		
School taxes, county taxes and local open space taxes	A-6	<u>22,470,895.19</u>
Balance for support of municipal appropriations		2,684,818.53
Add: appropriation "reserve for uncollected taxes"	A-3	<u>651,750.14</u>
Amount for support of municipal budget appropriations	A-2	<u>\$ 3,336,568.67</u>
Analysis of receipts from delinquent taxes:		
Delinquent tax collections	A-6	\$ 434,054.19
Tax title lien collections	A-7	<u>5,693.95</u>
Total	A-2	<u>\$ 439,748.14</u>
Other licenses:		
Township clerk:		
Trailer park licenses	A-8	\$ 400.00
Pig farm park licenses	A-8	<u>400.00</u>
	A-2	<u>\$ 800.00</u>
Other fees and permits:		
Tax collector:		
Trailer fees	A-5	\$ 44,725.00
	A-2	<u>\$ 44,725.00</u>
Interest on investments and deposits:		
Chief financial officer	A-4	\$ 39,454.43
Revenue accounts receivable:		
Municipal court	A-8	77.76
Registrar of vital statistics	A-8	0.96
Interfund accounts receivable		<u>630.60</u>
	A-2	<u>\$ 40,163.75</u>

See Accompanying Notes to the Financial Statements

TOWNSHIP OF SOUTHAMPTON
CURRENT FUND
STATEMENT OF REVENUES
REGULATORY BASIS
For the Year Ended December 31, 2011

ANALYSIS OF NON-BUDGET REVENUES

	<u>Ref.</u>		
Chief financial officer:			
Refunds		\$ 56,321.01	
State health benefit deductions		9,251.88	
Homestead benefit mailing		1,584.60	
Administrative fee - statutory deductions		7,856.43	
Premium on special emergency notes		180.00	
Miscellaneous		<u>6,591.91</u>	
	A-4		\$ 81,785.83
Tax collector:			
Trailer fee - penalties		138.90	
Fees for duplicate copies		110.00	
Miscellaneous		<u>300.00</u>	
	A-5		548.90
Revenue accounts receivable:			
Chief financial officer:			
Clerk	A-8	2,517.75	
Construction	A-8	17,736.00	
Planning and zoning board application fees	A-8	2,500.00	
Registrar fees	A-8	693.00	
Discovery	A-8	<u>782.90</u>	
			24,229.65
Tax collector:			
Tax searches	A-8		<u>60.00</u>
Total	A-2		<u>\$ 106,624.38</u>

See Accompanying Notes to the Financial Statements

TOWNSHIP OF SOUTHAMPTON
CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
For the Year Ended December 31, 2011

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid Or Charged	Encumbrances	Reserved	
OPERATIONS- within "CAP"						
General government functions:						
Human resources (personnel):						
Other expenses	\$ 500.00	\$ 500.00	\$ 0.00	\$ 0.00	\$ 500.00	\$ 0.00
Executive:						
Salaries and wages	150,576.73	150,576.73	147,537.12	0.00	3,039.61	0.00
Other expenses	33,800.00	33,800.00	30,685.37	65.34	3,049.29	0.00
Municipal clerk:						
Salaries and wages	28,024.24	28,474.24	27,918.18	0.00	556.06	0.00
Other expenses	6,150.00	6,150.00	6,112.02	0.00	37.98	0.00
Data processing:						
Salaries and wages	2,896.36	2,896.36	2,655.18	0.00	241.18	0.00
Other expenses	21,000.00	21,000.00	19,808.09	0.00	1,191.91	0.00
Financial administration:						
Salaries and wages	55,702.40	55,734.40	54,662.40	0.00	1,072.00	0.00
Other expenses	1,350.00	1,350.00	1,091.64	0.00	258.36	0.00
Audit services:						
Other expenses	40,500.00	40,500.00	40,354.40	0.00	145.60	0.00
Revenue - administration (tax collection):						
Salaries and wages	84,505.32	81,505.32	77,753.05	0.00	3,752.27	0.00
Other expenses	4,400.00	4,400.00	3,314.09	0.00	1,085.91	0.00
Tax assessment - administration:						
Salaries and wages	32,575.00	33,555.00	33,444.08	0.00	110.92	0.00
Other expenses:						
Revision of tax map	2,500.00	1,500.00	295.95	0.00	1,204.05	0.00
Revaluation	0.00	450,000.00	386,454.00	63,546.00	0.00	0.00
Miscellaneous	4,050.00	4,050.00	3,050.00	0.00	1,000.00	0.00
Legal services:						
Other expenses	95,000.00	85,000.00	64,328.07	2,437.11	18,234.82	0.00

See Accompanying Notes to the Financial Statements

TOWNSHIP OF SOUTHAMPTON
CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
For the Year Ended December 31, 2011

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid Or Charged	Encumbrances	Reserved	
OPERATIONS- within "CAP"						
General government functions (continued):						
Engineering services:						
Other expenses	\$ 44,500.00	\$ 60,500.00	\$ 57,334.94	\$ 2,000.00	\$ 1,165.06	\$ 0.00
Historical sites office:						
Salaries and wages	520.00	520.00	245.00	275.00	0.00	0.00
Other expenses	400.00	400.00	259.40	0.00	140.60	0.00
Municipal court:						
Salaries and wages	143,284.33	141,284.33	138,901.81	0.00	2,382.52	0.00
Other expenses	8,635.00	8,635.00	6,762.14	0.00	1,872.86	0.00
Land use - administration:						
Planning board:						
Salaries and wages	12,862.64	13,064.64	12,889.05	0.00	175.59	0.00
Other expenses:						
Legal	2,400.00	2,400.00	1,600.00	0.00	800.00	0.00
Engineering	500.00	500.00	0.00	0.00	500.00	0.00
Miscellaneous	2,950.00	7,950.00	5,972.75	0.00	1,977.25	0.00
Zoning board of adjustment:						
Salaries and wages	5,822.59	6,272.59	6,045.13	0.00	227.46	0.00
Other expenses:						
Legal	2,400.00	2,400.00	1,875.00	0.00	525.00	0.00
Engineering	1,000.00	1,000.00	675.00	0.00	325.00	0.00
Miscellaneous	3,000.00	3,000.00	797.75	0.00	2,202.25	0.00
Planner:						
Other expenses	7,000.00	7,000.00	1,322.00	0.00	5,678.00	0.00
Zoning board:						
Salaries and wages	34,708.94	34,708.94	31,698.00	0.00	3,010.94	0.00
Other expenses	3,500.00	3,500.00	2,637.57	200.00	662.43	0.00

TOWNSHIP OF SOUTHAMPTON
CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
For the Year Ended December 31, 2011

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid Or Charged	Encumbrances	Reserved	
OPERATIONS- within "CAP"						
General government functions (concluded):						
Public defender:						
Other expenses	\$ 550.00	\$ 550.00	\$ 0.00	\$ 0.00	\$ 550.00	\$ 0.00
Insurance:						
General liability	72,000.00	72,000.00	65,587.50	0.00	6,412.50	0.00
Workers compensation	130,000.00	130,000.00	125,586.50	0.00	4,413.50	0.00
Employee group health	485,220.00	485,220.00	480,832.97	0.00	4,387.03	0.00
Employee group health waivers	1,500.00	1,500.00	1,500.00	0.00	0.00	0.00
Unemployment insurance	6,000.00	6,000.00	5,278.17	0.00	721.83	0.00
Surety bond premiums	1,000.00	0.00	0.00	0.00	0.00	0.00
Other insurance premiums	9,270.00	8,270.00	4,956.90	3,038.76	274.34	0.00
Public safety:						
Office of emergency management:						
Salaries and wages	4,120.00	4,120.00	4,120.00	0.00	0.00	0.00
Other expenses	4,300.00	4,300.00	3,007.62	0.00	1,292.38	0.00
Aid to volunteer fire companies:						
Other expenses	60,000.00	60,000.00	59,680.44	0.00	319.56	0.00
Aid to volunteer ambulance companies:						
Other expenses	24,000.00	24,000.00	12,000.00	12,000.00	0.00	0.00
911 coordinator:						
Other expenses	1,000.00	1,000.00	0.00	0.00	1,000.00	0.00
EMT:						
Other expenses	182,249.00	182,249.00	161,515.00	0.00	20,734.00	0.00
Fire:						
Other expenses	18,000.00	18,000.00	18,000.00	0.00	0.00	0.00
Municipal prosecutor:						
Other expenses	10,634.00	10,634.00	10,199.95	0.00	434.05	0.00

TOWNSHIP OF SOUTHAMPTON
CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
For the Year Ended December 31, 2011

	Appropriations		Expended		Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid Or Charged	Encumbrances Reserved	
OPERATIONS- within "CAP"					
Public safety (concluded):					
Discovery:					
Salaries and wages	\$ 3,322.78	\$ 3,328.78	\$ 3,250.98	\$ 77.80	\$ 0.00
Police courtroom security:					
Salaries and wages	6,180.00	6,180.00	5,922.15	257.85	0.00
Other expenses	200.00	200.00	0.00	200.00	0.00
Public works functions:					
Street and road maintenance:					
Salaries and wages	298,950.00	298,950.00	264,451.76	34,498.24	0.00
Other expenses	122,600.00	117,479.00	79,980.92	34,093.04	0.00
Other public works functions (shade tree):					
Other expenses	3,600.00	3,100.00	1,048.90	266.10	0.00
Recycling:					
Salaries and wages	2,060.00	2,060.00	2,060.00	0.00	0.00
Other expenses	2,000.00	2,000.00	640.59	1,359.41	0.00
Garbage and trash removal:					
Salaries and wages	191,630.40	191,630.40	183,598.77	8,031.63	0.00
Other expenses	8,000.00	6,000.00	2,482.32	3,517.68	0.00
Buildings and grounds:					
Salaries and wages	14,069.80	14,349.80	14,077.89	271.91	0.00
Other expenses	37,000.00	34,000.00	27,530.96	3,631.27	0.00
Vehicle maintenance:					
Other expenses	93,265.00	84,557.00	54,644.10	28,142.08	0.00

TOWNSHIP OF SOUTHAMPTON
CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
For the Year Ended December 31, 2011

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid Or Charged	Encumbrances	Reserved	
OPERATIONS- within "CAP"						
Health and human services:						
Vital statistics:						
Salaries and wages	\$ 4,606.16	\$ 4,821.16	\$ 4,559.02	\$ 0.00	\$ 262.14	\$ 0.00
Other expenses	600.00	600.00	600.00	0.00	0.00	0.00
Environmental commission:						
Salaries and wages	1,500.00	1,500.00	1,500.00	0.00	0.00	0.00
Other expenses	730.00	730.00	376.16	0.00	353.84	0.00
Animal control services:						
Other expenses	4,000.00	4,700.00	4,389.22	0.00	310.78	0.00
Welfare/administration of public assistance:						
Other expenses	700.00	700.00	530.00	0.00	170.00	0.00
Parks and recreation:						
Recreation services and programs:						
Other expenses	15,550.00	15,550.00	15,250.00	0.00	300.00	0.00
Maintenance of parks:						
Other expenses	7,000.00	6,000.00	4,353.94	91.00	1,555.06	0.00
Celebration of public events:						
Other expenses	5,120.00	5,120.00	3,820.58	1,075.00	224.42	0.00
Sanitation:						
Landfill/solid waste costs:						
Other expenses-contractual	370,000.00	350,000.00	321,259.91	0.00	28,740.09	0.00
Aid to library (N.J.S. 40:54-35):						
Other expenses	36,000.00	36,000.00	36,000.00	0.00	0.00	0.00

TOWNSHIP OF SOUTHAMPTON
CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
For the Year Ended December 31, 2011

	Appropriations		Expended		Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid Or Charged	Encumbrances Reserved	
OPERATIONS- within "CAP"					
Unclassified:					
Registration of bonds	\$ 2,800.00	\$ 2,800.00	\$ 1,630.00	\$ 0.00	\$ 1,170.00
Accumulated sick leave	5,000.00	5,000.00	5,000.00	0.00	0.00
Code enforcement and administration:					
Uniform construction code enforcement:					
Salaries and wages	79,610.76	79,960.76	79,960.06	0.00	0.70
Other expenses	9,750.00	9,750.00	4,816.27	4,657.88	275.85
Sub code officials:					
Plumbing inspector:					
Salaries and wages	10,453.47	10,453.47	10,258.35	0.00	195.12
Electrical inspector:					
Salaries and wages	15,800.20	15,820.20	15,505.20	0.00	315.00
Fire protection official:					
Salaries and wages	3,090.00	3,093.00	3,032.38	0.00	60.62
Utility expenses and bulk purchases:					
Electricity	24,600.00	35,600.00	31,798.79	0.00	3,801.21
Street lighting	151,000.00	147,000.00	128,551.83	1,015.85	17,432.32
Telephone	13,000.00	13,000.00	11,823.13	435.00	741.87
Telecommunications	8,000.00	8,700.00	7,956.10	0.00	743.90
Fuel oil	2,800.00	3,300.00	2,823.86	0.00	476.14
Gasoline	83,000.00	102,000.00	99,886.57	1,775.72	337.71
Water	3,700.00	3,700.00	2,896.31	0.00	803.69
Propane	3,500.00	3,500.00	2,238.16	0.00	1,261.84

TOWNSHIP OF SOUTHAMPTON
CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
For the Year Ended December 31, 2011

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid Or Charged	Encumbrances	Reserved	
<u>OPERATIONS- within "CAP"</u>						
Utility expenses and bulk purchases:						
Sewerage processing	\$ 2,200.00	\$ 2,200.00	\$ 937.48	\$ 478.42	\$ 784.10	\$ 0.00
Fire hydrants	39,000.00	39,000.00	36,431.08	0.00	2,568.92	0.00
	<u>3,532,845.12</u>	<u>3,976,404.12</u>	<u>3,598,617.97</u>	<u>102,889.71</u>	<u>274,896.44</u>	<u>0.00</u>
Total operations within "CAP"						
<i>Detail:</i>						
<i>Salaries and wages</i>	<i>1,186,872.12</i>	<i>1,184,860.12</i>	<i>1,126,045.56</i>	<i>275.00</i>	<i>58,539.56</i>	<i>0.00</i>
<i>Other expenses</i>	<i>2,345,973.00</i>	<i>2,791,544.00</i>	<i>2,472,572.41</i>	<i>102,614.71</i>	<i>216,356.88</i>	<i>0.00</i>
<u>DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAP"</u>						
Deferred charges:						
Deficit in sewer operating budget	60,000.00	60,000.00	23,479.49	0.00	0.00	36,520.51
Statutory expenditures:						
Contribution to:						
Public employees' retirement system	130,866.00	130,866.00	130,866.00	0.00	0.00	0.00
Social security system (O.A.S.I.)	101,000.00	101,000.00	94,115.20	0.00	6,884.80	0.00
Defined contribution retirement plan	500.00	500.00	230.62	0.00	269.38	0.00
Public employees' retirement system-ERT	6,194.00	12,635.00	12,635.00	0.00	0.00	0.00
	<u>298,560.00</u>	<u>305,001.00</u>	<u>261,326.31</u>	<u>0.00</u>	<u>7,154.18</u>	<u>36,520.51</u>
Total deferred charges and statutory expenditures -within "CAP"						
Total general appropriations for municipal purposes within "CAP"	<u>3,831,405.12</u>	<u>4,281,405.12</u>	<u>3,859,944.28</u>	<u>102,889.71</u>	<u>282,050.62</u>	<u>36,520.51</u>

See Accompanying Notes to the Financial Statements

TOWNSHIP OF SOUTHAMPTON
CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
For the Year Ended December 31, 2011

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid Or Charged	Encumbrances	Reserved	
OPERATIONS EXCLUDED FROM "CAP"						
Stormwater permits (NJDEP):						
Street division:						
Salaries and wages	\$ 95,846.40	\$ 95,846.40	\$ 92,008.64	\$ 0.00	\$ 3,837.76	\$ 0.00
Other expenses	25,000.00	21,546.00	13,430.05	0.00	8,115.95	0.00
Insurance:						
Employee group health insurance	23,280.00	23,280.00	23,280.00	0.00	0.00	0.00
Shared services agreements:						
Township of Shamong:						
Tax assessor	25,836.00	29,290.00	29,290.00	0.00	0.00	0.00
Eastampton Township:						
Streets and roads:						
Salaries and wages	10,000.00	10,000.00	0.00	0.00	10,000.00	0.00
State and federal programs offset by revenues:						
Clean communities program	26,137.77	26,137.77	26,137.77	0.00	0.00	0.00
Matching Funds for Grants	2,000.00	2,000.00	2,000.00	0.00	0.00	0.00
Community development block grant	72,000.00	72,000.00	72,000.00	0.00	0.00	0.00
Recycling tonnage grant	15,384.33	15,384.33	15,384.33	0.00	0.00	0.00
Municipal park development program: playground improvements	0.00	65,307.00	65,307.00	0.00	0.00	0.00
Total operations excluded from "CAP"	295,484.50	360,791.50	338,837.79	0.00	21,953.71	0.00
<i>Detail:</i>						
Salaries and wages	95,846.40	95,846.40	92,008.64	0.00	3,837.76	0.00
Other expenses	199,638.10	264,945.10	246,829.15	0.00	18,115.95	0.00

See Accompanying Notes to the Financial Statements

TOWNSHIP OF SOUTHAMPTON
CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
For the Year Ended December 31, 2011

	Appropriations			Expended			Unexpended Balance Canceled
	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	\$ 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	0.00	0.00
Interest on bonds	360,968.76	360,968.76	306,968.76	0.00	0.00	54,000.00	0.00
Interest on notes	17,809.77	17,809.77	17,809.77	0.00	0.00	0.00	0.00
USDA rural development community facilities: Vincentown Fire Company	28,332.00	28,332.00	25,971.00	0.00	0.00	2,361.00	0.00
Hampton Lakes Fire Company	25,032.00	25,032.00	25,032.00	0.00	0.00	0.00	0.00
	<u>1,006,392.53</u>	<u>1,006,392.53</u>	<u>950,031.53</u>	<u>0.00</u>	<u>0.00</u>	<u>56,361.00</u>	
Total municipal debt service - excluded from "CAP"							
<u>DEFERRED CHARGES - MUNICIPAL WITHIN "CAP"</u>							
Special emergency authorizations - 5 years	90,000.00	90,000.00	90,000.00	0.00	0.00	0.00	0.00
Deferred charges to future taxation - unfunded	17,460.00	17,460.00	17,460.00	0.00	0.00	0.00	0.00
	<u>107,460.00</u>	<u>107,460.00</u>	<u>107,460.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	
Total deferred charges- municipal excluded from "CAP"							
Total general appropriations for municipal purposes - excluded from "CAP"	<u>1,409,337.03</u>	<u>1,474,644.03</u>	<u>1,396,329.32</u>	<u>0.00</u>	<u>21,953.71</u>	<u>56,361.00</u>	
Reserve for uncollected taxes	<u>651,750.14</u>	<u>651,750.14</u>	<u>651,750.14</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	

EXHIBIT A-3
(Continued)

TOWNSHIP OF SOUTHAMPTON
CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
For the Year Ended December 31, 2011

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid Or Charged	Encumbrances	Reserved	
Total general appropriations	\$ 5,892,492.29	\$ 6,407,799.29	\$ 5,908,023.74	\$ 102,889.71	\$ 304,004.33	\$ 92,881.51

Ref.

A-2

A-3

A

Adopted budget

\$ 5,892,492.29

Special emergency authorization by 40A:4-55

450,000.00

Appropriation by 40A:4-87

65,307.00

\$ 6,407,799.29

TOWNSHIP OF SOUTHAMPTON
CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
For the Year Ended December 31, 2011

	<u>Ref.</u>		
Paid or charged:			
State and federal grants	A-13	\$	180,829.10
Deficit in sewer operating budget	D-2		23,479.49
Deferred charges to future taxation - unfunded			17,460.00
Special emergency appropriation - revaluation	A		90,000.00
Reserve for revaluation	A		35,485.00
Reserve for uncollected taxes	A-2		651,750.14
Disbursed	A-4		<u>4,909,020.01</u>
		\$	<u><u>5,908,023.74</u></u>

See Accompanying Notes to the Financial Statements

TRUST FUND

TOWNSHIP OF SOUTHAMPTON
TRUST FUND
COMPARATIVE BALANCE SHEETS
REGULATORY BASIS
December 31, 2011 and 2010

ASSETS		Balance December 31, 2011	Balance December 31, 2010	LIABILITIES, RESERVES, AND FUND BALANCE		
Ref.				Ref.	Balance December 31, 2011	Balance December 31, 2010
	Animal control fund:					
B-1	Cash - chief financial officer	\$ 39.23	\$ 322.04	B-3	\$ 39.26	\$ 322.01
A	Due from current fund	0.03	0.00	A	0.00	0.03
		<u>39.26</u>	<u>322.04</u>		<u>39.26</u>	<u>322.04</u>
	Other funds:					
B-1	Cash - chief financial officer	1,181,206.29	1,169,674.19			
B-2	Cash - tax collector	124,190.53	100,754.43	A	2,244.63	2,056.11
F	Due from payroll account	10,385.68	5,387.52		0.00	0.00
A	Due from current fund	71,231.56	70,288.00			
	Due from developers	39,277.03	40,202.41		234,524.18	193,521.57
		<u>1,426,291.09</u>	<u>1,386,306.55</u>		<u>25,128.27</u>	<u>21,323.72</u>
	Private contributions for street lighting improvements				1,000.60	1,000.60
	Public defender				1,905.00	2,740.00
	Municipal open space tax			B-6	519,998.17	543,303.83
	Reserve for tax title lien redemption			B-4	30,666.80	0.00
	Reserve for tax sale premiums			B-5	93,500.00	100,700.00
	Reserve for recreation				36,282.10	42,951.90
	Reserve for snow removal				360.01	360.01
	Reserve for New Jersey unemployment compensation				75,355.23	74,380.77
	Reserve for encumbrances				54,376.20	54,784.23
	Reserve for COAH				350,949.90	349,183.81
					<u>1,426,291.09</u>	<u>1,386,306.55</u>
	Total all funds	\$ 1,426,330.35	\$ 1,386,628.59		\$ 1,426,330.35	\$ 1,386,628.59

GENERAL CAPITAL FUND

**TOWNSHIP OF SOUTHAMPTON
GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEETS
REGULATORY BASIS
December 31, 2011 and 2010**

	Ref.	Balance December 31, 2011	Balance December 31, 2010
<u>ASSETS</u>			
Cash - chief financial officer	C-2; C-3	\$ 2,929,650.63	\$ 3,159,418.54
Due from state and federal grant fund	A	140,000.00	140,000.00
Deferred charges to future taxation:			
Funded		7,848,756.36	8,391,341.60
Unfunded	C-4	1,329,915.80	1,551,625.80
		<u>\$ 12,248,322.79</u>	<u>\$ 13,242,385.94</u>
<u>LIABILITIES AND RESERVES</u>			
Bonds payable	C-7	\$ 7,803,000.00	\$ 8,298,000.00
Bond anticipation notes payable	C-8	1,224,500.00	1,428,750.00
USDA loan payable	C-9	45,756.36	93,341.60
Contract payable		1,051,343.09	876,377.87
Due to current fund	A	9,041.46	3,636.95
Improvement authorizations:			
Funded	C-6	874,043.68	1,132,088.16
Unfunded	C-6	475,289.91	622,758.07
Down payment of capital improvements		321.00	321.00
Capital improvement fund	C-5	457,750.00	457,750.00
Reserve for assessment revaluation		2,000.00	2,000.00
Reserve for debt service		302,085.98	322,085.98
Fund balance	C-1	3,191.31	5,276.31
		<u>\$ 12,248,322.79</u>	<u>\$ 13,242,385.94</u>

See Accompanying Notes to the Financial Statements

**TOWNSHIP OF SOUTHAMPTON
GENERAL CAPITAL FUND
STATEMENT OF FUND BALANCE
REGULATORY BASIS
For the Year Ended December 31, 2011**

	<u>Ref.</u>	
Balance - December 31, 2010	C	\$ 5,276.31
Decreased by:		
Payment to current fund as anticipated revenue	A-2	<u>2,085.00</u>
Balance - December 31, 2011	C	<u>\$ 3,191.31</u>

See Accompanying Notes to the Financial Statements

SEWER UTILITY FUND

TOWNSHIP OF SOUTHAMPTON
SEWER UTILITY FUND
COMPARATIVE BALANCE SHEETS
REGULATORY BASIS
December 31, 2011 and 2010

	Ref.	Balance December 31, 2011	Balance December 31, 2010
<u>ASSETS</u>			
Operating fund:			
Cash		\$ 76,962.92	\$ 14,178.11
Consumer accounts receivable	D-4	23,475.59	74,652.21
	D-5	100,438.51	88,830.32
Deferred charges:			
Deficit in operations	D-3	0.00	15,816.77
Overexpenditure of appropriation reserves	D-3	0.00	1,270.84
		0.00	17,087.61
Total operating fund		100,438.51	105,917.93
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
		\$ 2,395,921.03	\$ 2,401,400.45
<u>LIABILITIES, RESERVES, AND FUND BALANCE</u>			
Operating fund:			
Accounts payable	D-3;D-6	\$ 9,032.97	\$ 517.34
Appropriation reserves	D-3;D-6	26,422.09	24,992.85
Rent overpayments	D-5	125.21	811.18
Due to current fund		36,520.51	0.00
Due to sewer capital fund	D	482.52	482.52
Accrued interest on bonds		3,600.01	3,682.22
		76,183.31	30,486.11
Reserve for receivables	D	23,475.59	74,652.21
Fund balance	D-1	779.61	779.61
Total operating fund		100,438.51	105,917.93
Capital fund:			
USDA loan payable	D-9	884,851.73	905,046.80
Improvement authorizations:			
Funded	D-7	0.00	482.52
Reserve for debt service		482.52	0.00
Reserve for amortization		1,410,148.27	1,389,953.20
Total capital fund		2,295,482.52	2,295,482.52
		\$ 2,395,921.03	\$ 2,401,400.45

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

For the Years Ended December 31, 2011 and 2010

	<u>Ref.</u>	<u>Year 2011</u>	<u>Year 2010</u>
Revenue and other income realized:			
Fund balance utilized		\$ 0.00	\$ 23,000.00
Sewer rents	D-2	191,951.30	158,120.50
Deficit (general budget)	D-2	23,479.49	0.00
Miscellaneous revenue not anticipated	D-2	2,385.00	2,382.14
Total income		<u>217,815.79</u>	<u>183,502.64</u>
Expenditures:			
Budget appropriations:			
Other expenses	D-3	140,112.39	138,700.00
Municipal debt service	D-3	60,615.79	60,619.41
Deferred charges	D-3	17,087.61	0.00
Total expenditures		<u>217,815.79</u>	<u>199,319.41</u>
Operating deficit to be raised in budget of succeeding year		<u>\$ -</u>	<u>\$ (15,816.77)</u>
Statutory excess to fund balance			
<u>FUND BALANCE</u>			
Balance - January 1	D	<u>\$ 779.61</u>	<u>\$ 23,779.61</u>
		779.61	23,779.61
Decreased by:			
Utilization by operating budget	D-1	<u>0.00</u>	<u>23,000.00</u>
Balance - December 31	D	<u>\$ 779.61</u>	<u>\$ 779.61</u>

See Accompanying Notes to the Financial Statements

**TOWNSHIP OF SOUTHAMPTON
SEWER UTILITY OPERATING FUND
STATEMENT OF REVENUES
REGULATORY BASIS
For the Year Ended December 31, 2011**

	<u>Ref.</u>	<u>Anticipated Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Sewer rents	D-1	\$ 158,000.00	\$ 191,951.30	\$ 33,951.30
Deficit (general budget)	D-1	60,000.00	23,479.49	(36,520.51)
		<u>218,000.00</u>	<u>215,430.79</u>	<u>(2,569.21)</u>
Non-budget revenue	D-2	0.00	2,385.00	2,385.00
		<u>\$ 218,000.00</u>	<u>\$ 217,815.79</u>	<u>\$ (184.21)</u>
	<u>Ref.</u>	D-3	D-1	
Detail of non-budget revenue:				
Interest earned on investments:				
Sewer operating fund				\$ 186.26
Interest and costs				2,172.31
Other				<u>26.43</u>
Total non-budget revenues	D-4			<u>\$ 2,385.00</u>

See Accompanying Notes to the Financial Statements

**TOWNSHIP OF SOUTHAMPTON
SEWER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
For the Year Ended December 31, 2011**

	Appropriations		Expended		Unexpended Balances Cancelled
	Budget	Budget After Modifications	Paid Or Charged	Reserved	
Operating:					
Other expenses	\$ 140,112.39	\$ 140,112.39	\$ 113,690.30	\$ 26,422.09	\$ 0.00
Total operating	<u>140,112.39</u>	<u>140,112.39</u>	<u>113,690.30</u>	<u>26,422.09</u>	<u>0.00</u>
Debt service:					
Payment of principal	20,200.00	20,200.00	20,195.07	0.00	4.93
Interest on loans	40,600.00	40,600.00	40,420.72	0.00	179.28
Total debt service	<u>60,800.00</u>	<u>60,800.00</u>	<u>60,615.79</u>	<u>0.00</u>	<u>184.21</u>
Deferred charges:					
Overexpenditure of appropriation reserves	1,270.84	1,270.84	1,270.84	0.00	0.00
Deficits in operations in prior years	15,816.77	15,816.77	15,816.77	0.00	0.00
Total	<u>17,087.61</u>	<u>17,087.61</u>	<u>17,087.61</u>	<u>0.00</u>	<u>0.00</u>
	<u>\$ 218,000.00</u>	<u>\$ 218,000.00</u>	<u>\$ 191,393.70</u>	<u>\$ 26,422.09</u>	<u>\$ 184.21</u>
<u>Ref.</u>	D-2	D-3	D	D	D-1
Cash			\$ 124,852.40		
Accounts payable			9,032.97		
Deferred charges			17,087.61		
Accrued interest on bonds			40,420.72		
			<u>\$ 191,393.70</u>		

See Accompanying Notes to the Financial Statements

PAYROLL ACCOUNT

**TOWNSHIP OF SOUTHAMPTON
PAYROLL ACCOUNT
COMPARATIVE BALANCE SHEETS
REGULATORY BASIS
December 31, 2011 and 2010**

	Ref.	Balance December 31, 2011	Balance December 31, 2010
<u>ASSETS</u>			
Cash		\$ 18,485.40	\$ 12,122.66
Due from current fund	A	214.06	0.00
		<u>\$ 18,699.46</u>	<u>\$ 12,122.66</u>
<u>LIABILITIES</u>			
Due to current fund	A	\$ 0.00	\$ 79.60
Due to unemployment trust fund	B	10,385.68	5,387.52
Payroll withholding payable	F-1	8,313.78	6,655.54
		<u>\$ 18,699.46</u>	<u>\$ 12,122.66</u>

See Accompanying Notes to the Financial Statements

GENERAL FIXED ASSETS

**TOWNSHIP OF SOUTHAMPTON
GENERAL FIXED ASSETS
STATEMENT OF GENERAL FIXED ASSETS
REGULATORY BASIS
At December 31, 2011 and 2010**

	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
General fixed assets:			
Land and improvements	G-1	\$ 1,261,300.00	\$ 6,453,750.00
Buildings	G-1	1,430,900.00	851,750.00
Equipment	G-1	1,364,755.50	1,332,016.50
Total general fixed assets		<u>4,056,955.50</u>	<u>8,637,516.50</u>
Investments in general fixed assets	G-1	<u>\$ 4,056,955.50</u>	<u>\$ 8,637,516.50</u>

See Accompanying Notes to the Financial Statements

NOTES TO FINANCIAL STATEMENTS

**TOWNSHIP OF SOUTHAMPTON
COUNTY OF BURLINGTON
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2011**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

B. Description of Funds

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

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

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

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

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

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

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

**TOWNSHIP OF SOUTHAMPTON
COUNTY OF BURLINGTON
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2011**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting

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

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

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

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

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

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

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

**TOWNSHIP OF SOUTHAMPTON
COUNTY OF BURLINGTON
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2011**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (Continued)

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

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

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

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

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

No depreciation has been provided for in the financial statements.

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

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

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

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

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

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

**TOWNSHIP OF SOUTHAMPTON
COUNTY OF BURLINGTON
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2011**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (Continued)

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

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

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

School Taxes - The municipality is responsible for levying, collecting, and remitting school taxes for the Township of Southampton School District and the Township's share of the Lenape Regional High School District. Operations are charged for the full amount required to be raised from taxation to operate the local school district 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 the Township's share of county taxes for the County of Burlington. Operations is charged for the amount due the County for the year, based upon the ratables required to be certified to the County Board of Taxation by January 10 of the current year. In addition, operations is charged for the County share of added and omitted taxes certified to the County Board of Taxation by October 10 of the current year and due to be paid to the County by February 15 of the following year.

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

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

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

TOWNSHIP OF SOUTHAMPTON
COUNTY OF BURLINGTON
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

C. Basis of Accounting (Concluded)

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

Taxes and other receivables are fully reserved.

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

Unexpended and uncommitted appropriations are reflected as expenditures.

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

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

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

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

Depreciation expense is not calculated on fixed assets.

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

NOTE 2 - INVESTMENTS

As of December 31, 2011 and 2010, the Township did not have any investments.

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

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

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

**TOWNSHIP OF SOUTHAMPTON
COUNTY OF BURLINGTON
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2011**

NOTE 3 - CASH AND CASH EQUIVALENTS

Custodial Credit Risk Related to Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the Township's deposits might not be recovered. Although the Township does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). Under the Act, the first \$250,000.00 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the Township in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, escrow trust, or funds that may pass to the Township relative to the happening of a future condition. Such funds are shown as uninsured and uncollateralized in the schedule below.

As of December 31, 2011, the Township's bank balances were exposed to custodial credit risk as follows:

Insurance	\$ 701,983.37
Uninsured and collateralized with securities held by pledging financial institutions (GUDPA)	<u>6,968,530.70</u>
	<u>\$ 7,670,514.07</u>

New Jersey Cash Management Fund

During the year, the Township participated in the New Jersey Cash Management Fund. The Fund is governed by regulations of the State Investment Council, who prescribe standards designed to insure the quality of investments in order to minimize risk to the Fund's participants. Deposits with the New Jersey Cash Management Fund are not subject to custodial credit risk as defined above. At December 31, 2011, the Township's deposits with the New Jersey Cash Management Fund were \$1,169,280.58.

TOWNSHIP OF SOUTHAMPTON
COUNTY OF BURLINGTON
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2011

NOTE 4 - INTERFUND RECEIVABLES AND PAYABLES

The following schedule reconciles interfund receivables and payables for the year ended December 31, 2011:

	Due To										Total
	Due From	Current Fund	State and Federal Grant Fund	Animal Control Fund	Other Trust Funds	General Capital Fund	Utility Capital Fund	Payroll Fund			
Current fund		\$ 0.00	\$ 193,409.91	\$ 0.03	\$ 71,231.56	\$ 0.00	\$ 0.00	\$ 214.06		\$ 264,853.56	
State and federal grant fund		0.00	0.00	0.00	0.00	140,000.00	0.00	0.00		140,000.00	
Other trust funds		2,244.63	0.00	0.00	0.00	0.00	0.00	0.00		2,244.63	
General capital fund		9,041.46	0.00	0.00	0.00	0.00	0.00	0.00		9,041.46	
Utility operating fund		36,520.51	0.00	0.00	0.00	0.00	482.52	0.00		37,003.03	
Payroll fund		0.00	0.00	0.00	10,385.68	0.00	0.00	0.00		10,385.68	
		<u>\$ 47,806.60</u>	<u>\$ 193,409.91</u>	<u>\$ 0.03</u>	<u>\$ 81,617.24</u>	<u>\$ 140,000.00</u>	<u>\$ 482.52</u>	<u>\$ 214.06</u>		<u>\$ 463,530.36</u>	

Most grants are on a reimbursement basis. The interfund with the grant fund is the result of expenditures prior to year end that were not reimbursed. In addition to there is an interfund between the grant fund and the general capital fund for a grant for improvement authorization 2006-09. The sewer capital has an interfund with the sewer operating for proceeds of U.S.D.A. loan transferred in error. Interest earnings not transferred at year end are the interfunds for the other trust funds. In addition to this the escrow trust fund has an interfund with the current fund for escrow bills paid by the current fund, the open space trust fund has an interfund with the current fund for prior year added and omitted open space tax assessments and the unemployment trust fund has prior year balances as well as payroll deductions that still need to be transferred. Both the capital and sewer operating have interfunds with the current fund for funds utilized in the current year budgets. The Chief Financial Officer transfers most of these interfunds after the audit report is received.

**TOWNSHIP OF SOUTHAMPTON
COUNTY OF BURLINGTON
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2011**

NOTE 5 - 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 of Tax Rate Information

	2011	2010	2009
Total Tax Rate	\$ 3.351	\$ 3.366	\$ 3.304
Apportionate of Tax Rate:			
Municipal	\$.406	\$.371	\$.365
County	.629	.671	.686
Regional School	.932	.962	.936
Local School	1.364	1.342	1.297
Municipal Open Space	.020	.020	.020
Assessed Valuation:			
2011	\$ 762,858,716.00		
2010		\$ 767,032,394.00	
2009			\$ 765,937,240.00

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.

Year	Currently		Percentage of Collection
	Tax Levy	Cash Collections	
2011	\$ 25,628,055.65	\$ 25,155,713.72	98.15%
2010	\$ 25,851,278.91	\$ 25,297,238.48	97.85%
2009	\$ 25,373,365.58	\$ 24,813,293.50	97.79%

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
2011	\$ 579,691.40	\$ 363,398.81	\$ 943,090.21	3.68%
2010	\$ 525,323.40	\$ 424,178.92	\$ 949,502.32	3.67%
2009	\$ 490,961.78	\$ 467,264.76	\$ 958,226.54	3.77%

**TOWNSHIP OF SOUTHAMPTON
COUNTY OF BURLINGTON
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2011**

NOTE 5 - PROPERTY TAXES (Concluded)

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 assessed valuation at time of foreclosure of such properties, was as follows:

<u>Year</u>	<u>Amount</u>
2011	\$ 340,800.00
2010	\$ 340,800.00
2009	\$ 322,400.00

NOTE 6 - SEWER UTILITY LEVIES

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

<u>Year</u>	<u>Levy</u>
2011	\$ 140,774.68
2010	\$ 166,561.54
2009	\$ 160,142.08

Prior to March 2011, Township sewer billings were done by an outside contractor who billed in the last month of each quarter. The tax office took over the billings in March 2011 and started billing in the first month of each quarter. This change resulted in the Township only billing for three quarters of 2011, which explains the decrease in charges.

NOTE 7 - FUND BALANCES APPROPRIATED

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

<u>Year</u>	<u>December 31</u>	<u>Utilized In Adopted Budget Of Succeeding Year</u>
Current Fund:		
2011	\$ 660,208.54	\$ 452,200.00
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
Sewer Operating Fund:		
2011	\$ 779.61	\$ 617.48
2010	\$ 779.61	\$ -
2009	\$ 23,779.61	\$ 23,000.00
2008	\$ 31,854.59	\$ 27,686.00
2007	\$ 46,146.24	\$ 26,686.00

**TOWNSHIP OF SOUTHAMPTON
COUNTY OF BURLINGTON
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2011**

NOTE 8 - TAXES COLLECTED IN ADVANCE

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

	<u>Balance December 31, 2011</u>	<u>Balance December 31, 2010</u>
Prepaid Taxes	\$ 278,080.66	\$ 225,744.30

NOTE 9 - GENERAL FIXED ASSETS

General fixed assets activity for the years ended December 31, 2011 and 2010 was as follows:

	<u>Balance December 31, 2010</u>	<u>Additions</u>	<u>Disposals/ Prior Period Adjustments</u>	<u>Balance December 31, 2011</u>
Land	\$ 6,453,750.00	\$ -	\$ 5,192,450.00	\$ 1,261,300.00
Buildings	851,750.00	-	(579,150.00)	1,430,900.00
Equipment	<u>1,332,016.50</u>	<u>52,962.00</u>	<u>20,223.00</u>	<u>1,364,755.50</u>
	<u>\$ 8,637,516.50</u>	<u>\$ 52,962.00</u>	<u>\$ 4,633,523.00</u>	<u>\$ 4,056,955.50</u>
	<u>Balance December 31, 2009</u>	<u>Additions</u>	<u>Disposals/ Adjustments</u>	<u>Balance December 31, 2010</u>
Land	\$ 6,453,750.00	\$ -	\$ -	\$ 6,453,750.00
Buildings	851,750.00	-	-	851,750.00
Equipment	<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>

In 2011, the Township prepared an updated inventory of land and buildings owned, excluding properties acquired for taxes. This analysis was made from the 2012 tax duplicate which included the revaluation completed in 2011. Therefore, these properties are valued at the current assessed valuation rather than historical cost. The result being the prior period adjustment as shown in 2011.

**TOWNSHIP OF SOUTHAMPTON
COUNTY OF BURLINGTON
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2011**

NOTE 9 - GENERAL FIXED ASSETS (Concluded)

Sewer utility plant and equipment for the years ended December 31, 2011 and 2010 was as follows:

	Balance December 31, 2010	Additions	Disposals/ Adjustments	Balance December 31, 2011
Construction of a sewerage collection system in the Village of Vincentown	\$ 2,295,000.00	\$ -.	\$ -.	\$ 2,295,000.00
	Balance December 31, 2009	Additions	Disposals/ Adjustments	Balance December 31, 2010
Construction of a sewerage collection system in the Village of Vincentown	\$ 2,295,000.00	\$ -.	\$ -.	\$ 2,295,000.00

NOTE 10 - DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2011, the following deferred charges are shown on the balance sheets of the various funds:

	Balance December 31, 2011	2012 Budget	Balance To Succeeding Budgets
Current fund:			
Special emergency authorization	\$ 360,000.00	\$ 90,000.00	\$ 270,000.00
General capital fund:			
Acquisition of EMS vehicle - Ord. 2006-18	\$ 105,415.80	\$ 17,460.00	\$ 87,955.80

The appropriations in the 2012 budget are not less than those required by statute.

**TOWNSHIP OF SOUTHAMPTON
COUNTY OF BURLINGTON
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2011**

NOTE 11 - LONG-TERM DEBT

Long-term debt as of December 31, 2011 consisted of the following:

	Balance December 31, 2010	Additions	Reductions	Balance December 31, 2011	Amount Due in One Year
General	\$ 8,391,341.60	\$ 0.00	\$ 542,585.24	\$ 7,848,756.36	\$ 518,385.00
Sewer utility	905,046.80	0.00	20,195.07	884,851.73	21,114.07
Compensated absences *	0.00	0.00	0.00	0.00	0.00
	<u>\$ 9,296,388.40</u>	<u>\$ 0.00</u>	<u>\$ 562,780.31</u>	<u>\$ 8,733,608.09</u>	<u>\$ 539,499.07</u>

* See Note 16 for Compensated Absences.

Paid by Current Fund:

\$1,359,000 General Improvement Bond dated 09/01/1998 payable in annual installments through 09/01/2013. \$90,000 of principal was paid on 09/01/2011. Interest is paid at 4.625% per annum. The balance remaining as of December 31, 2011 was \$189,000.

\$1,539,000 General Improvement Bond dated 10/01/2001 payable in annual installments through 08/01/2019. \$85,000 of principal was paid on 08/01/2011. Interest is paid at 4.5% per annum. The balance remaining as of December 31, 2011 was \$889,000.

\$8,130,000 General Improvement Bond dated 07/27/2006 payable in annual installments through 07/01/2026. \$320,000 of principal was paid on 07/01/2011. Interest is paid semiannually at varying rates. The balance remaining as of December 31, 2011 was \$6,725,000.

\$225,000 U.S.D.A. Loans Payable for the purchase of a fire truck for the Vincentown Fire Company dated 12/2001 payable in monthly installments of \$2,381 through 11/01/2011. \$25,255.24 of principal was paid during 2011. Interest is paid monthly at 4.75%. The balance remaining as of December 31, 2011 was \$0.

\$200,000 U.S.D.A. Loans Payable for the purchase of a fire truck for the Hampton Lakes Fire Company dated 12/2003 payable in monthly installments of \$2,086 through 11/01/2013. \$22,330.00 of principal was paid during 2011. Interest is paid monthly at 4.625%. The balance remaining as of December 31, 2011 was \$45,756.36.

Paid by Sewer Utility Fund:

\$1,100,000 U.S.D.A./Rural Development Loan Payable for the construction of the sewer system dated 11/28/1995 payable in semi annual installments through 11/28/2035. \$20,195.07 of principal was paid during 2011. Interest is paid semi annually at 4.75%. The balance remaining as of December 31, 2011 was \$884,851.73.

TOWNSHIP OF SOUTHAMPTON
COUNTY OF BURLINGTON
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2011

NOTE 11 - LONG-TERM DEBT (Continued)

Schedule of Annual Debt Service for Principal and Interest for Bonded Debt Issued and Outstanding

Year Ended December 31	General Capital Fund		Total
	Principal	Interest	
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	540,000.00	251,390.00	791,390.00
2017-2021	2,654,000.00	897,015.00	3,551,015.00
2022-2026	2,600,000.00	339,300.00	2,939,300.00
	<u>\$ 7,803,000.00</u>	<u>\$ 2,712,185.00</u>	<u>\$ 10,515,185.00</u>

Schedule of Annual Debt Service for Principal and Interest for U.S.D.A. Loans

Year Ended December 31	General Capital Fund		Sewer Utility Fund		Total
	Principal	Interest	Principal	Interest	
2012	\$ 23,385.00	\$ 1,624.69	\$ 21,114.07	\$ 39,583.93	\$ 60,698.00
2013	22,371.36	520.08	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	-	-	25,227.74	35,470.26	60,698.00
2017-2021	-	-	144,440.15	159,049.85	303,490.00
2022-2026	-	-	180,435.15	123,054.85	303,490.00
2027-2031	-	-	225,400.22	78,089.78	303,490.00
2032-2035	-	-	218,950.39	22,666.61	241,617.00
	<u>\$ 45,756.36</u>	<u>\$ 2,144.77</u>	<u>\$ 884,851.73</u>	<u>\$ 570,725.27</u>	<u>\$ 1,455,577.00</u>

As of December 31, 2011, the carrying value of the above bonds approximates the fair value of the bonds.

**TOWNSHIP OF SOUTHAMPTON
COUNTY OF BURLINGTON
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2011**

NOTE 11 - LONG-TERM DEBT (Continued)

Summary of Municipal Debt Service

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Bonds and notes issued:			
General capital fund	\$ 9,073,256.36	\$ 9,820,091.60	\$ 10,542,038.60
Sewer utility fund	884,851.73	905,046.80	924,373.91
Bonds and notes authorized but not issued:			
General capital fund	<u>105,415.80</u>	<u>122,875.80</u>	<u>140,335.80</u>
Net bonds and notes issued and authorized but not issued	<u>10,063,523.89</u>	<u>10,848,014.20</u>	<u>11,606,748.31</u>
Deductions:			
Self-liquidating debt	<u>757,014.13</u>	<u>128,713.38</u>	<u>413,260.71</u>
Net debt	<u>\$ 9,306,509.76</u>	<u>\$ 10,719,300.82</u>	<u>\$ 11,193,487.60</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 \$9,306,509.76.

	<u>Gross Debt</u>	<u>Deduction</u>	<u>Net Debt</u>
Regional school district debt	\$ 6,186,944.38	\$ 6,186,944.38	\$ -
Local school district debt	1,155,000.00	1,155,000.00	-
Sewer utility debt	884,851.73	757,014.13	127,837.60
General debt	<u>9,178,672.16</u>	<u>-</u>	<u>9,178,672.16</u>
	<u>\$ 17,405,468.27</u>	<u>\$ 8,098,958.51</u>	<u>\$ 9,306,509.76</u>

Net Debt \$9,306,509.76 divided by Equalized Valuation Basis per N.J.S. 40A:2-2, \$1,269,860,443.33 = .73%.

Equalized Valuation Basis

2009	\$1,351,189,457.00
2010	1,272,636,106.00
2011	<u>1,185,755,767.00</u>
Average	<u>\$1,269,860,443.33</u>

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

3 1/2% of equalized valuation basis (municipal)	\$ 44,445,115.52
Net debt	<u>9,306,509.76</u>
Remaining borrowing power	<u>\$ 35,138,605.76</u>

The Township of Southampton School District, as a K-6 school district, is permitted to borrow up to 2.5% of the average equalized valuation for the past three years. State statutes allow a school district to exceed the district's limitations with voter approval. Any amounts in excess of the limit is treated as an impairment of the municipal limit.

**TOWNSHIP OF SOUTHAMPTON
COUNTY OF BURLINGTON
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2011**

NOTE 11 - LONG-TERM DEBT (Concluded)

The Lenape Regional High School District is a 7-12 regional school district and as a result the amount of debt issued is not subject to any statutory limitation based on average equalized valuations. Debt is allocated based on the municipality's equalized valuation as a percentage of the total regional school district's assessed valuation. Since all debt authorized by the regional school district is deductible, it does not effect the debt of the municipality.

Summary of Municipal Debt Service

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

Cash receipts from fees, fund balance anticipated, rents or other charges for year		\$ 194,336.30
Deductions:		
Operating and maintenance cost	\$ 140,112.39	
Debt service per utility account	60,615.79	
Total deductions		200,728.18
Deficit in revenue		\$ (6,391.88)

NOTE 12 - BOND ANTICIPATION NOTES AND SPECIAL EMERGENCY NOTES

The Township has outstanding at December 31, 2011 and 2010, bond anticipation notes in the general capital fund in the amount of \$1,224,500.00 and \$1,428,750.00, respectively. The December 31, 2011 amount payable to Colonial Bank is \$1,224,500.00, bears an interest rate of 1.60% and matures on August 10, 2012. These funds were for the acquisition of various pieces of equipment and various capital improvements.

The Township has outstanding at December 31, 2011 and 2010, special emergency notes in the current fund in the amount of \$360,000.00 and \$0.00, respectively. The December 31, 2011 amount payable to Oppenheimer and Co., Inc. is \$360,000.00, bears an interest rate of 3% and matures on April 18, 2012. The bid included a premium of \$180.00 resulting in a net interest rate of 2.9499%.

NOTE 13 - PENSION FUNDS

Description of Plans

Substantially all of the Township's employees are covered by the Public Employees' Retirement System cost-sharing multiple-employer defined benefit pension plan which has been established by State Statute and is administered by the New Jersey Division of Pensions and Benefits (Division).

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 Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees' Retirement System. This report may be obtained by writing to the Division of Pensions and Benefits, Post Office Box 295, Trenton, New Jersey 08625 or the report can be accessed on the internet at http://www.state.nj.us/treasury/pensions/annrpts_archive.htm.

Public Employees' Retirement System

The Public Employees' Retirement System was established in January, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability, and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. 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 or local jurisdiction.

**TOWNSHIP OF SOUTHAMPTON
COUNTY OF BURLINGTON
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2011**

NOTE 13 - PENSION FUNDS (Concluded)

Funding Policy

The contribution policy for the Public Employees' Retirement System is set by N.J.S.A. 43:15A, Chapter 62, P.L. 1994, Chapter 115, P.L. 1997, and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The Public Employees' Retirement System provides for employee contributions of 5.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in the Public Employees' Retirement System. The current Public Employees' Retirement System's rate is 6.9% of covered payroll. The Township's contributions to the Public Employees' Retirement System for the years ended December 31, 2011, 2010, and 2009 were \$130,866.00, \$127,357.00, and \$98,899.00, respectively, equal to the required contributions for each year.

NOTE 14 - POST-RETIREMENT BENEFITS

Description of Plan

The New Jersey State Health Benefits Commission administers cost-sharing multiple-employer health care plans under the State Health Benefits Program and the School Employees' Health. The health care plans under the State Health Benefits Plan (SHBP) provides access to health care coverage to eligible retirees who qualify based on state law and local requirements. Coverage under the current program includes medical, prescription drug, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents. The State of New Jersey pays a portion of the cost for retirees, spouses, and dependents.

Members of the Public Employees' Retirement System would generally qualify for coverage under the following criteria:

Service retirement - eligible at age 60

Early retirement - eligible after 25 years of service

Service or early retirement eligibility for state-paid SHBP benefits - attainment of 25 years of service

Ordinary disability retirement - eligible after 10 years of service

Accidental disability - eligible upon total and permanent disability prior to age 65 as a result of a duty injury

NOTE 15 - SCHOOL TAXES

School taxes in the State of New Jersey may be raised by either of the following methods:

Calendar year basis - whereby the tax is levied and paid based on the District's needs for one-half of each school year encompassed in the calendar year.

School year basis - taxes are raised for the school year commencing July 1 of the current year, paid out over the twelve months beginning with July 1.

The Township of Southampton School District raises local school taxes on a calendar year basis and therefore, has no school taxes payable or deferred at the end of the calendar year.

**TOWNSHIP OF SOUTHAMPTON
COUNTY OF BURLINGTON
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2011**

NOTE 15 - SCHOOL TAXES (Concluded)

The Lenape Regional High School District raises regional school taxes on a school year basis.

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 \$3,554,128.10 would be the maximum amount permitted to be deferred as of December 31, 2011, 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, 2011	Balance December 31, 2010
Balance of tax Deferred	\$ 2,530,848.94 <u>724,910.00</u>	\$ 2,666,783.59 <u>724,910.00</u>
Tax payable	<u>\$ 3,255,758.94</u>	<u>\$ 3,391,693.59</u>

NOTE 16 - 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, 2011, including the provision for social security is \$96,749.50. 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, 2011 was \$25,128.27.

NOTE 17 - 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.

The Fund provides the Township with the following coverage:

- Property Policy
- Automobile Policy
- Crime Policy and Excess Crime Policy
- Casualty Policy
- Workers' Compensation and Excess Workers Compensation Policy
- Environmental Legal Liability Policy
- Excess Liability Policy
- Public Officials and Employment Liability Policy
- Volunteer Directors and Officers Policy

**TOWNSHIP OF SOUTHAMPTON
COUNTY OF BURLINGTON
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2011**

NOTE 17 - RISK MANAGEMENT (Concluded)

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 \$250,000.00 based on the line of coverage for each insured event.

The fund publishes its own financial report for the year ended December 31, 2011, which can be obtained from:

Burlington County Municipal Joint Insurance Fund
6000 Sagemore Drive, Suite 6203
Marlton, New Jersey 08053

NOTE 18 - 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 19 - 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:

<u>Year</u>	<u>Contributions To Fund</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2011	\$ 5,242.15	\$ 4,267.69	\$ 75,355.23
2010	\$ 5,593.33	\$ 2,103.95	\$ 74,380.77
2009	\$ 6,463.05	\$ 2,314.47	\$ 70,891.39

NOTE 20 - DEFERRED COMPENSATION

Employees of the Township of Southampton may participate in a deferred compensation plan adopted under the provisions of the Internal Revenue Code Section 457 (Deferred Compensation Plans with Respect to Service for State and Local Governments).

The deferred compensation plan is available to all employees of the Township. Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency.

**TOWNSHIP OF SOUTHAMPTON
COUNTY OF BURLINGTON
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2011**

NOTE 20 - DEFERRED COMPENSATION (Concluded)

The deferred compensation plan is administered by an unrelated financial institution. Under the terms of an IRC Section 457 deferred compensation plan, all deferred compensation and income attributable to the investment of the deferred compensation amounts held by the financial institution, until paid or made available to the employees or beneficiaries, are the property of the employees.

As part of its fiduciary role, the Township has an obligation of due care in selecting the third party administrator. In the opinion of the Township's legal counsel, the Township has acted in a prudent manner and is not liable for losses that may arise from the administration of the plan.

NOTE 21 - LEASE OBLIGATION

At December 31, 2011, the Township has a lease agreement in effect for the following:

Operating:
Copier machine

The following is an analysis of the operating lease:

Operating lease - future minimum lease payments under the operating lease agreement is as follows:

<u>Year</u>	<u>Amount</u>
2012	\$ 1,930.95

Lease payments under the operating lease for the year 2011 were \$2,574.60.

NOTE 22 - SUBSEQUENT EVENTS

Subsequent events were evaluated through July 2, 2012, which is the date that the financial statements were available to be issued.

CURRENT FUND

****SCHEDULES****

TOWNSHIP OF SOUTHAMPTON
CURRENT FUND
SCHEDULE OF CASH - CHIEF FINANCIAL OFFICER
For the Year Ended December 31, 2011

	Ref.	Current Fund	
Balance - December 31, 2010	A		\$ 4,410,679.78
Increased by:			
Tax collector	A-5	\$ 25,412,515.23	
Interest on investments	A-2	39,454.43	
Miscellaneous revenue not anticipated	A-2	81,785.83	
Revenue accounts receivable	A-8	1,396,345.10	
Prepaid revenue	A-8	200.00	
Shared service agreement - Eastampton Township	A-2	105.82	
Rental income Good Farm	A-2	32,342.50	
Due from State of New Jersey - veterans' and senior citizens' deductions		392,821.36	
Due State of New Jersey - state inspection fees		9,312.00	
Due trust fund - other	Contra	179,000.00	
Special emergency note	A	360,000.00	
Reserve for garden state trust	A	5,472.00	
Reserve for repairs to old telephone building	A	26,601.01	
Reserve for state and federal grants - unappropriated	A-14	14,565.18	
State and federal grants receivable	A-12	79,624.44	
Due to payroll		295.61	
		<u>28,030,440.51</u>	
			<u>32,441,120.29</u>
Decreased by:			
2011 budget appropriations	A-3	4,909,020.01	
2010 appropriation reserves	A-9	193,481.43	
County taxes	A-6	4,790,620.96	
Due county for added and omitted taxes	A	6,835.35	
Municipal open space tax	A-6	152,571.74	
Local district school tax	A-10	10,402,093.98	
Regional high school tax	A-11	7,244,190.84	
Refund of tax overpayments		28,475.27	
Refund of prior year revenue	A-1	7,796.31	
Due from USDA - loan overpayment		2,361.00	
Due trust fund - other	A-4	179,000.00	
Due utility operating fund		60,000.00	
Due to State of New Jersey - inspection fees		9,899.00	
Due fire company	A	250.00	
Reserve for encumbrances state and federal grants	A	14,373.78	
Reserve for state and federal grants - appropriated	A-13	68,956.74	
		<u>28,069,926.41</u>	
Balance - December 31, 2011	A		<u>\$ 4,371,193.88</u>

See Accompanying Auditor's Report

**TOWNSHIP OF SOUTHAMPTON
CURRENT FUND
SCHEDULE OF CURRENT CASH - COLLECTOR
For the Year Ended December 31, 2011**

	<u>Ref.</u>	
Increased by:		
Taxes collected in advance	A	\$ 278,080.66
Interest and cost on taxes	A-2	85,164.24
Other fees and permits	A-2	44,725.00
Miscellaneous revenue not anticipated	A-2	548.90
Taxes receivable	A-6	24,932,333.23
Tax title liens receivable	A-7	5,693.95
Revenue accounts receivable	A-8	60.00
Tax overpayments		65,909.25
		<u>25,412,515.23</u>
Decreased by:		
Payments to chief financial officer	A-4	<u>25,412,515.23</u>
Balance - December 31, 2011		<u><u>\$ 0.00</u></u>

See Accompanying Auditor's Report

TOWNSHIP OF SOUTHAMPTON
CURRENT FUND
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY
For the Year Ended December 31, 2011

Year	Balance December 31, 2010	Levy	Added Taxes	2010 Collections	2011 Collections	Overpayments Applied	Due From (To) State Of New Jersey	Adjustments and Canceled	Transferred To Tax Title Liens	Balance December 31, 2011
2006	\$ 509.10	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 509.10
2008	0.00	0.00	3,434.41	0.00	3,434.41	0.00	0.00	0.00	0.00	0.00
2009	0.00	0.00	4,801.93	0.00	4,801.93	0.00	0.00	0.00	0.00	0.00
2010	423,669.82	0.00	24,047.67	0.00	405,599.80	28,000.05	1,000.00	515.01	9,562.78	3,039.85
2011	424,178.92	0.00	32,284.01	0.00	413,836.14	28,000.05	1,000.00	515.01	9,562.78	3,548.95
	0.00	25,628,055.65	0.00	225,744.30	24,518,497.09	21,528.37	389,943.96	63,926.03	48,566.04	359,849.86
	\$ 424,178.92	\$ 25,628,055.65	\$ 32,284.01	\$ 225,744.30	\$ 24,932,333.23	\$ 49,528.42	\$ 390,943.96	\$ 64,441.04	\$ 58,128.82	\$ 363,398.81

Ref. A

A

A-5

A-7

A

Added/omitted/rollback taxes \$ 23,502.01
Disallowed senior citizens deductions 8,782.00

\$ 32,284.01

Analysis of 2011 property tax levy:

Tax yield:

General property tax \$ 25,563,740.29
Added and rollback taxes (54:4-63.1 et seq.) 64,315.36

\$ 25,628,055.65

Tax levy:

Local district school tax \$ 10,402,094.00
Regional high school tax 7,108,256.19
Municipal open space tax \$ 152,571.74
Added and omitted taxes 524.64

Total municipal open space tax

153,096.38

County tax 3,912,569.90
County library tax 371,882.72
County open space tax 506,168.14

Due county for added and omitted taxes 16,827.86

Total county taxes 4,807,448.62

Local tax for municipal purposes levied 3,103,924.93

Add: additional tax levied 53,235.53

Local tax for municipal purposes levied 3,157,160.46

\$ 25,628,055.65

**TOWNSHIP OF SOUTHAMPTON
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS
For the Year Ended December 31, 2011**

	<u>Ref.</u>		
Balance - December 31, 2010	A		\$ 525,323.40
Increased by:			
Transfers from taxes receivable	A-6	\$ 58,128.82	
Interest and cost on tax sale		<u>1,933.13</u>	
			<u>60,061.95</u>
			585,385.35
Decreased by:			
Collections	A-5		<u>5,693.95</u>
Balance - December 31, 2011	A		<u><u>\$ 579,691.40</u></u>

See Accompanying Auditor's Report

TOWNSHIP OF SOUTHAMPTON
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE
For the Year Ended December 31, 2011

	Adjusted Balance December 31, 2010	Accrued In 2011	Collected By Chief Financial Officer	Collected By Tax Collector	Balance December 31, 2011
Clerk:					
Licenses:					
Alcoholic beverages	\$ 0.00	\$ 12,500.00	\$ 12,500.00	\$ 0.00	\$ 0.00
Other	(200.00)	800.00	800.00	0.00	(200.00)
Miscellaneous	229.60	2,518.26	2,517.75	0.00	230.11
Construction code official:					
Fees and permits	0.00	148,893.00	148,893.00	0.00	0.00
Miscellaneous	0.00	17,736.00	17,736.00	0.00	0.00
Municipal court:					
Fines and costs	5,716.85	70,395.87	69,397.47	0.00	6,715.25
Interest on investments and deposits	11.06	74.62	77.76	0.00	7.92
Energy receipts tax	0.00	1,100,389.00	1,100,389.00	0.00	0.00
Tax searches	0.00	60.00	0.00	60.00	0.00
Planning and zoning application fees	0.00	2,500.00	2,500.00	0.00	0.00
Registrar of vital statistics:					
Miscellaneous	286.00	628.00	693.00	0.00	221.00
Interest on investments and deposits	4.27	0.94	0.96	0.00	4.25
Discovery	0.00	782.90	782.90	0.00	0.00
Cable television fees	0.00	40,257.26	40,257.26	0.00	0.00
Total	\$ 6,047.78	\$ 1,397,535.85	\$ 1,396,545.10	\$ 60.00	\$ 6,978.53
Ref.		A-8		A-5	
Revenue accounts receivable	\$ 6,247.78		\$ 1,396,345.10		\$ 7,178.53
Prepaid revenue	(200.00)		200.00		(200.00)
	\$ 6,047.78		\$ 1,396,545.10		\$ 6,978.53

TOWNSHIP OF SOUTHAMPTON
CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - 2010
For the Year Ended December 31, 2011

	Balance December 31, 2010	Balance After Transfers	Paid or Charged	Lapsed
Salaries and wages:				
Executive	\$ 3,316.89	\$ 3,316.89	\$ 1,900.59	\$ 1,416.30
Municipal clerk	656.51	656.51	520.94	135.57
Data processing	19.80	19.80	0.00	19.80
Financial administration	1,132.00	1,132.00	1,040.00	92.00
Tax assessment - administration	1,095.89	1,095.89	614.44	481.45
Revenue administration (tax collection)	1,770.20	1,770.20	1,597.24	172.96
Historical sites office	275.00	275.00	275.00	0.00
Municipal court	3,354.40	3,354.40	2,295.58	1,058.82
Planning board	279.11	279.11	243.82	35.29
Zoning board of adjustments	185.83	185.83	117.04	68.79
Zoning board	2,750.35	2,750.35	561.46	2,188.89
Crossing guards	586.40	586.40	0.00	586.40
Discovery	2.96	2.96	0.00	2.96
Police courtroom security	450.00	450.00	160.00	290.00
Road repairs and maintenance	15,721.51	15,721.51	10,856.31	4,865.20
Vital statistics	502.15	502.15	86.08	416.07
Garbage and trash removal	3,942.35	3,942.35	3,344.00	598.35
Public buildings and grounds	479.80	479.80	262.56	217.24
Stormwater permits	2,145.04	2,145.04	1,672.00	473.04
Building inspector	1,753.09	1,753.09	1,492.15	260.94
Electrical inspector	315.68	315.68	295.00	20.68
Plumbing inspector	213.03	213.03	195.18	17.85
Fire protection official	73.72	73.72	57.69	16.03

TOWNSHIP OF SOUTHAMPTON
CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - 2010
For the Year Ended December 31, 2011

	Balance December 31, 2010	Balance After Transfers	Paid or Charged	Lapsed
Other expenses:				
Human resources	\$ 1,000.00	\$ 1,000.00	\$ 0.00	\$ 1,000.00
Executive	6,830.47	6,830.47	4,254.08	2,576.39
Municipal clerk	2,941.85	2,941.85	14.61	2,927.24
Data processing	2,957.13	2,957.13	1,802.13	1,155.00
Financial administration	359.52	359.52	0.00	359.52
Audit services	241.13	241.13	0.00	241.13
Assessment of taxes:				
Revision of tax map	92.30	892.30	870.20	22.10
Shared services - Shamong	0.09	0.09	0.00	0.09
Miscellaneous	1,298.10	1,298.10	220.50	1,077.60
Revenue administration	388.41	688.41	620.38	68.03
Legal services and costs	1,640.49	6,640.49	4,390.82	2,249.67
Engineering services and costs	19,234.65	24,234.65	19,816.50	4,418.15
Historical sites office	107.62	107.62	0.00	107.62
Municipal court	6,886.43	6,486.43	246.32	6,240.11
Planning board:				
Legal	214.00	214.00	200.00	14.00
Engineering	750.00	750.00	0.00	750.00
Miscellaneous	9.50	9.50	0.00	9.50
Zoning board of adjustment:				
Legal	925.00	925.00	400.00	525.00
Engineering	815.00	815.00	135.00	680.00
Miscellaneous	2,289.00	2,289.00	165.00	2,124.00
Zoning board	1,496.71	1,496.71	353.08	1,143.63

See Accompanying Auditor's Report

TOWNSHIP OF SOUTHAMPTON
CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - 2010
For the Year Ended December 31, 2011

	Balance December 31, 2010	Balance After Transfers	Paid or Charged	Lapsed
Other expenses (continued):				
Planner	\$ 8,826.50	\$ 8,826.50	\$ 482.00	\$ 8,344.50
Public defender	1,700.00	1,700.00	0.00	1,700.00
Insurance:				
General liability	17.00	17.00	0.00	17.00
Employee group health	716.38	716.38	0.00	716.38
Unemployment compensation	1,385.36	1,385.36	0.00	1,385.36
Surety bond premiums	2,000.00	2,000.00	1,000.00	1,000.00
Other insurance premiums	2,853.95	2,853.95	1,911.60	942.35
Office of emergency management	3,098.79	3,098.79	1,389.91	1,708.88
911 Coordinator	1,500.00	1,500.00	0.00	1,500.00
EMT services	17,756.19	17,756.19	15,343.25	2,412.94
Municipal prosecutor	425.48	425.48	0.00	425.48
Crossing guards	27.64	27.64	0.00	27.64
Police courtroom security	200.00	200.00	0.00	200.00
Road repairs and maintenance	50,812.51	50,812.51	25,229.77	25,582.74
Other public works functions (shade tree)	2,748.00	2,748.00	1,200.00	1,548.00
Recycling	1,894.63	1,894.63	0.00	1,894.63
Garbage and trash removal	3,413.34	3,413.34	840.14	2,573.20
Public buildings and grounds	9,102.79	9,102.79	6,710.98	2,391.81
Vehicle maintenance	20,535.25	20,535.25	13,030.15	7,505.10
Vital statistics	190.00	190.00	116.02	73.98
Environmental commission	1,316.52	1,316.52	0.00	1,316.52
Animal control services	1,500.00	4,860.00	4,851.84	8.16
Administration of public assistance	420.00	420.00	210.00	210.00

See Accompanying Auditor's Report

TOWNSHIP OF SOUTHAMPTON
CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - 2010
For the Year Ended December 31, 2011

	Balance December 31, 2010	Balance After Transfers	Paid or Charged	Lapsed
Other expenses (continued):				
Maintenance of parks	\$ 1,724.21	\$ 224.21	\$ 0.00	\$ 224.21
Celebration of public events	1,155.20	1,155.20	450.00	705.20
Electricity	824.54	2,124.54	2,088.15	36.39
Street lighting	17,212.99	14,412.99	13,758.73	654.26
Telephone	2,306.86	1,946.86	0.00	1,946.86
Telecommunications costs	3,596.56	3,596.56	389.13	3,207.43
Fuel oil	1,006.78	1,216.78	1,215.12	1.66
Gasoline	6,155.32	7,155.32	5,088.47	2,066.85
Water	455.07	455.07	89.44	365.63
Propane	1,917.21	1,917.21	1,104.61	812.60
Sewerage processing	1,105.03	1,505.03	1,461.88	43.15
Fire hydrants	2,051.16	2,051.16	1,888.10	163.06
Registration of bonds	320.00	320.00	0.00	320.00
Sanitary landfill - contractual	54,766.39	44,766.39	26,174.75	18,591.64
Building inspector	7,794.31	7,794.31	1,205.88	6,588.43
Statutory expenditures:				
Contributions to social security system	3,542.95	1,232.95	0.00	1,232.95

TOWNSHIP OF SOUTHAMPTON
CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - 2010
For the Year Ended December 31, 2011

	Balance December 31, 2010	Balance After Transfers	Paid or Charged	Lapsed
Other expenses (concluded):				
Stormwater permits (NJDEP)	\$ 7,206.31	\$ 7,206.31	\$ 5,175.81	\$ 2,030.50
Total	\$ 337,080.33	\$ 337,080.33	\$ 193,481.43	\$ 143,598.90
<u>Ref.</u>	A	A	A-4	A-1
Appropriation reserves	\$ 282,287.61			
Reserve for encumbrances	54,792.72			
	<u>\$ 337,080.33</u>			

**TOWNSHIP OF SOUTHAMPTON
CURRENT FUND
SCHEDULE OF LOCAL DISTRICT TAXES
For the Year Ended December 31, 2011**

	<u>Ref.</u>	
Balance - December 31, 2010 (prepaid)	A	\$ (1.40)
Increased by:		
Levy for calendar year 2011	A-1	10,402,094.00
		<u>10,402,092.60</u>
Decreased by:		
Payments	A-4	10,402,093.98
		<u>10,402,093.98</u>
Balance - December 31, 2011 (prepaid)	A	<u>\$ (1.38)</u>

See Accompanying Auditor's Report

TOWNSHIP OF SOUTHAMPTON
CURRENT FUND
SCHEDULE OF REGIONAL HIGH SCHOOL TAXES
For the Year Ended December 31, 2011

	<u>Ref.</u>		
Balance - December 31, 2010:			
School tax payable	A	\$ 2,666,783.59	
School tax deferred	Contra	<u>724,910.00</u>	
			\$ 3,391,693.59
Increased by:			
Levy for school year July 1, 2011 to June 30, 2012	A-1		<u>7,108,256.19</u>
			<u>10,499,949.78</u>
Decreased by:			
Payments	A-4		<u>7,244,190.84</u>
Balance - December 31, 2011:			
School tax payable	A	2,530,848.94	
School tax deferred	Contra	<u>724,910.00</u>	
			<u>\$ 3,255,758.94</u>

See Accompanying Auditor's Report

TOWNSHIP OF SOUTHAMPTON
 FEDERAL AND STATE GRANT FUND
 SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE
 For the Year Ended December 31, 2011

Purpose	Balance December 31, 2010	2011 Revenue	Received	Unappropriated Reserve	Canceled	Balance December 31, 2011
State grants:						
Clean communities program	\$ 0.00	\$ 26,137.77	\$ 26,034.04	\$ 0.00	\$ 103.73	\$ 0.00
Recycling tonnage grant	0.00	15,384.33	0.00	15,384.33	0.00	0.00
N.J. transportation trust fund authority act:						
Meadowvick Lane	7,279.91	0.00	0.00	0.00	7,279.91	0.00
Old Indian Mills Road	75,788.60	0.00	0.00	0.00	75,788.60	0.00
Municipal drug alliance	6,843.80	0.00	3,500.00	0.00	3,343.80	0.00
NJEDA - HSDR grant - Stokes	35,091.75	0.00	0.00	0.00	35,091.75	0.00
DCA - Smart future planning grant	4,000.00	0.00	4,000.00	0.00	0.00	0.00
ANJEC - 2008 Smart growth forest conservation plan	5,000.00	0.00	0.00	0.00	0.00	5,000.00
Community development block grant	0.00	72,000.00	46,090.40	0.00	0.00	25,909.60
Municipal park development program - playground improvements	0.00	65,307.00	0.00	0.00	0.00	65,307.00
Local grants:						
Burlington County - CDBG - Vincentown sidewalks	12,569.50	0.00	0.00	0.00	12,569.50	0.00
	<u>\$ 146,573.56</u>	<u>\$ 178,829.10</u>	<u>\$ 79,624.44</u>	<u>\$ 15,384.33</u>	<u>\$ 134,177.29</u>	<u>\$ 96,216.60</u>

Ref.

A

A-2

A-4

A-3

A-13

A

**TOWNSHIP OF SOUTHAMPTON
FEDERAL AND STATE GRANT FUND
SCHEDULE OF RESERVE FOR FEDERAL AND STATE GRANTS - APPROPRIATED
For the Year Ended December 31, 2011**

Grant	Balance December 31, 2010	From 2011 Budget Appropriations	Expended	Canceled	Balance December 31, 2011
State share:					
Clean communities program	\$ 13,319.58	\$ 26,137.77	\$ 22,712.55	\$ 103.73	\$ 16,641.07
Recycling tonnage grant	1,060.82	15,384.33	16,445.15	0.00	0.00
Municipal drug alliance	4,963.78	0.00	0.00	4,963.78	0.00
Parking trust fund	7,500.00	0.00	0.00	0.00	7,500.00
N.J. transportation trust fund authority act - Meadowyck Lane	9,326.54	0.00	0.00	9,326.54	0.00
N.J. transportation trust fund authority act - Old Indian Mills Road	72,686.60	0.00	(3,102.00)	75,788.60	0.00
NJEDA - HSDR grant - Stokes	10,920.00	0.00	0.00	10,920.00	0.00
DCA - Smart future planning grant	2,000.00	0.00	2,000.00	0.00	0.00
Community development block grant	0.00	72,000.00	46,090.40	0.00	25,909.60
Municipal park development program - playground improvements	0.00	65,307.00	42,476.24	0.00	22,830.76
Total state share	121,777.32	178,829.10	126,622.34	101,102.65	72,881.43
Local share:					
Gypsy moth program	23,196.64	0.00	0.00	23,196.64	0.00
Matching funds for grants	2,514.30	2,000.00	0.00	0.00	4,514.30
Burlington County CDBG removal sidewalks	12,569.50	0.00	0.00	12,569.50	0.00
Municipal drug alliance	1,500.00	0.00	0.00	1,500.00	0.00
Total local share	39,780.44	2,000.00	0.00	37,266.14	4,514.30
	\$ 161,557.76	\$ 180,829.10	\$ 126,622.34	\$ 138,368.79	\$ 77,395.73
	Ref.	A	A-3	A-1	A
Disbursed			\$ 68,956.74		
Encumbrances			57,665.60		
			\$ 126,622.34		
Cancellation of state and federal grants receivable				\$ 134,177.29	
Charge to budget operations				4,191.50	
				\$ 138,368.79	

TOWNSHIP OF SOUTHAMPTON
 STATE AND FEDERAL GRANT
 SCHEDULE OF RESERVE FOR FEDERAL AND STATE GRANTS - UNAPPROPRIATED
 For the Year Ended December 31, 2011

	Balance December 31, 2010	Received In 2011	Applied to Receivables	Balance December 31, 2011
Recycling tonnage grant	\$ 15,384.33	\$ 14,565.18	\$ 15,384.33	\$ 14,565.18
	<u>\$ 15,384.33</u>	<u>\$ 14,565.18</u>	<u>\$ 15,384.33</u>	<u>\$ 14,565.18</u>
Ref.	A	A-4	A-12	A

See Accompanying Auditor's Report

TRUST FUND

****SCHEDULES****

**TOWNSHIP OF SOUTHAMPTON
TRUST FUND
SCHEDULE OF CASH - CHIEF FINANCIAL OFFICER
For the Year Ended December 31, 2011**

	Ref.	Total	Animal Control	Other Funds
Balance - December 31, 2010	B	\$ 1,169,996.23	\$ 322.04	\$ 1,169,674.19
Receipts:				
Dog licenses	B-3	1,850.00	1,850.00	0.00
Interest earned		5,851.87	1.38	5,850.49
Late fees	B-3	150.30	150.30	0.00
Kennel licenses	B-3	125.00	125.00	0.00
Budget appropriation transfer		5,000.00	0.00	5,000.00
State dog license fees	Contra	660.00	660.00	0.00
Transfer from current fund		30.00	15.00	15.00
Reserve for escrow		174,668.31	0.00	174,668.31
Reserve for open space trust fund	B-6	152,571.74	0.00	152,571.74
Public defender fees		3,365.00	0.00	3,365.00
Total receipts		<u>344,272.22</u>	<u>2,801.68</u>	<u>341,470.54</u>
		<u>1,514,268.45</u>	<u>3,123.72</u>	<u>1,511,144.73</u>
Disbursements:				
Due to current fund		1,329.61	16.44	1,313.17
Paid to State of New Jersey:				
Dog license fees	Contra	660.00	660.00	0.00
Reserve for public defender		4,200.00	0.00	4,200.00
Reserve for escrow		133,292.33	0.00	133,292.33
Reserve for accumulated absences		1,195.45	0.00	1,195.45
Reserve for municipal open space	B-6	54,000.00	0.00	54,000.00
Payment of bond anticipation notes	B-6;C-7	125,000.00	0.00	125,000.00
Reserve for recreation trust fund		6,669.80	0.00	6,669.80
Reserve for unemployment		4,267.69	0.00	4,267.69
Expenditures under R.S. 4:19-15.11	B-3	2,408.05	2,408.05	0.00
Total disbursements		<u>333,022.93</u>	<u>3,084.49</u>	<u>329,938.44</u>
Balance - December 31, 2011	B	<u>\$ 1,181,245.52</u>	<u>\$ 39.23</u>	<u>\$ 1,181,206.29</u>

See Accompanying Auditor's Report

**TOWNSHIP OF SOUTHAMPTON
TRUST FUND
SCHEDULE OF CASH - COLLECTOR
For the Year Ended December 31, 2011**

	Ref.	Total	Tax Sale Premium Trust Fund	Tax Title Lien Redemption Trust Fund
Balance - December 31, 2010	B	\$ 100,754.43	\$ 100,752.87	\$ 1.56
Increased by:				
Deposits for redemption of liens	B-4	212,447.41	0.00	212,447.41
Premium received at tax sale	B-5	69,800.00	69,800.00	0.00
Interest on investment		421.43	398.28	23.15
		<u>282,668.84</u>	<u>70,198.28</u>	<u>212,470.56</u>
		383,423.27	170,951.15	212,472.12
Decreased by:				
Redemption of liens	B-4	181,780.61	0.00	181,780.61
Refund of premium upon redemption:				
Current year	B-5	77,000.00	77,000.00	0.00
Due to current fund		452.13	430.76	21.37
		<u>259,232.74</u>	<u>77,430.76</u>	<u>181,801.98</u>
Balance - December 31, 2011	B	<u>\$ 124,190.53</u>	<u>\$ 93,520.39</u>	<u>\$ 30,670.14</u>

See Accompanying Auditor's Report

**TOWNSHIP OF SOUTHAMPTON
TRUST FUND
ANIMAL CONTROL FUND
SCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES
For the Year Ended December 31, 2011**

	<u>Ref.</u>		
Balance - December 31, 2010	B	\$	322.01
Increased by:			
Dog license fees collected	B-1	\$	1,850.00
Late and miscellaneous fees collected	B-1		150.30
Kennel license fees collected	B-1		<u>125.00</u>
			<u>2,125.30</u>
			2,447.31
Decreased by:			
Expenditures under R.S. 4:19-15.11	B-1		<u>2,408.05</u>
Balance - December 31, 2011	B	<u>\$</u>	<u>39.26</u>

<u>License Fees Collected</u>	
<u>Year</u>	<u>Amount</u>
2009	\$ 2,448.00
2010	<u>2,280.00</u>
	<u>\$ 4,728.00</u>

See Accompanying Auditor's Report

**TOWNSHIP OF SOUTHAMPTON
TRUST FUND - OTHER
SCHEDULE OF TAX TITLE LIEN REDEMPTIONS
For the Year Ended December 31, 2011**

	<u>Ref.</u>	<u>Tax Title Lien Redemptions</u>
Balance - December 31, 2010	B	\$ 0.00
Increased by:		
Receipt	B-2	212,447.41
		<u>212,447.41</u>
Decreased by:		
Disbursement	B-2	181,780.61
		<u>181,780.61</u>
Balance - December 31, 2011	B	<u>\$ 30,666.80</u>

See Accompanying Auditor's Report

TOWNSHIP OF SOUTHAMPTON
TRUST FUND
SCHEDULE OF PREMIUM RECEIVED AT TAX SALE
For the Year Ended December 31, 2011

	<u>Ref.</u>	
Balance - December 31, 2010	B	\$ 100,700.00
Increased by:		
Premium received at tax sale	B-2	<u>69,800.00</u>
		170,500.00
Decreased by:		
Premium refunded at redemption:		
Current year	B-2	<u>77,000.00</u>
Balance - December 31, 2011	B	<u><u>\$ 93,500.00</u></u>

See Accompanying Auditor's Report

**TOWNSHIP OF SOUTHAMPTON
TRUST FUND
SCHEDULE OF RESERVE FOR MUNICIPAL OPEN SPACE
For the Year Ended December 31, 2011**

	<u>Ref.</u>		
Balance - December 31, 2010	B		\$ 543,303.83
Increased by:			
Municipal tax levy 2011	A-6	\$ 152,571.74	
Added and omitted taxes	A-6	524.64	
Interest on investments		<u>2,597.96</u>	
			<u>155,694.34</u>
			698,998.17
Decreased by:			
Expenditure for farmland preservation	B-1	54,000.00	
Payment of bond anticipation notes	B-1;C-7	<u>125,000.00</u>	
			<u>179,000.00</u>
Balance - December 31, 2011	B		<u>\$ 519,998.17</u>

See Accompanying Auditor's Report

GENERAL CAPITAL FUND

****SCHEDULES****

**TOWNSHIP OF SOUTHAMPTON
GENERAL CAPITAL FUND
SCHEDULE OF CASH - CHIEF FINANCIAL OFFICER
For the Year Ended December 31, 2011**

	<u>Ref.</u>		
Balance - December 31, 2010	C		\$ 3,159,418.54
Increased by receipts:			
Interest earned on investments		\$ 16,118.52	
Bond anticipation notes	C-8	1,224,500.00	
Budget appropriation - payment of bond anticipation notes	A-3	204,250.00	
Interest due on bond anticipation notes	Contra	<u>17,809.77</u>	<u>1,462,678.29</u>
			4,622,096.83
Decreased by disbursements:			
Improvement authorizations	C-6	105,530.19	
Bond anticipation notes	C-8	1,428,750.00	
Interest due on bond anticipation notes	Contra	17,809.76	
Reserve for encumbrances		125,017.23	
Due to current fund		<u>15,339.02</u>	<u>1,692,446.20</u>
Balance - December 31, 2011	C		<u>\$ 2,929,650.63</u>

See Accompanying Auditor's Report

**TOWNSHIP OF SOUTHAMPTON
GENERAL CAPITAL FUND
ANALYSIS OF CASH
For the Year Ended December 31, 2011**

	Balance December 31, 2011
Capital improvement fund	\$ 457,750.00
Reserve for assessment revaluation	2,000.00
Reserve for debt service	302,085.98
Down payment on capital improvement	321.00
Due to current fund	9,041.46
Due from state and federal grant fund	(140,000.00)
Contract payable	1,051,343.09
Fund balance	3,191.31
Improvement authorizations:	
Ordinance	
<u>Number</u>	
2005-3 Acquisition of real property	57,698.25
2005-12 Improvement to various roads	35,979.68
2006-9 Improvement to roads	75,204.95
2006-18 Acquisition of E.M.S. vehicle	(105,415.80)
2007-17 Acquisition of various pieces of equipment and the completion of various capital improvements	455,289.91
2009-08 Purchase of EMS ambulance and the cost of engineer fees on capital projects	150,000.00
2009-10 Acquisition of sound recording system	520.09
2009-11 Architectural design for recreation and open space at the Good Farm	37,483.62
2010-10 Purchase of wood chipper for public works	4,915.00
2010-14 Refurbish two fire trucks	1,087.60
2011-05 Rehabilitation and improvement of Friendship Road, Emmons Road, and Brace Road	64,948.89
2011-06 Acquisition of 2 dump trucks, repair and/or resurfacing of various township roads, acquisition of a rear loading trash truck, 2010 3 ton portable diesel asphalt heating unit with dump capability	394,211.00
2011-13 Engineering of various road improvements	51,994.60
2011-14 Various improvements and repairs to fire truck	20,000.00
	\$ 2,929,650.63
Ref.	C

See Accompanying Auditor's Report

TOWNSHIP OF SOUTHAMPTON
 GENERAL CAPITAL FUND
 SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED
 For the Year Ended December 31, 2011

Improvement Description	Ordinance Number	Balance December 31, 2011	Financed By Bond Anticipation Notes	Analysis Of Balance December 31, 2011	
				Expended	Unexpended Improvement Authorization
Acquisition of E.M.S. vehicle	2006-18	\$ 105,415.80	\$ 0.00	\$ 0.00	\$ 105,415.80
Acquisition of various pieces of equipment and the completion of various capital improvements	2007-17	1,224,500.00	1,224,500.00	0.00	0.00
		<u>\$ 1,329,915.80</u>	<u>\$ 1,224,500.00</u>	<u>\$ 0.00</u>	<u>\$ 105,415.80</u>
	Ref.	C	C-8		C-6

**TOWNSHIP OF SOUTHAMPTON
 GENERAL CAPITAL FUND
 SCHEDULE OF CAPITAL IMPROVEMENT FUND
 For the Year Ended December 31, 2011**

	<u>Ref.</u>	
Balance - December 31, 2010	C	<u>\$ 457,750.00</u>
Balance - December 31, 2011	C	<u><u>\$ 457,750.00</u></u>

See Accompanying Auditor's Report

TOWNSHIP OF SOUTHAMPTON
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS
For the Year Ended December 31, 2011

Improvement Description	No.	Ordinance Date	Amount	Balance December 31, 2010		Transfers	Paid Or Charged	Balance December 31, 2011	
				Funded	Unfunded			Funded	Unfunded
Acquisition of real property	2005-03	04/19/05	\$ 825,000.00	\$ 787,888.33	\$ 0.00	\$ (720,450.00)	\$ 9,740.08	\$ 57,698.25	\$ 0.00
Improvement to various road	2005-12	06/21/05	1,627,000.00	43,672.18	0.00	0.00	7,692.50	35,979.68	0.00
Improvement to roads	2006-09	04/18/06	1,580,000.00	75,204.95	0.00	0.00	0.00	75,204.95	0.00
Acquisition of various pieces of equipment and the completion of various capital improvements	2007-17	11/20/07	2,150,000.00	0.00	622,758.07	(20,000.00)	147,468.16	0.00	455,289.91
Purchase an EMS ambulance and the cost of engineer fees on capital projects	2009-08	08/18/09	220,000.00	150,000.00	0.00	0.00	0.00	150,000.00	0.00
Acquisition of sound recording system	2009-10	09/15/09	10,202.59	520.09	0.00	0.00	0.00	520.09	0.00
Architectural design for recreation and open space at the Good Farm	2009-11	09/15/09	37,483.62	37,483.62	0.00	0.00	0.00	37,483.62	0.00
Purchase of wood chipper for public works	2010-10	07/20/10	50,000.00	3,847.00	0.00	0.00	(1,068.00)	4,915.00	0.00
Refurbish two fire trucks	2010-14	10/19/10	50,000.00	28,421.99	0.00	0.00	27,334.39	1,087.60	0.00
Purchase two public works trucks	2010-15	10/19/10	100,000.00	5,050.00	0.00	0.00	5,050.00	0.00	0.00
Rehabilitation and improvement of Friendship Road, Emmons Road, and Brace Road	2011-05	03/15/11	100,000.00	0.00	0.00	100,000.00	35,051.11	64,948.89	0.00
Acquisition of 2 dump trucks, repair and/or resurfacing of various township roads, acquisition of a rear loading trash truck, 2010 3 ton portable diesel asphalt heating unit with dump capability	2011-06	05/17/11	545,450.00	0.00	0.00	545,450.00	151,239.00	394,211.00	0.00
Engineering of various road improvements	2011-13	09/20/11	75,000.00	0.00	0.00	75,000.00	23,005.40	51,994.60	0.00
Various improvements and repairs to fire truck	2011-14	12/20/11	20,000.00	0.00	0.00	20,000.00	0.00	0.00	20,000.00
				<u>\$ 1,132,088.16</u>	<u>\$ 622,758.07</u>	<u>\$ 0.00</u>	<u>\$ 405,512.64</u>	<u>\$ 874,043.68</u>	<u>\$ 475,289.91</u>
			<u>Ref.</u>	C	C	C-5		C	C
Disbursements			C-2				\$ 105,530.19		
Contracts payable							299,982.45		
							<u>\$ 405,512.64</u>		

See Accompanying Auditor's Report

TOWNSHIP OF SOUTHAMPTON
 GENERAL CAPITAL FUND
 SCHEDULE OF BONDS PAYABLE
 For the Year Ended December 31, 2011

Improvement Description	Date Of Issue	Original Issue	Maturities Of		Interest Rate	Balance December 31, 2010	Decreased By Principal Payment	Balance December 31, 2011
			Bonds Outstanding December 31, 2011	Amount				
Various capital improvements	09/01/98	\$ 1,359,000.00	09/01/12	\$ 90,000.00	4.625%	\$ 279,000.00	\$ 90,000.00	\$ 189,000.00
			09/01/13	99,000.00				
Various capital improvements	10/01/01	1,539,000.00	08/01/12	85,000.00	4.50%	974,000.00	85,000.00	889,000.00
			08/01/13	90,000.00				
			08/01/14-18	120,000.00				
			08/01/19	114,000.00				
Various capital improvements	07/27/06	8,130,000.00	07/01/12	320,000.00	4.30%	7,045,000.00	320,000.00	6,725,000.00
			07/01/13-14	345,000.00				
			07/01/15	395,000.00				
			07/01/16	420,000.00				
			07/01/17-18	445,000.00				
			07/01/019-21	470,000.00				
			07/01/22-26	520,000.00				
						\$ 8,298,000.00	\$ 495,000.00	\$ 7,803,000.00
					Ref.	C	A-3	C
General fund					A-3		\$ 370,000.00	
Municipal open space fund					B-6		125,000.00	
							\$ 495,000.00	

TOWNSHIP OF SOUTHAMPTON
 GENERAL CAPITAL FUND
 SCHEDULE OF BOND ANTICIPATION NOTES
 For the Year Ended December 31, 2011

Ordinance Number	Improvement Description	Date Of Original Note	Date Of Issue	Date Of Maturity	Interest Rate	Balance December 31, 2010	Increase	Decrease	Balance December 31, 2011	
2007-17	Acquisition of various pieces of equipment and the completion of various capital improvements	12/21/07	08/12/11	08/10/12	1.60%	\$ 1,428,750.00	\$ 1,224,500.00	\$ 1,428,750.00	\$ 1,224,500.00	
						\$ 1,428,750.00	\$ 1,224,500.00	\$ 1,428,750.00	\$ 1,224,500.00	C
					Ref.					C
	Renewals				C-2		\$ 1,224,500.00	\$ 1,224,500.00		
	Paid by budget appropriation				A-3		0.00	204,250.00		
							\$ 1,224,500.00	\$ 1,428,750.00	\$ 1,428,750.00	

TOWNSHIP OF SOUTHAMPTON
 GENERAL CAPITAL FUND
 SCHEDULE OF USDA LOANS PAYABLE
 For the Year Ended December 31, 2011

Ordinance Number	Improvement Description	Date Of Issue Of Original Note	Date Of Maturity	Interest Rate	Balance	
					December 31, 2010	December 31, 2011
	Purchase of fire truck - Vincentown Fire Company*	12/01	See Note 12	4.75%	\$ 25,255.24	\$ 0.00
	Purchase of fire truck - Hampton Lakes Fire Company**	12-03	See Note 12	4.625%	68,086.36	45,756.36
					<u>\$ 93,341.60</u>	<u>\$ 45,756.36</u>
						Decrease
					\$ 25,255.24	\$ 0.00
					\$ 22,330.00	\$ 45,756.36
					<u>\$ 47,585.24</u>	<u>\$ 45,756.36</u>

Ref. C C

*Monthly payments of \$2,361.00.

**Monthly payments of \$2,086.00.

TOWNSHIP OF SOUTHAMPTON
 GENERAL CAPITAL FUND
 SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
 For the Year Ended December 31, 2011

Ordinance Number	Improvement Description	Date of Ordinance	Balance December 31, 2010	Raised in 2011	Balance December 31, 2011
2006-18	Acquisition of E.M.S. vehicle	11/21/2006	\$ 122,875.80	\$ 17,460.00	\$ 105,415.80
			\$ 122,875.80	\$ 17,460.00	\$ 105,415.80

Ref. C A-3 C

See Accompanying Auditor's Report

SEWER UTILITY FUND

****SCHEDULES****

TOWNSHIP OF SOUTHAMPTON
SEWER UTILITY FUND
SCHEDULE OF CASH - CHIEF FINANCIAL OFFICER
For the Year Ended December 31, 2011

	Ref.	Operating	
Balance - December 31, 2010	D		\$ 14,178.11
Increased by receipts:			
Collections of sewer rents	D-5	\$ 191,265.33	
Due from current fund	A-4	60,000.00	
Miscellaneous revenue not anticipated	D-2	<u>2,385.00</u>	
			<u>253,650.33</u>
			267,828.44
Decreased by disbursements:			
Budget appropriations	D-3	124,852.40	
Accrued interest on loans		40,502.93	
Appropriation reserves	D-6	24,992.85	
Accounts payable	D-6	<u>517.34</u>	
			<u>190,865.52</u>
Balance - December 31, 2011	D		<u><u>\$ 76,962.92</u></u>

See Accompanying Auditor's Report

**TOWNSHIP OF SOUTHAMPTON
SEWER UTILITY OPERATING FUND
SCHEDULE OF SEWER RENTS RECEIVABLE
For the Year Ended December 31, 2011**

	<u>Ref.</u>	
Balance - December 31, 2010	D	\$ 74,652.21
Increased by:		
Sewer rents receivable		140,774.68
		<u>215,426.89</u>
Decreased by:		
Collection of sewer rents	D-4	\$ 191,265.33
Rent overpayments applied	D	<u>685.97</u>
		<u>191,951.30</u>
Balance - December 31, 2011	D	<u>\$ 23,475.59</u>

See Accompanying Auditor's Report

**TOWNSHIP OF SOUTHAMPTON
SEWER UTILITY OPERATING FUND
SCHEDULE OF APPROPRIATION RESERVES
For the Year Ended December 31, 2011**

	Ref.	Balance December 31, 2010	Paid Or Charged
Operating:			
Other expenses		\$ 25,510.19	\$ 25,510.19
	Ref.		D-4
Appropriation reserves	D	\$ 24,992.85	
Accounts payable	D	517.34	
		\$ 25,510.19	
	Ref.	D	D-4

See Accompanying Auditor's Report

TOWNSHIP OF SOUTHAMPTON
SEWER UTILITY CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS
For the Year Ended December 31, 2011

Ordinance Number	Improvement Description	Ordinance Date	Amount	Balance December 31, 2010		Authorizations Canceled	Balance December 31, 2011	
				Funded			Funded	
1994-3	Construction of a sewerage collection system in the Village of Vincentown	4/5/94	\$ 2,295,000.00	\$ 482.52	\$	482.52	\$	0.00
				\$ 482.52	\$	482.52	\$	0.00

Ref.

D

D

**TOWNSHIP OF SOUTHAMPTON
SEWER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL
For the Year Ended December 31, 2011**

		Balance December 31, 2010 and 2011
Sewer:		
Construction of a sewerage collection system in the Village of Vincentown	\$	2,295,000.00
		\$ 2,295,000.00
	Ref.	D

See Accompanying Auditor's Report

TOWNSHIP OF SOUTHAMPTON
SEWER UTILITY CAPITAL FUND
SCHEDULE OF USDA LOANS PAYABLE
For the Year Ended December 31, 2011

Purpose	Date Of Issue	Original Issue	Maturities Of Bonds Outstanding December 31, 2011	Balance	
				December 31, 2010	December 31, 2011
Construction of sewer system	11/28/95	\$ 1,100,000.00	*May, November 2012-35	\$ 905,046.80	\$ 884,851.73
				\$ 20,195.07	\$ 20,195.07
				<u>\$ 905,046.80</u>	<u>\$ 884,851.73</u>
				<u>\$ 20,195.07</u>	<u>\$ 20,195.07</u>
				<u>\$ 905,046.80</u>	<u>\$ 884,851.73</u>

Ref. D D

*Semi-annual payments of \$30,349.00 on May 28 and November 28 includes principal and interest. Payments commenced on May 28, 1998. See Note 12.

PAYROLL ACCOUNT

****SCHEDULES****

**TOWNSHIP OF SOUTHAMPTON
PAYROLL AGENCY ACCOUNT
SCHEDULE OF PAYROLL DEDUCTIONS PAYABLE
For the Year Ended December 31, 2011**

Public employees' retirement system	\$ 7,943.51
State of New Jersey unemployment/disability insurance	346.51
State of New Jersey family leave insurance	<u>23.76</u>
	<u>\$ 8,313.78</u>

Ref. F

See Accompanying Auditor's Report

GENERAL FIXED ASSETS

****SCHEDULES****

TOWNSHIP OF SOUTHAMPTON
 GENERAL FIXED ASSETS
 SCHEDULE OF ACTIVITY
 For the Year Ended December 31, 2011

	Balance December 31, 2010	Additions	Disposals	Adjustments	Balance December 31, 2011
Land and improvements	\$ 6,453,750.00	\$ 0.00	\$ 0.00	\$ (5,192,450.00)	\$ 1,261,300.00
Buildings	851,750.00	0.00	0.00	579,150.00	1,430,900.00
Equipment	1,332,016.50	52,962.00	20,223.00	0.00	1,364,755.50
	<u>\$ 8,637,516.50</u>	<u>\$ 52,962.00</u>	<u>\$ 20,223.00</u>	<u>\$ (4,613,300.00)</u>	<u>\$ 4,056,955.50</u>

Ref. G

G

TOWNSHIP OF SOUTHAMPTON

PART II

LETTER OF COMMENTS AND RECOMMENDATIONS

For the Year Ended December 31, 2011

GENERAL COMMENTS

Contracts and Agreements Required to be Advertised per N.J.S. 40A:11-4

N.J.S. 40A:11-4 states, "Every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the costs or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. No work, materials, or supplies shall be undertaken, acquired, or furnished for a sum exceeding in the aggregate \$26,000.00, except by contract or agreement".

The governing body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed Bidding Requirements within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Solicitor's opinion should be sought before a commitment is made.

The minutes indicate that bids were requested by public advertising for the following items:

Sidewalk, curbing, and apron improvements on Holly Boulevard in Hampton Lakes
Revaluation
Portable diesel asphalt heating unit
2011 Local road program (state contract)

N.J.S. 40A:11-5 provides for exceptions to the above-mentioned statutory bidding requirements for various stipulated areas of expenditures. Included in these areas of exception are all professional services which include but are not limited to solicitors, engineers, land surveyors, and accountants. However, in lieu of requiring formal bidding procedures for these categories of expenditures, in awarding contracts to fill these positions, certain other statutory requirements must be adhered to by the governing body. These requirements include the following stipulation (N.J.S. 40A:11-5 (l) (a) (i)):

"The governing body shall in each instance state supporting reasons for its action in the resolution awarding each contract and shall forthwith cause to be printed once, in a newspaper authorized by law to publish its legal advertisements, a brief notice stating the nature, duration, service, and amount of the contract, and that the resolution and contract are on file..."

My examination indicated that the Township complied with this requirement during 2011.

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

My examination of expenditures did not reveal any individual payments, contracts, or agreements in excess of \$26,000.00 "for the performance of any work or the furnishing or hiring of any materials or supplies," other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of N.J.S. 40A:11-6.

GENERAL COMMENTS (Concluded)

Contracts or Agreements Not Required to be Advertised in Accordance with N.J.S. 40A:11-6.1

N.J.S. 40A:11-6.1 states, "Except contracts which require the performance of professional services, all contracts or agreements which do not require public advertising for bids and the estimated cost or price exceeds \$3,900.00, at least three quotations as to the cost or price, whenever practicable, shall be solicited by the contracting agent, and the contract agreement shall be made with and awarded to the lowest responsible bidder."

Our audit indicated that, for individual payments, contracts, or agreements made "for the performance of any work or the furnishing or hiring of any materials or supplies" in excess of \$3,900.00, there was not documentation that solicitation for quotations was done in accordance with the provisions of N.J.S. 40A:11-6.1.

Collection of Interest on Delinquent Taxes and Assessments

The statute provides the method for authorizing interest and the maximum rate to be charged for the nonpayment of taxes on or before the date when they would become delinquent.

The governing body on January 4, 2011, adopted the following resolution authorizing interest to be charged on delinquent taxes and assessments:

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

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

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

Delinquent Taxes and Tax Title Liens

The delinquent taxes at December 31, 2011, include real estate taxes for 2011 and prior years that are in bankruptcy.

The last tax sale was held on August 12, 2011, and was complete.

Inspection of 2011 tax sale certificates revealed that all were on file.

The following comparison is made of the number of tax title liens receivable on December 31, of the last three years:

<u>Year</u>	<u>Number Of Liens</u>
2011	23
2010	19
2009	24

It is essential to good management that all means provided by statute be utilized to liquidate liens by seriously undertaking foreclosure proceedings on appropriate properties in order to get such properties back on a taxpaying basis.

OTHER COMMENTS

Examination of Bills

A test check of paid bills was made and each bill, upon proper approval, was considered as a separate and individual contract unless the records disclosed it to be a part payment or estimate.

Chief Financial Officer

Certain interfunds appear on the balance sheets of the various funds and should be cleared by appropriate cash transfers.

The escrow account records maintained by the Chief Financial Officer indicate an amount due from developers totaling \$39,277.03. The amount required to be posted when applications are made should be reviewed and increased if deemed necessary.

The annual reports from the fire companies, ambulance company, and the library are requested by the Township after the 2012 budget has been adopted. Since this audit was issued shortly after the budget adoption, some of these reports are not on file yet for the 2011 year. The 2010 annual reports, however, are on file and available for audit.

During our audit, it was found that some W-9's and business registration certificates were not on file for vendors. The Chief Financial Officer is currently in the process of updating all of these for their files. Thus, no recommendation is needed at this time.

Payroll Fund

The examination of the payroll fund included testing the detail computation of various deductions or other credits from the payroll of the Township employees. Also, the examination ascertained that the accumulated withholdings were disbursed to the proper agencies.

The amount reported as taxable wages on the NJ-927 for the second quarter was understated by \$22,579.02; the amount reported as wages in excess of \$29,700.00. The understatement of taxable wages resulted in an immaterial additional liability to the State of New Jersey. Information reported in all other quarters was correct. Since the understatement resulted in an immaterial difference in the Township's liability to the State, no recommendation was deemed necessary. However, care should be taken in preparing all payroll tax returns.

Construction Code Office

Indirect costs - These costs are allocated to the construction code budget appropriation and are within the limits as set by regulations N.J.A.C. 5:23-4.17(c).

Annual report - An annual report of revenue, expenditures, and a recommendation for any fee increase or decrease was filed with the governing body.

Construction Code Costs - A test was conducted to determine that all revenues collected for construction code fees are applied to pay for municipal costs of enforcing the Uniform Construction Code [N.J.A.C. 5:23.17(c)2]. No exceptions were discovered as a result of the test that would indicate that construction code revenues were not being applied to pay for costs related to enforcement of the Uniform Construction Code.

OTHER COMMENTS (Concluded)

Municipal Court

A separate report of the Municipal Court transactions was filed in accordance with the requirements of the Local Finance Board.

As part of the test of the records, no attempt was made to differentiate among fines due the Township, the County, or the State, or to pass upon the authenticity of the preparation and procedures for complaints issued.

The scope of our audit was limited with regards to testing the actual status of individual traffic and criminal cases that were listed on the Monthly Management Report as being in an active status. The Automated Traffic System (ATS) and the Automated Criminal System (ACS), the computer software systems utilized by the municipal court, does not provide a detail listing of the active cases for an audit test to be applied.

A test sample was selected of traffic and criminal cases processed through the system. The purpose of the test was to determine that traffic fines were levied in accordance with state statutes, that payments on complaints were deposited intact and on a timely basis, that dispositions were entered in traffic and criminal dockets, closure procedures for delinquent traffic tickets were enforced, and that proper procedures were in effect for defendants paying on the partial payment system. This test disclosed no discrepancies.

TOWNSHIP OF SOUTHAMPTON
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
For the Year Ended December 31, 2011

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

Finding No. 2011-1

Criteria or Specific Requirement

Pursuant to N.J.S. 40A:11-6.1, at least 3 quotes are required to be obtained for applicable purchases in excess of \$3,900.00.

Condition

The Township did not obtain at least 3 quotes for applicable purchases in excess of \$3,900.00.

Context

Quotes are required to be obtained for applicable purchases in excess of \$3,900.00 to ensure that the best possible price will be received for the purchase of Township goods and services.

Effect

Non-compliance with N.J.S. 40A:11-6.1.

Cause

Obtaining quotes was not enforced when purchases were made.

Recommendation

At least 3 quotes should be obtained for all applicable purchases in excess of \$3,900.00 as mandated by N.J.S. 40A:11-6.1.

View of Responsible Officials and Planned Corrective Action

The responsible officials agree with the finding and will take corrective action in 2012.

**TOWNSHIP OF SOUTHAMPTON
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND
QUESTIONED COSTS AS PREPARED BY MANAGEMENT**

This section identifies the status of prior year findings related to the financial statements and State Financial Assistance that are required to be reported in accordance with *Government Auditing Standards*, OMB Circular A-133 and State of New Jersey Circular 04-04-OMB.

FINANCIAL STATEMENT FINDINGS

Finding No. 2010-1

Criteria or Specific Requirement

Escrow trust fund amounts required to be posted when applications are made need to cover the costs of the escrow fees.

Condition

The Township has a receivable in the amount of \$39,277.03 in the escrow account which is due from Developers.

Context

The Township charged individual applicant's escrow accounts for charges in excess of the escrow balances available.

Effect

Receivable amounts were required to be established due to the individual applicant's excess charges over the escrow balances available.

Cause

The amount required to be posted when applications are made was insufficient.

Recommendation

The amount required to be posted when applications are made should be reviewed and increased if deemed necessary.

View of Responsible Officials and Planned Corrective Action

The responsible officials agree with the finding and will take corrective action in 2012.

**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	
Robert Moore	Deputy Mayor	
C. Edman Budd	Committeeperson	
Joseph Laufer	Committeeperson	
James Minster	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	
James Renwick	Assessor	
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.

The problems and weaknesses noted in my review were not of such magnitude that they would affect my ability to express an opinion on the financial statements taken as a whole.

Should any questions arise as to my comments to recommendations, or should you desire assistance in implementing my recommendations, please do not hesitate to call me.

I desire to express my appreciation for the assistance and courtesies rendered by the Township officials during the course of the audit.

Respectfully submitted,

Ball, Buckley & Seher, LLP

BALL, BUCKLEY & SEHER, LLP
Certified Public Accountants



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