

TOWNSHIP OF SOUTHAMPTON

COUNTY OF BURLINGTON

REPORT OF AUDIT

For the Year Ended December 31, 2015

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, 2015



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

Report on the Financial Statements

We have audited the accompanying statements of assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Township of Southampton, County of Burlington, State of New Jersey, as of December 31, 2015 and 2014, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis, statement of expenditures - regulatory basis, and statement of general fixed assets group of accounts for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; 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. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis of Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 to the financial statements, the financial statements are prepared by the Township on the basis of financial reporting provisions prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the State of New Jersey.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and the accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion of U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2015 and 2014, or the results of its operations and changes in fund balance for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to previously present fairly, in all material respects, the assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Township as of December 31, 2015 and 2014, and the results of its operations and changes in fund balance - regulatory basis of such funds for the years then ended, and the revenues - regulatory basis, expenditures - regulatory basis of the various funds, and general fixed assets, for the year ended December 31, 2015, in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Emphasis of Matter

As discussed in Note 1 to the financial statements, during the year ended December 31, 2015, the Township adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27, and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68. As a result of the regulatory basis of accounting, described in the previous paragraph, the implementation of these Statements only required financial statement disclosures. Our opinions are not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 18, 2016, on our consideration of the Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.

Disclaimer of Opinion on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Township'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
Woodbury, New Jersey



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

August 18, 2016



CERTIFIED PUBLIC ACCOUNTANTS



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements prepared on a regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey of the Township of Southampton, County of Burlington, State of New Jersey as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated August 18, 2016. That report indicated that the Township's financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America, but were prepared on a regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. In addition, our report on the financial statements also included an emphasis of matter paragraph describing the adoption of new accounting principles.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiencies as items 2015-1, 2015-2, 2015-3, and 2012-1.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township'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* and which is described in the accompanying summary schedule of prior year audit findings and questioned costs as items 2015-1, 2015-2, 2015-3, and 2012-1.

Township's Response to Finding

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

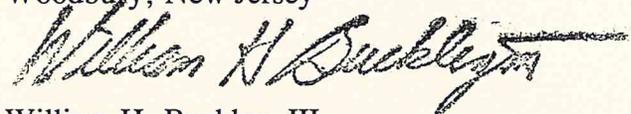
Purpose of this Report

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

Respectfully submitted,

Ball, Buckley & Seher, LLP

BALL, BUCKLEY & SEHER, LLP
Certified Public Accountants
Woodbury, New Jersey



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

August 18, 2016

CURRENT FUND

TOWNSHIP OF SOUTHAMPTON
CURRENT FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE
REGULATORY BASIS
December 31, 2015 and 2014

	Ref.	Balance December 31, 2015	Balance December 31, 2014
ASSETS			
Regular fund:			
Cash - chief financial officer	A-4	\$ 3,940,619.11	\$ 3,630,426.41
Change funds		240.00	240.00
		<u>3,940,859.11</u>	<u>3,630,666.41</u>
Receivables and other assets with full reserves:			
Delinquent property taxes receivable	A-6	297,740.88	465,377.42
Tax title liens receivable	A-7	782,074.39	766,854.35
Tax penalty receivable		1,985.22	3,203.61
Property acquired for taxes - assessed valuation	A	340,800.00	340,800.00
Revenue accounts receivable	A-8	7,342.85	10,038.50
Interfund amounts due from:			
State and federal grant trust fund	A	0.00	143,853.13
Trust funds	B	7,690.54	7,211.38
Animal control trust fund	B	0.41	0.30
General capital fund	C	143,350.03	0.00
Utility operating fund	D	18,412.49	88,412.49
Payroll funds	F	5,349.94	5,276.10
Prepaid local district school taxes	A-10	245,569.48	0.00
		<u>1,850,316.23</u>	<u>1,831,027.28</u>
Deferred charges:			
Cash deficit	A-1	2,427.04	116,438.46
Overexpenditure of appropriations	A-3	280.10	0.00
Overexpenditure of appropriations reserves	A-9	0.00	181.55
Emergency authorization (40A:4-47)	A-3	0.00	20,500.00
Special emergency authorization		0.00	90,000.00
		<u>2,707.14</u>	<u>227,120.01</u>
Total regular fund		5,793,882.48	5,688,813.70
Federal and state grant fund:			
Federal and state grant receivable	A-12	603,577.60	604,706.80
Amount due from current fund	A	11,479.03	0.00
		<u>615,056.63</u>	<u>604,706.80</u>
Total		\$ 6,408,939.11	\$ 6,293,520.50

LIABILITIES, RESERVES, AND FUND BALANCE

	Ref.	Balance December 31, 2015	Balance December 31, 2014
Regular fund:			
Appropriation reserves	A-3; A-9	\$ 326,928.04	\$ 216,532.69
Reserve for encumbrances - current year	A-3; A-9	84,121.47	75,532.21
Reserve for encumbrances - prior year		0.00	13,012.36
Tax overpayments	A-5; A-6	32,178.07	45,137.00
Prepaid taxes	A-8	218,180.78	243,078.09
Prepaid revenue	A-8	0.00	800.00
Due county for added and omitted taxes	A-6	11,165.23	7,067.55
Local school taxes payable	A-10	0.00	20.52
Regional high school taxes payable	A-11	2,453,973.73	2,437,794.67
Amount due to State of New Jersey for inspection fees	A-4	3,908.00	2,490.00
Amount due to State of New Jersey for veterans and senior citizens deductions	A-4; A-6	136,643.77	122,549.76
Amount due State of New Jersey - marriage license fees		150.00	0.00
Special emergency note payable	A	0.00	90,000.00
Interfund amount due to:			
Federal and state grant fund	A	11,479.03	0.00
Trust fund - other	B	74,521.81	73,925.38
General capital fund	C	0.00	365,277.12
Reserve for repairs to old telephone building		1,036.00	1,036.00
Reserve for revaluation	A-3	12,416.41	12,416.41
		<u>3,366,702.34</u>	<u>3,706,669.76</u>
Reserve for receivables and other assets	A	1,850,316.23	1,831,027.28
Fund balance	A-1	576,863.91	151,116.66
		<u>5,793,882.48</u>	<u>5,688,813.70</u>
Federal and state grant fund:			
Due to current fund		0.00	143,853.13
Reserve for federal and state grants:	C		
Appropriated	A-13	592,700.85	440,313.93
Unappropriated	A-14	13,223.19	13,531.74
Reserve for encumbrances	A-13	9,132.59	7,008.00
		<u>615,056.63</u>	<u>604,706.80</u>
Total		\$ 6,408,939.11	\$ 6,293,520.50

See Accompanying Notes to the Financial Statements

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

For the Years Ended December 31, 2015 and 2014

	Ref.	Year 2015	Year 2014
Revenue and other income realized:			
Fund balance utilized	A-2	\$ 0.00	\$ 250,000.00
Miscellaneous revenue anticipated	A-2	3,434,134.95	1,915,377.58
Receipts from delinquent taxes	A-2	472,984.99	344,930.03
Receipts from current taxes	A-2	26,295,017.06	25,182,435.23
Non-budget revenue	A-2	175,963.90	122,835.58
Other credits to income:			
Unexpended balance of appropriation reserves	A-9	86,301.54	38,482.00
Prior year encumbrances cancelled		13,012.36	0.00
Prior period adjustment cash		10.00	0.00
Total income		<u>30,477,424.80</u>	<u>27,854,060.42</u>
Expenditures:			
Budget and appropriations			
Operations:			
Salaries and wages	A-3	1,415,666.03	1,413,765.00
Other expenses	A-3	2,935,981.19	2,849,603.73
Capital improvements	A-3	20,000.00	60,000.00
Municipal debt service	A-3	1,920,117.43	988,920.97
Deferred charges and statutory expenditures	A-3	505,030.65	356,585.74
County taxes	A-6	4,447,075.48	4,115,860.13
County's share of added and omitted tax	A-6	11,165.23	7,067.55
Local district school tax	A-10	11,260,016.00	10,935,705.00
Municipal open space tax	A-6	199,530.46	199,641.11
Municipal open space share of added and omitted taxes	A-6	505.78	341.77
Regional high school tax	A-11	6,954,505.00	6,922,147.00
Prior period adjustment - state and federal grant revenue		0.00	24,557.59
Overexpenditure of appropriation reserves		0.00	181.55
Prepaid local district school taxes		245,569.48	0.00
Creation of interfund		136,794.92	116,803.29
Total expenditures		<u>30,051,957.65</u>	<u>27,991,180.43</u>
Excess or (deficit) in revenue		425,467.15	(137,120.01)
Expenditures included above which are by statute			
deferred charges to budget of succeeding year		280.10	20,681.55
Statutory excess to fund balance		<u>425,747.25</u>	<u>0.00</u>
Deficit in operations to be raised in budget of succeeding years			<u>\$ (116,438.46)</u>
Fund balance - January 1	A-1	151,116.66	401,116.66
		576,863.91	401,116.66
Decreased by utilization as anticipated revenue	A-2	<u>0.00</u>	<u>250,000.00</u>
Fund balance - December 31	A	<u>\$ 576,863.91</u>	<u>\$ 151,116.66</u>

See Accompanying Notes to the Financial Statements

TOWNSHIP OF SOUTHAMPTON
CURRENT FUND
STATEMENT OF REVENUES
REGULATORY BASIS
For the Year Ended December 31, 2015

	Ref.	Anticipated		Per N.J.S.A. 40A:4-87	Realized	Excess Or (Deficit)
		Budget	\$			
Fund balance anticipated	A-1	\$	0.00	\$	0.00	\$
Miscellaneous revenues:						
Licenses:						
Alcoholic beverages	A-8	12,500.00	0.00	0.00	12,805.00	305.00
Other	A-2	800.00	0.00	0.00	820.00	20.00
Fees and permits	A-2	66,000.00	0.00	0.00	67,539.34	1,539.34
Fines and costs - municipal court	A-8	96,000.00	0.00	0.00	107,929.42	11,929.42
Interest and costs on taxes	A-5	82,000.00	0.00	0.00	110,649.66	28,649.66
Interest on investments and deposits	A-4	3,900.00	0.00	0.00	18,937.42	15,037.42
Energy receipts tax	A-8	1,100,389.00	0.00	0.00	1,100,389.00	0.00
Open space pilot aid	A-8	5,472.00	0.00	0.00	5,472.00	0.00
Uniform construction code fees	A-8	142,500.00	0.00	0.00	200,942.60	58,442.60
Shared service agreements:						
Eastampton Township - vehicle maintenance services	A-4	1,000.00	0.00	0.00	1,001.12	1.12
Shamong Township - municipal court	A-4	29,000.00	0.00	0.00	34,529.67	5,529.67
Pemberton Township - trash collection	A-4	12,000.00	0.00	0.00	14,000.00	2,000.00
Special items of revenue:						
Recycling tonnage grant	A-13	13,142.91	0.00	0.00	13,142.91	0.00
Clean communities program	A-13	33,065.28	0.00	0.00	33,065.28	0.00
County of Burlington, park development project	A-13	88,750.00	0.00	0.00	88,750.00	0.00
County of Burlington, community development block grant	A-13	65,000.00	0.00	0.00	65,000.00	0.00
NJDOT - safe roads to schools	A-13	92,000.00	0.00	0.00	92,000.00	0.00
Sustainable New Jersey - small cities fund	A-13	10,000.00	0.00	0.00	10,000.00	0.00
Arbor day foundation - mini grant	A-13	0.00	300.00	300.00	300.00	0.00
Reserve for debt service - general capital fund	C	119,000.00	0.00	0.00	119,000.00	0.00
Rental income Good Farm	A-4	43,202.00	0.00	0.00	43,202.00	0.00
Cable television franchise fees	A-8	45,310.00	0.00	0.00	46,526.01	1,216.01
Housing inspection fees	A-8	27,000.00	0.00	0.00	41,383.52	14,383.52
Interfund liquidated - state and federal grants fund	A-8	143,750.00	0.00	0.00	143,750.00	0.00
Interfunds liquidated - utility operating fund		62,895.00	0.00	0.00	62,895.00	0.00
Sale of property		1,000,105.00	0.00	0.00	1,000,105.00	0.00
Total	A-1	3,294,781.19	300.00	300.00	3,434,134.95	139,053.76
A-1; A-2		375,000.00	0.00	0.00	472,984.99	97,984.99
Receipts from delinquent taxes						
Amount to be raised by taxes for support of municipal budget -						
local taxes for municipal purposes	A-2	3,726,122.34	0.00	0.00	3,957,519.44	231,397.10
Budget totals		7,395,903.53	300.00	300.00	7,864,639.38	468,435.85
A-1; A-2		0.00	0.00	0.00	175,963.90	175,963.90
Non-budget revenues						
Total	A-3	\$	7,395,903.53	\$	8,040,603.28	\$
A-3			300.00		644,399.75	

TOWNSHIP OF SOUTHAMPTON
CURRENT FUND
STATEMENT OF REVENUES
REGULATORY BASIS
For the Year Ended December 31, 2015

ANALYSIS OF REALIZED REVENUES

	<u>Ref.</u>	
Allocations of current tax collections:		
Revenue from collections	A-1; A-6	\$ 26,295,017.06
Allocated to:		
School taxes, county taxes and local open space taxes	A-6	<u>22,872,797.95</u>
Balance for support of municipal appropriations		3,422,219.11
Add: appropriation "reserve for uncollected taxes"	A-3	<u>535,300.33</u>
Amount for support of municipal budget appropriations	A-2	<u>\$ 3,957,519.44</u>
Analysis of receipts from delinquent taxes:		
Delinquent tax collections	A-6	\$ 436,225.54
Tax title lien collections	A-7	<u>36,759.45</u>
Total	A-2	<u>\$ 472,984.99</u>
Other licenses:		
Township clerk:		
Raffle licenses	A-8	\$ 20.00
Pig farm park licenses - prepaid 2014	A	<u>800.00</u>
	A-2	<u>\$ 820.00</u>
Other fees and permits:		
Tax collector:		
Trailer fees	A-5	\$ 67,539.34
	A-2	<u>\$ 67,539.34</u>

See Accompanying Notes to the Financial Statements

TOWNSHIP OF SOUTHAMPTON
CURRENT FUND
STATEMENT OF REVENUES
REGULATORY BASIS
For the Year Ended December 31, 2015

ANALYSIS OF NON-BUDGET REVENUES

	<u>Ref.</u>		
Chief financial officer:			
Refunds		\$ 28,434.78	
Administrative fee - statutory deductions		5,785.23	
Void prior years checks		1,265.24	
Employee contribution to health benefit cost		60,110.44	
Billboard rental		3,530.00	
Other rental fees		1,010.00	
State of New Jersey - FEMA reimbursement		52,644.90	
Sale of recyclable metals		2,453.36	
JIF safety award		2,825.00	
Miscellaneous		<u>3,028.91</u>	
	A-4		\$ 161,087.86
Tax collector:			
Duplicate tax sale certificate fees		250.00	
Board up fees		2,738.75	
Tax penalty received		3,031.28	
Miscellaneous		<u>80.00</u>	
	A-5		6,100.03
Revenue accounts receivable:			
Chief financial officer:			
Clerk	A-8	1,955.65	
Planning and zoning board application fees	A-8	4,975.00	
Municipal court other	A-8	44.65	
Tax search fees	A-8	90.00	
Registrar fees	A-8	984.00	
Discovery	A-8	<u>726.71</u>	
			<u>8,776.01</u>
Total	A-2		<u>\$ 175,963.90</u>

See Accompanying Notes to the Financial Statements

TOWNSHIP OF SOUTHAMPTON
 CURRENT FUND
 STATEMENT OF EXPENDITURES
 REGULATORY BASIS
 For the Year Ended December 31, 2015

	Appropriations			Expended			Unexpended Balance	
	Budget	Budget After Modifications	Paid Or Charged	Encumbrances	Reserved	Canceled	Overexpended	
OPERATIONS- within "CAP"								
General government functions:								
Human resources (personnel):								
Other expenses	\$ 500.00	\$ 500.00	\$ 0.00	\$ 0.00	\$ 500.00	\$ 0.00	\$ 0.00	\$ 0.00
Executive:								
Salaries and wages	166,251.00	175,551.00	174,907.12	0.00	643.88	0.00	0.00	0.00
Other expenses	35,000.00	35,700.00	32,262.32	2,846.71	590.97	0.00	0.00	0.00
Municipal clerk:								
Salaries and wages	31,127.00	31,227.00	31,093.60	0.00	133.40	0.00	0.00	0.00
Other expenses	7,100.00	7,100.00	6,659.04	0.00	440.96	0.00	0.00	0.00
Data processing:								
Salaries and wages	3,348.00	3,348.00	3,347.16	0.00	0.84	0.00	0.00	0.00
Other expenses	20,200.00	23,200.00	19,364.76	909.95	2,925.29	0.00	0.00	0.00
Financial administration:								
Salaries and wages	65,425.60	65,425.60	65,425.70	0.00	0.00	0.00	0.10	0.00
Other expenses	1,250.00	1,250.00	812.48	214.43	223.09	0.00	0.00	0.00
Audit services:								
Other expenses	36,000.00	36,000.00	34,410.35	0.00	1,589.65	0.00	0.00	0.00
Revenue - administration (tax collection):								
Salaries and wages	79,500.00	79,575.00	79,297.69	0.00	277.31	0.00	0.00	0.00
Other expenses	4,000.00	4,000.00	3,389.03	211.00	399.97	0.00	0.00	0.00
Tax assessment - administration:								
Salaries and wages	23,790.00	24,520.00	24,349.58	0.00	170.42	0.00	0.00	0.00
Other expenses:								
Revision of tax map	1,000.00	1,000.00	0.00	0.00	1,000.00	0.00	0.00	0.00
Miscellaneous	5,000.00	5,000.00	442.49	3,100.00	1,457.51	0.00	0.00	0.00
Legal services:								
Other expenses	104,800.00	104,800.00	59,702.70	0.00	45,097.30	0.00	0.00	0.00
Engineering services:								
Other expenses	90,000.00	90,000.00	59,459.62	6,629.90	23,910.48	0.00	0.00	0.00
Historical sites office:								
Salaries and wages	520.00	520.00	245.00	275.00	0.00	0.00	0.00	0.00
Other expenses	300.00	500.00	339.40	0.00	160.60	0.00	0.00	0.00
Municipal court:								
Salaries and wages	138,691.00	138,692.00	137,758.90	0.00	933.10	0.00	0.00	0.00
Other expenses	2,000.00	2,000.00	1,188.41	0.00	811.59	0.00	0.00	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, 2015

	Appropriations		Expended			Unexpended Balance Canceled	Overexpended
	Budget	Budget After Modifications	Paid Or Charged	Encumbrances	Reserved		
\$	12,859.34	\$ 13,229.34	\$ 13,194.57	\$ 0.00	\$ 34.77	\$ 0.00	\$ 0.00
Salaries and wages	3,400.00	3,400.00	1,344.48	0.00	2,055.52	0.00	0.00
Other expenses:	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Legal	3,000.00	3,000.00	976.75	75.00	1,948.25	0.00	0.00
Engineering							
Miscellaneous							
Zoning board of adjustment:							
Salaries and wages	6,215.35	6,275.35	6,153.35	0.00	122.00	0.00	0.00
Other expenses:	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Planner							
Legal	15,150.00	19,150.00	15,384.40	0.00	3,765.60	0.00	0.00
Engineering	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Miscellaneous	2,300.00	2,300.00	908.00	0.00	1,392.00	0.00	0.00
Zoning board:							
Salaries and wages	10,100.00	10,100.00	10,050.47	0.00	49.53	0.00	0.00
Other expenses	500.00	500.00	113.00	0.00	387.00	0.00	0.00
Public defender:							
Other expenses	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Insurance:							
General liability	70,000.00	67,000.00	65,740.00	0.00	1,260.00	0.00	0.00
Workers compensation	125,000.00	125,000.00	125,000.00	0.00	0.00	0.00	0.00
Employee group health	639,500.00	639,500.00	611,029.24	0.00	8,470.76	20,000.00	0.00
Employee group health waivers	5,000.00	5,000.00	5,000.00	0.00	0.00	0.00	0.00
Unemployment insurance	2,350.00	2,350.00	2,092.92	0.00	257.08	0.00	0.00
Surety bond premiums	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other insurance premiums	9,600.00	9,600.00	4,915.10	4,066.40	618.50	0.00	0.00
Flexible spending account	600.00	600.00	550.00	0.00	50.00	0.00	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, 2015

	Appropriations		Expended			Unexpended Balance Canceled	Overexpended
	Budget	Budget After Modifications	Paid Or Charged	Encumbrances	Reserved		
OPERATIONS- within "CAP"							
Public safety:							
Office of emergency management:							
Salaries and wages	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Other expenses	2,000.00	2,000.00	1,664.35	0.00	335.65	0.00	0.00
Aid to volunteer fire companies:							
Other expenses	60,000.00	60,000.00	60,000.00	0.00	0.00	0.00	0.00
Reverse 911 coordinator							
Other expenses	2,500.00	2,500.00	2,500.00	0.00	0.00	0.00	0.00
EMT:							
Other expenses	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Fire:							
Other expenses	20,000.00	20,000.00	20,000.00	0.00	0.00	0.00	0.00
Municipal prosecutor:							
Other expenses	11,500.00	11,500.00	10,228.56	0.00	1,271.44	0.00	0.00
Discovery:							
Salaries and wages	2,500.00	2,500.00	2,476.88	0.00	23.12	0.00	0.00
Police courtroom security:							
Salaries and wages	6,888.64	6,888.64	4,079.09	0.00	2,809.55	0.00	0.00
Other expenses	17,000.00	17,000.00	14,896.21	1,356.10	747.69	0.00	0.00
Public works functions:							
Street and road maintenance:							
Salaries and wages	355,927.00	355,927.00	343,093.85	0.00	12,833.15	0.00	0.00
Other expenses	154,000.00	154,000.00	118,744.81	33,592.50	1,662.69	0.00	0.00
Other public works functions (shade tree):							
Other expenses	2,825.00	2,825.00	1,378.00	0.00	1,447.00	0.00	0.00
Recycling:							
Salaries and wages	2,229.00	2,229.00	2,164.24	0.00	64.76	0.00	0.00
Other expenses	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Garbage and trash removal:							
Salaries and wages	215,177.00	215,177.00	202,827.54	0.00	12,349.46	0.00	0.00
Other expenses	5,500.00	5,500.00	4,478.36	423.25	598.39	0.00	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, 2015

	Appropriations			Expended			Unexpended Balance Canceled	Overexpended
	Budget	Budget After Modifications	Paid Or Charged	Encumbrances	Reserved			
OPERATIONS- within "CAP"								
Public works functions (concluded):								
Buildings and grounds:								
Salaries and wages	\$ 15,530.00	\$ 16,132.00	\$ 15,826.94	\$ 0.00	\$ 305.06	\$ 0.00	\$ 0.00	\$ 0.00
Other expenses	85,000.00	79,700.00	54,922.65	3,769.68	21,007.67	0.00	0.00	0.00
Vehicle maintenance:								
Other expenses	85,000.00	93,000.00	86,617.28	5,928.16	454.56	0.00	0.00	0.00
Health and human services:								
Vital statistics:								
Salaries and wages	6,670.00	6,945.00	6,922.07	0.00	22.93	0.00	0.00	0.00
Other expenses	1,000.00	2,000.00	576.80	0.00	1,423.20	0.00	0.00	0.00
Environmental commission:								
Salaries and wages	1,500.00	1,500.00	1,125.00	375.00	0.00	0.00	0.00	0.00
Other expenses	1,000.00	1,000.00	365.00	0.00	635.00	0.00	0.00	0.00
Animal control services:								
Other expenses	9,000.00	9,000.00	5,424.65	0.00	3,575.35	0.00	0.00	0.00
Welfare/administration of public assistance:								
Other expenses	800.00	800.00	305.00	0.00	495.00	0.00	0.00	0.00
Parks and recreation:								
Recreation services and programs:								
Other expenses	17,550.00	17,550.00	14,136.59	0.00	3,413.41	0.00	0.00	0.00
Maintenance of parks:								
Other expenses	6,800.00	2,885.00	1,527.84	0.00	1,357.16	0.00	0.00	0.00
Celebration of public events:								
Salaries and wages	1,000.00	1,000.00	1,000.00	0.00	0.00	0.00	0.00	0.00
Other expenses	4,500.00	4,500.00	4,361.47	0.00	138.53	0.00	0.00	0.00
Sanitation:								
Landfill/solid waste costs:								
Other expenses-contractual	346,000.00	346,000.00	305,433.60	0.00	40,566.40	0.00	0.00	0.00
Aid to library (N.J.S. 40:54-35):								
Other expenses	38,000.00	38,000.00	38,000.00	0.00	0.00	0.00	0.00	0.00

See Accompanying Notes to the Financial Statements

TOWNSHIP OF SOUTHAMPTON
CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
For the Year Ended December 31, 2015

	Appropriations		Expended			Unexpended Balance Canceled	Overexpended
	Budget	Budget After Modifications	Paid Or Charged	Encumbrances	Reserved		
OPERATIONS- within "CAP"							
Unclassified:							
Registration of bonds	\$ 3,100.00	\$ 3,100.00	\$ 2,330.00	\$ 1,050.00	\$ 0.00	\$ 0.00	\$ 280.00
Accumulated sick leave	1,000.00	1,000.00	1,000.00	0.00	0.00	0.00	0.00
JIF coordinator:							
Salaries and wages	1,030.00	1,031.00	1,030.00	0.00	1.00	0.00	0.00
JIF wellness program	1,000.00	1,000.00	770.35	0.00	229.65	0.00	0.00
Code enforcement and administration:							
Uniform construction code enforcement:							
Salaries and wages	62,000.00	61,867.00	61,050.72	0.00	816.28	0.00	0.00
Other expenses	9,000.00	12,000.00	9,079.93	37.00	2,883.07	0.00	0.00
Sub code officials:							
Plumbing inspector:							
Salaries and wages	11,312.00	11,312.00	10,980.84	0.00	331.16	0.00	0.00
Electrical inspector:							
Salaries and wages	17,098.00	17,099.00	17,098.12	0.00	0.88	0.00	0.00
Fire protection official:							
Salaries and wages	3,345.00	3,345.00	3,344.12	0.00	0.88	0.00	0.00
Utility expenses and bulk purchases:							
Electricity	47,500.00	42,033.00	29,295.85	1,028.14	6,709.01	5,000.00	0.00
Street lighting	143,000.00	143,000.00	120,510.95	11,621.84	10,867.21	0.00	0.00
Telephone	16,000.00	16,000.00	15,980.79	0.00	19.21	0.00	0.00
Telecommunications	11,800.00	11,800.00	11,737.42	0.00	62.58	0.00	0.00
Water	3,200.00	3,200.00	3,001.70	92.57	105.73	0.00	0.00
Propane	2,000.00	2,000.00	1,461.69	0.00	538.31	0.00	0.00
Fuel oil	3,500.00	3,500.00	1,675.67	0.00	1,824.33	0.00	0.00
Natural gas	10,000.00	10,000.00	8,812.25	121.88	1,065.87	0.00	0.00
Gasoline/diesel	128,000.00	114,400.00	68,943.31	2,894.17	17,562.52	25,000.00	0.00
Fire hydrants	42,000.00	42,000.00	35,508.65	1,035.20	5,456.15	0.00	0.00
Sewerage processing	1,400.00	1,400.00	820.20	294.02	285.78	0.00	0.00
Total operations within "CAP"	3,721,058.93	3,721,058.93	3,331,416.97	81,947.90	257,974.16	50,000.00	280.10

See Accompanying Notes to the Financial Statements

TOWNSHIP OF SOUTHAMPTON
CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
For the Year Ended December 31, 2015

	Appropriations		Expended			Unexpended Balance Canceled	Overexpended
	Budget	Budget After Modifications	Paid Or Charged	Encumbrances	Reserved		
<u>OPERATIONS- within "CAP"</u>							
<i>Detail:</i>							
Salaries and wages	\$ 1,256,533.93	\$ 1,267,915.93	\$ 1,234,071.11	\$ 650.00	\$ 33,194.92	\$ 0.00	\$ 0.10
Other expenses	2,464,525.00	2,453,143.00	2,097,345.86	81,297.90	224,779.24	50,000.00	280.00
<u>DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAP"</u>							
Deferred charges:							
Overexpenditure of appropriations	181.55	181.55	181.55	0.00	0.00	0.00	0.00
Deficit in sewer operating budget	14,388.00	14,388.00	0.00	0.00	0.00	14,388.00	0.00
Statutory expenditures:							
Contribution to:							
Public employees' retirement system	148,368.68	148,368.68	148,368.68	0.00	0.00	0.00	0.00
Social security system (O.A.S.I.)	106,000.00	106,000.00	105,974.16	0.00	25.84	0.00	0.00
Defined contribution retirement plan	930.00	930.00	825.92	0.00	104.08	0.00	0.00
Public employees' retirement system-ERT	7,579.00	7,579.00	7,579.00	0.00	0.00	0.00	0.00
Total deferred charges and statutory expenditures -within "CAP"	277,447.23	277,447.23	262,929.31	0.00	129.92	14,388.00	0.00
Cash deficit in prior years operations	114,011.42	114,011.42	114,011.42	0.00	0.00	0.00	0.00
Total general appropriations for municipal purposes within "CAP"	4,112,517.58	4,112,517.58	3,708,357.70	81,947.90	258,104.08	64,388.00	280.10
<u>OPERATIONS EXCLUDED FROM "CAP"</u>							
Stormwater permits (NJDEP):							
Street division:							
Salaries and wages	128,750.00	128,750.00	123,538.62	0.00	5,211.38	0.00	0.00
Other expenses	23,700.00	23,700.00	21,338.33	1,500.00	861.67	0.00	0.00
Insurance:							
Employee group health insurance	44,100.00	44,100.00	44,100.00	0.00	0.00	0.00	0.00
Emergency services volunteer length of service awards program (LOSAP)	57,500.00	57,500.00	0.00	0.00	57,500.00	0.00	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, 2015

	Appropriations		Expended			Unexpended Balance Canceled	Overexpended
	Budget	Budget After Modifications	Paid Or Charged	Encumbrances	Reserved		
OPERATIONS EXCLUDED FROM "CAP"							
Shared services agreements: Township of Shamong:							
Tax assessor	\$ 31,000.00	\$ 31,000.00	\$ 30,776.52	\$ 0.00	\$ 223.48	\$ 0.00	\$ 0.00
Construction	50,000.00	50,000.00	48,000.00	0.00	2,000.00	0.00	0.00
Municipal court:							
Salaries and wages	19,000.00	19,000.00	18,232.54	0.00	767.46	0.00	0.00
Other expenses	10,000.00	10,000.00	8,070.55	673.57	1,255.88	0.00	0.00
Eastampton Township:							
Streets and roads:							
Other expenses	1,000.00	1,000.00	0.00	0.00	1,000.00	0.00	0.00
Springfield Township:							
Tax collector	12,000.00	12,000.00	11,995.91	0.00	4.09	0.00	0.00
State and federal programs offset by revenues:							
Matching funds for grants - local	1,000.00	1,000.00	1,000.00	0.00	0.00	0.00	0.00
Clean communities grant	33,065.28	33,065.28	33,065.28	0.00	0.00	0.00	0.00
Recycling tonnage grant	13,142.91	13,142.91	13,142.91	0.00	0.00	0.00	0.00
Burlington County - development of parks	88,750.00	88,750.00	88,750.00	0.00	0.00	0.00	0.00
New Jersey DCA - SFE roads to schools	92,000.00	92,000.00	92,000.00	0.00	0.00	0.00	0.00
Sustainable New Jersey - solar	10,000.00	10,000.00	10,000.00	0.00	0.00	0.00	0.00
Arbor day foundation - mini grant	65,000.00	65,000.00	65,000.00	0.00	0.00	0.00	0.00
	0.00	300.00	300.00	0.00	0.00	0.00	0.00
Total operations excluded from "CAP"	680,008.19	680,308.19	609,310.66	2,173.57	68,823.96	0.00	0.00
<i>Detail:</i>							
Salaries and wages	147,750.00	147,750.00	141,771.16	0.00	5,978.84	0.00	0.00
Other expenses	532,258.19	532,558.19	467,539.50	2,173.57	62,845.12	0.00	0.00
CAPITAL IMPROVEMENTS							
Capital improvement fund	20,000.00	20,000.00	20,000.00	0.00	0.00	0.00	0.00
Total capital improvements	20,000.00	20,000.00	20,000.00	0.00	0.00	0.00	0.00

See Accompanying Notes to the Financial Statements

EXHIBIT A-3
(Continued)

TOWNSHIP OF SOUTHAMPTON
CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
For the Year Ended December 31, 2015

	Appropriations		Expended			Unexpended Balance Canceled	Overexpended
	Budget	Budget After Modifications	Paid Or Charged	Encumbrances	Reserved		
<u>MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAP"</u>							
Payment of bond principal	\$ 520,000.00	\$ 520,000.00	\$ 520,000.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Payment of bond anticipation notes and capital notes	1,354,345.00	1,354,345.00	1,354,345.00	0.00	0.00	0.00	0.00
Interest on bonds	12,215.43	12,215.43	12,215.43	0.00	0.00	0.00	0.00
Interest on notes	33,557.00	33,557.00	33,557.00	0.00	0.00	0.00	0.00
Total municipal debt service - excluded from "CAP"	1,920,117.43	1,920,117.43	1,920,117.43	0.00	0.00	0.00	0.00
<u>DEFERRED CHARGES- MUNICIPAL WITHIN "CAP"</u>							
Emergency appropriation	20,500.00	20,500.00	20,500.00	0.00	0.00	0.00	0.00
Special emergency authorizations - 5 years	90,000.00	90,000.00	90,000.00	0.00	0.00	0.00	0.00
Deferred charges to future taxation - unfunded	17,460.00	17,460.00	17,460.00	0.00	0.00	0.00	0.00
Total deferred charges- municipal excluded from "CAP"	127,960.00	127,960.00	127,960.00	0.00	0.00	0.00	0.00
Total general appropriations for municipal purposes - excluded from "CAP"	2,748,085.62	2,748,385.62	2,677,388.09	2,173.57	68,823.96	0.00	0.00
Subtotal general appropriations	6,860,603.20	6,860,903.20	6,385,745.79	84,121.47	326,928.04	64,388.00	280.10
Reserve for uncollected taxes	535,300.33	535,300.33	535,300.33	0.00	0.00	0.00	0.00
Total general appropriations	\$ 7,395,903.53	\$ 7,396,203.53	\$ 6,921,046.12	\$ 84,121.47	\$ 326,928.04	\$ 64,388.00	\$ 280.10
Ref.	A-2	A-2	A-3	A	A	A-1	A
Adopted budget	\$ 7,395,903.53						
Appropriation by 40A:4-87	300.00						
	\$ 7,396,203.53						

See Accompanying Notes to the Financial Statements

TOWNSHIP OF SOUTHAMPTON
CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
For the Year Ended December 31, 2015

	<u>Ref.</u>	
Paid or charged:		
State and federal grants	A-13	\$ 303,258.19
Deferred charges to future taxation - unfunded	C-10	17,460.00
Deferred charges special emergency authorization	A	90,000.00
Deferred charges - overexpenditure of appropriation	A	181.55
Deferred charge - prior year deficit in operations	A	114,011.42
Deferred charge - emergency appropriation	A	20,500.00
Due to general capital fund		1,000,105.00
Due from payroll account		169.89
Reserve for uncollected taxes	A-2	535,300.33
Disbursed	A-4	4,840,059.74
		<u>\$ 6,921,046.12</u>

See Accompanying Notes to the Financial Statements

TRUST FUND

TOWNSHIP OF SOUTHAMPTON
TRUST FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE
REGULATORY BASIS
December 31, 2015 and 2014

		Balance December 31, 2015	Balance December 31, 2014		Balance December 31, 2015	Balance December 31, 2014
ASSETS	Ref.			Ref.		
Animal control fund:						
Cash - chief financial officer	B-1	\$ 1,509.59	\$ 275.66		\$ 0.41	\$ 0.30
		<u>1,509.59</u>	<u>275.66</u>		0.00	22.80
Other funds:				B-3	1,509.18	252.56
Cash - chief financial officer	B-1	715,829.17	729,409.04		<u>1,509.59</u>	<u>275.66</u>
Cash - tax collector	B-2	200,705.87	158,080.00			
Due from payroll account	F	8,831.37	5,563.16	A	7,690.54	7,211.38
Due from current fund	A	74,521.81	73,925.38		3,796.49	1,269.20
Due from developers		2,162.65	1,194.75		9,476.45	16,664.45
		<u>1,002,050.87</u>	<u>968,172.33</u>		283.40	2,262.90
					949.50	949.50
Animal control fund:						
Due to current fund					279,187.43	182,629.19
Due to State of New Jersey					30,619.67	29,619.67
Reserve for dog fund expenditures					1,000.60	1,000.60
Other funds:					4,561.39	5,037.46
Due to current fund					12,687.50	5,250.00
Accounts payable					85,927.38	160,407.57
Reserve for encumbrances - general escrow				B-6	19,588.62	0.00
Due State of New Jersey - public defender fees				B-4	181,100.00	157,900.00
Due to general capital fund				B-5	36,282.10	36,282.10
Reserve for:					4,228.69	25,301.16
Escrow for planning board subdivision and cash performance guarantees					75,924.25	79,408.86
Accumulated sick leave					248,746.86	256,978.29
Private contributions for street lighting improvements					<u>1,002,050.87</u>	<u>968,172.33</u>
Public contributions for public events						
Public defender						
Municipal open space tax						
Tax title lien redemption						
Tax sale premiums						
Recreation						
Snow removal						
New Jersey unemployment compensation						
COAH						
		\$ 1,003,560.46	\$ 968,447.99		\$ 1,003,560.46	\$ 968,447.99
Total all funds					Total all funds	

See Accompanying Notes to the Financial Statements

GENERAL CAPITAL FUND

TOWNSHIP OF SOUTHAMPTON
GENERAL CAPITAL FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE
REGULATORY BASIS
December 31, 2015 and 2014

	Ref.	Balance December 31, 2015	Balance December 31, 2014
<u>ASSETS</u>			
Cash - chief financial officer	C-2; C-3	\$ 1,558,071.72	\$ 1,379,168.87
Due from current fund	A	0.00	365,277.12
Due from trust funds - other	B	949.50	949.50
Deferred charges to future taxation:			
Funded		6,060,000.00	6,705,000.00
Unfunded	C-4	2,750,490.80	4,122,295.80
		<u>\$ 10,369,512.02</u>	<u>\$ 12,572,691.29</u>
<u>LIABILITIES AND RESERVES</u>			
Bonds payable	C-7	\$ 6,060,000.00	\$ 6,705,000.00
Bond anticipation notes payable	C-8	2,714,915.00	4,069,260.00
Contract payable	C-6	255,308.19	189,827.04
Due to current fund	A	143,350.03	0.00
Improvement authorizations:			
Funded	C-6	16,847.66	34,698.09
Unfunded	C-6	929,727.83	1,175,542.85
Down payment of capital improvements		321.00	321.00
Capital improvement fund	C-5	108,250.00	138,250.00
Reserve for assessment revaluation		2,000.00	2,000.00
Reserve for debt service		135,601.00	254,601.00
Fund balance	C-1	3,191.31	3,191.31
		<u>\$ 10,369,512.02</u>	<u>\$ 12,572,691.29</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, 2015

	Ref.	
Balance - December 31, 2014	C	\$ 3,191.31
Balance - December 31, 2015	C	\$ 3,191.31

See Accompanying Notes to the Financial Statements

SEWER UTILITY FUND

TOWNSHIP OF SOUTHAMPTON
SEWER UTILITY FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE
REGULATORY BASIS
December 31, 2015 and 2014

		Balance December 31, 2015	Balance December 31, 2014		Balance December 31, 2015	Balance December 31, 2014
ASSETS	Ref.					
<u>ASSETS</u>						
Operating fund:						
Cash - chief financial officer	D-4	\$ 56,992.89	\$ 101,956.16		\$ 410.45	\$ 1,327.24
Change fund		60.00	60.00		40,507.27	13,459.01
Consumer accounts receivable	D-5	14,438.31	30,473.83		539.43	2,699.98
		<u>71,491.20</u>	<u>132,489.99</u>		18,412.49	88,412.49
Deferred charges:					3,200.00	1,600.00
Overexpenditure of appropriation reserves		14,734.94	0.00		2,607.29	2,669.79
Deficit in operations	D-1	8,314.48	8,314.48		65,676.93	110,168.51
		<u>23,049.42</u>	<u>8,314.48</u>		14,438.31	30,473.83
		<u>94,540.62</u>	<u>140,804.47</u>	Total operating fund	14,425.38	162.13
Capital fund:					94,540.62	140,804.47
Due from water operating fund	D	3,200.00	1,600.00		735,000.00	760,000.00
Fixed capital	D-6	2,295,000.00	2,295,000.00		1,600.00	1,600.00
Fixed capital authorized and uncompleted	D-7	32,000.00	32,000.00		30,400.00	30,400.00
		<u>2,330,200.00</u>	<u>2,328,600.00</u>	Total capital fund	1,600.00	0.00
		<u>\$ 2,424,740.62</u>	<u>\$ 2,469,404.47</u>	Total capital fund	1,560,000.00	1,535,000.00
					<u>1,600.00</u>	<u>1,600.00</u>
					<u>2,330,200.00</u>	<u>2,328,600.00</u>
		<u>\$ 2,424,740.62</u>	<u>\$ 2,469,404.47</u>		\$ 2,424,740.62	\$ 2,469,404.47

LIABILITIES, RESERVES, AND FUND BALANCE

See Accompanying Notes to the Financial Statements

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, 2015 and 2014

	Ref.	Year 2015	Year 2014
Revenue and other income realized:			
Fund balance utilized	D-2	\$ 0.00	\$ 0.00
Sewer rents	D-2	169,300.00	171,782.22
Additional sewer rents	D-2	44,700.35	0.00
Miscellaneous	D-2	4,560.42	0.00
Miscellaneous revenue not anticipated	D-2	0.00	2,869.96
Prior year accounts payable cancelled		1,327.24	0.00
Appropriation reserves lapsed	D-6	0.00	0.00
Total income		<u>219,888.01</u>	<u>174,652.18</u>
Expenditures:			
Budget appropriations:			
Other expenses	D-3	147,050.00	133,400.00
Capital improvements	D-3	1,600.00	1,600.00
Municipal debt service	D-3	56,974.76	52,404.66
Total expenditures		<u>205,624.76</u>	<u>187,404.66</u>
Deficit in revenue		0.00	12,752.48
Excess in revenues		14,263.25	0.00
Adjustments to income before surplus:			
Realized from general budget for anticipated deficit	D-2	0.00	4,438.00
Total adjustments to income before surplus		<u>0.00</u>	<u>4,438.00</u>
Operating deficit to be raised in budget of succeeding year			<u>\$ 8,314.48</u>
<u>FUND BALANCE</u>			
Balance - January 1	D	162.13	\$ 162.13
		14,425.38	162.13
Decreased by:			
Utilization by operating budget	D-1	0.00	0.00
Balance - December 31	D	<u>\$ 14,425.38</u>	<u>\$ 162.13</u>

See Accompanying Notes to the Financial Statements

**TOWNSHIP OF SOUTHAMPTON
SEWER UTILITY OPERATING FUND
STATEMENT OF REVENUES
REGULATORY BASIS
For the Year Ended December 31, 2015**

	<u>Ref.</u>	<u>Anticipated Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Sewer rents	D-1	\$ 169,300.00	\$ 169,300.00	\$ 0.00
Additional rents	D-1	20,000.00	44,700.35	24,700.35
Miscellaneous	D-1	2,000.00	4,560.42	2,560.42
Deficit (general budget)	D-1	14,388.00	0.00	(14,388.00)
		<u>205,688.00</u>	<u>218,560.77</u>	<u>12,872.77</u>
Non-budget revenue	D-2	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
		<u>\$ 205,688.00</u>	<u>\$ 218,560.77</u>	<u>\$ 12,872.77</u>

	<u>Ref.</u>	<u>D-3</u>	<u>D-1</u>	
Detail of miscellaneous:				
Interest earned on investments:				
Sewer operating fund				\$ 74.75
Interest and costs				4,465.67
Other				<u>20.00</u>
Total non-budget revenues	D-4		D-1;D-2	<u>\$ 4,560.42</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, 2015

	Appropriations		Expended		Unexpended Balances Cancelled
	Budget	Budget After Modifications	Paid Or Charged	Reserved	
Operating:					
Other expenses	\$ 147,050.00	\$ 147,050.00	\$ 106,542.73	\$ 40,507.27	\$ 0.00
Total operating	<u>147,050.00</u>	<u>147,050.00</u>	<u>106,542.73</u>	<u>40,507.27</u>	<u>0.00</u>
Capital improvements:					
Capital improvement fund	1,600.00	1,600.00	1,600.00	0.00	0.00
Total capital improvements	<u>1,600.00</u>	<u>1,600.00</u>	<u>1,600.00</u>	<u>0.00</u>	<u>0.00</u>
Debt service:					
Payment of principal	25,000.00	25,000.00	25,000.00	0.00	0.00
Interest on bonds	32,038.00	32,038.00	31,974.76	0.00	63.24
Total debt service	<u>57,038.00</u>	<u>57,038.00</u>	<u>56,974.76</u>	<u>0.00</u>	<u>63.24</u>
	<u>\$ 205,688.00</u>	<u>\$ 205,688.00</u>	<u>\$ 165,117.49</u>	<u>\$ 40,507.27</u>	<u>\$ 63.24</u>
<u>Ref.</u>	D-2	D-3		D	D-1
Cash			\$ 131,132.28		
Accounts payable			410.45		
Due to sewer fund			1,600.00		
Accrued interest on bonds			31,974.76		
			<u>\$ 165,117.49</u>		

See Accompanying Notes to the Financial Statements

PAYROLL ACCOUNT

TOWNSHIP OF SOUTHAMPTON
 PAYROLL ACCOUNT
 STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE
 REGULATORY BASIS
 December 31, 2015 and 2014

	<u>Ref.</u>	<u>Balance December 31, 2015</u>	<u>Balance December 31, 2014</u>
<u>ASSETS</u>			
Cash		\$ 24,975.37	\$ 21,689.06
 <u>LIABILITIES</u>			
Due to current fund	A	\$ 5,349.94	\$ 5,276.10
Due to unemployment trust fund	B	8,831.37	5,563.16
Payroll withholding payable	F-1	9,592.98	10,831.68
Reserve for payroll		29.93	0.00
Reserve for flexible spending		1,171.15	18.12
		<u>\$ 24,975.37</u>	<u>\$ 21,689.06</u>

See Accompanying Notes to the Financial Statements

GENERAL FIXED ASSETS

TOWNSHIP OF SOUTHAMPTON
GENERAL FIXED ASSETS
STATEMENTS OF GENERAL FIXED ASSETS
REGULATORY BASIS
At December 31, 2015 and 2014

	Ref.	2015	2014
General fixed assets:			
Land and improvements	G-1	\$ 1,261,300.00	\$ 1,261,300.00
Buildings	G-1	1,430,900.00	1,430,900.00
Equipment	G-1	2,817,983.20	2,242,462.02
Total general fixed assets		5,510,183.20	4,934,662.02
Investments in general fixed assets	G-1	\$ 5,510,183.20	\$ 4,934,662.02

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, 2015**

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, 2015

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, 2015**

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, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (Continued)

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

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

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

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

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

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

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

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

**TOWNSHIP OF SOUTHAMPTON
COUNTY OF BURLINGTON
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2015**

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.

D. Net Pension Liability, Deferred Outflow of Resources, Deferred Inflow of Resources and Expenses Related to Pensions

As previously mentioned, to meet the requirements of the State of New Jersey, the Township follows a basis of accounting other than accounting principles generally accepted in the United States of America. As such, pension expenses for the Public Employees' Retirement System (PERS) and Police and Firemen's Retirement System (PFRS) are appropriated, recorded, and provided for in the year in which they are contractually required to be paid (pay-as-you-go basis). No accrual is made for net position liability, deferred outflows of resources, and deferred inflows of resources for these cost-sharing multiple-employer defined benefit pension plans, and the financial statements are not reported in accordance with the provisions of GASB Statement No. 68, Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27, and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68. See Note 13 for required disclosures of these amounts.

**TOWNSHIP OF SOUTHAMPTON
COUNTY OF BURLINGTON
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2015**

NOTE 2 - INVESTMENTS

As of December 31, 2015 and 2014, 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.

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, 2015, the Township's bank balances were exposed to custodial credit risk as follows:

Insurance	\$ 973,398.88
Uninsured and collateralized with securities held by pledging financial institutions (GUDPA)	4,516,446.72
	\$ 5,489,845.60

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, 2015, the Township's deposits with the New Jersey Cash Management Fund were \$1,019,000.93.

**TOWNSHIP OF SOUTHAMPTON
COUNTY OF BURLINGTON
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2015**

NOTE 4 - INTERFUND RECEIVABLES AND PAYABLES

The following schedule reconciles interfund receivables and payables for the year ended December 31, 2015:

	Due From	Due To					Total
		Current Fund	State and Federal Grant Fund	Other Trust Funds	General Capital Fund	Utility Capital Fund	
Current fund	\$ 0.00	\$ 11,479.03	\$ 74,521.81	\$ 0.00	\$ 0.00	\$ 86,000.84	
Animal control trust fund	0.41	0.00	0.00	0.00	0.00	0.41	
Other trust funds	7,690.54	0.00	0.00	949.50	0.00	8,640.04	
General capital fund	143,350.03	0.00	0.00	0.00	0.00	143,350.03	
Utility operating fund	18,412.49	0.00	0.00	0.00	3,200.00	21,612.49	
Payroll fund	5,349.94	0.00	8,831.37	0.00	0.00	14,181.31	
	<u>\$ 174,803.41</u>	<u>\$ 11,479.03</u>	<u>\$ 83,353.18</u>	<u>\$ 949.50</u>	<u>\$ 3,200.00</u>	<u>\$ 273,785.12</u>	

Interest earnings not transferred at year end are the interfunds for the animal control fund, the other trust funds, the general capital fund, and the payroll fund. 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 years added and omitted open space tax assessments and the unemployment trust fund has prior years payroll deductions that still need to be transferred. Both the general capital and the sewer operating funds have interfunds with the current fund for funds utilized in the current year budget. The interfund between the sewer operating and the sewer capital funds is for capital improvement funds appropriated in the 2014 and 2015 budgets. The interfunds from the state and federal grant fund to the current fund are the result of expenditures for grant appropriations for which reimbursement has not been received. The reimbursement was received for the state road aid grant in 2016. 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, 2015**

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

	2015	2014	2013
Total Tax Rate	<u>\$ 2.665</u>	<u>\$ 2.571</u>	<u>\$ 2.506</u>
Apportionate of Tax Rate:			
Municipal	\$.373	\$.349	\$.330
County	.447	.413	.420
Regional School	.697	.693	.666
Local School	1.128	1.096	1.070
Municipal Open Space	.020	.020	.020

Assessed Valuation:

2015	\$	997,652,324.00		\$	998,205,573.00
2014					
2013				\$	1,003,641,345.00

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	
2015	\$ 26,643,974.86	\$ 26,295,017.06	98.69%
2014	\$ 25,704,401.97	\$ 25,182,435.23	97.97%
2013	\$ 25,166,914.99	\$ 24,702,473.19	98.15%

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
2015	\$ 782,074.39	\$ 297,740.88	\$ 1,079,815.27	4.06%
2014	\$ 766,854.35	\$ 465,377.42	\$ 1,232,231.77	4.79%
2013	\$ 731,057.61	\$ 373,074.67	\$ 1,104,132.28	4.39%

**TOWNSHIP OF SOUTHAMPTON
COUNTY OF BURLINGTON
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2015**

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>
2015	\$ 340,800.00
2014	\$ 340,800.00
2013	\$ 340,800.00

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>
2015	\$ 197,964.61
2014	\$ 186,379.79
2013	\$ 182,365.07

The Township increased rates in 2014, which explains the increase in billings for 2015.

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:		
2015	\$ 576,863.91	\$ 67,936.00
2014	\$ 151,116.66	\$ -
2013	\$ 401,116.66	\$ 250,000.00
2012	\$ 435,525.79	\$ 350,000.00
2011	\$ 660,208.54	\$ 452,200.00
Sewer Operating Fund:		
2015	\$ 14,425.38	\$ -
2014	\$ 162.13	\$ -
2013	\$ 162.13	\$ -
2012	\$ 162.13	\$ 162.13
2011	\$ 779.61	\$ 617.48

**TOWNSHIP OF SOUTHAMPTON
COUNTY OF BURLINGTON
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2015**

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, 2015</u>	<u>Balance December 31, 2014</u>
Prepaid Taxes	\$ 218,180.78	\$ 243,078.09

NOTE 9 - GENERAL FIXED ASSETS

General fixed assets activity for the years ended December 31, 2015 and 2014 was as follows:

	<u>Balance December 31, 2014</u>	<u>Additions</u>	<u>Adjustments</u>	<u>Balance December 31, 2015</u>
Land	\$ 1,261,300.00	\$ -	\$ -	\$ 1,261,300.00
Buildings	1,430,900.00	-	-	1,430,900.00
Equipment	<u>2,242,462.02</u>	<u>451,540.18</u>	<u>123,981.00</u>	<u>2,817,983.20</u>
	<u>\$ 4,934,662.02</u>	<u>\$ 451,540.18</u>	<u>\$ 123,981.00</u>	<u>\$ 5,510,183.20</u>

	<u>Balance December 31, 2013</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance December 31, 2014</u>
Land	\$ 1,261,300.00	\$ -	\$ -	\$ 1,261,300.00
Buildings	1,430,900.00	-	-	1,430,900.00
Equipment	<u>1,476,440.79</u>	<u>766,021.23</u>	<u>-.</u>	<u>2,242,462.02</u>
	<u>\$ 4,168,640.79</u>	<u>\$ 766,021.23</u>	<u>\$ -.</u>	<u>\$ 4,934,662.02</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.

**TOWNSHIP OF SOUTHAMPTON
COUNTY OF BURLINGTON
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2015**

NOTE 9 - GENERAL FIXED ASSETS (Concluded)

Sewer utility plant and equipment for the years ended December 31, 2015 and 2014 was as follows:

	Balance December 31, 2014	Additions	Disposals/ Adjustments	Balance December 31, 2015
Construction of a sewerage collection system in the Village of Vincentown	<u>\$ 2,295,000.00</u>	<u>\$ -.</u>	<u>\$ -.</u>	<u>\$ 2,295,000.00</u>
	Balance December 31, 2013	Additions	Disposals/ Adjustments	Balance December 31, 2014
Construction of a sewerage collection system in the Village of Vincentown	<u>\$ 2,295,000.00</u>	<u>\$ -.</u>	<u>\$ -.</u>	<u>\$ 2,295,000.00</u>

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, 2015, the following deferred charges are shown on the balance sheets of the various funds:

	Balance December 31, 2015	2016 Budget	Balance To Succeeding Budgets
Current fund:			
Overexpenditure of appropriations	\$ 280.10	\$ 280.10	\$ -
Cash deficit	\$ 2,427.04	\$ 2,427.04	\$ -
General capital fund:			
Acquisition of EMS vehicle - Ord. 2006-18	\$ 35,575.80	\$ -	\$ 35,575.80
Sewer utility operating fund:			
Overexpenditure of appropriation reserves	\$ 14,734.94	\$ -	\$ 14,734.94
Cash deficit	\$ 8,314.48	\$ -	\$ 8,314.48

The appropriations in the 2016 budget are less than those required by statute.

**TOWNSHIP OF SOUTHAMPTON
COUNTY OF BURLINGTON
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2015**

NOTE 11 - LONG-TERM DEBT

Long-term debt as of December 31, 2015 consisted of the following:

	Balance December 31, 2014	Additions	Reductions	Balance December 31, 2015	Amount Due in One Year
General	\$ 6,705,000.00	\$ 0.00	\$ 645,000.00	\$ 6,060,000.00	\$ 610,000.00
Sewer utility	760,000.00	0.00	25,000.00	735,000.00	25,000.00
Compensated absences *	0.00	0.00	0.00	0.00	0.00
	<u>\$ 7,465,000.00</u>	<u>\$ 0.00</u>	<u>\$ 670,000.00</u>	<u>\$ 6,795,000.00</u>	<u>\$ 635,000.00</u>

* See Note 16 for Compensated Absences.

Paid by Current Fund:

\$8,130,000 General Improvement Bond dated 07/27/2006 payable in annual installments through 07/01/2026. \$345,000 of principal was paid on 07/01/2014 and \$4,900,000.00 was paid from the proceeds of an advanced refunding bond issued December 23, 2014. Interest is paid semiannually at varying rates. The balance remaining as of December 31, 2015 was \$420,000.00 and is payable by July 1, 2016.

\$5,890,000.00 of Refunding Bonds for the 2001 and 2006 bonds issued for the acquisition of various assets dated 12/23/14 payable in annual installments through 7/1/2026. Interest is paid semiannually at varying rates. The balance remaining as of December 31, 2015 was \$5,640,000.00.

Paid by Sewer Utility Fund:

\$810,000 Refunding Bond for the construction of the sewer system dated 03/11/2013 payable in annual installments through 12/01/2035. \$20,000.00 of principal was paid on 12/01/2014. Interest is paid semiannually at varying rates. The balance remaining as of December 31, 2015 was \$735,000.00.

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

Year Ended December 31	General Capital Fund		Sewer Utility Fund		Total
	Principal	Interest	Principal	Interest	
2016	\$ 610,000.00	\$ 144,185.00	\$ 25,000.00	\$ 31,287.50	\$ 810,472.50
2017	635,000.00	124,225.00	25,000.00	30,537.50	814,762.50
2018	620,000.00	116,287.50	25,000.00	29,537.50	790,825.00
2019	620,000.00	106,987.50	25,000.00	28,287.50	780,275.00
2020	500,000.00	94,587.50	25,000.00	27,037.50	646,625.00
2021-2025	2,575,000.00	294,387.50	160,000.00	113,687.50	3,143,075.00
2026-2030	500,000.00	15,000.00	205,000.00	69,687.50	789,687.50
2031-2035	-	-	245,000.00	25,143.76	270,143.76
	<u>\$ 6,060,000.00</u>	<u>\$ 895,660.00</u>	<u>\$ 735,000.00</u>	<u>\$ 355,206.26</u>	<u>\$ 8,045,866.26</u>

As of December 31, 2015, 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, 2015**

NOTE 11 - LONG-TERM DEBT (Continued)

Summary of Municipal Debt Service

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Bonds and notes issued:			
General capital fund	\$ 8,774,915.00	\$ 10,774,260.00	\$ 11,247,500.00
Sewer utility fund	735,000.00	760,000.00	780,000.00
Bonds and notes authorized but not issued:			
General capital fund	35,575.80	53,035.80	70,495.80
Sewer utility fund	<u>30,400.00</u>	<u>105,987.86</u>	<u>75,587.86</u>
Net bonds and notes issued and authorized but not issued	<u>9,575,890.80</u>	<u>11,693,283.66</u>	<u>12,173,583.66</u>
Deductions:			
Self-liquidating debt	<u>765,400.00</u>	<u>638,938.26</u>	<u>743,545.66</u>
Net debt	<u>\$ 8,810,490.80</u>	<u>\$ 11,054,345.40</u>	<u>\$ 11,430,038.00</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 \$8,810,490.80.

	<u>Gross Debt</u>	<u>Deduction</u>	<u>Net Debt</u>
Regional school district debt	\$ 4,068,581.59	\$ 4,068,581.59	\$ -
Local school district debt	6,066,000.00	6,066,000.00	-
Sewer utility debt	765,400.00	765,400.00	-
General debt	<u>8,810,490.80</u>	<u>-</u>	<u>8,810,490.80</u>
	<u>\$ 19,710,472.39</u>	<u>\$ 10,899,981.59</u>	<u>\$ 8,810,490.80</u>

Net Debt \$8,810,490.80 divided by Equalized Valuation Basis per N.J.S. 40A:2-2, \$1,080,850,044.00 = .815%.

Equalized Valuation Basis

2013	\$1,083,086,237.00
2014	1,075,613,067.00
2015	<u>1,083,850,828.00</u>
Average	<u>\$1,080,850,044.00</u>

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

3 1/2% of equalized valuation basis (municipal)	\$ 37,829,751.54
Net debt	<u>8,810,490.80</u>
Remaining borrowing power	<u>\$ 29,019,260.74</u>

The Township of Southampton School District, as a K-8 school district, is permitted to borrow up to 3.0% 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, 2015**

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		\$ 218,560.77
Deductions:		
Operating and maintenance cost	\$ 147,050.00	
Debt service per utility account	56,974.76	
Total deductions		204,024.76
Excess in revenue		\$ 14,536.01

NOTE 12 - BOND ANTICIPATION NOTES AND SPECIAL EMERGENCY NOTES

The Township has outstanding at December 31, 2015 and 2014, bond anticipation notes in the general capital fund in the amount of \$2,714,915.00 and \$4,069,260.00, respectively. The December 31, 2015 amounts payable to Investors Bank are \$407,520.00 and \$2,307,395.00, bears an interest rate of .850% and mature on August 6, 2016. These funds were for the acquisition of various pieces of equipment, purchase of real estate, and various capital improvements.

The Township has outstanding at December 31, 2015 and 2014, special emergency notes in the current fund in the amount of \$0.00 and \$90,000.00, respectively. The December 31, 2015 amount payable to Investors Bank is \$0.00, beared an interest rate of 1.35% and matured on April 12, 2015.

NOTE 13 - PENSION PLANS

A substantial number of the Township's employees participate in the following defined benefit pension plan: the Public Employees' Retirement System (PERS), which is administered by the New Jersey Division of Pensions and Benefits. In addition, one Township employee participated in the Defined Contribution Retirement Program (DCRP), which is a defined contribution pension plan. This plan is administered by Prudential Financial for the New Jersey Division of Pensions and Benefits. Each plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes the financial statements and required supplementary information. That report may be obtained by writing to the State of New Jersey, Division of Pensions and Benefits, Post Office Box 295, Trenton, New Jersey 08625-0295, <http://www.state.nj.us/treasury/pensions>.

**TOWNSHIP OF SOUTHAMPTON
COUNTY OF BURLINGTON
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2015**

NOTE 13 - PENSION PLANS (Continued)

General Information About the Pension Plans

Plan Descriptions

Public Employees' Retirement System

The Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan which was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A. The PERS's designated purpose is to provide retirement, death, disability, and medical benefits to certain qualified members. Membership in the PERS is mandatory for substantially all full-time employees of the Township, provided the employee is not required to be a member of another state-administered retirement system or other state pension fund or local jurisdiction's pension fund. The PERS's Board of Trustees is primarily responsible for the administration of the PERS.

Defined Contribution Retirement Program

The Defined Contribution Retirement Program (DCRP) is a multiple-employer defined contribution pension fund which was established on July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et seq.). The DCRP is a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) 401(a) et seq. and is a "governmental plan" within the meaning of IRC 414(d). The DCRP provides retirement benefits for eligible employees and their beneficiaries. Individuals covered under DCRP are employees enrolled in PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees enrolled in PERS after May 21, 2010, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in PERS on or after November 2, 2008, who do not earn the minimum annual salary for tier 3 enrollment but who earn salary of at least \$5,000.00 annually; and employees otherwise eligible to enroll in PERS after May 21, 2010 who do not work the minimum number of hours per week required for tiers 4 or 5 enrollment, but who earn salary of at least \$5,000.00 annually.

Vesting and Benefit Provisions

Public Employees' Retirement System

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death, and disability benefits. All benefits vest after 10 years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

Tier 1 - Members who were enrolled prior to July 1, 2007

Tier 2 - Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008

Tier 3 - Members who were eligible to enroll on or after November 2, 2008 and prior to May 21, 2010

Tier 4 - Members who were eligible to enroll after May 21, 2010 and prior to June 28, 2011

Tier 5 - Members who were eligible to enroll on or after June 28, 2011

**TOWNSHIP OF SOUTHAMPTON
COUNTY OF BURLINGTON
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2015**

NOTE 13 - PENSION PLANS (Continued)

General Information About the Pension Plans (Continued)

Vesting and Benefit Provisions (Concluded)

Public Employees' Retirement System (Concluded)

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit, and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not yet reached the service retirement age for the respective tier.

Defined Contribution Retirement Program

Eligible members are provided with a defined contribution retirement plan intended to qualify for favorable federal income tax treatment under IRC Section 401(a), a noncontributory group life insurance plan and a noncontributory group disability benefit plan. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employee contributions shall immediately become and shall at all times remain fully vested and nonforfeitable. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employer contributions shall be vested and nonforfeitable on the date the participant commences the second year of employment or upon his or her attainment of age 65, while employed by an employer, whichever occurs first.

Contributions

Public Employees' Retirement System

The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Members contribute at a uniform rate. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.80% in State fiscal year 2015. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The rate for members who are eligible for the Prosecutors Part of PERS (Chapter 366, P.L. 2001) increased from 8.5% of base salary to 10%. Employers' contribution amounts are based on an actuarially determined rate. The Township's contribution amounts are based on an actuarially determined rate which included the normal cost and unfunded accrued liability.

The Township's contractually required contribution rate for the year ended December 31, 2015 was 12.39% of the Township's covered-employee payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

The Township's contractually required contribution to the pension plan for the year ended December 31, 2015 was \$149,152.00, which was paid on April 1, 2016. No liability has been accrued in the financial statements for this amount. The Township's contractually required contribution to the pension plan for the year ended December 31, 2014 was \$148,095.00, which was paid on April 1, 2015. Employee contributions to the plan during the year ended December 31, 2015 were \$114,888.51.

**TOWNSHIP OF SOUTHAMPTON
COUNTY OF BURLINGTON
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2015**

NOTE 13 - PENSION PLANS (Continued)

General Information About the Pension Plans (Concluded)

Contributions (Concluded)

Defined Contribution Retirement Program

The contribution policy is set by N.J.S.A. 43:15C-3 and requires contributions by active members and contributing employers. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the Township contributes 3.0% of the employees' base salary, for each pay period, to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

For the year ended December 31, 2015, employee contributions totaled \$1,514.19, and the Township's contributions were \$825.92. There were no forfeitures during the year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension

Public Employees' Retirement System

At December 31, 2015, the Township's proportionate share of the PERS net pension liability was \$3,894,428.00. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2015, which was the measurement date, the Township's proportion was 0.0173486661% which was a decrease of 0.0006156271% from its proportion measured as of June 30, 2014.

As previously mentioned, for the year ended December 31, 2015, the Township's contributions to the PERS were \$149,152.00 and were paid on April 1, 2016.

**TOWNSHIP OF SOUTHAMPTON
COUNTY OF BURLINGTON
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2015**

NOTE 13 - PENSION PLANS (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension (Concluded)

Public Employees' Retirement System (Concluded)

At December 31, 2015, the Township had deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflow Of Resources</u>	<u>Deferred Inflow Of Resources</u>
Differences between expected and actual experience	\$ 92,907.00	\$ -
Changes of assumptions	418,230.00	-
Net difference between projected and actual earnings on pension plan investments	-	62,615.00
Changes in proportion and differences between Township contributions and proportionate share of contributions	191,981.00	97,787.00
Township contributions subsequent to the measurement date	<u>149,152.00</u>	<u>-</u>
	<u>\$ 852,270.00</u>	<u>\$ 160,402.00</u>

\$149,152.00 included in deferred outflows of resources related to pensions will be included as a reduction of the net pension liability in the year ending December 31, 2016.

Other amounts included as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in future periods as follows:

<u>Fiscal Year Ending June 30,</u>	<u>PERS</u>
2016	\$ (98,774.31)
2017	(98,774.31)
2018	(98,774.31)
2019	(157,387.64)
2020	(89,005.42)
Thereafter	<u>-</u>
	<u>\$ (542,716.00)</u>

**TOWNSHIP OF SOUTHAMPTON
COUNTY OF BURLINGTON
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2015**

NOTE 13 - PENSION PLANS (Continued)

Actuarial Assumptions

Public Employees' Retirement System

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.04%
Salary increases:	
2012-2021	2.15% - 4.40% based on age
Thereafter	3.15% - 5.40% based on age
Investment rate of return	7.90%
Mortality rate table	RP-2000
Period of actuarial experience study upon which actuarial assumptions were based	July 1, 2008 - June 30, 2011

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA.

**TOWNSHIP OF SOUTHAMPTON
COUNTY OF BURLINGTON
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2015**

NOTE 13 - PENSION PLANS (Continued)

Actuarial Assumptions (Concluded)

Public Employees' Retirement System (Concluded)

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pension and Benefits, the board of trustees, and the actuaries. Best estimates of arithmetic real rates of returns for each major asset class included in target asset allocation as of June 30, 2015, the plans' measurement dates, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate Of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment grade credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High yield bonds	2.00%	4.03%
Inflation-indexed bonds	1.50%	3.25%
Broad US equities	27.25%	8.52%
Developed foreign equities	12.00%	6.88%
Emerging market equities	6.40%	10.00%
Private equity	9.25%	12.41%
Hedge funds/absolute return	12.00%	4.72%
Real estate (property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global debt ex US	3.50%	(0.40%)
REIT	4.25%	5.12%
	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 4.90% and 5.39% as of June 30, 2015 and 2014, respectively. These single blended discount rates were based on the long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% and 4.29% as of June 30, 2015 and 2014, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rates assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last 5 years. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.