

NEW ISSUE
BOOK-ENTRY ONLY

In the opinion of GluckWalrath LLP, Bond Counsel assuming continuing compliance with the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), applicable to the Series A Notes (as defined herein) and subject to certain provisions of the Code which are described herein, under laws, regulations, rulings and judicial decisions existing on the date of original delivery of the Series A Notes, interest received by holders of the Series A Notes will be excludable from gross income for federal income tax purposes and will not be treated as a tax preference item for purposes under Section 57 of the Code for individuals or corporations. Interest on the Series A Notes is included in the adjusted current earnings of certain corporations for the purposes of computing the alternative minimum tax on such corporations. Interest on the Series B Notes is not excluded from gross income for federal income tax purposes. Under the laws of the State of New Jersey, as enacted and construed on the date of original delivery of the Notes, interest on the Notes and any gain from the sale thereof are excludable from gross income under the New Jersey Gross Income Tax Act. See "TAX MATTERS" herein for a description of certain other provisions of the Code that may affect the federal tax treatment of interest on the Notes.

\$8,264,306
TOWNSHIP OF LITTLE EGG HARBOR
IN THE COUNTY OF OCEAN,
NEW JERSEY
BOND ANTICIPATION NOTES,
SERIES 2015A (TAX-EXEMPT)
(NOT BANK QUALIFIED)
Coupon: ___%
Price: ___%

Dated: Date of Delivery
Due: February 3, 2016

\$1,410,231
TOWNSHIP OF LITTLE EGG HARBOR
IN THE COUNTY OF OCEAN,
NEW JERSEY
BOND ANTICIPATION NOTES,
SERIES 2015B (FEDERALLY TAXABLE)
Coupon: ___%
Price: ___%

Dated: Date of Delivery
Due: February 3, 2016

The \$8,264,306 Bond Anticipation Notes, Series 2015A (Tax-Exempt) (the "Series A Notes") and \$1,410,231 Bond Anticipation Notes, Series 2015B (Federally Taxable) (the "Series B Notes", and together with the Series A Notes being hereinafter referred to as the "Notes") are general obligations of the Township of Little Egg Harbor in the County of Ocean, New Jersey (the "Township"), payable ultimately from *ad valorem* taxes levied upon all the taxable property within the Township for the payment of the Notes and the interest thereon without limitation as to rate or amount.

The Notes of each series will be issued in fully registered book-entry only form and, when issued, will be registered in the name of and held by Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC, an automated depository for securities and clearing house for securities transactions, will act as securities depository for the Notes. Individual purchases of the Notes will be made in book-entry only form, without certificates, in denominations of \$5,000 or more through book entries made on the books and records of DTC and its participants.

The Notes will bear interest at the rates per annum shown above, commencing from their date of delivery. Interest on the Notes will be payable at maturity. Principal of and interest on the Notes will be payable by the Township or a duly designated paying agent at the date of maturity. The Notes are not redeemable at the option of the Township, prior to maturity. While DTC is acting as securities depository for the Notes, the principal of and interest on the Notes will be payable by wire transfer to DTC or its nominee, which is obligated to remit such principal and interest payments to DTC Participants. DTC Participants and Indirect Participants will be responsible for remitting such principal and interest payments to the Beneficial Owners of the Notes. See "BOOK-ENTRY ONLY SYSTEM" herein.

The Series A Notes, along with \$245,384 of available funds of the Township, are being issued to: (i) refund, on a current basis, the Township's bond anticipation notes originally issued in the aggregate principal amount of \$8,509,690, dated February 4, 2014 and maturing February 3, 2015 (the "Series 2014 A Notes"); and (ii) pay the costs of issuance of the Series A Notes. (see "THE NOTES - Purpose of the Notes - Series A Notes" herein).

The Series B Notes are being issued to: (i) refund, on a current basis, the Township's bond anticipation notes originally issued in the aggregate principal amount of \$1,410,231, dated February 4, 2014 and maturing February 3, 2015 (the "Series 2014B Notes"); and (ii) pay the costs of issuance of the Series B Notes (see "THE NOTES - Purpose of the Notes - Series B Notes" herein).

The Notes are not debt or obligations, legal, moral or otherwise of the State of New Jersey, or any county, municipality or political subdivision thereof other than the Township.

This cover page contains certain information for quick reference only. It is not a summary of the issue. Investors must read the entire Official Statement, including all appendices, to obtain information essential to making an informed investment decision.

The Notes are offered when, as and if received by the Underwriters and subject to prior sale, withdrawal or modification of the offer without notice, and to approval of legality by GluckWalrath LLP, Trenton, New Jersey, Bond Counsel, and certain other conditions described herein. Phoenix Advisors, LLC, Bordentown, New Jersey, is serving as Financial Advisor to the Township in connection with the issuance of the Notes. It is expected that the Notes, in definitive form, will be available for delivery on or about February 3, 2015.

Telecopied and/or emailed bids for the Notes, in accordance with the Notice of Sale for the Notes, will be received by the Township's Financial Advisor, on behalf of the Township, until 11:00 am on January 22, 2015, telecopier: (609) 291-9940 or email ainverso@muniadvisors.com.

This is a Preliminary Official Statement and the information contained herein is subject to completion, amendment or other change without notice. The Notes described herein may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Notes in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the applicable securities laws of any such jurisdiction.

**TOWNSHIP OF LITTLE EGG HARBOR
IN THE COUNTY OF OCEAN, NEW JERSEY
665 RADIO ROAD
LITTLE EGG HARBOR, NEW JERSEY 08087
(609) 296-7241**

MAYOR
Arthur R. Midgley

DEPUTY MAYOR
Eugene Kobryn

TOWNSHIP COMMITTEE
Ray Gormley
John Kehm, Jr.
Edward Nuttall

TOWNSHIP ADMINISTRATOR/CHIEF FINANCIAL OFFICER
Garrett Loesch

TAX COLLECTOR
Dayna Wilson, CTC

TOWNSHIP CLERK
Diana K. McCracken, RMC

TOWNSHIP ATTORNEY
Gilmore & Monahan, P.C.
Toms River, New Jersey

AUDITOR
Holman Frenia Allison, P.C.
Medford, New Jersey

BOND COUNSEL
GluckWalrath LLP
Trenton, New Jersey

FINANCIAL ADVISOR
Phoenix Advisors, LLC
Bordentown, New Jersey

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

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

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

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OFFICIAL STATEMENT

RELATING TO

**TOWNSHIP OF LITTLE EGG HARBOR
IN THE COUNTY OF OCEAN, NEW JERSEY
\$8,264,306 BOND ANTICIPATION NOTES, SERIES 2015A (TAX-EXEMPT)
and
\$1,410,231 BOND ANTICIPATION NOTES, SERIES 2015B (FEDERALLY TAXABLE)**

INTRODUCTION

This Official Statement, which includes the cover page and the appendices attached hereto, has been prepared by the Township of Little Egg Harbor (the “Township”), in the County of Ocean (the “County”), State of New Jersey (the “State”) in connection with the sale and issuance of \$8,264,306 Bond Anticipation Notes, Series 2015A (Tax-Exempt) (the “Series A Notes”) and \$1,410,231 Bond Anticipation Notes, Series 2015B (Federally Taxable) (the “Series B Notes”, and together with the Series A Notes, being hereinafter referred to as the “Notes”) of the Township.

THE NOTES

General Description

The Notes shall be dated and shall bear interest from their date of delivery and shall mature as shown on the cover of this Official Statement. The Notes shall bear interest at the rates as indicated on the cover of this Official Statement, payable upon maturity. Interest on the Notes is calculated on the basis of twelve (12) thirty (30) day months in a three hundred sixty (360) day year.

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

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

Purpose of the Notes

Series A Notes

The Series A Notes, along with \$245,384 of available funds of the Township, are being issued to: (i) refund, on a current basis, the Township's bond anticipation notes originally issued in the aggregate principal amount of \$8,509,690, dated February 4, 2014 and maturing February 3, 2015 (the "Series 2014A Notes"), and (ii) pay costs of issuance of the Series A Notes. The Series A Notes and the improvements or purposes for which the Series A Notes are to be issued have been authorized by bond ordinances duly adopted by the Township, which bond ordinances are described in the following table by ordinance number and the amount of the Series 2014A Notes being refunded with the proceeds of the Series A Notes.

Ordinance Number	Amount of Series 2014A Notes Being Refunded With the Series 2015A Notes
2006-07	\$576,797
2006-15	225,853
2009-13	1,111,160
2010-20	1,184,900
2011-15	1,508,236
2012-12	1,615,000
2013-14	<u>2,042,360</u>
TOTAL:	<u>\$8,264,306</u>

Series B Notes

The Series B Notes are being issued to: (i) refund, on a current basis, the Township's bond anticipation notes originally issued in the aggregate principal amount of \$1,410,231, dated February 4, 2014 and maturing February 3, 2015 (the "Series 2014B Notes"), and (ii) pay costs of issuance of the Series B Notes. The Series B Notes and the improvements or purposes for which the Series B Notes are to be issued have been authorized by bond ordinances duly adopted by the Township, which bond ordinances are described in the following table by ordinance number and the amount of the Series 2014B Notes being refunded with the proceeds of the Series B Notes.

Ordinance Number	Amount of Series 2014B Notes Being Refunded With the Series 2015B Notes
2002-08	\$30,666
2002-14/36	40,730
2002-23	46,550
2003-07	730
2005-19	117,500
2007-04	170,000
2007-10	171,000
2008-03	24,130
2008-04	395,675
2009-05	204,250
2009-06	<u>209,000</u>
TOTAL:	<u>\$1,410,231</u>

Payment of Notes

As hereinafter stated, the Notes are general obligations of the Township for which the full faith and credit of the Township will be pledged. The Township is authorized and required by law to levy *ad valorem* taxes on all taxable property within the Township for the payment of principal of and interest on Notes without limitation as to rate or amount.

Optional Redemption

The Notes are not subject to redemption prior to maturity.

Authorization for the Issuance of the Notes

The Notes have been authorized and are being issued pursuant to the Local Bond Law, Chapter 169 of the Laws of 1960 of the State of New Jersey, effective January 1, 1962 and the acts amendatory thereof and supplemental thereto (the “Local Bond Law”). The Notes are authorized by various bond ordinances adopted by the Township Committee and published and approved as required by law.

The bond ordinances authorizing the Notes were published in full or in summary after their final adoption along with the statement that the twenty (20) day period of limitation within which a suit, action or proceeding questioning the validity of such bond ordinances could be commenced began to run from the date of the first publication of such statement. The Local Bond Law provides, that after issuance, all obligations shall be conclusively presumed to be fully authorized and issued by all laws of the State, and all persons shall be estopped from questioning their sale, execution or delivery by the Township. Such estoppel period has concluded as of the date of this Official Statement.

SECURITY FOR THE NOTES

General

The Notes are general obligations of the Township, and the Township has pledged its full faith and credit for the payment of the principal, redemption premium, if any, and the interest on the Notes. The Township is required by law to levy *ad valorem* taxes on all taxable real property in the Township for the payment of the principal, redemption premium, if any, of and the interest on the Notes, without limitation as to rate or amount.

The Township

The Township is located along the southeastern border of Ocean County, New Jersey. See Appendix “A” for demographic and statistical information concerning the Township.

SUPERSTORM SANDY

On October 29, 2012, Superstorm Sandy, then a Category 1 post-tropical cyclone, struck the southern Atlantic coast of New Jersey (the “Storm”). The resulting Storm surge and winds caused catastrophic damage to many coastal and riverfront communities, as well as widespread physical damage (including loss of electrical power and other utilities) throughout the State. In the days following the Storm, most schools and businesses – and many roads, bridges and public transportation systems – were closed.

On December 19, 2012 and January 4, 2013, the Township issued \$3,000,000 of Special Emergency Notes and \$9,000,000 of Special Emergency Notes (collectively, the “Original Special Emergency Notes”), respectively, to meet expenses related to the extraordinary expense for the repair, reconstruction of streets, road or bridges, or other public property in the Township damaged by Hurricane

Sandy. Such Original Special Emergency Notes were refunded on December 18, 2013 through the issuance of \$3,978,000 Special Emergency Notes and \$8,022,000 of available funds of the Township.

Currently, the Township has special emergency notes outstanding in the aggregate par amount of \$1,670,000 and due on December 18, 2015. Under the provisions of the Local Budget Law, such special emergency notes must be fully paid within five (5) years after issuance.

BOOK-ENTRY-ONLY SYSTEM

The description which follows of the procedures and record keeping with respect to beneficial ownership interests in the Notes, payment of principal and interest, and other payments on the Notes to DTC Participants or Beneficial Owners (as each such term is hereinafter defined), confirmation and transfer of beneficial ownership interests in the Notes and other related transactions by and between DTC, DTC Participants and Beneficial Owners, is based on certain information furnished by DTC to the Township. Accordingly, the Township does not make any representations as to the completeness or accuracy of such information.

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

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

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

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

Redemption proceeds and distributions on the Notes, if any, will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Township or its designated Paying Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Township, or the Township's designated Paying Agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and distributions to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Township or its designated Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

NEITHER THE TOWNSHIP NOR ITS DESIGNATED PAYING AGENT WILL HAVE THE RESPONSIBILITY OR OBLIGATION TO THE DIRECT PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENTS TO OR PROVIDING OF NOTICE FOR THE DIRECT PARTICIPANTS, OR THE INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE NOTES, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE BONDHOLDERS AND NOTEHOLDERS OR REGISTERED OWNERS OF THE NOTES (OTHER THAN UNDER THE CAPTION “TAX MATTERS”) SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE NOTES.

Discontinuance of Book-Entry Only System

In the event that the book-entry only system is discontinued and the Beneficial Owners become registered owners of the Notes, the following provisions apply: (i) the Notes may be exchanged for an equal aggregate principal amount of Notes in other authorized denominations and of the same maturity, upon surrender thereof at the office of the Township or its designated paying agent; (ii) the transfer of any Notes may be registered on the books maintained by the paying agent for such purposes only upon the surrender thereof to the Township, or its designated paying agent, together with the duly executed assignment in form satisfactory to the Township, or its designated paying agent; and (iii) for every exchange or registration of transfer of Notes, the Township or its designated paying agent, may make a charge sufficient to reimburse for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer of the Notes.

MUNICIPAL FINANCE – FINANCIAL REGULATION OF COUNTIES AND MUNICIPALITIES

Local Bond Law (N.J.S.A. 40A:2-1 et seq.)

The Local Bond Law generally governs the issuance of bonds to finance certain general municipal and utility capital expenditures. Among its provisions are requirements that bonds must mature within the statutory period of usefulness of the projects bonded and that bonds be retired in serial installments, with no annual principal payment greater than 100% of the smallest amount of any prior year’s principal amount. A 5% cash down payment is generally required toward the financing of expenditures for municipal purposes, except for the issuance of refunding bonds. All bonds issued by the Township are general full faith and credit obligations.

Debt Limits

The authorized bonded indebtedness of the Township is limited by statute, subject to the exceptions noted below, to an amount equal to 3½% of its average equalized valuation basis over the past three years. The equalized valuation basis of a municipality is set by statute as the average for the last three preceding years of the equalized value of all taxable real property and improvements and certain Class II railroad property within its boundaries, as determined annually by the State Director of Taxation. Certain categories of debt, which include the portion of school debt within a school district’s debt limitation and the self-liquidating portion of a utility’s debt, are permitted by statute to be deducted for purposes of computing the statutory debt limit. As indicated in Appendix “A”, the Township has not exceeded its statutory debt limit.

Exceptions to Debt Limits - Extensions of Credit

The Township may exceed its debt limit with the approval of the Local Finance Board, a State regulatory agency, and as permitted by other statutory exceptions. If all or any part of a proposed debt authorization would exceed its debt limit, the Township may apply to the Local Finance Board for an extension of credit. If the Local Finance Board determines that a proposed debt authorization would not materially impair the credit of the Township or substantially reduce the ability of the Township to meet its obligations or to provide essential public improvements and services, or makes certain other statutory determinations, approval is granted. In addition, debt in excess of the statutory limit may be issued by the

Township, without approval of the Local Finance Board, to fund certain notes, to provide for self-liquidating purposes, and, in each fiscal year, to provide for purposes in an amount not exceeding 2/3 of the amount budgeted in such fiscal year for the retirement of outstanding obligations (exclusive of utility and assessment obligations).

Short Term Financing

The Township may sell short-term “Bond Anticipation Notes” to temporarily finance a capital improvement or project in anticipation of the issuance of bonds, if the bond ordinance or subsequent resolution so provides. Bond Anticipation notes for capital improvements may be issued in an aggregate amount not exceeding the amount specified in the ordinance, as may be amended and supplemented, creating such capital expenditure. A local unit's Bond Anticipation notes may be issued for one year periods, with the last date of issuance not to exceed ten years and four months from the original issuance date. Beginning in the third year, the amount of notes that may be issued is decreased by the minimum amount required for the first year's principal payment for a bond issue.

The Local Budget Law (N.J.S.A. 40A:4-1 et seq.)

The foundation of the New Jersey local finance system is the annual cash basis budget. Every local unit must adopt a budget in the form required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the “Division”). Certain items of revenue and appropriation are regulated by law and the proposed budget must be certified by the Director of the Division (“Director”) prior to final adoption. The Local Budget Law requires each local unit to appropriate sufficient funds for payment of current debt service, and the Director is required to review the adequacy of such appropriations.

Tax Anticipation Notes are limited in amount by law and must be paid off in full within 120 days of the close of the fiscal year.

The Director has no authority over individual operating appropriations, unless a specific amount is required by law, but the review functions focusing on anticipated revenues serve to protect the solvency of all local units.

The cash basis budgets of local units must be in balance, i.e., the total of anticipated revenues must equal the total of appropriations (N.J.S.A. 40A:4-22). If in any year a local unit's expenditures exceed its realized revenues for that year, then such excess must be raised in the succeeding year's budget.

The Local Budget Law (N.J.S.A. 40A:4-26) provides that no miscellaneous revenues from any source may be included as an anticipated revenue in the budget in an amount in excess of the amount actually realized in cash from the same source during the next preceding fiscal year, unless the Director determines that the facts clearly warrant the expectation that such excess amount will actually be realized in cash during the fiscal year and certifies that determination to the local unit.

No budget or budget amendment may be adopted unless the Director shall have previously certified his approval of such anticipated revenues except that categorical grants-in-aid contracts may be included for their face amount with an offsetting appropriation. The fiscal years for such grants rarely coincide with the municipality's calendar year. However, grant revenue is generally not realized until received in cash.

The same general principle that revenue cannot be anticipated in a budget in excess of that realized in the preceding year applies to property taxes. The maximum amount of delinquent taxes that may be anticipated is limited by a statutory formula, which allows the unit to anticipate collection at the same rate realized for the collection of delinquent taxes in the previous year. Also the local unit is

required to make an appropriation for a “reserve for uncollected taxes” in accordance with a statutory formula to provide for a tax collection in an amount that does not exceed the percentage of taxes levied and payable in the preceding fiscal year that was received in cash by December 31 of that year. The budget also must provide for any cash deficits of the prior year.

Emergency appropriations (those made after the adoption of the budget and the determination of the tax rate) may be authorized by the governing body of a local unit. However, with minor exceptions, such appropriations must be included in full in the following year's budget.

The exceptions are certain enumerated quasi-capital projects (“special emergencies”) such as ice, snow and flood damage to streets, roads and bridges, which may be amortized over three years, and tax map preparation, re-evaluation programs, revision and codification of ordinances, master plan preparation and drainage map preparation for flood control purposes which may be amortized over five years. Of course, emergency appropriations for capital projects may be financed through the adoption of a bond ordinance and amortized over the useful life of the project.

Budget transfers provide a degree of flexibility and afford a control mechanism. Transfers between major appropriation accounts are prohibited, except for: (i) during the first three (3) months of a current fiscal year, appropriation reserves may be transferred to the immediately preceding fiscal year's budget; and (ii) transfers between major appropriation accounts are permitted during the last two (2) months of a current fiscal year. Such transfers must be approved by two-thirds of the full membership of the governing body of a local governmental unit. Although sub-accounts within an appropriation account are not subject to the same year-end transfer restriction, they are subject to internal review and approval.

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

Appropriation “CAP”

A provision of law known as the New Jersey “Cap Law” (N.J.S.A. 40A:4-45.1 et seq.) imposes limitations on increases in municipal appropriations subject to various exceptions. The payment of debt service is an exception from this limitation. The Cap formula is somewhat complex, but basically, it permits a municipality to increase its overall appropriations by the lesser of 2.5% or the “Index Rate” if the index rate is greater than 2.5%. The “Index Rate” is the rate of annual percentage increase, rounded to the nearest one-half percent, in the Implicit Price Deflator for State and Local Government purchases of goods and services computed by the U.S. Department of Commerce. Exceptions to the limitations imposed by the Cap Law also exist for other things including capital expenditures; extraordinary expenses approved by the Local Finance Board for implementation of an interlocal services agreement; expenditures mandated as a result of certain emergencies; and certain expenditures for services mandated by law. Counties are also prohibited from increasing their tax levies by more than the lesser of 2.5% or the Index Rate subject to certain exceptions. Municipalities by ordinance approved by a majority of the full membership of the governing body may increase appropriations up to 3.5% over the prior year's appropriation and counties by resolution approved by a majority of the full membership of the governing body may increase the tax levy up to 3.5% over the prior years' tax levy in years when the Index Rate is 2.4% or less.

Additionally, new legislation constituting P.L. 2010, c. 44, effective July 13, 2010, imposes a two percent (2%) cap on the tax levy of a municipality, county, fire district or solid waste collection district,

with certain exceptions and subject to a number of adjustments. The exclusions from the limit include increases required to be raised for capital expenditures, including debt service, increases in pension contributions in excess of 2%, certain increases in health care over 2%, and extraordinary costs incurred by a local unit directly related to a declared emergency. The governing body of a local unit may request approval, through a public question submitted to the legal voters residing in its territory, to increase the amount to be raised by taxation, and voters may approve increases above 2% not otherwise permitted under the law by an affirmative vote of 50%.

The Division has advised that counties and municipalities must comply with both budget “CAP” and the tax levy limitation. Neither the tax levy limitation nor the “CAP” law, however, limits the obligation of the Township to levy ad valorem taxes upon all taxable property within the boundaries of the Township to pay debt service on notes.

In accordance with the Local Budget Law, each local unit must adopt and may from time to time amend rules and regulations for capital budgets, which rules and regulations must require a statement of capital undertakings underway or projected for a period not greater than over the next ensuing six years as a general improvement program. The capital budget, when adopted, does not constitute the approval or appropriation of funds, but sets forth a plan of the possible capital expenditures which the local unit may contemplate over the next six years. Expenditures for capital purposes may be made either by ordinances adopted by the governing body setting forth the items and the method of financing or from the annual operating budget if the terms were detailed.

Tax Appeals

The New Jersey Statutes provide a taxpayer with remedial procedures for appealing an assessment deemed excessive. Prior to February 1 in each year, the Township must mail to each property owner a notice of the current assessment and taxes on the property. The taxpayer has a right to petition the County Tax Board on or before the April 1 for review. The County Board of Taxation has the authority after a hearing to decrease or reject the appeal petition. These adjustments are usually concluded within the current tax year and reductions are shown as canceled or remitted taxes for that year. If the taxpayer feels his petition was unsatisfactorily reviewed by the County Board of Taxation, appeal may be made to the Tax Court of New Jersey for further hearing. Some State Tax Court appeals may take several years prior to settlement and any losses in tax collections from prior years are charged directly to operations.

The Local Fiscal Affairs Law (N.J.S.A. 40A:5-1 et seq.)

This law regulates the non-budgetary financial activities of local governments. The chief financial officer of every local unit must file annually, with the Director, a verified statement of the financial condition of the local unit and all constituent boards, agencies or commissions.

An independent examination of each local unit accounts must be performed annually by a licensed registered municipal accountant. The audit, conforming to the Division of Local Government Services' “Requirements of Audit”, includes recommendations for improvement of the local units financial procedures and must be filed with the report, together with all recommendations made, and must be published in a local newspaper within 30 days of its submission. The entire annual audit report for each local unit is on file with the Clerk and is available for review during business hours.

School Debt Subject to Voter Approval

State law permits local school districts, upon approval of the voters in a Type II school district, to authorize school district debt, including debt in excess of its independent debt limitation by using the available borrowing capacity of the Township. If such debt is in excess of the school district’s debt limit

and the remaining borrowing capacity of the Township, the State Commissioner of Education and the Local Finance Board must approve the proposed debt authorization before it is submitted to the voters for approval.

TAX MATTERS

Federal Taxation

In the opinion of Bond Counsel, assuming continuing compliance with the provisions of the Internal Revenue Code of 1986, as amended (the "Code") applicable to the Series A Notes and subject to certain provisions of the Code which are described below, under laws, regulations, rulings and judicial decisions existing on the date of the original delivery of the Series A Notes, interest received by a holder of the Series A Notes will be excludable from gross income for federal income tax purposes, and will not be treated as a tax preference item for purposes under Section 57 of the Code for individuals or corporations. Interest on the Series A Notes is included in the adjusted current earnings of certain corporations for the purposes of computing the alternative minimum alternative tax on such corporations.

The Code contains a number of provisions that apply to the Series A Notes, including restrictions relating to the use or investment of the proceeds of the Series A Notes (or facilities financed by such proceeds) and the payment of certain arbitrage earnings in excess of the "yield" on the Series A Notes to the Treasury of the United States. Non-compliance with such provisions may result in interest on the Series A Notes not being excludable from gross income for federal income tax purposes retroactive to the date of issuance of the Series A Notes. The Township has covenanted to comply with these requirements.

Section 55 of the Code provides that an alternative minimum tax is imposed on corporations. For purposes of the corporate alternative minimum tax, the Code includes an increase adjustment for computation of the alternative minimum tax consisting generally of 75% of the amount by which "adjusted current earnings" exceeds alternative minimum taxable income (computed without regard to this adjustment and the alternative tax net operating loss deduction). Thus, to the extent that interest on the Series A Notes is a component of a corporate holder's "adjusted current earnings", such interest may be subject to an alternative minimum tax.

Section 265(b) of the Code generally denies to institutions any deduction for that portion of interest expense incurred to purchase or carry tax-exempt obligations. An exception is provided certain small issuers who designate the obligations as "qualified tax-exempt obligations" under Section 265(b)(3) of the Code and, provided certain conditions are met, for obligations the proceeds of which refund obligations which were designated as qualified tax-exempt obligations. Such obligations will be subject to a reduced disallowance rule. The Series A Notes **will not be** designated by the Township as qualified tax exempt obligations under Section 265(b) of the Code.

In addition, prospective purchasers should be aware that Section 6049 of the Code provides that interest paid on tax-exempt obligations will be subject to information reporting in a manner similar to interest paid on taxable obligations. The provision is effective for interest paid on tax-exempt obligations after December 31, 2005, regardless of when the tax-exempt obligations were issued. Pursuant to Notice 2006-93, backup withholding will be required if the bondholder fails to provide a tax identification number. This reporting requirement does not in and of itself affect or alter the excludability of such interest from gross income for federal tax purposes or any other federal tax consequence of purchasing, holding or selling tax-exempt obligations.

Ownership of tax-exempt obligations may also result in collateral federal income tax consequences to certain taxpayers including, without limitation, certain foreign corporations doing business in the United States, certain S corporations with excess passive income, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits and

taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations.

From time to time, there are legislative proposals in Congress that, if enacted, could alter or amend the federal tax matters referred to above or adversely affect the market value of the Series A Notes. President Obama has periodically submitted to Congress various legislative proposals, which if enacted, would limit for certain individual taxpayers the value of certain deductions and exclusions, including the exclusion for tax-exempt interest. If enacted into law, such proposals may cause interest on the Series A Notes to be subject, directly or indirectly, to federal income taxation or otherwise prevent owners of the Series A Notes from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals may also affect the market price for, or marketability of, the Series A Notes. No prediction is made whether these provisions will be enacted as proposed or concerning other future legislation which if passed might have the effect on the tax treatment of interest on the Series A Notes. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation. Bond Counsel will render its opinion as of the issue date, and will assume no obligation to update its opinions after the issue date to reflect any future facts or circumstances, or any future changes in law or interpretation, or otherwise. Moreover, the opinions of Bond Counsel are only opinions and not a warranty or guaranty of the matters discussed. Bond Counsel has no obligation to provide updated information concerning pending or future legislation. Each purchaser of the Series A Notes should consult his or her own tax advisor regarding any pending or proposed federal tax legislation.

In addition, the Internal Revenue Service (“IRS”) has established an expanded audit program for obligations like the Series A Notes. There can be no assurance that an audit initiated or concluded by the IRS after the issue date of the Series A Notes involving either the Series A Notes or other tax-exempt notes will not have an adverse effect on the tax-exempt status or market price of the Series A Notes.

[Original Issue Premium

The Series A Notes have been sold to the public at a premium. Section 171 of the Code provides rules under which a note premium may be amortized and a deduction allowed for the amount of the amortizable note premium for a taxable year. Under, Section 171(a)(2) of the Code, however, no deduction is allowable for the amortizable note premium in the case of obligations, like the Series A Notes, the interest on which is excludable from gross income. Under Section 1016(a)(5) of the Code, the purchaser’s basis in a Note will be reduced by the amount of the amortizable note premium disallowable as a deduction under Section 171(a)(2) of the Code. Proceeds received from the sale, exchange, redemption or payment of a Note in excess of the owner’s adjusted basis (as reduced pursuant to Section 1016(a)(5) of the Code), will be treated as a gain from the sale or exchange of such Notes and not as interest.]

Tax legislation, administrative action taken by tax authorities, and court decisions, whether at the Federal or state level, may adversely affect the exclusion from gross income of interest on the Notes for federal income tax purpose, or the exclusion of interest on and any gain realized on the sale of the Notes under the existing New Jersey Gross Income Tax Act, and any such legislation, administrative action or court decisions could adversely affect the market price or marketability of the Notes.

Series B Notes

The following is a general discussion of certain of the anticipated federal tax consequences of the purchase, ownership and disposition of the Series B Notes by the original purchasers of the Series B Notes. This discussion is based upon the Code, regulations, rulings and decisions now in effect, all of which are subject to change at any time, possibly with retroactive effect, and does not purport to deal with federal income tax consequences applicable to all categories of investors, some of which will be subject to special rules. This discussion assumes that the Series B Notes will be held as “capital assets” under the Code and that the Series B Notes are owned by U.S. Holders (as defined below). Investors should consult

their own tax advisors in determining the federal, state, local or other tax consequences to them of purchase, ownership and disposition of the Series B Notes.

As used herein, the term “U.S. Holder” means a beneficial owner of a Bond that is for United States federal income tax purposes (i) a citizen or resident of the United States, (ii) a corporation, partnership or other entity created or organized in or under the laws of the United States or any State or any political subdivision thereof, (iii) an estate the income of which is subject to United States federal income taxation regardless of its source or (iv) a trust whose administration is subject to the primary jurisdiction of a court within the United States and which has one or more United States fiduciaries who have the authority to control all substantial decisions of the trust.

Interest Income

INTEREST ON THE SERIES B NOTES IS NOT EXCLUDED FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES. In general, interest paid or accrued on the Series B Notes will be treated as ordinary income to the owners thereof, and principal payments on such bonds will be treated as a return of capital to the extent of the owner’s basis therein. The Township will report annually (or more frequently if required) to owners of record and to the Internal Revenue Service in respect of interest paid on the Series B Notes.

Backup Withholding

Under the Code, payments on the Series B Notes may under certain circumstances, be subject to “backup withholding”. This withholding generally applies if the owner (i) fails to furnish such owner’s social security number or other taxpayer identification number (“TIN”), (ii) furnishes an incorrect TIN, (iii) fails to properly report interest, dividends or other “reportable payments” as defined in the Code, or (iv) under certain circumstances, fails to provide such owner’s securities broker with a certified statement, signed under penalties of perjury, that the TIN is correct and that such Noteholder is not subject to backup withholding. Owners of the Series B Notes should consult their own tax advisors as to their qualification for exemption for backup withholding and the procedures for obtaining the exemption.

ALL POTENTIAL PURCHASERS OF THE SERIES B NOTES SHOULD CONSULT WITH THEIR TAX ADVISORS IN ORDER TO UNDERSTAND THE IMPLICATION OF THE TAX CONSEQUENCES UNDER THE CODE.

State Taxation

Bond Counsel is of the opinion, based upon existing statutes and judicial decisions, that interest on the Notes and net gains from the sale of the Notes are not included as gross income under the New Jersey Gross Income Tax Act. Potential purchasers of the Notes should consult with their tax advisors in order to understand the tax consequences of ownership of the Notes under the laws of other states.

THE FOREGOING IS NOT INTENDED AS AN EXHAUSTIVE RECITAL OF THE POTENTIAL TAX CONSEQUENCES OF HOLDING THE NOTES. PROSPECTIVE PURCHASERS OF THE NOTES SHOULD CONSULT THEIR TAX ADVISORS WITH RESPECT TO THE FEDERAL, STATE AND LOCAL TAX CONSEQUENCES OF OWNERSHIP OF THE NOTES.

LEGALITY FOR INVESTMENT

The State and all public officers, municipalities, counties, political subdivisions and public bodies, and agencies thereof, all banks, bankers, trust companies, savings and loan associations, savings banks and institutional building and loan associations, investment companies, and other persons carrying

on banking business, all insurance companies, and all executors, administrators, guardians, trustees, and other fiduciaries may legally invest any sinking funds, moneys or other funds belonging to them or within their control in any bonds of the Township including the Notes, and such Notes are authorized security for any and all public deposits.

COMPLIANCE WITH SECONDARY MARKET DISCLOSURE REQUIREMENTS FOR THE NOTES

The Township has covenanted for the benefit of the holders of the Notes to provide notices of the occurrence of certain enumerated events with respect to the Notes (the “Notices”), as set forth in section (b)(5)(i)(C) of Rule 15c2-12 of the Securities and Exchange Commission, as amended and interpreted from time to time (the “Rule”). The Notices will be filed by the Township with the Municipal Securities Rulemaking Board. The specific nature of the Notices will be detailed in a certificate to be executed on behalf of the Township by its Chief Financial Officer, in the form appearing in Appendix “D” hereto, such certificate to be delivered concurrently with the delivery of the Notes. The Township has previously entered into continuing disclosure undertakings under the Rule in respect of its obligations and obligations of the Little Egg Harbor Municipal Utilities Authority for which the Township is an obligated person. In connection with certain of such previous undertakings, the Township has failed to timely file in respect of all or some of the affected issues (i) its audited or unaudited financial statements for its fiscal years ending December 31 of the years 2009, 2010, 2011, 2012 and 2013, (ii) its annual operating data in respect of its fiscal years ending December 31 of the years 2009, 2010, 2011, 2012 and 2013, and (iii) its material event notices in respect of a Township rating change that occurred on April 23, 2010 and in respect of a bond insurer rating change that occurred on April 7, 2011. The Township has subsequently filed such financial statements, operating data and material event notices. The Township has also failed to timely file various required notices of its failure to file certain of such financial statements and operating data, but the Township has subsequently filed such notices. The Township has appointed Phoenix Advisors, LLC to serve as continuing disclosure agent.

LITIGATION

Upon delivery of the Notes, the Township shall furnish a certificate of Gilmore & Monahan, P.C., Toms River, New Jersey (the “Township Attorney”), dated the date of delivery of the Notes, to the effect that there is no litigation of any nature pending or, to his knowledge, threatened to restrain or enjoin the issuance, sale, execution or delivery of the Notes, or in any way contesting or affecting the validity of the Notes or any of the proceedings taken with respect to the issuance and sale thereof or the application of moneys to the payment of the Notes. In addition, such certificate shall state that there is no litigation of any nature now pending or threatened by or against the Township wherein an adverse judgment or ruling could have a material adverse impact on the financial condition of the Township or adversely affect the power of the Township to levy, collect and enforce the collection of taxes or other revenues for the payment of its bonds, which has not been disclosed in this Official Statement.

MUNICIPAL BANKRUPTCY

The undertakings of the Township should be considered with reference to Chapter IX of the Bankruptcy Act, 11 U.S.C. Section 401, et seq., as amended by Public Law 95-598, approved November 6, 1978, and as further amended on November 3, 1988, by an Act to Amend the Bankruptcy Law to Provide for Special Revenue Bonds, and for Other Purposes, and on October 22, 1994, by the Bankruptcy Reform Act of 1994, and by other bankruptcy laws affecting creditors’ rights and municipalities in general. Chapter IX permits a state or any political subdivision, public agency or instrumentality that is insolvent or unable to meet its debts to file a petition in a bankruptcy court for the ultimate purpose of effecting a plan to adjust its debts. Chapter IX directs such a petitioner to file with the Bankruptcy Court a list of the petitioner’s creditors; provides that a petition filed under this chapter shall operate as a stay of the commencement or continuation of any judicial or other proceeding against the petitioner, with the exception that such petition does not operate as a stay of application of pledged special revenues to the

payment of indebtedness secured by such revenues; grants priority to administrative and operational expenses and to debts owed for services or material, up to \$4,000 per individual or corporation, actually provided within ninety (90) days of the filing of the petition; directs a petitioner to file a plan for the adjustment of its debts; provides that any securities issued under a reorganization plan will be exempt from the securities laws and, therefore, exempt from registration requirements; permits the petitioner, during bankruptcy proceedings, to continue to pay pre-petition debt without prior court approval; and provides that the plan must be accepted by a class of creditors, in writing, by or on behalf of creditors holding at least two-thirds in amount and more than one-half in number of the allowed claims of such class held by creditors. A plan shall not be approved by the Bankruptcy Court unless it is in the best interests of creditors and is feasible.

Reference should also be made to N.J.S.A. 52:27-40 through 52:27-45.11, which provides that any county, municipality, or other political subdivision of this State has the power to file a petition with any Bankruptcy Court, provided the approval of the municipal finance commission has been obtained, and such petition has been authorized by ordinance of the governing body of the political subdivision. The powers of the municipal finance commission have been vested in the Local Finance Board. The Bankruptcy Act specifically provides that Chapter IX does not limit or impair the power of a state to control, by legislation or otherwise, the procedures that a municipality must follow in order to take advantage of the provisions of the Bankruptcy Act. However, the Bankruptcy Act does provide that a municipality must obtain any regulatory or electoral approval necessary under constitutional, statutory, or charter provisions, for actions taken under the reorganization plan.

CERTAIN REFERENCES

The foregoing statements and descriptions of provisions of the New Jersey Constitution, the Local Bond Law and other laws of the State of New Jersey, the Federal Bankruptcy Code, the Ordinances and the Resolution of the Township and the Notes and all references to other material not purported to be quoted in full are only brief, generalized descriptions thereof, do not purport to be complete, and are in all respects subject to and qualified in their entireties by express reference to the complete provisions thereof. Copies of the bond ordinances and the resolution will be furnished by the Township on request.

All estimates and assumptions herein are believed to be reasonable, but no warranty, guaranty or other representation is made that such estimates or assumptions will be realized or are correct. So far as any statements herein involve matters of opinion, whether or not expressly so stated, they are intended merely as such and not as representations of fact.

CERTIFICATION OF OFFICIAL STATEMENT

The Township hereby states that the descriptions and statements herein relating to the Township are true and correct in all material respects and, upon request, it will confirm to the purchasers of the Notes, by certificates signed by the Township Chief Financial Officer, that to his/her knowledge such descriptions and statements, as of the date hereof, and as of the date of delivery of the Notes, are true and correct in all material respects and do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein, in light of the circumstances under which they were made, not misleading.

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

GluckWalrath LLP has not participated in the preparation of the financial or statistical information contained in this Official Statement, nor has it verified the accuracy, completeness or fairness thereof and, accordingly, expresses no opinion with respect thereto.

RATING

The Notes have not been rated.

UNDERWRITING

Series A Notes

The Series A Notes have been purchased from the Township, at a public sale, by _____, _____, _____, (the “Series A Underwriter”) at a purchase price of \$_____ (consisting of the par amount of the Series A Notes plus a bid premium of \$_____). The Series A Underwriter is obligated to purchase all of the Series A Notes if any are purchased.

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

Series B Notes

The Series B Notes have been purchased from the Township, at a public sale, by _____, _____, _____, (the “Series B Underwriter” and together with the Series A Underwriter, the “Underwriters”) at a purchase price of \$_____ (consisting of the par amount of the Series B Notes plus a bid premium of \$_____). The Series B Underwriter is obligated to purchase all of the Series B Notes if any are purchased.

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

FINANCIAL ADVISOR

Phoenix Advisors, LLC, Bordentown, New Jersey has served as financial advisor to the Township with respect to the issuance of the Notes (the “Financial Advisor”). The Financial Advisor is not obligated to undertake and has not undertaken, either to make an independent verification of, or to assume responsibility for the accuracy, completeness, or fairness of the information contained in the Official Statement and the appendices hereto. The Financial Advisor is an independent firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

APPROVAL OF LEGAL PROCEEDINGS

All legal matters incident to the authorization, the issuance, the sale and the delivery of the Notes are subject to the approval of GluckWalrath LLP, Trenton, New Jersey, Bond Counsel to the Township, whose approving legal opinion will be delivered with the Notes substantially in the form set forth as Appendix “C”. Certain legal matters will be passed on for the Township by the Township Attorney.

FINANCIAL STATEMENTS

Appendix “B” contains certain audited financial data of the Township compiled by Holman Frenia Allison, P.C., Medford, New Jersey (the “Auditor”) for the Township’s fiscal year ending December 31, 2013. The audited financial data was provided by the Auditor, to the extent and for the period set forth in their report appearing in Appendix “B”, and are included herein in reliance upon the authority of such firm.

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including any information additional to that contained herein, may be directed to the Township’s Administrator/Chief Financial Officer, 665 Radio Road, Little Egg Harbor, New Jersey 08087, telephone (609) 296-7241 or its Financial Advisor, Phoenix Advisors, LLC, 4 West Park Street, Bordentown, New Jersey, telephone (609) 291-0130.

MISCELLANEOUS

This Official Statement is not to be construed as a contract or agreement between the Township and the purchasers or holders of any of the Notes. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinions and not as representations of fact. The information and expressions of opinion contained herein are subject to change without notice and neither the delivery of this Official Statement nor any sale of Notes made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Township since the date hereof.

This Official Statement has been duly executed and delivered by the Township.

**TOWNSHIP OF LITTLE EGG HARBOR,
IN THE COUNTY OF OCEAN, NEW JERSEY**

By: /s/ _____
Garrett Loesch,
Administrator/Chief Financial Officer

Dated: January __, 2015

APPENDIX A

GENERAL INFORMATION REGARDING THE TOWNSHIP

INFORMATION REGARDING THE TOWNSHIP¹

The following material presents certain economic and demographic information of the Township of Little Egg Harbor (the “Township”).

Location and Area

The Township is located along the southeastern border of Ocean County, New Jersey. As reflected in data from the U.S. Department of Commerce, Bureau of Census, the Township is experiencing fairly rapid growth.

A land area of fifty (50) square miles lies within the borders of the Township. The Township lies twenty five (25) miles north of Atlantic City, one hundred (100) miles south of New York City, approximately sixty (60) miles southeast of Philadelphia and sixty (60) miles east of Trenton, the State Capital.

Form of Government and Administration

The Township is governed by a five (5) member committee. Committee members are elected for three (3) year terms and individually oversee various functions of local government. Ordinances are passed by simple majority vote of the committee.

A Business Administrator is charged with the responsibility of managing the day-to-day affairs of the Township. The Administrator reports directly to the Committee. The Treasurer’s Office is responsible for the administration.

Typical of the Boards, Committees and Commissions that make up part of the township’s government are the following:

- Board of Health
- Community Center Recreation Commission
- Economic Development Commission
- Environmental Commission
- Planning Board
- Natural Land Trust Committee
- Senior Citizen Advisory Committee
- Zoning Board of Adjustment

Utilities and Communication

The Atlantic Electric Company and the New Jersey Natural Gas Company service the Township’s electric and natural gas needs. Bell Atlantic provides communication services to the Township while Adelphia Cable Company provides cable TV accessibility. Water and sewer services are provided by the Little Egg Harbor Municipal Utilities Authority.

¹ Source: Official Statement of the Township.

Police, Fire and First Aid Services

The Township Police Department consists of officers who are trained in modern law enforcement techniques and are equipped to attend to the routine and emergency needs of the community.

The Township's volunteer first aid squad serves the emergency health needs of the Township. The squad has modern equipment vehicles, and well-trained, dedicated volunteers.

Three strategically located volunteer fire companies provide fire protection to Township residents and businesses. The fire companies have modern equipment and vehicles and well-trained, dedicated volunteers.

Transportation

Major highway routes provide primary transportation links with other parts of the State. The Garden State Parkway traverses on a north-south axis connecting all shore points with Northern New Jersey and the metropolitan areas of New York City. Bus transportation is provided by New Jersey Transit between Atlantic City and New York via Route 9 with the local swing through the Mystic Island area. Ocean County Area Transportation provides transportation for local residents to the nearby Townships of Barnegat and Stafford.

Retirement Systems

All full-time permanent or qualified Township employees who began employment after 1944 must enroll in one of two retirement systems depending upon their employment status. These systems were established by acts of the State Legislature. Benefits, contributions, means of funding and the manner of administration are set by State law. The Division of Pensions within the New Jersey Department of Treasury is the administrator of the funds with the benefit and contribution levels set by the State. The Township is enrolled in the Public Employees' Retirement System and the Police and Firemen's Retirement System.

Pension Information²

Employees who are eligible to participate in a pension plan are enrolled in the Public Employees' Retirement System ("PERS") or the Police and Firemen's Retirement System ("PFRS"), Department of the State of New Jersey. The State Division of Pensions annually charges municipalities and other participating governmental units for their respective contributions to the plans based upon actuarial calculations. The employees contribute a portion of the cost. The Township's share of pension costs, which is based upon the annual billings, received from the State, amounted to \$362,918 for PERS and \$749,904 for PFRS for the year ended December 31, 2013.

² Source: State of New Jersey Department of Treasury, Division of Pensions and Benefits

Hurricane Sandy

On October 29, 2012, Superstorm Sandy, then a Category 1 post-tropical cyclone, struck the southern Atlantic coast of New Jersey (the “Storm”). The resulting Storm surge and winds caused catastrophic damage to many coastal and riverfront communities, as well as widespread physical damage (including loss of electrical power and other utilities) throughout the State. In the days following the Storm, most schools and businesses – and many roads, bridges and public transportation systems – were closed.

On December 19, 2012 and January 4, 2013, the Township issued \$3,000,000 of Special Emergency Notes and \$9,000,000 of Special Emergency Notes (collectively, the “Original Special Emergency Notes”), respectively, to meet expenses related to the extraordinary expense for the repair, reconstruction of streets, road or bridges, or other public property in the Township damaged by Hurricane Sandy. Such Original Special Emergency Notes were refunded on December 18, 2013 through the issuance of \$3,978,000 Special Emergency Notes and \$8,022,000 of available funds of the Township.

Currently, the Township has special emergency notes outstanding in the aggregate par amount of \$1,670,000 and due on December 18, 2015. Under the provisions of the Local Budget Law, such special emergency notes must be fully paid within five (5) years after issuance.

Employment and Unemployment Comparisons

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

	<u>Total Labor Force</u>	<u>Employed Labor Force</u>	<u>Total Unemployed</u>	<u>Unemployment Rate</u>
<u>Township</u>				
2013	9,685	8,556	1,129	11.7%
2012	9,796	8,456	1,340	13.7%
2011	9,555	8,319	1,236	12.9%
2010	9,338	8,127	1,211	13.0%
2009	9,325	8,359	966	10.4%
<u>County</u>				
2013	267,684	244,808	22,876	8.5%
2012	269,077	241,941	27,136	10.1%
2011	266,884	240,111	26,773	10.0%
2010	266,404	239,158	27,246	10.2%
2009	264,787	239,691	25,096	9.5%
<u>State</u>				
2013	4,537,800	4,166,000	371,800	8.2%
2012	4,595,500	4,159,300	436,200	9.5%
2011	4,556,200	4,131,800	424,400	9.3%
2010	4,502,400	4,076,700	425,700	9.5%
2009	4,536,700	4,118,400	418,300	9.2%

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

Income (as of 2011)

	<u>Township</u>	<u>County</u>	<u>State</u>
Median Household Income	\$57,854	\$59,565	\$71,180
Median Family Income	66,594	73,532	86,779
Per Capita Income	28,416	29,491	35,768

Source: US Bureau of the Census

Population

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

<u>Year</u>	<u>Township</u>		<u>County</u>		<u>State</u>	
	<u>Population</u>	<u>% Change</u>	<u>Population</u>	<u>% Change</u>	<u>Population</u>	<u>% Change</u>
2010	20,065	25.84%	576,567	12.85%	8,791,894	4.49%
2000	15,945	19.59	510,916	17.94	8,414,350	8.85
1990	13,333	57.17	433,203	25.19	7,730,188	4.96
1980	8,483	185.43	346,038	65.99	7,365,001	2.75
1970	2,972	250.89	208,470	92.60	7,168,164	18.15

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

Largest Taxpayers

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

<u>Taxpayers</u>	<u>2014 Assessed Valuation</u>	<u>% of Total Assessed</u>
Mystic Partners	\$13,104,000	0.48%
AT & T	10,000,000	0.36%
Healthtech Properties	7,200,000	0.26%
Armstrong Tuckerton, LLC	7,100,000	0.26%
Sea Oaks Golf Club	6,625,000	0.24%
Andwin Realty Investors, LLC	4,150,000	0.15%
Mystic Investor Association	3,694,400	0.13%
Wawa Inc.	3,137,200	0.11%
Walmart (Vacant Land)	3,132,500	0.11%
Choudhry Brothers Properties, LLC	<u>3,074,100</u>	<u>0.11%</u>
Total	<u>\$61,217,200</u>	<u>2.23%</u>

Source: School District CAFR & Municipal Tax Assessor.

Total Assessed Valuation in the Township: \$2,746,713,463

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Current Year Collection</u>	<u>Current Year % of Collection</u>
2013	\$52,130,022	\$50,799,566	97.45%
2012	52,166,609	50,574,473	96.95%
2011	51,023,557	49,978,435	97.95%
2010	50,011,200	49,282,287	98.54%
2009	48,766,239	48,478,996	99.41%

Source: Annual Audit Reports of the Township

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Tax</u>	<u>Total Delinquent</u>	<u>% of Tax Levy</u>
2013	\$523,085	\$36,322	\$559,407	1.07%
2012	567,052	18,512	585,564	1.12%
2011	377,326	42,346	419,672	0.82%
2010	290,153	399,069	689,222	1.38%
2009	270,560	47,629	318,189	0.65%

Source: Annual Audit Reports of the Township

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

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

<u>Year</u>	<u>Municipal</u>	<u>County</u>	<u>Local School</u>	<u>Regional School</u>	<u>Total Taxes</u>
2014	\$0.560	\$0.340	\$0.446	\$0.516	\$1.862
2013	0.548	0.336	0.420	0.500	1.804
2012	0.532	0.328	0.406	0.473	1.739
2011	0.507	0.327	0.396	0.439	1.669
2010	0.490	0.312	0.389	0.450	1.641

<u>Year</u>	<u>FD #1</u>	<u>FD #2</u>	<u>FD #3</u>
2014	\$0.065	\$0.199	\$0.044
2013	0.042	0.049	0.063
2012	0.039	0.045	0.062
2011	0.037	0.032	0.063
2010	0.028	0.031	0.061

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

Valuation of Property

<u>Year</u>	<u>Aggregate Assessed Valuation of Real Property</u>	<u>Ratio of Assessed to True Value</u>	<u>Aggregate True Value of Real Property</u>	<u>Assessed Value of Personal Property</u>	<u>Equalized Valuation</u>
2014	\$2,742,471,160	116.17%	\$2,360,739,571	\$4,242,303	\$2,364,981,874
2013	2,793,943,798	117.35	2,380,863,910	5,251,712	2,386,115,622
2012	2,909,001,734	114.51	2,540,391,000	5,851,082	2,546,242,082
2011	2,949,888,969	107.28	2,749,710,076	5,955,862	2,755,665,938
2010	2,960,753,377	103.17	2,869,781,309	6,779,754	2,876,561,063

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

Classification of Ratables

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

<u>Year</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Farm</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartments</u>	<u>Total</u>
2014	\$152,049,100	\$2,425,444,439	\$2,032,258	\$159,319,263	\$566,100	\$3,060,000	\$2,742,471,160
2013	111,911,000	2,531,443,939	2,898,296	144,064,463	566,100	3,060,000	2,793,943,798
2012	116,303,400	2,636,669,689	2,898,296	149,605,749	566,100	3,060,000	2,909,103,234
2011	124,822,000	2,666,799,789	2,924,031	151,717,049	566,100	3,060,000	2,949,888,969
2010	136,785,500	2,655,632,189	2,638,539	162,071,049	566,100	3,060,000	2,960,753,377

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

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Financial Operations

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

Summary of Current Fund Budget

<u>Anticipated Revenues</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Fund Balance	\$2,800,000	\$920,000	\$204,000	\$0	\$1,423,476
Miscellaneous Revenues	2,670,302	3,259,245	3,226,642	6,644,344	5,394,538
Receipts from Delinquent Taxes	55,000	234,927	250,000	0	268,251
Amount to be Raised by Taxes for Support of Municipal Budget	<u>14,242,765</u>	<u>14,996,530</u>	<u>15,258,824</u>	<u>15,295,327</u>	<u>15,294,083</u>
	<u>\$19,768,067</u>	<u>\$19,410,702</u>	<u>\$18,939,466</u>	<u>\$21,939,671</u>	<u>\$22,380,348</u>
<u>Appropriations</u>					
General Appropriations	\$16,948,115	\$16,375,631	\$16,873,280	\$17,192,367	\$18,048,208
Operations	336,500	761,707	404,744	428,228	544,153
Deferred Charges and Statutory Expenditures	0	0	0	1,954,173	994,500
Judgments	0	0	0	0	0
Capital Improvement Fund	0	0	0	0	100,000
Municipal Debt Service	2,134,743	1,885,391	1,261,588	1,330,000	1,343,525
Reserve for Uncollected Taxes	<u>348,709</u>	<u>284,973</u>	<u>399,854</u>	<u>1,034,903</u>	<u>1,349,962</u>
	<u>\$19,768,067</u>	<u>\$19,307,702</u>	<u>\$18,939,466</u>	<u>\$21,939,671</u>	<u>\$22,380,348</u>

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Township Indebtedness as of December 31, 2013

General Purpose Debt	
Serial Bonds	\$7,615,000
Bond Anticipation Notes	6,610,700
Bonds and Notes Authorized but Not Issued	4,742,222
Other Bonds, Notes and Loans	<u>719,731</u>
Total:	\$19,687,653
Local School District Debt	
Serial Bonds	\$24,490,000
Temporary Notes Issued	0
Bonds and Notes Authorized but Not Issued	<u>0</u>
Total:	\$24,490,000
Regional School District Debt	
Serial Bonds	\$7,660,012
Temporary Notes Issued	0
Bonds and Notes Authorized but Not Issued	<u>0</u>
Total:	\$7,660,012
Self-Liquidating Debt	
Serial Bonds	\$0
Bond Anticipation Notes	0
Bonds and Notes Authorized but Not Issued	0
Other Bonds, Notes and Loans	<u>0</u>
Total:	\$0
TOTAL GROSS DEBT	<u>\$51,837,665</u>
Less: Statutory Deductions	
General Purpose Debt	\$17,783
Local School District Debt	24,490,000
Regional School District Debt	7,660,012
Self-Liquidating Debt	<u>0</u>
Total:	\$32,167,795
TOTAL NET DEBT	<u>\$19,669,870</u>

Source: Annual Debt Statement of the Township

Overlapping Debt (as of December 31, 2013)³

<u>Name of Related Entity</u>	<u>Related Entity Debt Outstanding</u>	<u>Township Percentage</u>	<u>Township Share</u>
Local School District	\$24,490,000	100.00%	\$24,490,000
Regional School District	10,338,000	74.10%	7,660,012
Ocean County	424,268,949	3.06%	<u>12,982,630</u>
Net Indirect Debt			\$45,132,642
Net Direct Debt			<u>19,669,870</u>
Total Net Direct and Indirect Debt			<u>\$64,802,512</u>

Debt Limit

Average Equalized Valuation Basis (2011, 2012, 2013)	\$2,556,988,329
Permitted Debt Limitation (3 1/2%)	89,494,592
Less: Net Debt	<u>19,669,870</u>
Remaining Borrowing Power	<u>\$69,824,722</u>
Percentage of Net Debt to Average Equalized Valuation	0.77%
Gross Debt Per Capita based on 2010 population of 20,065	\$2,583
Net Debt Per Capita based on 2010 population of 20,065	\$980

Source: Annual Debt Statement of the Township.

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

APPENDIX B

**AUDITED FINANCIAL STATEMENTS OF THE TOWNSHIP FOR THE
YEAR ENDED DECEMBER 31, 2013**

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the Township Committee
Township of Little Egg Harbor
County of Ocean
Little Egg Harbor, New Jersey 08087

Report on the Financial Statements

We have audited the accompanying comparative statements of assets, liabilities, reserves and fund balance--regulatory basis of the various funds and account group of the Township of Little Egg Harbor, County of Ocean, State of New Jersey as of December 31, 2013 and 2012, and the related comparative statement of operations and changes in fund balance--regulatory basis for the years then ended, the related statement of revenues--regulatory basis, statement of expenditures--regulatory basis, and the related notes to the financial statements for the year ended December 31, 2013.

Management's Responsibility for the Financial Statements

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

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 and 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 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 from 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 judgment, 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 entity'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 entity'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 for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As discussed in Note 1 to the financial statements, the Township of Little Egg Harbor prepares its financial statements using accounting practices that demonstrate compliance with regulatory basis of accounting and budget laws of the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the State of New Jersey.

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the preceding 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 Little Egg Harbor, County of Ocean, State of New Jersey, as of December 31, 2013 and 2012, or the results of its operations and changes in fund balance for the years then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, reserves and fund balance--regulatory basis of the various funds and account group of the Township of Little Egg Harbor, County of Ocean, State of New Jersey, as of December 31, 2013 and 2012, and the results of its operations and changes in fund balance --regulatory basis the years then ended, and the related statement of revenues--regulatory basis, statement of expenditures--regulatory basis, and the related notes to financial statements, for the year ended December 31, 2013 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.

Other Matters

Report on Supplementary Information

Our audit was made for the purpose of forming an opinion on the financial statements referred to in the first paragraph as a whole. The supplemental financial statements presented for the various funds are presented for purposes of additional analysis as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and is not a required part of the above financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the above financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the 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 of each of the respective individual funds and account group taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 30, 2014, on our consideration of the Township of Little Egg Harbor'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 of Little Egg Harbor's internal control over financial reporting and compliance.

Respectfully submitted,

HOLMAN FRENIA ALLISON, P.C.

Kevin P. Frenia
Certified Public Accountant
Registered Municipal Accountant
No. CR 435

May 30, 2014
Medford, New Jersey

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BASIC FINANCIAL STATEMENTS

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**TOWNSHIP OF LITTLE EGG HARBOR
CURRENT FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2013 AND 2012**

ASSETS	REFERENCE	2013	2012
Operating Fund:			
Cash:			
Treasurer	A-4	\$ 5,481,935	\$ 3,028,690
Change Fund	A	<u>1,325</u>	<u>1,325</u>
Total Cash		<u>5,483,260</u>	<u>3,030,015</u>
Other Receivables:			
Due From/(To) State of New Jersey	A	<u>125,638</u>	<u>102,737</u>
Total Other Receivables		<u>125,638</u>	<u>102,737</u>
Receivables & Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-5	36,322	18,512
Tax Title Liens Receivable	A-6	523,085	567,052
Property Acquired/Assessed Valuation	A-7	5,757,700	5,757,700
Revenue Accounts Receivable	A-8	12,585	11,991
Due from Trust Other	B	77,525	7,626
Due from Trust Assessment	B	<u>634</u>	<u>585</u>
Total Receivables	A	<u>6,407,851</u>	<u>6,363,466</u>
Special Emergency Appropriations:			
Superstorm Sandy	A-14	3,978,000	12,000,000
Community Disaster Loan	A	1,755,805	-
Deficit in Current Year Operations	A-14	<u>-</u>	<u>203,480</u>
Total Deferred Charges		<u>5,733,805</u>	<u>12,203,480</u>
Total Operating Fund Assets		<u>17,750,554</u>	<u>21,699,698</u>
Federal & State Grant Fund:			
Cash - Treasurer	A-4	616,385	290,896
Grants Receivable	A-9	406,481	702,346
Due from Trust Other	B	4,675	-
Due from Current	A	<u>30,000</u>	<u>4,893</u>
Total Federal & State Grant Fund Assets		<u>1,057,541</u>	<u>998,135</u>
Total Assets		<u>\$ 18,808,095</u>	<u>\$ 22,697,833</u>

**TOWNSHIP OF LITTLE EGG HARBOR
CURRENT FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2013 AND 2012**

LIABILITIES RESERVES & FUND BALANCE	REFERENCE	2013	2012
Operating Fund:			
Appropriation Reserve:			
Encumbered	A-3/A-11	\$ 105,726	\$ 254,719
Unencumbered	A-3	1,451,552	1,528,653
Prepaid Taxes	A-4	102,953	473,081
Tax Overpayments	A	153,847	163,287
Due County for Added & Omitted Taxes	A	50,429	34,749
Due Municipal Open Space Tax Fund	B	358	975
Local School Taxes Payable	A-12	327,401	229,356
Regional School Taxes Payable	A-13	92,448	97,307
Special District Taxes Payable	A	5,235	-
Due Bass River - UCC Fees	A	1,686	1,782
Reserve for Tax Appeals	A	215,112	215,112
Construction Code Fees Due State	A	-	9,695
Due to State - DCA Training Fees	A	20,311	-
Due General Capital Fund	C	47,600	50,000
Due Tax Title Lien	B	-	3,271
Due COAH	B	-	2,887
Due to Payroll	D	17,452	-
Reserve for Debt Service - Special Emergency Note Premium	A	12,212	-
Due Federal & State Grant Fund	A	30,000	4,893
Reserve for Hurricane Sandy Emergency	A	-	8,651,104
CDL - Loan Payable	A	1,750,000	-
CDL - Interest Payable	A	5,805	-
Special Emergency Notes Payable	A	<u>3,978,000</u>	<u>3,000,000</u>
Total Operating Liabilities		<u>8,368,127</u>	<u>14,720,871</u>
Reserve for Receivables	A	6,407,851	6,363,466
Fund Balance	A-1	<u>2,974,576</u>	<u>615,361</u>
Total Operating Fund		<u>17,750,554</u>	<u>21,699,698</u>
Federal & State Grant Fund:			
Reserve for State Grants:			
Appropriated Reserves	A-10	1,056,268	996,066
Encumbrances Payable	A-10	1,273	944
Due Payroll	D	-	1,000
Due Trust Other	B	-	125
Total Federal & State Grant Fund		<u>1,057,541</u>	<u>998,135</u>
Total Liabilities Reserve & Fund Balance		<u>\$ 18,808,095</u>	<u>\$ 22,697,833</u>

The accompanying Notes to the Financial Statements are an integral part of this Statement

**TOWNSHIP OF LITTLE EGG HARBOR
CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES
IN FUND BALANCE - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

	2013	2012
Revenue & Other Income Realized:		
Fund Balance Utilized	\$ -	\$ 204,000
Miscellaneous Revenues Anticipated	8,002,927	3,594,344
Receipts From Delinquent Taxes	313,986	36,345
Receipts From Current Taxes	50,799,566	50,574,473
Nonbudget Revenues	156,568	268,640
Other Credits to Income:		
Interfunds Liquidated	-	493,281
Unexpended Balance of Appropriation Reserves	1,227,052	505,956
	<u>60,500,099</u>	<u>55,677,039</u>
 Total Revenue & Other Income	 <u>60,500,099</u>	 <u>55,677,039</u>
 Expenditures:		
Budget & Emergency Appropriations:		
Appropriations Within "CAPS":		
Operations:		
Salaries and Wages	8,139,900	7,831,210
Other Expenses	7,085,165	19,103,417
Deferred Charges & Statutory Expenditures	1,967,302	1,938,653
Appropriations Excluded From "CAPS":		
Operations:		
Salaries and Wages	460,000	391,363
Other Expenses	487,725	447,277
Municipal Debt Service	1,325,103	1,240,521
Deferred Charges	1,954,173	-
County Taxes	9,377,948	9,525,772
Local District School Tax	11,772,562	11,819,372
Regional High School Tax	14,007,980	13,782,490
Special District Taxes	1,332,318	1,303,517
Municipal Open Space	70,336	292,460
Interfunds Created	160,372	204,467
	<u>58,140,884</u>	<u>67,880,519</u>
 Total Expenditures	 <u>58,140,884</u>	 <u>67,880,519</u>
 Excess/(Deficit) in Revenue	 2,359,215	 (12,203,480)
Adjustments to Income before Fund Balance		
Expenditures Included Above Which Are by Statute Deferred Charges to Budget of Succeeding Years	-	12,203,480
	<u>-</u>	<u>12,203,480</u>
 Statutory Excess to Fund Balance	 2,359,215	 -
 Fund Balance January 1,	 <u>615,361</u>	 <u>819,361</u>
 Total	 2,974,576	 819,361
Decreased by: Utilized as Anticipated Revenue	-	204,000
	<u>-</u>	<u>204,000</u>
 Fund Balance December 31, 2013	 <u>\$ 2,974,576</u>	 <u>\$ 615,361</u>

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

TOWNSHIP OF LITTLE EGG HARBOR
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013

	ANTICIPATED BUDGET	ADDED BY N.J.S.40A:4-87	REALIZED	EXCESS OR (DEFICIT)
Fund Balance Anticipated	\$ -	\$ -	\$ -	\$ -
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	10,564	-	10,564	-
Other	61,161	-	81,086	19,925
Municipal Court	190,172	-	235,390	45,218
Interest & Cost on Taxes	145,000	-	90,801	(54,199)
Interest on Investments & Deposits	2,500	-	11,043	8,543
Payments in Lieu of Taxes	70,386	-	74,663	4,277
Energy Receipts Tax	1,295,149	-	1,295,149	-
Consolidated Municipal Property Tax Relief	4,790	-	4,790	-
Uniform Construction Code Fees	470,661	-	1,159,013	688,352
Garden State Trust	149,117	-	149,117	-
Tower Rental	197,231	-	121,546	(75,685)
SRO Reimbursement	190,168	-	200,091	9,923
CATV Franchise Fees	78,562	-	78,562	-
Reserve for Debt Service - General Capital Fund	56,217	-	56,217	-
Community Disaster Loan Proceeds	1,750,000	-	1,750,000	-
FEMA Aid Received - Hurricane Sandy	1,954,173	-	2,146,905	192,732
Additional Revenues Offset With Appropriations:				
Clean Communities Program	-	48,401	48,401	-
Ocean County Recycling Revenue Share	-	9,615	9,615	-
Body Armor Replacement	-	4,952	4,952	-
Recycling Tonnage Grant	18,493	54,312	72,805	-
966 Grant (FY12)	-	14,110	14,110	-
966 Grant (FY13)	-	13,107	13,107	-
Municipal Road Aid Valley Forge	-	250,000	250,000	-
Safe and Secure Communities	-	60,000	60,000	-
Post Sandy Planning Assist	-	28,000	28,000	-
CDBG	-	37,000	37,000	-
Total Miscellaneous	6,644,344	519,497	8,002,927	839,086
Receipts from Delinquent Taxes	-	-	313,986	313,986
Subtotal General Revenues	6,644,344	519,497	8,316,913	1,153,072
Amount to be Raised by Taxes for Support to Municipal Budget - Local Tax for Municipal Purposes	15,295,327	-	15,273,325	(22,002)
Budget Totals	21,939,671	519,497	23,590,238	1,131,070
Nonbudget Revenues	-	-	156,568	156,568
Total	\$ 21,939,671	\$ 519,497	\$ 23,746,806	\$ 1,287,638

ANALYSIS OF REALIZED REVENUE

Allocation of Current Tax Collections:	
Revenue From Collections	\$ 50,799,566
Allocated to - School, County & Special District Taxes	<u>36,561,144</u>
Balance for Support of Municipal Budget Revenues	14,238,422
Add: Appropriation - "Reserve for Uncollected Taxes"	<u>1,034,903</u>
Amount for Support of Municipal Budget Appropriations	<u>\$ 15,273,325</u>
Receipts From Delinquent Taxes:	
Delinquent Tax Collections	\$ 1,292
Tax Title Lien Collections	<u>312,694</u>
Total Receipts From Delinquent Taxes	<u>\$ 313,986</u>
Analysis of Nonbudget Revenue:	
Treasurer:	
Tax Map Maintenance	\$ 1,000
Trash Cans	9,325
Resitiation	41,044
Miscellaneous	97,680
2% Senior Citizen Administration Fee	<u>7,519</u>
Total Analysis of Nonbudget Revenue	<u>\$ 156,568</u>

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

TOWNSHIP OF LITTLE EGG HARBOR
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013

OPERATIONS	APPROPRIATIONS		EXPENDED			CANCEL
	BUDGET	BUDGET AFTER MODIFICATION	PAID	ENCUMBERED	RESERVED	
General Government:						
General Administration:						
Salaries and Wages	\$ 112,000	\$ 112,000	\$ 95,089	\$ -	\$ 16,911	\$ -
Other Expenses	25,000	25,000	9,949	127	14,924	-
Mayor and Committee:						
Salaries and Wages	83,000	83,000	80,585	-	2,415	-
Other Expenses	4,000	4,000	1,272	326	2,402	-
Municipal Clerk:						
Salaries and Wages	215,000	215,000	207,724	-	7,276	-
Other Expenses	63,000	63,000	53,594	1,448	7,958	-
Financial Administration (Treasury):						
Salaries and Wages	235,000	235,000	215,457	-	19,543	-
Other Expenses	85,000	85,000	63,051	692	21,257	-
Audit Services:						
Other Expenses	62,500	62,500	56,450	-	6,050	-
Revenue Administration (Tax Collection):						
Salaries and Wages	195,000	195,000	154,800	-	40,200	-
Other Expenses:						
Tax Sale Costs	40,000	19,000	7,159	1,263	10,578	-
Miscellaneous Other Expenses	25,000	25,000	17,371	976	6,653	-
Tax Assessment Administration:						
Salaries and Wages	225,000	225,000	217,746	-	7,254	-
Other Expenses	7,500	7,500	2,596	921	3,983	-
Liquidation of Tax Title Liens & Foreclosed Property - Other Expenses	10,000	10,000	2,814	-	7,186	-
Legal Services (Legal Department):						
Other Expenses	285,000	285,000	247,898	-	37,102	-
Engineering Services:						
Other Expenses	150,000	155,000	149,008	-	5,992	-
Economic Development Agencies:						
Salaries and Wages	1,200	1,200	300	-	900	-
Other Expenses	2,500	2,500	1,562	-	938	-
Land Use Administration:						
Planning Board:						
Salaries and Wages	26,000	26,000	26,000	-	-	-
Other Expenses	15,000	15,000	11,356	-	3,644	-
Zoning Board of Adjustment:						
Salaries and Wages	13,000	13,000	13,000	-	-	-
Other Expenses	15,000	15,000	7,318	-	7,682	-
Zoning Officer:						
Salaries and Wages	53,000	54,000	53,045	-	955	-
Other Expenses	5,000	5,000	1,631	-	3,369	-
Insurance:						
Liability Insurance	490,000	490,000	460,753	-	29,247	-
Unemployment Insurance	35,000	35,000	30,993	-	4,007	-
Group Insurance for Employees	2,375,000	2,375,000	2,010,646	-	364,354	-
Health Benefit Waiver	150,000	150,000	144,447	-	5,553	-

**TOWNSHIP OF LITTLE EGG HARBOR
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

OPERATIONS	APPROPRIATIONS		EXPENDED			CANCEL
	BUDGET	BUDGET AFTER MODIFICATION	PAID	ENCUMBERED	RESERVED	
Public Safety Functions:						
Police Department:						
Salaries and Wages	4,575,000	4,614,500	4,546,071	-	68,429	-
Other Expenses	165,000	144,500	121,100	22,786	614	-
Office of Emergency Management:						
Salaries and Wages	25,000	25,000	18,750	-	6,250	-
Other Expenses	10,000	10,000	-	-	10,000	-
Aid to Volunteer Fire Company in						
Adjoining Municipality	2,400	2,400	2,400	-	-	-
First Aid Squad Contribution	70,000	70,000	70,000	-	-	-
Municipal Prosecutor:						
Other Expenses	50,000	50,000	43,812	-	6,188	-
Supplemental Safe Neighborhood:						
State Share	46,000	46,000	-	-	46,000	-
Local Share	16,000	16,000	-	-	16,000	-
Public Works Functions:						
Streets & Roads Maintenance:						
Salaries and Wages	220,000	220,000	199,069	-	20,931	-
Other Expenses	97,000	97,000	72,303	5,351	19,346	-
Solid Waste Sanitation:						
Salaries and Wages	450,000	437,000	373,414	-	63,586	-
Other Expenses	155,000	155,000	135,102	8,634	11,264	-
Solid Waste Recycling:						
Salaries and Wages	365,000	381,000	373,510	-	7,490	-
Other Expenses	48,000	44,500	34,657	3,541	6,302	-
Buildings & Grounds:						
Salaries and Wages	180,000	192,000	191,142	-	858	-
Other Expenses	90,000	90,000	78,932	9,267	1,801	-
Vehicle Maintenance:						
Salaries and Wages	160,000	170,000	163,147	-	6,853	-
Other Expenses	120,000	125,000	107,347	14,535	3,118	-
Condo Services Act:						
Other Expenses	40,000	40,000	24,593	-	15,407	-
County Mosquito Control Agency:						
Salaries and Wages	12,000	12,000	7,900	-	4,100	-
Other Expenses	60,000	36,000	10,255	300	25,445	-
Health & Human Services:						
Public Health Services (Board of Health):						
Salaries and Wages	35,000	11,000	300	-	10,700	-
Other Expenses	10,000	10,000	5,848	1,300	2,852	-
Environmental Health Services:						
Salaries and Wages	1,200	1,200	500	-	700	-
Other Expenses	2,000	2,000	-	290	1,710	-
Animal Control Services:						
Other Expenses	60,000	60,000	48,363	-	11,637	-
Contributions to Social Service Agencies - Statutory:						
Long Beach Island Community Center	1,500	1,500	-	-	1,500	-
Providence House	5,000	5,000	490	-	4,510	-

**TOWNSHIP OF LITTLE EGG HARBOR
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

OPERATIONS	APPROPRIATIONS		EXPENDED			CANCEL
	BUDGET	BUDGET AFTER MODIFICATION	PAID	ENCUMBERED	RESERVED	
Park & Recreation Functions:						
Recreation Services & Programs:						
Salaries and Wages	115,000	115,000	112,917	-	2,083	-
Other Expenses	50,000	44,500	36,574	137	7,789	-
Senior Center:						
Salaries and Wages	8,000	8,000	5,043	-	2,957	-
Other Expenses	3,000	3,000	812	-	2,188	-
Utility Expenses & Bulk Purchases:						
Electricity	160,000	160,000	133,776	-	26,224	-
Street Lighting	340,000	340,000	303,473	-	36,527	-
Telephone	140,000	140,000	118,651	6,911	14,438	-
Fuel Oil/Natural Gas	28,000	28,000	13,682	-	14,318	-
Gasoline	400,000	400,000	321,945	22,069	55,986	-
Landfill/Solid Waste Disposal Costs:						
Sanitary Landfill	800,000	800,000	752,100	-	47,900	-
Uniform Construction Code Enforcement Functions:						
Construction Code Official:						
Salaries and Wages	485,000	484,000	460,450	-	23,550	-
Other Expenses	18,000	18,000	7,158	173	10,669	-
Municipal Court:						
Salaries and Wages	310,000	310,000	287,985	-	22,015	-
Other Expenses	15,000	15,000	7,584	4,679	2,737	-
Public Defender:						
Other Expenses	40,000	40,000	33,325	-	6,675	-
Other Common Operating Functions (Unclassified):						
Tax Appeals	79,765	79,765	16,071	-	63,694	-
Municipal Alliance Council	30,000	30,000	15,850	-	14,150	-
Celebration of Public Events:						
Other Expenses	8,000	8,000	6,000	-	2,000	-
Relocation Assistance:						
Other Expenses	500	500	-	-	500	-
Schedule "C":						
Other Expenses	45,000	45,000	2,854	-	42,146	-
Accumulated Sick & Vacation Fund	100,000	100,000	100,000	-	-	-
Total Operations Within "CAPS"	15,249,065	15,225,065	13,708,869	105,726	1,410,470	-
Detail:						
Salaries and Wages	8,099,400	8,139,900	7,803,944	-	335,956	-
Other Expenses	7,149,665	7,085,165	5,904,925	105,726	1,074,514	-
Deferred Charges & Statutory Expenditures - Municipal Within "CAPS":						
Deferred Charges:						
Deficit in Operations CY2012	203,480	203,480	203,480	-	-	-
Statutory Expenditures:						
Social Security System (O.A.S.I.)	625,000	648,500	645,249	-	3,251	-
Defined Contribution Retirement Program	2,000	2,500	2,372	-	128	-
Consolidated Police & Firemen's Pension	749,904	749,904	749,904	-	-	-
Public Employees Retirement System	362,918	362,918	362,918	-	-	-
Total Deferred Charges & Statutory Expenditures Within "CAPS"	1,943,302	1,967,302	1,963,923	-	3,379	-
Total General Appropriations for Municipal Purposes Within "CAPS"	17,192,367	17,192,367	15,672,792	105,726	1,413,849	-

**TOWNSHIP OF LITTLE EGG HARBOR
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

OPERATIONS	APPROPRIATIONS		EXPENDED			CANCEL
	BUDGET	BUDGET AFTER MODIFICATION	PAID	ENCUMBERED	RESERVED	
Operations Excluded From "CAPS":						
Public & Private Programs Offset by Revenues:						
Clean Communities Program Grant	-	48,401	48,401	-	-	-
Body Armor Replacement	-	4,952	4,952	-	-	-
Post Sandy Planning Assist	-	28,000	28,000	-	-	-
966 Grant (FY12)	-	14,110	14,110	-	-	-
966 Grant (FY13)	-	13,107	13,107	-	-	-
Recycling Tonnage Grant	18,493	72,805	72,805	-	-	-
Ocean County Recycling Revenue Share	-	9,615	9,615	-	-	-
Municipal Road Aid - Valley Forge	-	250,000	250,000	-	-	-
CDBG	-	37,000	37,000	-	-	-
Safe & Secure Communities Program	-	60,000	60,000	-	-	-
Police Dispatch/911:						
Salaries and Wages	400,000	400,000	362,297	-	37,703	-
Other Expenses	4,500	4,500	4,500	-	-	-
Supplemental Aid to Fire Districts	5,235	5,235	5,235	-	-	-
Total Operations Excluded from "CAPS"	428,228	947,725	910,022	-	37,703	-
Detail:						
Salaries and Wages	400,000	460,000	422,297	-	37,703	-
Other Expenses	28,228	487,725	487,725	-	-	-
Municipal Debt Service - Excluded From "CAPS":						
Payment of Bond Principal	755,000	755,000	755,000	-	-	-
Payment of Bond Anticipation Notes & Capital Notes	100,000	100,000	100,000	-	-	-
Interest on Bonds	255,000	255,000	254,515	-	-	485
Interest on Notes	64,000	64,000	63,342	-	-	658
Interest on Special Emergency Notes	72,000	72,000	68,300	-	-	3,700
Green Acres Trust Loan Program:						
Principal & Interest	84,000	84,000	83,946	-	-	54
Total Municipal Debt Service Excluded From "CAPS"	1,330,000	1,330,000	1,325,103	-	-	4,897
Deferred Charges - Excluded from "CAPS":						
Special Emergency Authorizations - 5 Years	1,954,173	1,954,173	1,954,173	-	-	-
Total Deferred Charges - Municipal - Excluded from CAPS:	1,954,173	1,954,173	1,954,173	-	-	-
Total General Appropriations Excluded From "CAPS"	3,712,401	4,231,898	4,189,298	-	37,703	4,897
Subtotal General Appropriations	20,904,768	21,424,265	19,862,090	105,726	1,451,552	4,897
Reserve For Uncollected Taxes	1,034,903	1,034,903	1,034,903	-	-	-
Total General Appropriations	\$ 21,939,671	\$ 22,459,168	\$ 20,896,993	\$ 105,726	\$ 1,451,552	\$ 4,897

Adopted Budget	\$ 21,939,671
Added by N.J.S.40A:4-87	<u>519,497</u>
Total	<u>\$ 22,459,168</u>
Federal & State Grants	\$ 537,990
Reserve for Uncollected Taxes	1,034,903
Refunds	(268,640)
Deferred Charges	2,157,653
Disbursed	<u>17,435,087</u>
Total	<u>\$ 20,896,993</u>

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

**TOWNSHIP OF LITTLE EGG HARBOR
TRUST FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2013 AND 2012**

ASSETS	REFERENCE	2013	2012
Assessment Fund:			
Cash	B-1	\$ 54,721	\$ 47,982
Assessment Receivables	B-13	<u>-</u>	<u>6,911</u>
Total Assessment Fund		<u>54,721</u>	<u>54,893</u>
Other Funds:			
Cash - Treasurer	B-1	3,156,581	4,319,646
Cash - Collector	B-2	1,635,685	374,396
CDBG Receivable	B	3,600	3,600
Due from Current Fund	A	-	7,133
Due from General Capital Fund	C	817,500	67,500
Due from Grant Fund	A	<u>-</u>	<u>125</u>
Total Other Funds		<u>5,613,366</u>	<u>4,772,400</u>
Total Assets		<u>\$ 5,668,087</u>	<u>\$ 4,827,293</u>
LIABILITIES, RESERVES & FUND BALANCE			
Assessment Fund:			
Reserve for Assessment Receivables	B	\$ -	6,911
Due Current Fund	A	634	585
Surplus	B	<u>54,087</u>	<u>47,397</u>
Total Assessment Fund		<u>54,721</u>	<u>54,893</u>
Other Funds:			
Reserves for:			
Deposits for Tax Title Redemptions	B-5	1,638,964	377,675
Escrow Deposits	B-6	1,629,456	2,065,098
Forfeited Property	B-7	11,712	50,242
Planning Board	B-8	37,813	35,953
Recreation Trust	B-9	1,954	1,952
COAH Funds	B	209,605	172,176
Open Space	B-10	1,731,708	1,667,596
Community Center	B-11	3,525	3,782
Federal Forfeiture Law Enforcement Funds	B-13	9,211	69,418
Sick/Vacation Funds	B	250,277	320,296
POAA Funds	B	586	586
Storm Relief	B	5,355	-
Police Equipment	B	1,000	-
Due to Current Fund	A	77,525	7,626
Due to Grant Fund	A	<u>4,675</u>	<u>-</u>
Total Other Funds		<u>5,613,366</u>	<u>4,772,400</u>
Total Liabilities, Reserves & Fund Balance		<u>\$ 5,668,087</u>	<u>\$ 4,827,293</u>

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

TOWNSHIP OF LITTLE EGG HARBOR
GENERAL CAPITAL FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2013 AND 2012

ASSETS	REFERENCE	2013	2012
Cash & Investments	C-2	\$ 1,624,247	\$ 1,509,402
State Road Aid Allotments Receivable	C-12	195,868	350,853
Interfund Receivable - Current	A	47,600	50,000
Deferred Charges to Future Taxation:			
Funded	C-4	8,334,731	9,158,254
Unfunded	C-5	11,548,790	9,761,415
		<u> </u>	<u> </u>
Total Assets		<u>\$ 21,751,236</u>	<u>\$ 20,829,924</u>
LIABILITIES, RESERVES & FUND BALANCE			
Bond Anticipation Notes Payable	C-8	\$ 6,610,700	5,095,700
General Serial Bond	C-9	7,615,000	8,370,000
Green Trust Loan Payable	C-10	719,731	788,254
Capital Improvement Fund	C-6	90,894	198,384
Encumbrances Payable	C-7	175,956	-
Due To Ocean County - CDBG	C	3,722	3,722
Improvement Authorizations:			
Funded	C-7	198,139	391,052
Unfunded	C-7	5,305,414	5,507,714
Reserve for Receivable-State Road Aid Receivable	C	195,868	350,853
Interfund Payable - Open Space Trust Fund	B	750,000	-
Due To Affordable Housing Trust	B	67,500	67,500
Reserve for Debt Service	C	17,784	56,217
Fund Balance	C-1	528	528
		<u> </u>	<u> </u>
Total Liabilities, Reserves & Fund Balance		<u>\$ 21,751,236</u>	<u>\$ 20,829,924</u>

There were bonds and notes authorized but not issued on December 31, 2013 of \$4,742,222 and on December 31, 2012 of \$4,314,862.

The accompanying Notes to the Financial Statement are an integral part of this Statement.

**TOWNSHIP OF LITTLE EGG HARBOR
PAYROLL FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2013 AND 2012**

ASSETS	2013	2012
Cash - Treasurer	\$ 263,287	\$ 168,696
Due from Current Fund	17,452	-
Due from Federal & State Grant Fund	<u>-</u>	<u>1,000</u>
Total	<u>\$ 280,739</u>	<u>169,696</u>
 LIABILITIES		
Payroll Taxes Payable	<u>\$ 280,739</u>	<u>169,696</u>
Total	<u>\$ 280,739</u>	<u>\$ 169,696</u>

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

**TOWNSHIP OF LITTLE EGG HARBOR
GENERAL FIXED ASSETS ACCOUNT GROUP
COMPARATIVE STATEMENT OF FIXED ASSETS AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2013 AND 2012**

ASSETS	2013	2012
Land and Improvements	\$ 7,789,600	\$ 7,789,600
Building	10,425,808	9,226,710
Equipment	<u>9,649,489</u>	<u>9,143,837</u>
Total	<u>\$ 27,864,897</u>	<u>\$ 26,160,147</u>
FUND BALANCE		
Investment in Fixed Assets	<u>\$ 27,864,897</u>	<u>\$ 26,160,147</u>

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

**TOWNSHIP OF LITTLE EGG HARBOR
COUNTY OF OCEAN**

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

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TOWNSHIP OF LITTLE EGG HARBOR
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

Note 1. Summary of Significant Accounting Policies

A. Description of Financial Reporting Entity

The Township of Little Egg Harbor was incorporated in 1798 and is located in the Ocean County, New Jersey. The population according to the 2010 census was 20,065.

The form of Government is known as a Township pursuant to N.J.S.A.40A:63-1 et seq. The government consists of five (5) Committee Members who are elected at large to three (3) year staggered terms. The Mayor is elected from and by the Members of the Committee and serves a one (1) year term. Under the statutes the Mayor is the head of the government and acts as the executive branch. The Committee acts as the legislative branch of government and has executive powers not assigned to the Mayor.

Component Units

The Township of Little Egg Harbor has one component unit as defined by Governmental Accounting Standards Board Statement No. 14 (The Municipal Utility Authority). The Township MUA has not been presented discretely in the Township's financial statements.

The financial statements of the Township of Little Egg Harbor include every board, body, officer or commission supported and maintained wholly or in part of funds appropriated by the Township of Little Egg Harbor, as required by *N.J.S.40A:5-5*.

Basis of Accounting, Measurement Focus and Basis of Presentation - The financial statements of the Township of Little Egg Harbor contain all funds and account groups in accordance with the "Requirements of Audit" as promulgated by the State of New Jersey, Department of Community Affairs, Division of Local Government Services. The principles and practices established by the Requirements of Audit are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Generally, the financial statements are presented using the flow of current financial resources measurement focus and modified accrual basis of accounting with minor exceptions as mandated by these "Requirements". In addition, the prescribed accounting principles previously referred to differ in certain respects from accounting principles generally accepted in the United State of America applicable to local government units. The more significant differences are explained in this Note.

In accordance with the "Requirements", the Township of Little Egg Harbor accounts for its financial transactions through the use of separate funds, which are described as follows:

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

Trust Fund – The various Trust Funds account for receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created.

TOWNSHIP OF LITTLE EGG HARBOR

NOTES TO THE FINANCIAL STATEMENTS (continued): FOR THE YEAR ENDED DECEMBER 31, 2013

Note 1. Summary of Significant Accounting Policies (continued):

General Capital Fund – the General Capital Fund accounts for receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the Current Fund.

Payroll Fund – is used for the receipt and disbursements of funds used to meet obligations to employees and payroll tax liability.

General Fixed Assets Account Group – used to account for fixed assets used in general government operations.

Budgets and Budgetary Accounting - The Township of Little Egg Harbor must adopt an annual budget for its Current Fund in accordance with *N.J.S.A.40A:4* et seq. *N.J.S.A.40A:4-5* requires the governing body to introduce and approve the annual municipal budget no later than February 10th of each year. At introduction, the governing body must fix the time and place for a public hearing on the budget and must advertise the time and place at least ten days prior to the hearing in a newspaper published and circulating in the municipality. The public hearing must not be held less than twenty-eight days after the date the budget was introduced. After the hearing has been held, the governing body may, by majority vote, adopt the budget or may amend the budget in accordance with *N.J.S.A.40A:4-9*. Amendments to adopted budgets, if any are detailed in the statements of revenues and expenditures.

An extension of the statutory dates for introduction, approval and adoption of the municipal budget may be granted by the Director of Local Government Services, with the permission of the Local Finance Board. Budgets are adopted on the same basis of accounting utilized for the preparation of the Township's financial statements. Once a budget is approved it may be amended after November 1, by a resolution adopted by the governing body.

Interfunds - Interfund receivables and payables that arise from transactions between funds are recorded by all funds affected by such transactions in the period in which the transaction is executed. Interfund receivables in the Current Fund are recorded with offsetting reserves, which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves.

Inventories and Supplies - The cost of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets of assets, liabilities, reserves and fund balance.

General Fixed Assets – Property and equipment purchased by the Current and General Capital Fund are recorded as expenditures at the time of purchase and are not capitalized. All interest costs are recorded as expenditures when paid.

Accounting for governmental Fixed Assets, as promulgated by Technical Accounting Directive No. 85-2 as issued by the Division of Local Government Services, differs in certain respects from accounting principles generally accepted in the United States of America. The following is a brief description of the provisions of the Directive:

TOWNSHIP OF LITTLE EGG HARBOR

**NOTES TO THE FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2013**

Note 1. Summary of Significant Accounting Policies (continued):

Fixed assets used in governmental operations (General Fixed Assets) are 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 cost is not available, except for land, which is valued at estimated market value. No depreciation has been provided for in the financial statements. Donated general fixed assets are valued at their estimated fair market value on the date received.

Expenditures for construction in progress are recorded in the General Capital Fund until such time as the construction is completed and put into operation. Fixed assets acquired through grants-in-aid or contributed capital has not been accounted for separately.

	Balance December 31, <u>2012</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2013</u>
General Fixed Assets				
Land & Improvements	\$ 7,789,600	\$ -	\$ -	\$ 7,789,600
Buildings	9,226,710	1,199,098	-	10,425,808
Vehicles & Equipment	9,143,837	1,072,904	(567,252)	9,649,489
	<u>\$ 26,160,147</u>	<u>\$ 2,272,002</u>	<u>\$ (567,252)</u>	<u>\$ 27,864,897</u>
Total General Fixed Assets	<u>\$ 26,160,147</u>	<u>\$ 2,272,002</u>	<u>\$ (567,252)</u>	<u>\$ 27,864,897</u>

Foreclosed property - is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. Ordinarily it is the intention of the municipality to resell foreclosed property in order to recover all or a portion of the delinquent taxes or assessments and to return the property to a taxpaying basis. For this reason the value of foreclosed property has not been included in the General Fixed Assets Account Group. If such property is converted to a municipal use, it will be recorded in the General Fixed Assets Account Group.

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

Fund Balance – Fund Balance included in the Current Fund represent the amount available for anticipation as revenue in future year’s budgets, with certain restrictions.

Revenues – are recorded when received in cash except for certain amounts, which are due from other governmental units. Revenue from Federal and State grants are realized when anticipated as such in the

TOWNSHIP OF LITTLE EGG HARBOR

NOTES TO THE FINANCIAL STATEMENTS (continued): FOR THE YEAR ENDED DECEMBER 31, 2013

Note 1. Summary of Significant Accounting Policies (continued):

Township's budget. Receivables for property taxes are recorded with offsetting reserves on the statement of assets, liabilities, reserves and fund balance of the Township's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due the Township, which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenues when received.

Property Tax Revenues – are collected in quarterly installments due February 1, May 1, August 1 and November 1. The amount of tax levied includes not only the amount required in support of the Township's annual budget, but also the amounts required in support of the budgets of the County of Ocean, Township of Little Egg Harbor School District and the Pineland's Regional School District. Unpaid property taxes are subject to tax sale in accordance with statutes.

School Taxes – The municipality is responsible for levying, collecting and remitting school taxes for the Township of Little Egg Harbor School District and its share of the Pinelands Regional School District. Operations is charged for the full amount required to be raised from taxation to operate the local school district and the Township's share of the Regional High School District for the period from July 1 to June 30, increased by the amount deferred at December 31, 2012 and decreased by the amount deferred at December 31, 2013.

County Taxes – The municipality is responsible for levying, collecting and remitting County taxes for the County of Ocean. Operations is charged for the amount due the County for the year, based upon the ratables required to be certified to the County Board of Taxation by January 10th of the current year. In addition, operations is charged for the County share of Added and Omitted Taxes certified to the County Board of Taxation by October 10th of the current year and due to be paid to the County by February 15th of the following year.

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

Expenditures – are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered through the issuance of a numerically controlled purchase order or when a contract is executed as required by Technical Accounting Directive No. 85-1. When an expenditure is paid, the amount encumbered is simultaneously liquidated in its original amount. Encumbrances are offset by an account entitled reserve for encumbrances. The reserve is classified as a cash liability under New Jersey municipal accounting. At December 31, this reserve represents the portion of appropriation reserves that has been encumbered and is subject to the same statutory provisions as appropriation reserves.

Appropriations for principal and interest payments on outstanding general capital bonds and notes are provided on the cash basis.

TOWNSHIP OF LITTLE EGG HARBOR

**NOTES TO THE FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2013**

Note 1. Summary of Significant Accounting Policies (continued):

Appropriation Reserves – Appropriation reserves covering unexpended appropriation balances are automatically created at year-end and recorded as liabilities, except for amounts, which may be cancelled by the governing body. Appropriation reserves 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.

Long-Term Debt - Long-Term Debt relative to the acquisition of capital assets, is recorded as a liability in the General Capital Fund. Where an improvement is a “local improvement”, i.e. assessable upon completion, long-term debt associated with that portion of the cost of the improvement to be funded by assessments is transferred to the Trust Fund upon the confirmation of the assessments or when the improvement is fully and permanently funded.

Compensated Absences and Post-Employment Benefits – Compensated absences for vacation, sick leave and other compensated absences are recorded and provided for in the annual budget in the year in which they are paid, on a pay-as-you-go basis. Likewise, no accrual is made for post-employment benefits, if any, which are also funded on a pay-as-you-go basis.

Subsequent Events – The Township has evaluated subsequent events occurring after December 31, 2013 through the date of May 30, 2014, which is the date the financial statements were available to be issued.

Note 2. Cash

The Township is governed by the deposit limitations of New Jersey state law. The Deposits held at December 31, 2013, and reported at fair value are as follows:

Type	Carrying Value
Deposits:	
Demand Deposits	<u>\$12,832,841</u>
Total Deposits	<u>\$12,832,841</u>

Reconciliation of Statement of Comparative Assets, Liabilities, Reserves and Fund Balance:

Current:	
Treasurer	\$ 5,481,935
Payroll	263,287
Other Trust	4,792,266
General Capital	1,624,247
State & Federal Grants	616,385
Trust Assessment	<u>54,721</u>
Total	<u>\$12,832,841</u>

TOWNSHIP OF LITTLE EGG HARBOR

**NOTES TO THE FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2013**

Note 2. Cash (continued):

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the Township’s deposits may not be recovered. Although the Township does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA is a supplemental insurance program set forth by the New Jersey Legislature to protect the deposits of local governmental agencies. The program is administered by the Commissioner of the New Jersey Department of Banking and Insurance. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by FDIC. Public funds owned by the Township in excess of FDIC insured amounts are protected by GUDPA.

However, GUDPA does not protect intermingled trust funds such as salary withholdings or funds that may pass to the Township relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below. As of December 31, 2013, the Township’s bank balance of \$13,562,655 was exposed to custodial credit risk as follows:

Insured	\$ 250,000
Uninsured and uncollateralized	5,556,870
Collateralized in the District’s Name Under GUDPA	<u>7,755,785</u>
 Total	 <u>\$13,562,655</u>

Note: 3: Property Taxes

The following is a three-year comparison of certain statistical information relative to property taxes and property tax collections for the current and previous two years.

Comparison of Tax Rate Information

	2013	2012	2011
Total Tax Rate	<u>\$1.804</u>	<u>\$1.738</u>	<u>\$1.680</u>
Apportionment of Tax Rate:			
Municipal	0.548	0.532	0.517
County	0.336	0.327	0.328
Local School	0.420	0.406	0.396
Regional School	0.500	0.473	0.439

Net Valuation Taxable:

2013	<u>\$ 2,799,195,510</u>
2012	<u>\$ 2,914,852,816</u>
2011	<u>\$ 2,955,844,831</u>

TOWNSHIP OF LITTLE EGG HARBOR

**NOTES TO THE FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2013**

Note 3: Property Taxes (continued):

Comparison of Tax Levies and Collection Currently

YEAR	TAX LEVY	CASH COLLECTIONS	PERCENTAGE OF COLLECTION
2013	\$ 52,130,022	\$ 50,799,566	97.44%
2012	52,166,609	50,574,473	96.95%
2011	51,023,557	49,978,435	97.95%

Delinquent Taxes and Tax Title Liens

YEAR ENDED DECEMBER 31	AMOUNT OF TAX TITLE LIENS	AMOUNT OF DELINQUENT TAXES	TOTAL DELINQUENT	PERCENTAGE OF TAX LEVY
2013	\$ 523,085	\$ 36,322	\$ 559,407	1.07%
2012	567,052	18,512	585,564	1.12%
2011	377,326	42,346	419,672	0.82%

Note 4. District School Taxes

Regulations provided for the deferral of not more than 50% of the annual levy when school taxes are raised for a school year and have not been requisitioned by the School District.

The Township has elected to defer school taxes as follows:

	BALANCE DECEMBER	
	<u>2013</u>	<u>2012</u>
Local School Taxes:		
Balance of Tax	\$5,563,698	\$5,465,653
Deferred	<u>5,236,297</u>	<u>5,236,297</u>
Tax Payable	<u>\$ 327,401</u>	<u>\$ 229,356</u>
Regional School Taxes:		
Balance of Tax	\$ 92,448	\$ 97,307
Deferred	<u>-0-</u>	<u>-0-</u>
Tax Payable	<u>\$ 92,448</u>	<u>\$ 97,307</u>

TOWNSHIP OF LITTLE EGG HARBOR

NOTES TO THE FINANCIAL STATEMENTS (continued): FOR THE YEAR ENDED DECEMBER 31, 2013

Note 5. Pension

A. Plan Description

The Township of Little Egg Harbor contributes to a cost-sharing multiple-employer defined benefit pension plan, Public Employees' Retirement System (P.E.R.S.) and Police and Fireman's Retirement System (P.F.R.S.), administered by the State of New Jersey, Division of Pensions and Benefits. The Public Employees' Retirement System (P.E.R.S.) was established in January 1955 under the provisions of *N.J.S.A.43:15A* and the Public Fireman's Retirement System (P.F.R.S.) was established as of July 1, 1944 under the provisions of *N.J.S.A.43:16A*. Both plans were set up to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

The State of New Jersey P.F.R.S. program as established as of July 1, 1944. The program was established under the provisions of *N.J.S.A.43:16A*, which assigns authority to establish and amend, benefit provisions to the plans' board of trustees. P.F.R.S. issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to: State of New Jersey, Department of Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625, or calling (609) 984-1684.

B. Vesting and Benefit Provisions

The vesting and benefit provisions of P.E.R.S. are set by *N.J.S.A.43:15A* and *43.3B*. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 55 and are generally determined to be 1/55 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The P.E.R.S. provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System.

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

Chapter 78, P.L. 2011 changed this for employees enrolled after June 28, 2011. See Note 5C below.

TOWNSHIP OF LITTLE EGG HARBOR

NOTES TO THE FINANCIAL STATEMENTS (continued): FOR THE YEAR ENDED DECEMBER 31, 2013

Note 5. Pension (continued):

C. Significant Legislation

During the year ended June 30, 1997, legislation was enacted (Chapter 114, P.L. 1997) authorizing the New Jersey Economic Development Authority to issue bonds, notes or other obligations for the purpose of financing, in full or in part, the State of New Jersey's portion of the unfunded accrued liability under the State of New Jersey retirement systems. Additional legislation enacted during the year ended June 30, 1997 (Chapter 115, P.L. 1997) changed the asset valuation method from market related value to full-market value. This legislation also contained a provision to reduce the employee contribution rate by ½ of 1% to 4.5% for calendar years 1998 and 1999, and to allow for a reduction in the employee's rate after calendar year 1999, providing excess valuation assets are available. The legislation also provided that the District's normal contributions to the Fund may be reduced based on the revaluation of assets. Due to recognition of the bond proceeds and the change in asset valuation method as a result of enactment of Chapters 114 and 115, all unfunded accrued liabilities were eliminated, except for the unfunded liability for local early retirement incentive benefits; accordingly, the pension costs for P.E.R.S. were reduced.

New Legislation signed by the Acting Governor (Chapter 133, Public Laws 2001) changed the formula for calculating retirement benefits for all current and future non-veteran retirees from N/60 to N/55 (a 9.09% increase). This legislation, signed June 29, 2001, provides that all members of the P.F.R.S. and the PERS will have their pensions calculated on the basis of years of credit divided by 55. It also provides that all current retirees will have their original pension recalculated under the N/55 formula. Starting February 1, 2002, pension cost of living adjustments will be based on the new original pension.

Effective June 28, 2011, Chapter 78, P.L. 2011 reformed various pension and health benefits provisions. Employees hired after June 28, 2011 and enrolled in P.E.R.S. will be enrolled in a new tier, Tier 5. Full retirement for Tier 5 P.E.R.S. members will be age 65 and 30 years of service. Tier 3 was added to P.F.R.S. for enrollees after June 28, 2011. Tier 3 retirees will have a maximum retirement benefit of 65% of final compensation after 30 years of service.

All cost of living adjustments are frozen until the pension fund reaches a "target funded ratio".

Chapter 78 also requires all covered employees to contribute a prescribed percentage towards their health costs.

D. Contribution Requirements

The contribution policy is set by N.J.S.A.43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A.18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provide for employee contributions of 6.5%, effective October 1, 2011, of employees' annual compensation as defined. The rate will increase over the next seven years to 7.5%. Employers are required to contribute at an actuarially determined rate in both PFRS and PERS. The actuarially determined contribution includes funding for both cost-of-living adjustments, noncontributory death benefits and post-retirement medical premiums.

TOWNSHIP OF LITTLE EGG HARBOR

**NOTES TO THE FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2013**

Note 5. Pension (continued):

Plan members are required to contribute 10%, effective October 1, 2011, of their annual covered salary for P.F.R.S. and Little Egg Harbor Township is required to contribute at an actuarially determined rate. The contribution requirements of plan members and are established and may be amended by the plan's board of trustees. The Township's contributions to P.E.R.S. for the years ending December 31, 2013, 2012 and 2011 were \$362,918, \$405,753, and \$415,793, respectively, equal to the required contributions for each year and to P.F.R.S. for the years ending December 31, 2013, 2012 and 2011 were \$749,904, \$911,598 and \$878,665, respectively, equal to the required contributions for each year.

Note: 6: Fund Balance Appropriated

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

YEAR	BALANCE DECEMBER 31,	UTILIZED IN BUDGET OF SUCCEEDING YEAR	PERCENTAGE OF FUND BALANCE USED
CURRENT FUND:			
2013	\$ 2,974,576	\$ -	0.00%
2012	615,361	-	0.00%
2011	819,361	204,000	24.90%
2010	1,015,493	920,000	90.60%
2009	2,817,929	2,800,000	99.36%

Note 7. Accrued Sick and Vacation Benefits

The Township has permitted employees to accrue unused vacation and sick pay, which may be taken as time off or paid at a later date at an agreed upon rate. The monetary value of these earned and unused employee benefits has not been accrued by either charges to operations or to budgets of prior years, although in some cases they might be material. At December 31, 2013, the Township has estimated this liability to be approximately \$2,014,442. The realization of this liability may be affected by conditions, which could preclude an employee from receiving full payment of the accrual.

Note 8. Deferred Compensation

The Township has contracted with Valic Annuity Life Insurance Company for a deferred compensation program. The Division of Local Government Services has approved the plan and contract. The investment fund balance of the program as of December 31, 2013 is \$2,045,342. The assets of this program have not been included in the financial statements.

TOWNSHIP OF LITTLE EGG HARBOR

**NOTES TO THE FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2013**

Note 9. Interfund Receivables and Payables

The following interfund balances were recorded on the various balance sheets as of December 31, 2013:

Fund	Interfunds Receivable	Interfunds Payable
Current Fund	\$ 78,159	\$ 95,052
Federal & State Grant Fund	34,675	-
Capital Fund	47,600	817,500
Trust Fund	817,500	82,200
Trust Assessment Fund	-	634
Payroll Fund	<u>17,452</u>	<u>-</u>
Total	<u>\$ 995,386</u>	<u>\$995,386</u>

The purpose of these interfunds is short-term borrowings.

Note 10. Capital Debt

The Local Bond Law governs the issuance of bonds and notes to finance general municipal capital expenditures. Bonds are retired in serial installments with the statutory period of usefulness. Bonds issued by the Township are general obligations bonds backed by the full faith and credit of the Township. Bond anticipation notes are issued to temporarily finance capital projects prior to the issuance of serial bonds. The terms of the notes cannot exceed one year but the notes may be renewed from time to time for a period not exceeding one year. All such notes must be paid no later than the tenth anniversary of the date of the original note. The State of New Jersey also prescribes that on or before the third anniversary date of the original note a payment of at least equal to the first legally payable installment of the bonds in anticipation of which such notes were issued be paid. A second legal installment must be paid if the notes are to be renewed beyond the fourth anniversary date of the original issuance and so on.

Summary of Municipal Debt	<u>Year 2013</u>	<u>Year 2012</u>	<u>Year 2011</u>
Issued & Outstanding			
General:			
Bonds, Loans & Notes	\$ 14,945,431	\$ 14,253,954	\$ 13,264,876
Authorized But Not Issued			
General - Bonds & Notes	<u>4,742,222</u>	<u>4,314,862</u>	<u>4,310,112</u>
Total Issued & Authorized but Not Issued	19,687,653	18,568,816	17,574,988
Less: Deduction to Pay Bonds & Notes	<u>17,784</u>	<u>56,217</u>	<u>166,019</u>
Total	<u>\$ 19,669,869</u>	<u>\$ 18,512,599</u>	<u>\$ 17,408,969</u>

TOWNSHIP OF LITTLE EGG HARBOR

**NOTES TO THE FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2013**

Note 10. Capital Debt (continued):

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 0.769%

	GROSS DEBT	DEDUCTIONS	NET DEBT
Local School District Debt	\$ 24,490,000	\$ 24,490,000	\$ -
Regional School District Debt	7,660,012	7,660,012	-
General Debt	19,687,653	17,784	19,669,869
	\$ 51,837,665	\$ 32,167,796	\$ 19,669,869
Total	\$ 51,837,665	\$ 32,167,796	\$ 19,669,869

Net Debt, \$19,669,869 divided by Equalized Valuation Basis per N.J.S.A.40A:2-2, as amended, \$2,556,988,329 equals 0.769%.

Borrowing Power Under 40A:2-6:

3 1/2% of Equalized Valuation Bases (Municipal)	\$ 89,494,592
Net Debt	19,669,869
Remaining Borrowing Power	\$ 69,824,723

As of December 31, 2013, the Township's Capital Debt is as follows:

During 2012, the Township of Little Egg Harbor issued \$5,260,000 of General Obligation Refunding Bonds dated November 2, 2012. Bonds were issued to refund the 2003 General Improvement Bonds. Payments are due each November 15th with various interest rates (2.00% to 4.00%). Net present value savings of this issue is \$200,228.97.

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

<u>Year Ending</u> <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>		<u>Total</u>
2014	\$ 775,000	\$ 230,575	\$	1,005,575
2015	800,000	212,075		1,012,075
2016	830,000	183,888		1,013,888
2017	840,000	162,638		1,002,638
2018	845,000	140,237		985,237
2019 to 2023	3,525,000	292,625		3,817,625
Total	\$ 7,615,000	\$ 1,222,038	\$	8,837,038

TOWNSHIP OF LITTLE EGG HARBOR

**NOTES TO THE FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2013**

Note 10. Capital Debt (continued):

Green Acres Assistance Loan

Schedule of loan repayment as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 69,900	\$ 14,047	\$ 83,947
2015	71,304	12,643	83,947
2016	66,815	11,239	78,054
2017	68,158	9,896	78,054
2018	69,528	8,526	78,054
2019 to 2023	306,118	21,640	327,758
2024 to 2026	67,908	2,048	69,956
Total	<u>\$ 719,731</u>	<u>\$ 80,039</u>	<u>\$ 799,770</u>

Bond Anticipation Notes (See Exhibit C-8) – Notes mature February 7, 2014 @ 1.25%.

<u>December 31,</u> <u>2012</u>	<u>Issued</u>	<u>Retired</u>	<u>December 31,</u> <u>2013</u>
\$ 5,095,700	\$ 6,610,700	\$ 5,095,700	\$ 6,610,700

Note 11. Risk Management

The Township is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; error and omission, injuries to employees; and natural disaster. It is the policy of the Township to purchase commercial insurance for the risks of loss to which it is exposed.

Note 12. Pending Litigation

The Township is a defendant in several legal proceedings that are in various stages of litigation. No liability has been recorded in these financial statements to cover any potential liability associated with this litigation.

Note 13. Post-Retirement Health Benefits – GASB 45

The Township of Little Egg Harbor provides post-employment medical, prescription drug, dental, and vision benefits to eligible retired employees and their spouses until Medicare age is attained by either the retired employee or the spouse in the case of spousal coverage. The Township of Little Egg Harbor pays 100% of the insurance cost for the retiree.

TOWNSHIP OF LITTLE EGG HARBOR

**NOTES TO THE FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2013**

Note 13. Post-Retirement Health Benefits (continued):

The Township of Little Egg Harbor’s annual Other Post-Employment Benefit cost is calculated based on the Annual Required Contribution. The actuarial cost method used to determine the Plan’s funding requirements is the “Unit Credit” method. Under this method, an actuarial accrued liability is determined as the present value of the earned benefits, which is allocated to service before the current plan year. The Plan is currently unfunded. The unfunded actuarial liability is amortized over thirty years. The following table shows the changes in the Township of Little Egg Harbor’s annual Other Post-Employment Benefit cost for the year, the amount actually contributed to the Plan and changes in their net Other Post-Employment Benefit obligation to the plan:

Annual Required Contribution	\$ 1,340,000
Interest on Net Other Post-Employment Benefit	290,000
Adjustment to Annual Required Contribution	<u>(380,000)</u>
Annual Other Post-Employment Benefit	1,250,000
Contributions Made	<u>(610,000)</u>
Increase in Net OPEB Obligation	640,000
Net OPEB, Beginning of Year	<u>6,370,000</u>
Net OPEB, End of Year	<u><u>\$ 7,010,000</u></u>

The Township of Little Egg Harbor’s annual Other Post-Employment Benefit cost, the percentage of annual Other Post Employment Benefit cost contributed to the Plan, and the net Other Post Employment Benefit obligation (OPEB) for the year ending December 31, 2013 is as follows:

YEAR ENDED	ANNUAL OPEB COST	PERCENTAGE CONTRIBUTED	NET OPEB OBLIGATION
12/31/13	\$1,250,000	48.8%	\$7,010,000

Actuarial assumptions were used to value the post-retirement medical liabilities. Actuarial assumptions were based on the actual experience of the covered group, to the extent that creditable experience data was available, with an emphases on expected long-term future trends rather than giving undue weight to recent past experience. The reasonableness of each actuarial assumption was considered independently based on its own merits, its consistency with each other assumption, and the combined impact of all assumptions.

Two economic assumptions used in the valuation are the discount rate and the health care cost trend rates. The economic assumptions are used to account for changes in the cost of benefits over time and to discount future benefit payments for the time value of money.

The investment return assumption (discount rate) should be the estimated long-term investment yield on the investments that are expected to be used to finance the payments of benefits. The investments expected to be used to finance the payments of benefits would be plan assets for funded plans, assets of the employer for pay-as-you-go plans, or a proportionate combination of the two for plans that being partially funded. We assumed a discount rate of 4.5 percent for purposes of developing the liabilities and Annual Required Contribution on the basis that the Plan would not be funded. We based medical claims

TOWNSHIP OF LITTLE EGG HARBOR

NOTES TO THE FINANCIAL STATEMENTS (continued): FOR THE YEAR ENDED DECEMBER 31, 2013

Note 13. Post-Retirement Health Benefits (continued):

cost for retirees on an annual average claims cost of approximately \$22,700 per covered retiree for family coverage and \$10,500 for single coverage. The average claims cost was based on an equitable blending of the Traditional and Direct Access benefit costs. We assumed health care costs would increase annually at a rate of 9.5% the first year, decrease by 0.5% per year through year 10 to 5% thereafter.

The Township of Little Egg Harbor currently has twelve eligible retired employees receiving retirement benefits. The net Other Post-Employment Benefit obligation to the Township of Little Egg Harbor to provide benefits to the retiree for the year ended December 31, 2013, was \$7,010,000.

Note. 14 Hurricane Sandy and FEMA Aid

On October 29th of 2012, Hurricane Sandy made landfall on the New Jersey coast and caused significant damage to coastal towns including Little Egg Harbor Township. The extensive damage caused the Township to issue a Special Emergency in their 2012 budget in the amount of \$12 million in order to pay for all storm related costs. In addition, the Township issued a \$3 million special emergency note on December 19, 2012 and an additional \$9 million special emergency note on January 11, 2013 to provide necessary cash flow related to storm costs. The total cost of the storm is estimated to be \$6 million with the anticipation of seventy-five percent to be reimbursed by the federal government through FEMA aid. As of December 2013, \$2.2 million in FEMA aid has been received by the Township. In addition, during 2013, \$6 million of the \$12 million special emergency was cancelled by the Township.

On March 24, 2014 the Office of Inspector General issued its audit report on the FEMA Debris Removal project. The report identified \$689,138 of costs claimed by the Township that would be disallowed unless the Township provided FEMA with supporting or additional documentation for the costs. The Township expects the majority of these costs to be reimbursed once the additional documentation is reviewed.

Notes. 15 Community Disaster Loan

On April 5, 2013, the Township submitted a formal request for a FEMA Community Disaster Loan (CDL) in the amount of \$4,319,506 in relation to Hurricane Sandy losses and expenditures. On March 28, 2013, the Township approved a resolution to amend the 2013 Budget by \$1,750,000, the amount of the CDL that was awarded in 2013. The remaining amount of the CDL will be received in 2014.

The interest rate on the loan is the U.S. Treasury rate for 5-year maturities on the date the Promissory Note is executed, in this case June 13, 2013. The term of the loan is usually 5 years, but may be extended. Interest accrues on the funds as they are disbursed. When applicable, the Assistance Administrator of the Disaster Assistance Directorate may cancel repayment of all or part of the loan if the revenues of the applicant in the three fiscal years following the financial year of the disaster are insufficient to meet the operating budget because of disaster related revenue losses and un-reimbursed disaster related operating expenses.

APPENDIX C

FORM OF BOND COUNSEL'S OPINION

*An opinion in substantially the following form
will be delivered at Closing, assuming
no material changes of fact or law.*

_____, 2015

Township Committee of the
Township of Little Egg Harbor, in the
County of Ocean, New Jersey

Re: Township of Little Egg Harbor, in the County of Ocean, New Jersey
\$ _____ Bond Anticipation Notes, Series 2015A (Tax-Exempt)
\$ _____ Bond Anticipation Notes, Series 2015B (Federally Taxable)

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance by the Township of Little Egg Harbor, in the County of Ocean, New Jersey (the "Issuer") of its Bond Anticipation Notes, Series 2015A (Tax-Exempt) in the aggregate principal amount of \$ _____ (the "Tax-Exempt Notes") and its Bond Anticipation Notes, Series 2015B (Federally Taxable) in the aggregate principal amount of \$ _____ (the "Taxable Notes", and together with the Tax-Exempt Notes, the "Notes"). The Notes are general obligations of the Issuer and the full faith, credit and taxing power of the Issuer are available to pay the principal of and the interest on the Notes. The Notes are each dated their date of delivery, are issued in registered form, mature on _____, 2016 and are not subject to redemption prior to maturity. The Tax-Exempt Notes bear interest at a rate of ____ percent per annum payable at maturity and the Taxable Notes bear interest at a rate of ____ percent per annum payable at maturity.

The Notes will be initially issued in fully registered form in the form of one certificate for the aggregate amount of Notes of each series. The Notes of each series are registered in the name of and held by Cede & Co., as nominee of The Depository Trust Company, Jersey City, New Jersey ("DTC"), which will act as securities depository for the Notes. DTC will be responsible for maintaining the book-entry system for recording the interests of its participants or the transfers of such interests among such participants. Such participants shall be responsible for maintaining records regarding the beneficial ownership interests in the Notes on behalf of

Township Committee of the
Township of Little Egg Harbor, in the
County of Ocean, New Jersey

_____, 2015

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individual purchasers. Individual purchases may be made in the principal amount of \$5,000 or more through book-entries on the books and records of DTC and its participants.

The Notes are issued under the provisions of the Local Bond Law, Chapter 169 of the Laws of 1960 of the State of New Jersey, effective January 1, 1962 and the acts amendatory thereof and supplemental thereto (the "Act"). The Tax-Exempt Notes are issued pursuant to bond ordinances of the Township numbered 2006-07, 2006-15, 2009-13, 2010-20, 2011-15, 2012-12 and 2013-14 (collectively, the "Tax-Exempt Ordinances") and the Taxable Notes are issued pursuant to bond ordinances of the Township numbered 2002-08, 2002-14, as amended by 2002-36, 2002-23, 2003-07, 2005-19, 2007-04, 2007-10, 2008-03, 2008-04, 2009-05 and 2009-06 (collectively, the "Taxable Ordinances", and together with the Tax-Exempt Ordinances, the "Ordinances"). The Notes are issued for the purpose of providing funds to refinance various capital improvements as described in the Ordinances (collectively, the "Project"). The Project was authorized by the Ordinances.

In our capacity as Bond Counsel and as a basis for the opinions set forth below, we have examined the proceedings relating to the authorization and issuance of the Notes, including (a) a copies of the Ordinances; (b) such matters of law, including inter alia, the Act and the Internal Revenue Code of 1986, as amended (the "Code"); and (c) such other agreements, proceedings, certificates, records, approvals, resolutions and documents as to various matters with respect to the issuance of the Notes as we have deemed necessary. We have further assumed and relied upon the genuineness, accuracy and completeness of all the documents and other instruments which we have examined. As to questions of fact material to our opinion, we have relied upon the forms of the proceedings and other certifications of public officials to be executed and furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, and assuming that the Notes and other documents and certificates are executed and delivered as instructed by us, we are of the opinion that:

1. The Notes have been duly authorized, issued, executed and sold by the Issuer; the Ordinances have been duly authorized and adopted by the Issuer; and the Notes and the Ordinances are legal, valid and binding obligations of the Issuer enforceable in accordance with their respective terms.

2. Assuming continuing compliance by the Issuer with the provisions of the Code applicable to the Tax-Exempt Notes, and subject to certain provisions of the Code, under laws, regulations, rulings and judicial decisions existing on the date of original delivery of the Tax-Exempt Notes, interest received by a holder of the Tax-Exempt Notes will be excludable from gross income for federal income tax purposes and will not be treated as a tax preference item for

purposes of the alternative minimum tax imposed on individuals or corporations. Interest on the Tax-Exempt Notes is included in the adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax on such corporations. However, interest on the Tax-Exempt Notes may become taxable retroactively if certain requirements under the Code are not complied with.

3. Under the laws of the State of New Jersey as enacted and construed on the date of original issuance of the Notes, interest on the Notes and gain from the sale thereof are excludable from gross income under the New Jersey Gross Income Tax Act.

4. Interest on the Taxable Notes is includable in gross income for federal income tax purposes.

5. The power and obligation of the Issuer to pay the Notes is unlimited, and the Issuer shall have the power and be obligated to levy ad valorem taxes upon all the taxable real property within the Township for the payment of the Notes and interest thereon, without limitation of rate or amount.

For purposes of this opinion, the enforceability (but not the validity) of the documents mentioned herein may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other laws now or hereafter enacted by any state or by the federal government affecting the enforcement of creditors' rights generally, and by equitable principles, and the phrase "enforceable in accordance with their terms" shall not mean that specific performance would necessarily be available as a remedy in every situation.

Other than as set forth in Paragraphs 2, 3 and 4 hereof, we express no opinion regarding other federal and state tax consequences arising with respect to the Notes.

We express no opinion herein as to the adequacy or accuracy of any official statement, private placement memorandum or other offering material pertaining to the offering of the Notes.

GLUCKWALRATH LLP

APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Township of Little Egg Harbor, in the County of Ocean, New Jersey (the "Issuer") in connection with the issuance by the Issuer of its Bond Anticipation Notes, Series 2015A (Tax-Exempt) in the aggregate principal amount of \$_____ (the "Tax-Exempt Notes") and its Bond Anticipation Notes, Series 2015B (Federally Taxable) in the aggregate principal amount of \$_____ (the "Taxable Notes", and together with the Tax-Exempt Notes, the "Notes"). The Notes are being issued pursuant to various bond ordinances duly adopted by the Issuer. The Issuer covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Noteholders and Beneficial Owners of the Notes and in order to assist the Participating Underwriter in complying with the provisions of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission ("SEC") under the Securities Exchange Act of 1934, as the same may be amended from time to time ("Exchange Act").

SECTION 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Notes (including persons holding Notes through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Notes for federal income tax purposes.

"Continuing Disclosure Information" shall mean: (i) any notice required to be filed with the MSRB pursuant to Section 4 hereof; and (ii) any notice of an event required to be filed with the MSRB pursuant to Section 3(c) hereof.

"Dissemination Agent" shall mean the Issuer, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

"Listed Events" shall mean any of the events listed in Section 3(a) of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Exchange Act.

"Noteholder" shall mean any person who is the registered owner of any Note, including holders of beneficial interests in the Notes.

"Participating Underwriter" shall mean any of the original underwriters of the Notes required to comply with the Rule in connection with offering of the Notes.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State" shall mean the State of New Jersey.

SECTION 3. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 3, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Notes, if material:

1. principal and interest payment delinquencies;
2. non-payment related defaults, if material;
3. unscheduled draws on the debt service reserves reflecting financial difficulties;
4. unscheduled draws on the credit enhancements reflecting financial difficulties;
5. substitution of the credit or liquidity providers or their failure to perform;
6. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Notes, or other material events affecting the tax-exempt status of the Notes;
7. modifications to rights of Noteholders, if material;
8. Note calls, if material, and tender offers;
9. defeasances;
10. release, substitution or sale of property securing repayment of the Notes, if material;
11. rating changes;
12. bankruptcy, insolvency, receivership or similar events of the Issuer, which shall be considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal

law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer;

13. the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
14. appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event described in subsection (a) for which the disclosure obligation is dependent upon materiality, the Issuer shall as soon as possible determine if such event would be material under applicable federal securities laws.

(c) If disclosure of a Listed Event is required, the Issuer shall in a timely manner not in excess of ten business days after the occurrence of the event, file a notice of such occurrence with the MSRB in an electronic format as prescribed by the MSRB. All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

SECTION 4. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Notes. If such termination occurs prior to the final maturity of the Notes, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 3(c).

SECTION 5. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be the Issuer.

SECTION 6. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Section 3, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Notes, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Notes, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Noteholders or Beneficial Owners of the Notes.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Issuer shall describe such amendment in the same manner as for a Listed Event under Section 3(a), and shall include a narrative explanation of the reason for the amendment or waiver.

SECTION 7. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Certificate to update such information or include it in any future notice of occurrence of a Listed Event.

SECTION 8. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any Noteholder or Beneficial Owner of the Notes may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default on the Notes, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 9. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of

liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Notes.

SECTION 10. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriters and the Noteholders and Beneficial Owners from time to time of the Notes, and shall create no rights in any other person or entity.

Date: _____, 2015

TOWNSHIP OF LITTLE EGG HARBOR, IN THE
COUNTY OF OCEAN, NEW JERSEY

By: _____
Garrett Loesch, Chief Financial Officer