

PRELIMINARY OFFICIAL STATEMENT DATED JULY 24, 2019

**NEW ISSUE**  
**BOOK-ENTRY ONLY**

**Rating (Bonds): S&P “AA”**  
**Rating (Notes): S&P “SP-1+”**  
**(See “RATINGS” herein)**

*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 Bonds and Notes and subject to certain provisions of the Code which are described herein, under laws, regulations, rulings and judicial decisions existing on the date of the original delivery of the Bonds and Notes, interest on the Bonds and Notes is excluded from gross income of the owners thereof for federal income tax purposes under Section 103 of the Code. In the further opinion of Bond Counsel, interest on the Bonds and Notes is not treated as a preference item for purposes of the alternative minimum tax imposed by the Code on individuals. Under the laws of the State of New Jersey, as enacted and construed on the date of the original delivery of the Bonds and Notes, interest on the Bonds and Notes and gain from the sale thereof are excludable from gross income under the New Jersey Gross Income Tax Act. See “TAX MATTERS” herein..*

**\$6,896,000\***  
**TOWNSHIP OF LITTLE EGG HARBOR**  
**IN THE COUNTY OF OCEAN, NEW JERSEY**  
**GENERAL OBLIGATION BONDS, SERIES 2019**  
**(Non-Callable)**

**\$7,214,000**  
**TOWNSHIP OF LITTLE EGG HARBOR**  
**IN THE COUNTY OF OCEAN, NEW JERSEY**  
**BOND ANTICIPATION NOTES, SERIES 2019B**  
**(Non-Callable)**

**Dated:** Date of Delivery  
**Due:** August 15, as shown on the inside front cover

**Dated:** Date of Delivery  
**Due:** April 15, 2020

The \$6,896,000\* aggregate principal amount of General Obligation Bonds, Series 2019 (the “Bonds”) are general obligations of the Township of Little Egg Harbor, in the County of Ocean, State of New Jersey (the “Township”) for which the full faith and credit of the Township are pledged. The Bonds constitute general obligations of the Township and the full faith and credit and unlimited ad valorem taxing power of the Township are pledged to the payment of the principal thereof and the interest thereon.

The \$7,214,000 Bond Anticipation Notes, Series 2019B (the “Notes”), dated the date of delivery, are also general obligations of the Township, payable 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 Bonds and the Notes 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 Bonds and the Notes. Individual purchases of the Bonds will be made in book entry form, in the denomination of \$5,000 or more. Individual purchases of the Notes will be made in book-entry form in the principal amount of \$5,000 or greater.

The Bonds shall bear interest from the date of delivery thereof, payable semi-annually on February 15 and August 15 of each year, commencing February 15, 2020, at such rates of interest, as shown on the inside front cover page hereof until maturity. The Bonds will be payable as to principal upon presentation and surrender thereof at the offices of the Township or a duly designated paying agent. Interest on the Bonds will be paid by check, draft or wire transfer mailed, delivered or transmitted by the Township to the registered owner thereof as of the Record Dates (as defined herein).

The Notes will bear interest at the rate per annum and reoffering yield, as shown on the inside front cover page, commencing from their date of delivery. Interest on the Notes will be payable at maturity on April 15, 2020. 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 Bonds are authorized by, and are issued pursuant to, the provisions of the Local Bond Law, N.J.S.A. 40A:2-1 et seq., as amended and supplemented (the “Local Bond Law”), various bond ordinances duly adopted by the Township Committee on the dates set forth herein and by a resolution duly adopted by the Township Committee as set forth herein. The Notes are authorized by, and are issued pursuant to, the provisions of the Local Bond Law, and various bond ordinances duly adopted by the Township Committee as set forth herein.

Proceeds of the Bonds, along with other available funds of the Township, are being issued to: (i) refund, on a current basis, a \$6,896,940.89 aggregate principal portion of the \$9,611,000 notes of the Township, dated January 30, 2019 and maturing August 20, 2019 (the “January Prior Notes”); and (ii) pay the costs associated with the issuance of the Bonds.

The Notes, along with other available funds of the Township, are being issued to: (i) refund, on a current basis, \$1,500,000 outstanding bond anticipation notes of the Township dated November 20, 2018 and maturing August 20, 2019 (ii) refund, on a current basis, a \$2,714,059.11 portion of the outstanding January Prior Notes; (iii) temporarily finance various improvements in the amount of \$3,000,000; and (iv) pay the costs associated with the issuance of the Notes.

The Bonds and Notes will constitute general obligations of the Township for the payment of the principal of and interest on which the full faith, credit and taxing power of the Township is available, and all the taxable real property within the Township is subject to the levy of *ad valorem* taxes, without limitation as to rate or amount, for such purposes.

**THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.**

The Bonds and Notes are offered when, as and if received by the purchaser 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, serves as Municipal Advisor to the Township in connection with the issuance of the Bonds and Notes. It is expected that the Bonds and Notes, in definitive form, will be available for delivery on or about August 19, 2019.

**BIDS FOR THE BONDS, IN ACCORDANCE WITH THE FULL NOTICE OF SALE FOR THE BONDS, WILL BE RECEIVED ON AUGUST 1, 2019.**

**BIDS FOR THE NOTES, IN ACCORDANCE WITH THE FULL NOTICE OF SALE FOR THE NOTES, WILL BE RECEIVED ON AUGUST 1, 2019.**

\* Preliminary, subject to change.

This is a Preliminary Official Statement and the information contained herein is subject to completion, amendment or other change without notice. The securities 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 these securities 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.

**\$6,896,000\* GENERAL OBLIGATION BONDS, SERIES 2019**

**MATURITIES, AMOUNTS, INTEREST RATES, YIELDS AND CUSIPS\*\***

<u>Year</u>	<u>Total Amount*</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP**</u>
2020	\$456,000	%	%	537089__
2021	575,000			537089__
2022	575,000			537089__
2023	790,000			537089__
2024	900,000			537089__
2025	900,000			537089__
2026	900,000			537089__
2027	900,000			537089__
2028	900,000			537089__

**\$7,214,000 BOND ANTICIPATION NOTES, SERIES 2019B**

**MATURITIES, AMOUNTS, INTEREST RATES, YIELDS AND CUSIPS\*\***

<u>Par Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP**</u>
\$7,214,000	%	%	537089__

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\* Preliminary, subject to change.

\*\* CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein are provided by S&P Global's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. The CUSIP numbers listed above are being provided solely for the convenience of Bondholders and Noteholders only at the time of issuance of the Bonds and Notes and the Township does not make any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds and Notes as a result of procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds and Notes.

**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**

Barbara Jo Crea

**TOWNSHIP COMMITTEE**

John Kehm, Jr., Deputy Mayor

Ray Gormley

Blaise Scibetta

Lisa Stevens

**BUSINESS ADMINISTRATOR**

Matthew Spadaccini

**CHIEF FINANCIAL OFFICER**

Rodney Haines

**TAX COLLECTOR**

Dayna Wilson

**TOWNSHIP CLERK**

Diana McCracken

**TOWNSHIP SOLICITOR**

Jean Cipriani, Esq.

Lakewood, New Jersey

**INDEPENDENT AUDITORS**

Holman Frenia Allison, P.C.

Toms River, New Jersey

**BOND COUNSEL**

GluckWalrath LLP

Trenton, New Jersey

**MUNICIPAL 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 Bonds and 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 Purchaser 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 Bonds and 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.

## TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION .....	1
THE BONDS .....	1
General Description .....	1
Optional Redemption .....	1
Authorization for the Issuance of the Bonds .....	1
Purpose of the Bonds .....	2
Payment of Bonds .....	2
Denominations and Place of Payment .....	2
THE NOTES .....	3
General Description .....	3
Denominations and Place of Payment .....	3
Optional Redemption .....	3
Authorization for the Issuance of Notes .....	3
SECURITY FOR THE BONDS AND NOTES .....	4
The Township .....	4
BOOK-ENTRY-ONLY SYSTEM .....	4
Discontinuance of Book-Entry Only System .....	6
MUNICIPAL FINANCE – FINANCIAL REGULATION OF COUNTIES AND MUNICIPALITIES .....	7
Local Bond Law (N.J.S.A. 40A:2-1 et seq.) .....	7
Debt Limits .....	7
Exceptions to Debt Limits - Extensions of Credit .....	7
Short Term Financing .....	7
The Local Budget Law (N.J.S.A. 40A:4-1 et seq.) .....	8
Tax Appeals .....	10
The Local Fiscal Affairs Law (N.J.S.A. 40A:5-1 et seq.) .....	10
School Debt Subject to Voter Approval .....	10
TAX MATTERS .....	10
Federal Income Taxes .....	10
State Taxes .....	11
Original Issue Premium .....	11
Certain Federal Tax Considerations .....	11
Backup Withholding .....	12
Changes in Law and Post-Issuance Events .....	12
Section 265 Qualification .....	12
LEGALITY FOR INVESTMENT .....	13
CONTINUING DISCLOSURE .....	13
LITIGATION .....	13
MUNICIPAL BANKRUPTCY .....	14
CERTAIN REFERENCES .....	14
CERTIFICATION OF OFFICIAL STATEMENT .....	14
RATINGS .....	15
UNDERWRITING .....	15
MUNICIPAL ADVISOR .....	15
APPROVAL OF LEGAL PROCEEDINGS .....	16
FINANCIAL STATEMENTS .....	16
ADDITIONAL INFORMATION .....	16
MISCELLANEOUS .....	16
APPENDIX A: GENERAL INFORMATION REGARDING THE TOWNSHIP	
APPENDIX B: FINANCIAL STATEMENTS OF THE TOWNSHIP	
APPENDIX C: FORM OF CONTINUING DISCLOSURE CERTIFICATE FOR THE BONDS	
APPENDIX D: FORM OF CONTINUING DISCLOSURE CERTIFICATE FOR THE NOTES	
APPENDIX E: FORM OF BOND COUNSEL OPINION FOR THE BONDS	
APPENDIX F: FORM OF BOND COUNSEL OPINION FOR THE NOTES	

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

**RELATING TO**

**\$6,896,000\* GENERAL OBLIGATION BONDS, SERIES 2019  
(Non-Callable)**

**AND**

**\$7,214,000 BOND ANTICIPATION NOTES, SERIES 2019B  
(Non-Callable)**

**INTRODUCTION**

This Official Statement, which includes the cover page, inside front 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”), New Jersey (the “State”) in connection with the sale and issuance of \$6,896,000\* aggregate principal amount of General Obligation Bonds, Series 2019 (the “Bonds”) and \$7,214,000 Bond Anticipation Notes, Series 2019B (the “Notes”) of the Township.

**THE BONDS**

**General Description**

The Bonds will be dated the date of delivery and will mature on August 15 in each of the years and in the principal amounts as shown on the inside front cover page hereof. The interest on the Bonds will be payable semi-annually beginning February 15, 2020 and on each February 15 and August 15 thereafter. The record dates for the Bonds is each preceding February 1 and August 1, respectively (the “Record Dates”). The Bonds will be issued in book-entry form only.

The Bonds are general obligations of the Township and are secured by a pledge of the full faith and credit of the Township for the payment of the principal thereof and interest thereon. The Township is obligated to levy *ad valorem* taxes upon all of the taxable property within the Township for the payment of principal of and interest on the Bonds without limitation as to rate or amount.

**Optional Redemption**

The Bonds are not subject to redemption prior to their stated maturity.

**Authorization for the Issuance of the Bonds**

The Bonds are authorized by, and are issued pursuant to, the provisions of the Local Bond Law, N.J.S.A. 40A:2-1 et seq., as amended and supplemented (the “Local Bond Law”), and are authorized by various bond ordinances duly adopted by the Township Committee on the dates set forth in the chart on the following page and published and approved as required by law, and by a resolution duly adopted by the Township Committee on July 11, 2019.

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\* Preliminary, subject to change.

The bond ordinances authorizing the Bonds 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.

**Purpose of the Bonds**

Proceeds of the Bonds, along with available funds of the Township in the amount of \$940.89, are being issued to: (i) refund, on a current basis, a \$6,896,940.89 aggregate principal portion of the \$9,611,000 bond anticipation notes of the Township, dated January 30, 2019 and maturing August 20, 2019 (the “January Prior Notes”); and (ii) pay the costs associated with the issuance of the Bonds.

The purposes for which the Bonds are to be issued have been authorized by duly adopted, approved and published bond ordinances of the Township, which bond ordinances are described in the following table by ordinance number, description and the amount of the January Prior Notes being refunded with the proceeds of the Bonds. The bond ordinances are:

<b><u>Ordinance No.</u></b>	<b><u>Purpose</u></b>	<b><u>Amount of January Prior Notes Being Refunded with the Bonds</u></b>
2011-15	Various Capital Improvements	\$930,866.18
2013-14	Various Capital Improvements	1,189,312.28
2016-05	Various Capital Improvements	3,188,071.54
2017-08	Various Capital Improvements	<u>1,587,750.00</u>
<b>Total Bonds:</b>		<u>\$6,896,000.00</u>

**Payment of Bonds**

The Bonds 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 Bonds without limitation as to rate or amount. See “SECURITY FOR THE BONDS AND NOTES.”

**Denominations and Place of Payment**

The Bonds are issuable only as fully registered bonds without coupons, and when issued will be in the form of one certificate per maturity and will be registered in the name of Cede & Co., as registered owner and nominee for DTC. DTC will act as Securities Depository for the Bonds. Purchase of the Bonds will be made in book entry form, in the denomination of \$5,000 or more. Purchasers will not receive certificates representing their interest in Bonds purchased. So long as Cede & Co. is the registered owner, as nominee of DTC, references herein to the registered owners shall mean Cede & Co. and shall not mean the Beneficial Owners of the Bonds. See “Book-Entry-Only System” herein.

## THE NOTES

### General Description

The Notes will be dated the date of delivery and will mature on the due date, as shown on the front cover hereof. The interest on the Notes will be payable on the due date as shown on the front cover page. The Notes will be issued in book-entry form only.

The Notes are general obligations of the Township and are secured by a pledge of the full faith and credit of the Township for the payment of the principal thereof and interest thereon. The Township is obligated to levy *ad valorem* taxes upon all of the taxable property within the Township for the payment of principal of and interest on the Notes without limitation as to rate or amount.

### Denominations and Place of Payment

The Notes are issuable only as fully registered Notes without coupons, and when issued will be in the form of one certificate in the principal amount of the Notes and will be registered in the name of Cede & Co., as registered owner and nominee for the Depository Trust Company (“DTC”), New York, New York. DTC will act as Securities Depository for the Notes. Purchase of the Notes will be made in book entry form, in the denomination of \$5,000 or greater. Purchasers will not receive certificates representing their interest in Notes purchased. So long as Cede & Co. is the registered owner, as nominee of DTC, references herein to the registered owners shall mean Cede & Co. and shall not mean the Beneficial Owners of the Notes. See “Book-Entry-Only System” herein.

### Optional Redemption

The Notes are not subject to redemption prior to their stated maturity.

### Authorization for the Issuance of Notes

The Notes are authorized and being issued pursuant to the Local Bond Law of the State of New Jersey (N.J.S.A. 40A:2-1 *et seq.*) (the “Local Bond Law”), and the acts amendatory thereof and supplemental thereto, and various bond ordinances of the Township.

The Notes, along with available funds of the Township in the amount of \$59.11, are being issued to: (i) refund, on a current basis, \$1,500,000 outstanding bond anticipation notes of the Township dated November 20, 2018 and maturing August 20, 2019 (the “Prior November Notes” and together with the January Prior Notes, the “Prior Notes”); (ii) refund, on a current basis, a \$2,714,059.11 aggregate principal portion of the outstanding Prior January Notes; (iii) temporarily finance various improvements in the amount of \$3,000,000; and (iv) pay the costs associated with the issuance of the Notes. The Notes and the improvements or purposes for which the Notes are to be issued have been authorized by bond ordinances duly adopted by the Township, which ordinances are described in the following table by ordinance number, description and amount of Prior Notes being refunded with the Notes and amount of new money:



<b>Ordinance No.</b>	<b>Purpose</b>	<b>Amount of Prior Notes Being Refunded with the Notes</b>	<b>Amount of New Money</b>
2014-10	Various Capital Improvements	\$1,514,000.00	\$0
2018-13	Various Capital Improvements	1,200,000.00	0
2018-12	Dredging of Three Tidal Lagoon and Inlet Areas of Great Bay	1,500,000.00	0
2019-07	Dredging of Rose Creek and Various Lagoons	0.00	3,000,000
<b>Sub-Total:</b>		<u>\$4,214,000.00</u>	<u>\$3,000,000</u>
<b>Total Notes:</b>			<u>\$7,214,000</u>

### **SECURITY FOR THE BONDS AND NOTES**

The Bonds and 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 Bonds and 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 Bonds and Notes, without limitation as to rate or amount.

#### **The Township**

The Township, primarily a residential community, is located in the southern part of the County. See Appendix "A" for general information regarding the Township.

### **BOOK-ENTRY-ONLY SYSTEM**

The description which follows of the procedures and record keeping with respect to beneficial ownership interests in the Bonds and Notes, payment of principal and interest, and other payments on the Bonds and Notes to DTC Participants or Beneficial Owners (as each such term is hereinafter defined), confirmation and transfer of beneficial ownership interests in the Bonds and 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 Bonds and Notes. The Bonds and 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 Bond certificate will be issued in the aggregate principal amount of each maturity of the Bonds, and will be deposited with DTC. One fully registered certificate will be issued in the aggregate principal amount of the Notes, and will be 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](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

Purchases of the Bonds and Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds and Notes on DTC's records. The ownership interest of each actual purchaser of the Bonds and 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 Bonds and 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 Bonds and Notes, except in the event that use of the book-entry system for the Bonds and Notes is discontinued.

To facilitate subsequent transfers, all Bonds and 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 Bonds and 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 Bonds and Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds and 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.

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds and 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 Bonds and Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds and distributions on the Bonds and 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 Bonds and 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/or 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/or 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 BONDS AND NOTES, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE BONDHOLDERS AND NOTEHOLDERS OR REGISTERED OWNERS OF THE BONDS AND NOTES (OTHER THAN UNDER THE CAPTION "TAX MATTERS") SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE BONDS AND 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 Bonds and/or Notes, the following provisions apply: (i) the Bonds and/or Notes may be exchanged for an equal aggregate principal amount of Bonds and 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 Bonds and/or 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 Bonds and/or 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 Bonds and/or Notes. Interest on the Bonds and/or Notes will be payable by check or draft, mailed on each Interest Payment Date to the registered owners thereof as of the close of business on the Record Dates.

## **MUNICIPAL FINANCE – FINANCIAL REGULATION OF COUNTIES AND MUNICIPALITIES**

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

The Local Bond Law 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. 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 shown in Appendix "A", the Township has not exceeded its statutory debt limit as of December 31, 2018.

### **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. When such appropriations exceed 3% of the adopted operating budget, consent of the Director must be obtained.

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.

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, 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 bonds and 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 constituent municipality. If such debt is in excess of the school district's debt limit and the remaining borrowing capacity of the constituent municipality, 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 Income Taxes**

The Internal Revenue Code of 1986, as amended (the "Code") imposes certain requirements that must be met at and subsequent to the issuance and delivery of the Bonds and Notes for interest thereon to be and remain excluded from gross income of the owners thereof for federal income tax purposes. Noncompliance with such requirements could cause the interest on the Bonds and Notes to be included in

gross income for federal income tax purposes retroactive to the date of issuance of the Bonds and Notes. The Township has covenanted to comply with the provisions of the Code applicable to the Bonds and Notes, and has covenanted not to take any action or permit any action that would cause the interest on the Bond and Notes to be included in gross income under Section 103 of the Code or cause interest on the Bonds and Notes to be treated as an item of tax preference for purposes of the alternative minimum tax imposed by the Code on individuals. Bond Counsel will not independently verify the accuracy of those certifications and representations.

Assuming the Township observes its covenants with respect to compliance with the Code, GluckWalrath LLP, Bond Counsel to the Township, is of the opinion that, under laws, regulations, rulings and judicial decisions existing on the date of the original delivery of Bonds and Notes, interest on the Bonds and Notes is excluded from gross income of the owners thereof for federal income tax purposes under Section 103 of the Code. Bond Counsel is further of the opinion that interest on the Bonds and Notes is not treated as a preference item for purposes of the alternative minimum tax imposed by the Code on individuals. See “Certain Federal Tax Considerations” below.

### **State Taxes**

In the opinion of Bond Counsel, under the laws of the State of New Jersey as enacted and construed on the date of original delivery of the Bonds and Notes, interest on the Bonds and Notes and any gains from the sale thereof are not includable in gross income under the New Jersey Gross Income Tax Act.

### **Original Issue Premium**

The initial public offering price of the Bonds and Notes may be greater than the stated redemption price thereof at maturity (the “Premium Bonds and Notes”). The difference between the initial public offering price for the Premium Bonds and Notes and the stated redemption price at maturity is “original issue premium.” For federal income tax purposes original issue premium is amortizable periodically over the term of the Premium Bonds and Notes through reductions in the holder’s tax basis for the Premium Bonds and Notes for determining gain or loss from sale or redemption prior to maturity. Amortizable premium is accounted for as reducing the tax-exempt interest on the Premium Bonds and Notes rather than creating a deductible expense or loss. Purchasers of the Bonds and Notes should consult their tax advisors for an explanation of the accrual rules for original issue premium and any other federal, state or local tax consequences of the purchase of the Premium Bonds and Notes.

### **Certain Federal Tax Considerations**

Ownership of the Bonds and Notes may result in collateral federal tax consequences to certain taxpayers, including, without limitation, financial institutions, S corporations with excess net passive income, property and casualty companies, individual recipients of social security or railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, foreign corporations that may be subject to the foreign branch profits tax, and taxpayers who may be deemed to have incurred indebtedness to purchase or carry the Bonds and Notes. Bond Counsel will express no opinion with respect to these or any other collateral tax consequences of the ownership of the Bonds and Notes. The nature and extent of the tax benefit to a taxpayer of ownership of the Bonds and Notes will generally depend upon the particular nature of such taxpayer or such taxpayer’s own particular circumstances, including other items of income or deduction. Accordingly, prospective purchasers of the Bonds and Notes should consult their own tax advisors with respect to these and other collateral federal tax consequences resulting from ownership of the Bonds and Notes.



Bond Counsel is not rendering any opinion on any federal tax matters other than those described under the caption "TAX MATTERS." Prospective investors, particularly those who may be subject to special rules described above, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Bonds and Notes, as well as any tax consequences arising under the laws of any state or other taxing jurisdiction.

### **Backup Withholding**

Commencing with interest paid in 2006, interest paid on tax-exempt obligations such as the Bonds and Notes is subject to information reporting to the IRs in a manner similar to interest paid on taxable obligations. In addition, interest on the Bonds and Notes may be subject to backup withholding if such interest is paid to a registered owner that (a) fails to provide certain identifying information (such as the registered owner's taxpayer identification number) in the manner required by the IRS, or (b) has been identified by the IRS as being subject to backup withholding.

### **Changes in Law and Post-Issuance Events**

Legislative or administrative actions and court decisions, at either the federal or state level, could have an adverse impact on the potential benefits of the exclusion from gross income of the interest on the Bonds and Notes for federal or state income tax purposes, and thus on the value or marketability of the Bonds and Notes. This impact could result from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), repeal of the exclusion of interest on the Bonds and Notes from gross income of the owners thereof for federal or state income tax purposes, or otherwise. It is not possible to predict whether any legislative or administrative actions or court decisions having an adverse impact on the federal or state income tax treatment of holders of the Bonds and Notes may occur. Prospective purchasers of the Bonds and Notes should consult their own tax advisors regarding such matters.

Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance and delivery of the Notes may affect the tax status of interest on the Bonds and Notes. Bond Counsel expresses no opinion as to any federal, state or local tax law consequences with respect to the Bonds and Notes, or the interest thereon, if any action is taken with respect to the Bonds and Notes or the proceeds thereof upon the advice or approval of counsel other than Bond Counsel.

### **Section 265 Qualification**

The Code denies the interest deduction for indebtedness incurred by banks, thrift institutions and other financial institutions to purchase or to carry tax-exempt obligations. The denial to such institutions of one hundred percent (100%) of the deduction for interest paid on funds allocable to tax-exempt obligations applies to those tax-exempt obligations acquired by such institutions after August 7, 1986. For certain issues, which must be so designated by the issuer as qualified under Section 265 of the Code, eighty percent (80%) of such interest may be deducted as a business expense by such institutions.

The Township is not designating the Bonds and Notes as qualified for an exemption from the denial of deduction for interest paid by financial institutions to purchase or to carry tax-exempt obligations under Section 265 of the Code.

**ALL POTENTIAL PURCHASERS OF THE BONDS AND NOTES SHOULD CONSULT WITH THEIR TAX ADVISORS IN ORDER TO UNDERSTAND THE IMPLICATIONS OF THE CODE.**

## **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 Bonds and Notes, and such Bonds and Notes are authorized security for any and all public deposits.

## **CONTINUING DISCLOSURE**

Pursuant to the requirements of Rule 15c2-12 (the "Rule") adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, the Township will deliver concurrently with the delivery of the Bonds a Continuing Disclosure Certificate in substantially the form annexed hereto as Appendix "C" (the "Form of Continuing Disclosure Certificate for the Bonds"). The Township has covenanted for the benefit of the Bondholders, in accordance with the provisions of the Form of Continuing Disclosure Certificate for the Bonds, to provide or cause to be provided, in accordance with the requirements of the Rule, certain financial information and operating data to the Municipal Securities Rulemaking Board ("MSRB") through the Electronic Municipal Market Access System ("EMMA") dataport or to any other designated nationally recognized municipal securities information repository (the "National Repository") and to the appropriate State information depository, if any (as defined in the Form of Continuing Disclosure Certificate for the Bonds). The Township has also covenanted in the Form of Continuing Disclosure Certificate for the Bonds to provide notices of the occurrence of certain enumerated events.

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, as set forth in section (b)(5)(i)(C) of the Rule (the "Notices"). The Notices will be filed by the Township with the MSRB. 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" (the "Form of Continuing Disclosure for the Notes") 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 own obligations and obligations of the Little Egg Harbor Municipal Utilities Authority for which the Township is an obligated person. The Township appointed Phoenix Advisors, LLC in January of 2013 to serve as continuing disclosure agent.

## **LITIGATION**

Upon delivery of the Bonds and Notes, the Township shall furnish a certificate of Rothstein, Mandell, Strohm, Halm & Cipriani, P.C., Lakewood, New Jersey (the "Township Solicitor"), dated the date of delivery of the Bonds and Notes, to the effect that there is no litigation of any nature pending or, to the Township Solicitor's knowledge, threatened to restrain or enjoin the issuance, sale, execution or delivery of the Bonds and Notes, or in any way contesting or affecting the validity of the Bonds and 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 Bonds and 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 and notes, 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 Notes, 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 of the Township and the Bonds and 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 entirety by express reference to the complete provisions thereof. Copies of the Ordinances 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 Bonds

and Notes, by certificates signed by an official of the Township, that to their knowledge such descriptions and statements, as of the date hereof, and as of closing, 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.

Bond Counsel 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.

### **RATINGS**

S&P Global Ratings, acting through Standard & Poor's Financial Services LLC (the "Rating Agency"), has assigned a rating of "AA" to the Bonds and a rating of "SP-1+" to the Notes.

An explanation of the significance of such ratings may be obtained from the Rating Agency at 55 Water Street, New York, New York, 10041. The ratings are not a recommendation to buy, sell or hold the Bonds or Notes and there is no assurance that such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the Rating Agency if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such ratings by the Rating Agency may have an adverse effect on the market price of the Bonds or Notes.

### **UNDERWRITING**

#### Bonds

The Bonds have been purchased from the Township at a public sale by \_\_\_\_\_ (the "Bond Underwriter") at a price of \$\_\_\_\_\_.

#### Notes

The Notes have been purchased from the Township at a public sale by \_\_\_\_\_ (the "Note Underwriter") at a price of \$\_\_\_\_\_.

### **MUNICIPAL ADVISOR**

Phoenix Advisors, LLC, Bordentown, New Jersey has served as Municipal Advisor to the Township with respect to the issuance of the Bonds and Notes (the "Municipal Advisor"). The Municipal Advisor is not obligated to undertake and has not undertaken, either to make an independent verification of, or to assume responsibility for the accuracy, completeness, or fairness of the information contained in the Official Statement and the appendices hereto. The Municipal Advisor is an independent 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 Bonds and Notes are subject to the approval of GluckWalrath LLP, Trenton, New Jersey, Bond Counsel to the Township, whose approving legal opinions will be delivered with the Bonds and Notes substantially in the forms set forth as Appendix “E” and Appendix “F”, respectively. Certain legal matters will be passed on for the Township by the Township Attorney.

## **FINANCIAL STATEMENTS**

Appendix “B” contains certain unaudited financial data of the Township for the Township’s fiscal year ending December 31, 2018 and certain audited financial data of the Township for the Township’s fiscal year ending December 31, 2017. The audited financial data was extracted from the report prepared by Holman Frenia Allison, P.C., Toms River, New Jersey (the “Auditor”), to the extent and for the period set forth in their report appearing in Appendix “B”. The Auditor has not participated in the preparation of this Official Statement, nor has such firm verified the accuracy, completeness or fairness of the information contained herein (except for the audited financial statements appearing in Appendix “B” hereto) and, accordingly, will express no opinion with respect thereto.

## **ADDITIONAL INFORMATION**

Inquiries regarding this Official Statement, including any information additional to that contained herein, may be directed to the Township’s Chief Financial Officer, 665 Radio Road, Little Egg Harbor, New Jersey 08087, telephone (609) 296-7241, or the Township’s Municipal Advisor, Phoenix Advisors, LLC, 625 Farnsworth Avenue, 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 Bonds or 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 Bonds or 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.

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

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Rodney Haines,  
Chief Financial Officer

Dated: August \_\_, 2019

**APPENDIX A**  
**GENERAL INFORMATION REGARDING THE TOWNSHIP**

## **INFORMATION REGARDING THE TOWNSHIP<sup>1</sup>**

The following material presents certain economic and demographic information of the Township of Little Egg Harbor (the “Township”), in the County of Ocean (the “County”), State of New Jersey (the “State”).

### **Location and Area**

The Township is located along the southeastern border of the County. As reflected in data from the U.S. Department of Commerce, Bureau of Census, the Township has been 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. The Township is bordered by the Townships of Barnegat, Bass River, Eagleswood and Stafford, the Borough of Tuckerton, and Little Egg Harbor Bay and Great Bay.

### **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.

An 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 of financial affairs and related internal support activities through the Township’s Chief Financial Officer.

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

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<sup>1</sup> Source: The Township, unless otherwise indicated.

## **Utilities and Communication**

The Atlantic Electric Company and the New Jersey Natural Gas Company service the Township's electric and natural gas needs. Water and sewer services are provided by the Little Egg Harbor Municipal Utilities Authority.

## **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 (the "Division"), 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 ("PERS") and the Police and Firemen's Retirement System ("PFRS").

## **Pension Information<sup>2</sup>**

Employees who are eligible to participate in a pension plan are enrolled in PERS or PFRS, administered by the Division. The Division 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 in 2018, which is based upon the annual billings received from the State, amounted to \$450,986 for PERS and \$1,162,371 for PFRS.

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<sup>2</sup> Source: State of New Jersey Department of Treasury, Division of Pensions and Benefits



## **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:

	<b><u>Total Labor Force</u></b>	<b><u>Employed Labor Force</u></b>	<b><u>Total Unemployed</u></b>	<b><u>Unemployment Rate</u></b>
<b><u>Township</u></b>				
2018	9,378	8,862	516	5.5%
2017	9,432	8,858	574	6.1%
2016	9,325	8,735	590	6.3%
2015	9,288	8,542	746	8.0%
2014	9,139	8,321	818	9.0%
<b><u>County</u></b>				
2018	266,971	255,456	11,515	4.3%
2017	268,234	255,361	12,873	4.8%
2016	267,872	253,889	13,983	5.2%
2015	265,397	248,986	16,411	6.2%
2014	264,480	244,949	19,531	7.4%
<b><u>State</u></b>				
2018	4,422,900	4,239,600	183,400	4.1%
2017	4,518,838	4,309,708	209,123	4.6%
2016	4,530,800	4,305,515	225,262	5.0%
2015	4,537,231	4,274,685	262,531	5.8%
2014	4,527,177	4,221,277	305,900	6.8%

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 2017)**

	<b><u>Township</u></b>	<b><u>County</u></b>	<b><u>State</u></b>
Median Household Income	\$63,590	\$65,771	\$76,475
Median Family Income	77,280	82,380	94,337
Per Capita Income	33,477	33,312	39,069

Source: US Bureau of the Census, 2017 American Community Survey 5-Year Estimates

**Population**

The following table summarizes 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>
2017 Estimate	20,695	3.14%	595,470	3.28%	9,005,644	2.43%
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

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>2018 Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>
Sea Oaks Golf Club, LLC	\$9,154,600	0.40%
AT & T	8,294,900	0.36%
LEH Realty LLC	6,768,000	0.29%
Mystic Partners	4,854,400	0.21%
Armstrong Tuckerton, LLC	3,280,800	0.14%
Walmart Real Estate Business Trust	3,132,500	0.14%
Choudhry Brothers Properties, LLC	3,074,100	0.13%
Winding Run Estates By Kara, LLC	2,417,800	0.10%
Cranberry Creek Fahmie LLC	2,397,000	0.10%
Phoenix Pinelands Corp	<u>2,171,000</u>	<u>0.09%</u>
<b>Total</b>	<b><u>\$45,545,100</u></b>	<b><u>1.97%</u></b>

Source: School District Comprehensive Annual Financial Report and Municipal Tax Assessor.

**Total Assessed Valuation in the Township (2018): \$2,317,505,831**

**Comparison of Tax Levies and Collections**

<u>Year</u>	<u>Tax Levy</u>	<u>Current Year Collection</u>	<u>Current Year % of Collection</u>
2018U	\$56,311,741	\$56,050,263	99.54%
2017	55,027,333	54,748,255	99.49%
2016	54,442,150	54,217,630	99.59%
2015	53,930,406	53,756,014	99.68%
2014	52,918,979	51,587,978	97.48%

U: Unaudited

Source: Annual Audit Reports of the Township and 2018 Annual Financial Statement

**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>
2018U	\$812,765	\$76,581	\$889,347	1.58%
2017	647,631	63,632	711,263	1.29%
2016	612,368	79,044	691,412	1.27%
2015	526,052	32,587	558,639	1.04%
2014	458,308	27,002	485,310	0.92%

U: Unaudited

Source: Annual Audit Reports of the Township and 2018 Annual Financial Statement

**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>Local School</u>	<u>Regional School</u>	<u>County</u>	<u>Total</u>
2018	\$0.674	\$0.585	\$0.658	\$0.418	\$2.335
2017	0.657	0.575	0.645	0.423	2.300
2016	0.661	0.571	0.657	0.430	2.319
2015R	0.695	0.578	0.656	0.420	2.349
2014	0.560	0.446	0.516	0.340	1.862

<u>Year</u>	<u>FD #1</u>	<u>FD #2</u>	<u>FD #3</u>
2018	\$0.063	\$0.071	\$0.100
2017	0.061	0.076	0.099
2016	0.061	0.072	0.097
2015R	0.060	0.070	0.079
2014	0.065	0.199	0.044

R: Revaluation

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

## Valuation of Property

<u>Year</u>	<u>Aggregate Assessed Valuation of Real Property</u>	<u>Aggregate True Value of Real Property</u>	<u>Ratio of Assessed to True Value</u>	<u>Assessed Value of Personal Property</u>	<u>Equalized Valuation</u>
2018	\$2,317,505,831	\$2,391,400,094	96.91%	\$0	\$2,391,400,094
2017	2,287,472,584	2,330,113,664	98.17	0	2,330,113,664
2016	2,240,455,490	2,286,645,734	97.98	0	2,286,645,734
2015R	2,206,556,290	2,274,331,365	97.02	0	2,274,331,365
2014	2,742,471,160	2,360,739,571	116.17	4,242,303	2,364,981,874

R: Revaluation

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>
2018	\$85,781,700	\$2,051,978,233	\$1,790,169	\$174,529,129	\$542,900	\$2,883,700	\$2,317,505,831
2017	97,071,900	2,012,228,183	1,823,786	172,922,115	542,900	2,883,700	2,287,472,584
2016	111,378,200	1,972,732,883	3,459,292	149,458,515	542,900	2,883,700	2,240,455,490
2015R	112,347,900	1,941,283,983	1,740,792	147,741,815	558,100	2,883,700	2,206,556,290
2014	152,049,100	2,425,444,439	2,032,258	159,319,263	566,100	3,060,000	2,742,471,160

R: Revaluation

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**

<b><u>Anticipated Revenues</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>
Fund Balance Utilized	\$1,719,000	\$2,950,000	\$2,850,000	\$2,850,000	\$2,850,000
Miscellaneous Revenues	6,241,400	5,669,320	3,231,963	3,687,172	4,382,920
Receipts from Delinquent Taxes	175,494	56,383	40,000	119,000	25,000
Amount to be Raised by Taxation	<u>15,289,051</u>	<u>14,739,069</u>	<u>15,000,656</u>	<u>15,604,864</u>	<u>17,273,432</u>
Total Revenue:	<u>\$23,424,945</u>	<u>\$23,414,772</u>	<u>\$21,122,619</u>	<u>\$22,261,036</u>	<u>\$24,531,352</u>
<b><u>Appropriations</u></b>					
General Appropriations	\$18,171,166	\$18,989,392	\$18,409,335	\$18,997,429	\$20,466,284
Operations (Excluded from CAPS)	493,385	666,795	526,578	1,019,650	976,082
Deferred Charges and Statutory Expenditures	1,846,306	1,737,194	0	0	63,964
Capital Improvement Fund	100,000	0	100,000	100,000	100,000
Municipal Debt Service	1,465,075	1,491,400	1,733,050	1,717,469	2,521,510
Reserve for Uncollected Taxes	<u>1,349,013</u>	<u>529,991</u>	<u>353,656</u>	<u>426,488</u>	<u>403,512</u>
Total Appropriations:	<u>\$23,424,945</u>	<u>\$23,414,772</u>	<u>\$21,122,619</u>	<u>\$22,261,036</u>	<u>\$24,531,352</u>

Source: Annual Budget Reports of the Township

**Fund Balance**

**Current Fund**

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

	<b><u>Fund Balance - Current Fund</u></b>	
	<b><u>Balance</u></b>	<b><u>Utilized in Budget</u></b>
<b><u>Year</u></b>	<b><u>12/31</u></b>	<b><u>of Succeeding Year</u></b>
2018U	\$3,973,238	\$2,850,000
2017	4,796,809	2,850,000
2016	4,595,680	2,850,000
2015	5,248,736	2,950,000
2014	3,906,106	1,719,000

U: Unaudited  
Source: Annual Audit Reports of the Township and 2018 Annual Financial Statement

**Township Indebtedness as of December 31, 2018**

**General Purpose Debt**

Serial Bonds	\$7,750,000
Bond Anticipation Notes	10,520,000
Bonds and Notes Authorized but Not Issued	6,551,452
Other Bonds, Notes and Loans	<u>4,424,355</u>
Total:	\$29,245,807

**Local School District Debt**

Serial Bonds	\$26,454,550
Temporary Notes Issued	0
Bonds and Notes Authorized but Not Issued	<u>0</u>
Total:	\$26,454,550

**Regional School District Debt**

Serial Bonds	\$42,906,151
Temporary Notes Issued	0
Bonds and Notes Authorized but Not Issued	<u>0</u>
Total:	\$42,906,151

**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**

**\$98,606,508**

Less: Statutory Deductions

General Purpose Debt	\$1,437,831
Local School District Debt	26,454,550
Regional School District Debt	42,906,151
Self-Liquidating Debt	<u>0</u>
Total:	\$70,798,532

**TOTAL NET DEBT**

**\$27,807,976**

Source: Annual Debt Statement of the Township

**Overlapping Debt (as of December 31, 2018)<sup>3</sup>**

<b><u>Name of Related Entity</u></b>	<b><u>Related Entity Debt Outstanding</u></b>	<b><u>Township Percentage</u></b>	<b><u>Township Share</u></b>
Local School District	\$26,454,550	100.00%	\$26,454,550
Regional School District	57,770,000	74.27%	42,906,151
Municipal Utilities Authority	5,124,106	100.00%	5,124,106
County	486,423,834	2.34%	<u>11,367,033</u>
Net Indirect Debt			\$85,851,840
Net Direct Debt			<u>27,807,976</u>
Total Net Direct and Indirect Debt			<b><u>\$113,659,816</u></b>

**Debt Limit**

Average Equalized Valuation Basis (2016, 2017, 2018)	\$2,336,053,164
Permitted Debt Limitation (3 1/2%)	81,761,861
Less: Net Debt	<u>21,939,183</u>
Remaining Borrowing Power	<u>\$59,822,677</u>
Percentage of Net Debt to Average Equalized Valuation	0.939%
Gross Debt Per Capita based on 2010 population of 20,065	\$4,914
Net Debt Per Capita based on 2010 population of 20,065	\$1,386

Source: Annual Debt Statement of the Township.

<sup>3</sup> Township percentage of County debt is based on the Township's share of total equalized valuation in the County.

**APPENDIX B**  
**FINANCIAL INFORMATION REGARDING THE TOWNSHIP**



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**UNAUDITED FINANCIAL DATA OF THE TOWNSHIP  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**TOWNSHIP OF LITTLE EGG HARBOR  
CURRENT FUND  
STATEMENTS OF ASSETS, LIABILITIES, RESERVES  
AND FUND BALANCE - REGULATORY BASIS  
DECEMBER 31, 2018 AND 2017**

ASSETS	2018	2017
Operating Fund:		
Cash:		
Treasurer	\$ 6,246,638.44	\$ 9,887,440.97
Change Fund	<u>1,800.00</u>	<u>1,870.00</u>
Total Cash	<u>6,248,438.44</u>	<u>9,889,310.97</u>
Other Receivables:		
Due From State of New Jersey	<u>241,986.54</u>	<u>244,124.89</u>
Total Other Receivables	<u>241,986.54</u>	<u>244,124.89</u>
Deferred Charges:		
Overexpenditure of Appropriation Reserves	<u>249,536.59</u>	<u>-</u>
Total Deferred Charges	<u>249,536.59</u>	<u>-</u>
Receivables & Other Assets With Full Reserves:		
Delinquent Property Taxes Receivable	76,581.35	63,632.17
Tax Title Liens Receivable	812,765.26	647,630.63
Property Acquired/Assessed Valuation	5,757,700.00	5,757,700.00
Revenue Accounts Receivable	12,525.96	14,024.06
Due from Trust Other	6,303.22	79,307.25
Due from Payroll	127,813.72	25,736.64
Prepaid School Taxed	<u>103,812.29</u>	<u>-</u>
Total Receivables	<u>6,897,501.80</u>	<u>6,588,030.75</u>
Special Emergency Appropriations:		
Community Disaster Loan	<u>4,375,025.68</u>	<u>4,348,463.18</u>
Total Deferred Charges	<u>4,375,025.68</u>	<u>4,348,463.18</u>
Total Operating Fund Assets	<u>18,012,489.05</u>	<u>21,069,929.79</u>
Federal & State Grant Fund:		
Cash - Treasurer	384,070.47	977,541.95
Grants Receivable	2,133,111.65	1,985,939.57
Due from Current Fund	<u>782.00</u>	<u>229,846.77</u>
Total Federal & State Grant Fund Assets	<u>2,517,964.12</u>	<u>3,193,328.29</u>
Total Assets	<u>\$ 20,530,453.17</u>	<u>\$ 24,263,258.08</u>

**TOWNSHIP OF LITTLE EGG HARBOR  
CURRENT FUND  
STATEMENTS OF ASSETS, LIABILITIES, RESERVES  
AND FUND BALANCE - REGULATORY BASIS  
DECEMBER 31, 2018 AND 2017**

LIABILITIES RESERVES & FUND BALANCE	2018	2017
Operating Fund:		
Appropriation Reserve:		
Encumbered	\$ 103,537.52	\$ 56,691.20
Unencumbered	427,466.20	1,323,988.34
Prepaid Taxes	679,278.79	1,765,588.34
Tax Overpayments	174,398.28	165,325.29
Due County for Added & Omitted Taxes	84,984.67	128,995.83
Local School Taxes Payable	1,204,632.46	1,033,336.00
Regional School Taxes Payable	-	185,423.00
Special District Taxes Payable	-	20,740.00
Due Bass River - UCC Fees	1,192.80	3,110.20
Due to State - DCA Training Fees	7,661.00	17,828.83
Due to State - Marriage Licenses	725.00	-
Due General Capital Fund	-	198,995.86
Due to Grant Fund	782.00	229,846.77
Reserve for Insurance Proceeds	2,419.00	2,419.00
Reserve for Reassessment	100,047.00	100,047.00
Reserve for Closed Escrow Accounts	54,052.92	54,291.00
Reserve for Retail Mercantile Licenses	2,700.00	-
Reserve for Debt Service -Green Acres	7,772.89	-
Reserve for FEMA Proceeds	3,722.78	50,000.00
CDL - Loan Payable	4,250,000.00	4,250,000.00
CDL - Interest Payable	125,025.68	98,463.18
	<hr/>	<hr/>
Total Operating Liabilities	7,230,398.99	9,685,089.84
	<hr/>	<hr/>
Reserve for Receivables	6,897,501.80	6,588,030.75
Fund Balance	3,884,588.26	4,796,809.20
	<hr/>	<hr/>
Total Operating Fund	18,012,489.05	21,069,929.79
	<hr/>	<hr/>
Federal & State Grant Fund:		
Reserve for State Grants:		
Appropriated Reserves	2,505,825.93	2,726,886.33
Unappropriated Reserves	9,855.25	13,986.42
Encumbrances Payable	2,282.94	7,927.40
Due to General Capital Fund	-	444,528.14
	<hr/>	<hr/>
Total Federal & State Grant Fund	2,517,964.12	3,193,328.29
	<hr/>	<hr/>
Total Liabilities Reserve & Fund Balance	<u>\$ 20,530,453.17</u>	<u>\$ 24,263,258.08</u>

**TOWNSHIP OF LITTLE EGG HARBOR**  
**CURRENT FUND**  
**STATEMENTS OF OPERATIONS AND CHANGES**  
**IN FUND BALANCE - REGULATORY BASIS**  
**FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

	2018	2017
Revenue & Other Income Realized:		
Fund Balance Utilized	\$ 2,850,000.00	\$ 2,850,000.00
Miscellaneous Revenues Anticipated	3,778,923.99	3,903,222.51
Receipts From Delinquent Taxes	62,208.94	137,618.41
Receipts From Current Taxes	56,050,262.72	54,748,254.81
Nonbudget Revenues	749,123.56	792,584.27
Other Credits to Income:		
Senior & Vet Deduction Adjustment	15,232.19	-
Interfunds Returned	73,192.17	-
Unexpended Balance of Appropriation Reserves	851,075.31	1,533,417.41
	<u>64,430,018.88</u>	<u>63,965,097.41</u>
Total Revenue & Other Income		
Expenditures:		
Budget & Emergency Appropriations:		
Appropriations Within "CAPS":		
Operations:		
Salaries and Wages	8,985,150.00	9,014,855.00
Other Expenses	7,617,572.04	7,235,617.23
Deferred Charges & Statutory Expenditures	2,384,706.72	2,158,862.32
Appropriations Excluded From "CAPS":		
Operations:		
Salaries and Wages	415,000.00	425,000.00
Other Expenses	725,688.65	599,263.43
Capital Improvement Fund	100,000.00	100,000.00
Municipal Debt Service	1,716,466.68	1,733,048.86
County Taxes	9,746,839.84	9,798,551.88
Local District School Tax	13,656,994.29	13,152,713.00
Regional High School Tax	15,250,618.00	14,764,513.00
Special District Taxes	1,678,653.00	1,673,951.00
Municipal Open Space	23,377.70	23,349.96
Tax Overpayment Adjustment	191,172.90	68,965.00
Interfund Advances	-	165,277.87
	<u>62,492,239.82</u>	<u>60,913,968.55</u>
Total Expenditures		
Excess/(Deficit) in Revenue	1,937,779.06	3,051,128.86
Fund Balance January 1,	4,796,809.20	4,595,680.34
Total	6,734,588.26	7,646,809.20
Decreased by: Utilized as Anticipated Revenue	<u>2,850,000.00</u>	<u>2,850,000.00</u>
Fund Balance December 31, 2018	<u>\$ 3,884,588.26</u>	<u>\$ 4,796,809.20</u>

**TOWNSHIP OF LITTLE EGG HARBOR**  
**CURRENT FUND**  
**STATEMENT OF REVENUES - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	ANTICIPATED BUDGET	ADDED BY N.J.S.40A:4-87	REALIZED	EXCESS OR (DEFICIT)
Fund Balance Anticipated	\$ 2,850,000.00	\$ -	\$ 2,850,000.00	\$ -
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	10,375.00	-	10,814.00	439.00
Other	93,000.00	-	231,427.58	138,427.58
Municipal Court	231,000.00	-	204,813.30	(26,186.70)
Interest & Cost on Taxes	94,826.08	-	106,341.09	11,515.01
Payments in Lieu of Taxes	67,000.00	-	68,634.41	1,634.41
Energy Receipts Tax	1,299,939.00	-	1,299,939.00	-
Uniform Construction Code Fees	650,000.00	-	466,503.70	(183,496.30)
Garden State Trust	149,117.00	-	149,117.00	-
Tower Rental	182,000.00	-	204,402.73	22,402.73
SRO Reimbursement	225,000.00	-	231,479.24	6,479.24
CATV Franchise Fees	90,000.00	-	99,498.29	9,498.29
Additional Revenues Offset With Appropriations:				
Clean Communities Program	-	51,039.06	51,039.06	-
Ocean County Recycling Revenue and Residue	10,054.00	-	10,054.00	-
Recycling Tonnage Grant	30,928.59	-	30,928.59	-
NJ DOT Municipal Aid Road Grant 2017	200,000.00	-	200,000.00	-
Department of Justice	1,488.00	-	1,488.00	-
Coastal Zone Management	2,444.00	-	2,444.00	-
NJ DOT Municipal Aid Road Grant 2018	350,000.00	-	350,000.00	-
Safe and Secure Communities	-	60,000.00	60,000.00	-
Total Miscellaneous	3,687,171.67	111,039.06	3,778,923.99	(19,286.74)
Receipts from Delinquent Taxes	119,000.00	-	62,208.94	(56,791.06)
Subtotal General Revenues	6,656,171.67	111,039.06	6,691,132.93	(76,077.80)
Amount to be Raised by Taxes for Support to Municipal Budget - Local Tax for Municipal Purposes	15,604,864.10	-	16,224,080.60	619,216.50
Budget Totals	22,261,035.77	111,039.06	22,915,213.53	543,138.70
Nonbudget Revenues	-	-	749,123.56	749,123.56
Total	\$ 22,261,035.77	\$ 111,039.06	\$ 23,664,337.09	\$ 1,292,262.26

**TOWNSHIP OF LITTLE EGG HARBOR  
CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2018  
ANALYSIS OF REALIZED REVENUE**

**Allocation of Current Tax Collections:**

Revenue From Collections	\$ 56,050,262.72
Allocated to - School, County & Special District Taxes	<u>40,252,670.54</u>
Balance for Support of Municipal Budget Revenues	15,797,592.18
Add: Appropriation - "Reserve for Uncollected Taxes"	<u>426,488.42</u>
Amount for Support of Municipal Budget Appropriations	<u><u>\$ 16,224,080.60</u></u>

**Receipts From Delinquent Taxes:**

Delinquent Tax Collections	\$ 7,317.27
Tax Title Lien Collections	<u>54,891.67</u>
Total Receipts From Delinquent Taxes	<u><u>\$ 62,208.94</u></u>

**Analysis of Nonbudget Revenue:**

Treasurer:	
Insurance Reimbursements	\$ 79,069.73
Interest on Investments and Deposits	32,787.25
Trash Cans	16,395.00
Forfeited Premiums	46,910.00
Senior & Vet Admin Fee	6,354.71
Refund Expenditures for prior year grant	316,915.65
FEMA Reimbursement	172,163.86
Miscellaneous Tax Collector	53,687.39
Other	<u>24,839.97</u>
Total Analysis of Nonbudget Revenue	<u><u>\$ 749,123.56</u></u>



**TOWNSHIP OF LITTLE EGG HARBOR  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

OPERATIONS	APPROPRIATIONS		EXPENDED			CANCEL
	BUDGET	BUDGET AFTER MODIFICATION	PAID	ENCUMBERED	RESERVED	
<b>General Government:</b>						
General Administration:						
Salaries and Wages	\$ 90,000.00	\$ 90,250.00	\$ 90,219.16	\$ -	\$ 30.84	\$ -
Other Expenses	15,000.00	4,000.00	3,370.90	-	629.10	-
Mayor and Committee:						
Salaries and Wages	85,000.00	84,600.00	84,527.09	-	72.91	-
Other Expenses	5,000.00	3,500.00	2,588.81	24.00	887.19	-
Municipal Clerk:						
Salaries and Wages	250,000.00	256,400.00	256,155.99	-	244.01	-
Other Expenses	70,000.00	56,000.00	51,559.13	66.05	4,374.82	-
Financial Administration (Treasury):						
Salaries and Wages	300,000.00	316,100.00	316,065.32	-	34.68	-
Other Expenses	40,000.00	35,000.00	33,481.40	836.72	681.88	-
Audit Services:						
Other Expenses	67,500.00	60,020.00	23,164.75	-	36,855.25	-
Revenue Administration (Tax Collection):						
Salaries and Wages	205,000.00	191,000.00	190,147.08	-	852.92	-
Other Expenses:						
Tax Sale Costs	10,000.00	10,000.00	3,556.34	69.50	6,374.16	-
Miscellaneous Other Expenses	20,000.00	20,000.00	18,567.69	597.56	834.75	-
Tax Assessment Administration:						
Salaries and Wages	295,000.00	245,000.00	243,292.50	-	1,707.50	-
Other Expenses	5,000.00	4,000.00	1,679.31	1,379.95	940.74	-
Liquidation of Tax Title Liens & Foreclosed Property - Other Expenses	2,000.00	-	-	-	-	-
Legal Services (Legal Department):						
Other Expenses	300,000.00	378,000.00	353,077.34	1,350.00	23,572.66	-
Engineering Services:						
Other Expenses	140,000.00	160,000.00	144,332.25	5,925.00	9,742.75	-
<b>Land Use Administration:</b>						
Planning Board:						
Salaries and Wages	20,000.00	3,000.00	900.00	-	2,100.00	-
Other Expenses	2,500.00	2,000.00	1,385.00	-	615.00	-
Zoning Board of Adjustment:						
Salaries and Wages	10,000.00	1,000.00	-	-	1,000.00	-
Other Expenses	10,000.00	4,600.00	3,370.38	-	1,229.62	-
Zoning Officer:						
Salaries and Wages	265,000.00	268,000.00	267,758.52	-	241.48	-
Other Expenses	16,000.00	15,000.00	14,040.18	260.00	699.82	-
<b>Insurance:</b>						
Liability Insurance	2,895,731.00	2,969,831.00	2,949,206.33	-	20,624.67	-
Unemployment Insurance	40,000.00	40,000.00	34,890.87	-	5,109.13	-
Group Insurance for Employees						
Health Benefit Waiver	170,000.00	172,500.00	171,036.61	-	1,463.39	-
Other Insurance: JIF, Surety, Workers Comp	492,841.04	474,841.04	474,429.53	-	411.51	-



**TOWNSHIP OF LITTLE EGG HARBOR  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

OPERATIONS	APPROPRIATIONS		EXPENDED			CANCEL
	BUDGET	BUDGET AFTER MODIFICATION	PAID	ENCUMBERED	RESERVED	
<b>Public Safety Functions:</b>						
Police Department:						
Salaries and Wages	5,265,000.00	5,293,500.00	5,286,608.45	-	6,891.55	-
Other Expenses	185,000.00	216,000.00	181,624.11	12,614.61	21,761.28	-
Accreditation Software	21,000.00	-	-	-	-	-
Office of Emergency Management:						
Salaries and Wages	22,500.00	22,500.00	22,500.00	-	-	-
Other Expenses	1,200.00	200.00	-	-	200.00	-
Aid to Volunteer Fire Company	2,400.00	2,400.00	2,400.00	-	-	-
First Aid Squad Contribution	70,000.00	70,000.00	-	-	70,000.00	-
Municipal Prosecutor:						
Other Expenses	55,000.00	50,000.00	45,000.00	-	5,000.00	-
<b>Public Works Functions:</b>						
Streets & Roads Maintenance:						
Salaries and Wages	295,000.00	305,500.00	304,828.44	-	671.56	-
Other Expenses	82,500.00	77,500.00	71,307.99	4,790.56	1,401.45	-
Solid Waste Sanitation:						
Salaries and Wages	235,000.00	251,225.00	250,195.02	-	1,029.98	-
Other Expenses	132,500.00	119,300.00	100,658.46	11,760.77	6,880.77	-
Bulk Property Maintenance Pick-Up	100,000.00	-	-	-	-	-
Solid Waste Recycling:						
Salaries and Wages	300,000.00	305,600.00	304,848.65	-	751.35	-
Other Expenses	28,000.00	28,000.00	17,970.21	1,526.25	8,503.54	-
Buildings & Grounds:						
Salaries and Wages	273,000.00	271,200.00	269,835.46	-	1,364.54	-
Other Expenses	110,000.00	118,250.00	111,666.84	6,072.83	510.33	-
Vehicle Maintenance:						
Salaries and Wages	190,000.00	157,575.00	152,249.96	-	5,325.04	-
Other Expenses	145,000.00	158,000.00	138,710.03	18,342.55	947.42	-
Municipal Services Act:						
Other Expenses	60,000.00	60,000.00	15,137.52	-	44,862.48	-
County Mosquito Control Agency:						
Salaries and Wages	14,000.00	-	-	-	-	-
Other Expenses	58,000.00	13,000.00	12,275.38	-	724.62	-
<b>Health &amp; Human Services:</b>						
Public Health Services (Board of Health):						
Salaries and Wages	7,500.00	1,500.00	300.00	-	1,200.00	-
Other Expenses	5,000.00	4,000.00	3,542.43	-	457.57	-
Environmental Health Services:						
Salaries and Wages	1,200.00	1,200.00	800.00	-	400.00	-
Other Expenses	200.00	400.00	365.00	-	35.00	-
Animal Control Services:						
Other Expenses	60,000.00	46,000.00	41,846.00	657.00	3,497.00	-
Contributions to Social Service Agencies - Statutory:						
Long Beach Island Community Center	1,000.00	1,000.00	-	-	1,000.00	-
Providence House	40,000.00	40,000.00	20,000.00	-	20,000.00	-

**TOWNSHIP OF LITTLE EGG HARBOR  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

OPERATIONS	APPROPRIATIONS		PAID	EXPENDED		CANCEL
	BUDGET	BUDGET AFTER MODIFICATION		ENCUMBERED	RESERVED	
<b>Park &amp; Recreation Functions:</b>						
Recreation Services & Programs:						
Salaries and Wages	145,000.00	154,000.00	153,339.53	-	660.47	-
Other Expenses	25,000.00	23,000.00	21,435.82	1,240.18	324.00	-
Senior Center/Community Activities:						
Other Expenses	2,500.00	2,500.00	1,146.20	-	1,353.80	-
<b>Utility Expenses &amp; Bulk Purchases:</b>						
Electricity	190,000.00	178,000.00	161,393.42	-	16,606.58	-
Street Lighting	405,000.00	397,350.00	364,160.61	1,103.16	32,086.23	-
Telephone	190,000.00	201,500.00	186,984.51	5,102.38	9,413.11	-
Fuel Oil/Natural Gas	40,000.00	30,000.00	24,518.36	5,146.62	335.02	-
Gasoline	210,000.00	263,000.00	227,208.38	21,841.97	13,949.65	-
<b>Landfill/Solid Waste Disposal Costs:</b>						
Sanitary Landfill	750,000.00	825,630.00	825,630.00	-	-	-
<b>Uniform Construction Code Enforcement Functions:</b>						
Construction Code Official:						
Salaries and Wages	490,000.00	450,500.00	449,777.94	-	722.06	-
Other Expenses	20,000.00	20,000.00	18,941.80	-	1,058.20	-
<b>Municipal Court:</b>						
Salaries and Wages	331,000.00	315,500.00	312,559.16	-	2,940.84	-
Other Expenses	25,000.00	16,000.00	11,982.48	2,829.86	1,187.66	-
Public Defender:						
Other Expenses	50,000.00	35,000.00	30,860.00	-	4,140.00	-
<b>Other Common Operating Functions (Unclassified):</b>						
Municipal Alliance Council	17,000.00	17,000.00	15,841.01	-	1,158.99	-
Celebration of Public Events:						
Other Expenses	6,000.00	6,000.00	6,000.00	-	-	-
Accumulated Sick & Vacation Fund	150,000.00	150,000.00	150,000.00	-	-	-
Reserve for Disputed Contracts	68,000.00	39,250.00	39,215.32	-	34.68	-
<b>Total Operations Within "CAPS"</b>	<b>16,696,072.04</b>	<b>16,602,722.04</b>	<b>16,088,466.97</b>	<b>103,537.52</b>	<b>410,717.55</b>	<b>-</b>
Detail:						
Salaries and Wages	9,089,200.00	8,985,150.00	8,956,908.27	-	28,241.73	-
Other Expenses	7,606,872.04	7,617,572.04	7,131,558.70	103,537.52	382,475.82	-
Deferred Charges & Statutory Expenditures - Municipal Within "CAPS":						
Statutory Expenditures:						
Social Security System (O.A.S.I.)	685,000.00	731,000.00	725,386.38	-	5,613.62	-
Defined Contribution Retirement Program	3,000.00	1,500.00	789.67	-	710.33	-
Consolidated Police & Firemen's Pension	1,162,371.00	1,163,221.00	1,163,197.51	-	23.49	-
Public Employees Retirement System	450,985.72	488,985.72	488,967.86	-	17.86	-
<b>Total Deferred Charges &amp; Statutory Expenditures Within "CAPS"</b>	<b>2,301,356.72</b>	<b>2,384,706.72</b>	<b>2,378,341.42</b>	<b>-</b>	<b>6,365.30</b>	<b>-</b>
<b>Total General Appropriations for Municipal Purposes Within "CAPS"</b>	<b>18,997,428.76</b>	<b>18,987,428.76</b>	<b>18,466,808.39</b>	<b>103,537.52</b>	<b>417,082.85</b>	<b>-</b>

**TOWNSHIP OF LITTLE EGG HARBOR  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

OPERATIONS	APPROPRIATIONS		EXPENDED			CANCEL
	BUDGET	BUDGET AFTER MODIFICATION	PAID	ENCUMBERED	RESERVED	
<b>Operations Excluded From "CAPS":</b>						
Public & Private Programs Offset by Revenues:						
Ocean County Recycling Revenue Share	10,054.00	10,054.00	10,054.00	-	-	-
Department of Justice	1,488.00	1,488.00	1,488.00	-	-	-
Coastal Zone Management	2,444.00	2,444.00	2,444.00	-	-	-
Recycling Tonnage Grant	30,928.59	30,928.59	30,928.59	-	-	-
NJ DOT Municipal Aid Road Grant 2017	200,000.00	200,000.00	200,000.00	-	-	-
NJ DOT Municipal Aid Road Grant 2018	350,000.00	350,000.00	350,000.00	-	-	-
Safe & Secure Communities	-	60,000.00	60,000.00	-	-	-
Clean Communities Grant CY18	-	51,039.06	51,039.06	-	-	-
<b>Police Dispatch/911:</b>						
Salaries and Wages	415,000.00	425,000.00	419,116.65	-	5,883.35	-
Other Expenses	4,500.00	4,500.00	-	-	4,500.00	-
Supplemental Aid to Fire Districts	5,235.00	5,235.00	5,235.00	-	-	-
<b>Total Operations Excluded from "CAPS"</b>	<b>1,019,649.59</b>	<b>1,140,688.65</b>	<b>1,130,305.30</b>	<b>-</b>	<b>10,383.35</b>	<b>-</b>
Detail:						
Salaries and Wages	415,000.00	415,000.00	419,116.65	-	5,883.35	-
Other Expenses	604,649.59	725,688.65	711,188.65	-	4,500.00	-
<b>Capital Improvements - Excluded from "CAPS":</b>						
Capital Improvement Fund	100,000.00	100,000.00	100,000.00	-	-	-
<b>Total Capital Improvements - Excluded from CAPS</b>	<b>100,000.00</b>	<b>100,000.00</b>	<b>100,000.00</b>	<b>-</b>	<b>-</b>	<b>-</b>
Municipal Debt Service - Excluded From "CAPS":						
Payment of Bond Principal	1,120,000.00	1,120,000.00	1,120,000.00	-	-	-
Payment of Bond Anticipation Notes & Capital Notes	275,000.00	275,000.00	274,000.00	-	-	1,000.00
Interest on Bonds	249,488.00	249,488.00	249,487.50	-	-	0.50
Interest on Notes	57,434.00	57,434.00	57,433.38	-	-	0.62
Green Acres Trust Loan Program:						
Principal & Interest	13,458.00	13,458.00	13,458.00	-	-	-
Green Trust Loans: Interest	2,089.00	2,089.00	2,087.80	-	-	1.20
<b>Total Municipal Debt Service Excluded From "CAPS"</b>	<b>1,717,469.00</b>	<b>1,717,469.00</b>	<b>1,716,466.68</b>	<b>-</b>	<b>-</b>	<b>1,002.32</b>
<b>Total General Appropriations Excluded From "CAPS"</b>	<b>2,837,118.59</b>	<b>2,958,157.65</b>	<b>2,946,771.98</b>	<b>-</b>	<b>10,383.35</b>	<b>1,002.32</b>
Subtotal General Appropriations	21,834,547.35	21,945,586.41	21,413,580.37	103,537.52	427,466.20	1,002.32
Reserve For Uncollected Taxes	426,488.42	426,488.42	426,488.42	-	-	-
<b>Total General Appropriations</b>	<b>\$ 22,261,035.77</b>	<b>\$ 22,372,074.83</b>	<b>\$ 21,840,068.79</b>	<b>\$ 103,537.52</b>	<b>\$ 427,466.20</b>	<b>\$ 1,002.32</b>
Adopted Budget		\$ 22,261,035.77				
Added by N.J.S.40A:4-87		111,039.06				
<b>Total</b>		<b>\$ 22,372,074.83</b>				
Federal & State Grants			\$ 705,953.65			
Reserve for Uncollected Taxes			426,488.42			
Refunds			(584,152.25)			
Due to General Capital - Capital Improvement Fund			100,000.00			
Disbursed			21,191,778.97			
<b>Total</b>			<b>\$ 21,840,068.79</b>			

**TOWNSHIP OF LITTLE EGG HARBOR  
TRUST FUND  
STATEMENTS OF ASSETS, LIABILITIES, RESERVES  
AND FUND BALANCE - REGULATORY BASIS  
DECEMBER 31, 2018 AND 2017**

ASSETS	2018	2017
Assessment Fund:		
Cash	\$ 54,096.41	\$ 54,096.41
Total Assessment Fund	<u>54,096.41</u>	<u>54,096.41</u>
Animal Control Trust:		
Cash	27.00	-
Total Animal Control Fund	<u>27.00</u>	<u>-</u>
Other Funds:		
Cash - Treasurer	4,045,599.12	3,095,391.65
Cash - Collector	1,475,259.74	1,706,969.93
CDBG Receivable	-	3,600.00
Due from General Capital Fund	-	1,000,000.00
Total Other Funds	<u>5,520,858.86</u>	<u>5,805,961.58</u>
Total Assets	<u>\$ 5,574,982.27</u>	<u>\$ 5,860,057.99</u>
<b>LIABILITIES, RESERVES &amp; FUND BALANCE</b>		
Assessment Fund:		
Fund Balance	\$ 54,096.41	\$ 54,096.41
Total Assessment Fund	<u>54,096.41</u>	<u>54,096.41</u>
Animal Control Trust:		
Reserve for Dog Fund	27.00	-
Total Animal Control Fund	<u>27.00</u>	<u>-</u>
Other Funds:		
Reserves for:		
Deposits for Tax Title Redemptions	1,475,259.74	1,706,969.93
Escrow Deposits	1,399,244.93	1,351,109.86
Forfeited Property	40,920.73	28,798.88
Planning Board	27,715.56	80,011.94
Recreation Trust	2,057.05	2,057.00
COAH Funds	301,559.15	260,600.72
Open Space	1,722,985.19	2,239,689.26
Community Center	3,582.88	3,582.88
Federal Forfeiture Law Enforcement Funds	4,265.66	5,853.05
Sick/Vacation Funds	50,127.87	46,294.81
Police Community Activities	1,100.00	1,100.00
Police K-9 Equipment Donations	1,736.08	-
Police Evidence Deposits	3,352.80	-
POAA Funds	648.00	586.00
Due to Current Fund	6,303.22	79,307.25
Due to Current Fund - Open Space Trust	<u>480,000.00</u>	<u>-</u>
Total Other Funds	<u>5,520,858.86</u>	<u>5,805,961.58</u>
Total Liabilities, Reserves & Fund Balance	<u>\$ 5,574,982.27</u>	<u>\$ 5,860,057.99</u>

**TOWNSHIP OF LITTLE EGG HARBOR  
GENERAL CAPITAL FUND  
STATEMENTS OF ASSETS, LIABILITIES, RESERVES  
AND FUND BALANCE - REGULATORY BASIS  
DECEMBER 31, 2018 AND 2017**

ASSETS	2018	2017
Cash & Cash Equivalents	\$ 2,389,462.10	\$ 190,867.85
State Road Aid Allotments Receivable	-	396,690.16
Interfund Receivable - Current	-	198,995.86
Due from Grant Fund	-	444,528.14
Due from Open Space Trust	480,000.00	-
Due from NJEIT	3,025,961.00	-
Deferred Charges to Future Taxation:		
Funded	12,174,355.25	9,313,554.31
Unfunded	16,413,854.17	12,625,629.00
	<u>                        </u>	<u>                        </u>
Total Assets	<u><u>\$ 34,483,632.52</u></u>	<u><u>\$ 23,170,265.32</u></u>
<b>LIABILITIES, RESERVES &amp; FUND BALANCE</b>		
Bond Anticipation Notes Payable	\$ 10,520,000.00	\$ 4,354,000.00
General Serial Bond	7,750,000.00	8,870,000.00
Green Trust Loan Payable	374,026.25	443,554.31
NJEIT Loan Payable	4,050,329.00	-
Capital Improvement Fund	96,044.00	32,394.00
Encumbrances Payable	687,951.34	314,388.20
Due To Ocean County - CDBG	3,722.00	3,722.00
Due to Open Space Trust	-	1,000,000.00
Improvement Authorizations:		
Funded	2,409,853.30	961,670.57
Unfunded	7,673,708.27	6,720,068.16
Reserve for Receivable-State Road Aid Receivable	-	396,690.16
Reserve for Debt Service	780,233.44	-
Reserve for Debt Service - Premiums on BANS	63,987.00	-
Fund Balance	73,777.92	73,777.92
	<u>                        </u>	<u>                        </u>
Total Liabilities, Reserves & Fund Balance	<u><u>\$ 34,483,632.52</u></u>	<u><u>\$ 23,170,265.32</u></u>

There were bonds and notes authorized but not issued on December 31, 2018 of \$6,551,452.00 and on December 31, 2017 of \$8,271,629.00.

**TOWNSHIP OF LITTLE EGG HARBOR  
PAYROLL FUND  
STATEMENTS OF ASSETS, LIABILITIES, RESERVES  
AND FUND BALANCE - REGULATORY BASIS  
DECEMBER 31, 2018 AND 2017**

ASSETS	2018	2017
Cash - Treasurer	<u>\$ 212,027.77</u>	<u>\$ 228,900.14</u>
Total	<u><u>\$ 212,027.77</u></u>	<u><u>\$ 228,900.14</u></u>
LIABILITIES		
Payroll Taxes Payable	<u>\$ 84,214.05</u>	<u>\$ 203,163.50</u>
Due to Current Fund	<u>127,813.72</u>	<u>25,736.64</u>
Total	<u><u>\$ 212,027.77</u></u>	<u><u>\$ 228,900.14</u></u>

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**TOWNSHIP OF LITTLE EGG HARBOR  
GENERAL FIXED ASSETS ACCOUNT GROUP  
STATEMENTS OF FIXED ASSETS AND  
FUND BALANCE - REGULATORY BASIS  
DECEMBER 31, 2018 AND 2017**

ASSETS	2018	2017
Land and Improvements	\$ 7,789,600.00	\$ 7,789,600.00
Building	10,473,776.00	10,473,776.00
Equipment	<u>11,932,952.03</u>	<u>11,877,971.97</u>
Total	<u>\$ 30,196,328.03</u>	<u>\$ 30,141,347.97</u>
<b>FUND BALANCE</b>		
Investment in Fixed Assets	<u>\$ 30,196,328.03</u>	<u>\$ 30,141,347.97</u>

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**AUDITED FINANCIAL STATEMENTS OF THE TOWNSHIP  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**TOWNSHIP OF LITTLE EGG HARBOR**

**AUDIT REPORT FOR THE YEAR  
ENDED DECEMBER 31, 2017**

**TOWNSHIP OF LITTLE EGG HARBOR**

**COUNTY OF OCEAN**

**CONTENTS**

**PART 1**

		<b>PAGE</b>
Independent Auditor's Report		1
Independent Auditor's Report on Internal Control Over Financial Reporting and On Compliance and Other Matters Based on an audit of Financial Statements Performed in Accordance with <i>Governmental Auditing Standards</i>		5
Financial Statements – Regulatory Basis:	<b>EXHIBITS</b>	
Current Fund:		
Statements of Assets, Liabilities, Reserves & Fund Balance – Regulatory Basis	A	9
Statement of Operations & Changes in Fund Balance – Regulatory Basis	A-1	11
Statement of Revenues – Regulatory Basis	A-2	12
Statement of Expenditures – Regulatory Basis	A-3	14
Trust Fund:		
Statements of Assets, Liabilities, Reserves & Fund Balance – Regulatory Basis	B	18
General Capital Fund:		
Statements of Assets, Liabilities, Reserves & Fund Balance – Regulatory Basis	C	19
Payroll Fund:		
Statements of Assets, Liabilities, Reserves & Fund Balance – Regulatory Basis	D	20
Fixed Assets:		
Statements of Assets, Liabilities, Reserves & Fund Balance – Regulatory Basis	E	21
Notes to Financial Statements		25

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

**PART I**

**INDEPENDENT AUDITOR'S REPORTS  
AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

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## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Financial Statements

We have audited the accompanying statements of assets, liabilities, reserves and fund balance - regulatory basis of the various funds and account group of the Township of Little Egg Harbor as of December 31, 2017 and 2016 and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, the related statements of revenues - regulatory basis, and statements of expenditures - regulatory basis for the year ended December 31, 2017 and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### 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 Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.

## **Opinions**

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

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

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

### **Adverse Opinion on Accounting Principles Generally Accepted in the United States of America**

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township, as of December 31, 2017 and 2016, 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 of the Township, as of December 31, 2017 and 2016, and the results of its operations and changes in fund balance - regulatory basis of such funds for the years then ended, and the statements of revenues - regulatory basis, statements of expenditures - regulatory basis of the various funds, and general fixed assets group of accounts – regulatory basis, for the year ended December 31, 2017 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.




The letter of comments and recommendations section has not been subject to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide assurance on it.

**Other Reporting Required by *Government Auditing Standards***

In accordance with Government Auditing Standards, we have also issued our report dated June 8, 2018 on our consideration of the Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Township's internal control over financial reporting and compliance.

Respectfully submitted,

**HOLMAN FRENIA ALLISON, P.C.**

A handwritten signature in cursive script, appearing to read "Kevin P. Frenia".

Kevin P. Frenia  
Certified Public Accountant  
Registered Muni Accountant  
RMA No. 435

Medford, New Jersey  
June 8, 2018

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements - regulatory basis of the Township of Little Egg Harbor, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated June 8, 2018. Our report indicated that the Township's financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America but rather prepared in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

**Internal Control Over Financial Reporting**

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses as Finding No. 2017-001.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies as Finding No. 2017-001.

### **Compliance and Other Matters**

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

### **Township of Little Egg Harbor's Response to Findings**

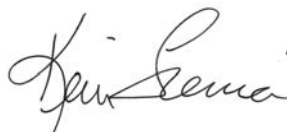
The Township of Little Egg Harbor's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Township's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express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

### **Purpose of this Report**

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

Respectfully Submitted,

**HOLMAN FRENIA ALLISON, P.C.**



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

Medford, New Jersey  
June 8, 2018

**BASIC FINANCIAL STATEMENTS**

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**TOWNSHIP OF LITTLE EGG HARBOR  
CURRENT FUND  
STATEMENT OF ASSETS, LIABILITIES, RESERVES  
AND FUND BALANCE - REGULATORY BASIS  
DECEMBER 31, 2017 AND 2016**

ASSETS	2017	2016
Operating Fund:		
Cash:		
Treasurer	\$ 9,887,440.97	\$ 9,329,755.70
Change Fund	<u>1,870.00</u>	<u>1,870.00</u>
Total Cash	<u>9,889,310.97</u>	<u>9,331,625.70</u>
Other Receivables:		
Due From State of New Jersey	<u>244,124.89</u>	<u>206,236.51</u>
Total Other Receivables	<u>244,124.89</u>	<u>206,236.51</u>
Receivables & Other Assets With Full Reserves:		
Delinquent Property Taxes Receivable	63,632.17	79,043.96
Tax Title Liens Receivable	647,630.63	612,368.40
Property Acquired/Assessed Valuation	5,757,700.00	5,757,700.00
Revenue Accounts Receivable	14,024.06	13,176.33
Due from Trust Other	79,307.25	102,757.37
Due from Payroll	<u>25,736.64</u>	<u>4,376.62</u>
Total Receivables	<u>6,588,030.75</u>	<u>6,569,422.68</u>
Special Emergency Appropriations:		
Community Disaster Loan	<u>4,348,463.18</u>	<u>4,321,900.68</u>
Total Deferred Charges	<u>4,348,463.18</u>	<u>4,321,900.68</u>
Total Operating Fund Assets	<u>21,069,929.79</u>	<u>20,429,185.57</u>
Federal & State Grant Fund:		
Cash - Treasurer	977,541.95	501,833.69
Grants Receivable	1,985,939.57	2,832,513.40
Due from Current Fund	<u>229,846.77</u>	<u>204,889.70</u>
Total Federal & State Grant Fund Assets	<u>3,193,328.29</u>	<u>3,539,236.79</u>
Total Assets	<u>\$ 24,263,258.08</u>	<u>\$ 23,968,422.36</u>

**TOWNSHIP OF LITTLE EGG HARBOR  
CURRENT FUND  
STATEMENT OF ASSETS, LIABILITIES, RESERVES  
AND FUND BALANCE - REGULATORY BASIS  
DECEMBER 31, 2017 AND 2016**

LIABILITIES RESERVES & FUND BALANCE	2017	2016
Operating Fund:		
Appropriation Reserve:		
Encumbered	\$ 56,691.20	\$ 101,414.73
Unencumbered	1,323,988.34	2,391,002.56
Prepaid Taxes	1,765,588.34	618,861.18
Tax Overpayments	165,325.29	56,920.22
Due County for Added & Omitted Taxes	128,995.83	156,026.11
Due Municipal Open Space Tax Fund	-	112,229.83
Local School Taxes Payable	1,033,336.00	785,174.00
Regional School Taxes Payable	185,423.00	250,490.00
Special District Taxes Payable	20,740.00	20,840.00
Due Bass River - UCC Fees	3,110.20	1,953.70
Due to State - DCA Training Fees	17,828.83	23,781.83
Due General Capital Fund	198,995.86	32,260.01
Due to Grant Fund	229,846.77	204,889.70
Reserve for Insurance Proceeds	2,419.00	32,000.00
Reserve for Reassessment	100,047.00	100,047.00
Reserve for Closed Escrow Accounts	54,291.00	54,291.00
Reserve for FEMA Proceeds	50,000.00	-
CDL - Loan Payable	4,250,000.00	4,250,000.00
CDL - Interest Payable	98,463.18	71,900.68
	<u>9,685,089.84</u>	<u>9,264,082.55</u>
Total Operating Liabilities		
Reserve for Receivables	6,588,030.75	6,569,422.68
Fund Balance	4,796,809.20	4,595,680.34
	<u>21,069,929.79</u>	<u>20,429,185.57</u>
Total Operating Fund		
Federal & State Grant Fund:		
Reserve for State Grants:		
Appropriated Reserves	2,726,886.33	3,471,457.36
Unappropriated Reserves	13,986.42	13,986.42
Encumbrances Payable	7,927.40	53,793.01
Due to General Capital Fund	444,528.14	-
	<u>3,193,328.29</u>	<u>3,539,236.79</u>
Total Federal & State Grant Fund		
	<u>\$ 24,263,258.08</u>	<u>\$ 23,968,422.36</u>
Total Liabilities Reserve & Fund Balance		

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



**TOWNSHIP OF LITTLE EGG HARBOR  
CURRENT FUND  
STATEMENT OF OPERATIONS AND CHANGES  
IN FUND BALANCE - REGULATORY BASIS  
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

	2017	2016
Revenue & Other Income Realized:		
Fund Balance Utilized	\$ 2,850,000.00	\$ 2,950,000.00
Miscellaneous Revenues Anticipated	3,903,222.51	6,160,088.97
Receipts From Delinquent Taxes	137,618.41	42,194.74
Receipts From Current Taxes	54,748,254.81	54,217,629.37
Nonbudget Revenues	792,584.27	238,167.82
Other Credits to Income:		
Prior Year Accounts Payable Cancelled	-	15,381.00
Unexpended Balance of Appropriation Reserves	<u>1,533,417.41</u>	<u>1,212,218.03</u>
 Total Revenue & Other Income	 <u>63,965,097.41</u>	 <u>64,835,679.93</u>
 Expenditures:		
Budget & Emergency Appropriations:		
Appropriations Within "CAPS":		
Operations:		
Salaries and Wages	9,014,855.00	9,129,400.00
Other Expenses	7,235,617.23	7,803,559.36
Deferred Charges & Statutory Expenditures	2,158,862.32	2,156,536.00
Appropriations Excluded From "CAPS":		
Operations:		
Salaries and Wages	425,000.00	450,000.00
Other Expenses	599,263.43	578,461.33
Capital Improvement Fund	100,000.00	-
Municipal Debt Service	1,733,048.86	1,483,275.94
Deferred Charges	-	1,737,194.00
County Taxes	9,798,551.88	9,789,039.36
Local District School Tax	13,152,713.00	12,789,659.00
Regional High School Tax	14,764,513.00	14,727,765.00
Special District Taxes	1,673,951.00	1,597,452.00
Municipal Open Space	23,349.96	57,066.22
Tax Overpayment Adjustment	68,965.00	92,157.00
Interfund Advances	<u>165,277.87</u>	<u>147,170.38</u>
 Total Expenditures	 <u>60,913,968.55</u>	 <u>62,538,735.59</u>
 Excess/(Deficit) in Revenue	 3,051,128.86	 2,296,944.34
Adjustments to Income before Fund Balance		
Expenditures Included Above Which Are by Statute Deferred Charges to Budget of Succeeding Years	<u>-</u>	<u>-</u>
 Statutory Excess to Fund Balance	 3,051,128.86	 2,296,944.34
 Fund Balance January 1,	 <u>4,595,680.34</u>	 <u>5,248,736.00</u>
 Total	 7,646,809.20	 7,545,680.34
Decreased by: Utilized as Anticipated Revenue	<u>2,850,000.00</u>	<u>2,950,000.00</u>
 Fund Balance December 31, 2016	 <u>\$ 4,796,809.20</u>	 <u>\$ 4,595,680.34</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, 2017**

	ANTICIPATED BUDGET	ADDED BY N.J.S.40A:4-87	REALIZED	EXCESS OR (DEFICIT)
Fund Balance Anticipated	\$ 2,850,000.00	\$ -	\$ 2,850,000.00	\$ -
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	10,564.00	-	10,376.00	(188.00)
Other	105,000.00	-	93,915.55	(11,084.45)
Municipal Court	240,000.00	-	231,965.44	(8,034.56)
Interest & Cost on Taxes	80,000.00	-	101,943.18	21,943.18
Payments in Lieu of Taxes	65,000.00	-	68,316.48	3,316.48
Energy Receipts Tax	1,299,939.00	-	1,299,939.00	-
Uniform Construction Code Fees	733,000.00	-	754,201.00	21,201.00
Garden State Trust	149,117.00	-	149,117.00	-
Tower Rental	192,500.00	-	183,987.39	(8,512.61)
SRO Reimbursement	185,000.00	-	327,474.10	142,474.10
CATV Franchise Fees	80,000.00	-	92,458.94	12,458.94
Additional Revenues Offset With Appropriations:				
Clean Communities Program	-	53,425.51	53,425.51	-
Recycling Revenue and Residue	-	21,676.40	21,676.40	-
Ocean County Recycling Revenue and Residue	-	9,849.02	9,849.02	-
Body Armor Replacement	-	3,794.15	3,794.15	-
Recycling Tonnage Grant	31,060.86	-	31,060.86	-
Safe and Secure Communities	60,000.00	-	60,000.00	-
Alcohol Education and Rehabilitation	782.00	64.34	846.34	-
Policy and Planning CZM	-	153.75	153.75	-
National Fish and Wildlife	-	2,540.00	2,540.00	-
NJDEP Living Shore Grant	-	400,000.00	400,000.00	-
OEM Reimbursement Grant	-	6,182.40	6,182.40	-
Total Miscellaneous	3,231,962.86	497,685.57	3,903,222.51	173,574.08
Receipts from Delinquent Taxes	40,000.00	-	137,618.41	97,618.41
Subtotal General Revenues	6,121,962.86	497,685.57	6,890,840.92	271,192.49
Amount to be Raised by Taxes for Support to Municipal Budget - Local Tax for Municipal Purposes	15,000,655.81	-	15,688,832.23	688,176.42
Budget Totals	21,122,618.67	497,685.57	22,579,673.15	959,368.91
Nonbudget Revenues	-	-	792,584.27	792,584.27
Total	\$ 21,122,618.67	\$ 497,685.57	\$ 23,372,257.42	\$ 1,751,953.18

**TOWNSHIP OF LITTLE EGG HARBOR**  
**CURRENT FUND**  
**STATEMENT OF REVENUES - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**  
**ANALYSIS OF REALIZED REVENUE**

**Allocation of Current Tax Collections:**

Revenue From Collections	\$ 54,748,254.81
Allocated to - School, County & Special District Taxes	<u>39,413,078.84</u>
Balance for Support of Municipal Budget Revenues	15,335,175.97
Add: Appropriation - "Reserve for Uncollected Taxes"	<u>353,656.26</u>
Amount for Support of Municipal Budget Appropriations	<u><u>\$ 15,688,832.23</u></u>

**Receipts From Delinquent Taxes:**

Delinquent Tax Collections	\$ 26,381.30
Tax Title Lien Collections	<u>111,237.11</u>

Total Receipts From Delinquent Taxes	<u><u>\$ 137,618.41</u></u>
--------------------------------------	-----------------------------

**Analysis of Nonbudget Revenue:**

Treasurer:	
Insurance Reimbursements	\$ 45,455.49
Trash Cans	16,020.00
Restitution	352.50
Senior & Vet Admin Fee	6,675.92
FEMA Reimbursement	648,308.63
Other	<u>75,771.73</u>

Total Analysis of Nonbudget Revenue	<u><u>\$ 792,584.27</u></u>
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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, 2017**

OPERATIONS	APPROPRIATIONS		EXPENDED			CANCEL
	BUDGET	BUDGET AFTER MODIFICATION	PAID	ENCUMBERED	RESERVED	
<b>General Government:</b>						
General Administration:						
Salaries and Wages	\$ 70,000.00	\$ 65,500.00	\$ 50,171.40	\$ -	\$ 15,328.60	\$ -
Other Expenses	15,000.00	15,000.00	1,540.00	-	13,460.00	-
Mayor and Committee:						
Salaries and Wages	83,000.00	83,000.00	82,917.87	-	82.13	-
Other Expenses	5,000.00	5,000.00	1,628.15	-	3,371.85	-
Municipal Clerk:						
Salaries and Wages	247,000.00	247,000.00	233,851.92	-	13,148.08	-
Other Expenses	65,000.00	69,500.00	68,770.84	505.56	223.60	-
Financial Administration (Treasury):						
Salaries and Wages	254,000.00	247,000.00	245,037.00	-	1,963.00	-
Other Expenses	45,000.00	40,000.00	31,957.03	239.37	7,803.60	-
Audit Services:						
Other Expenses	67,500.00	67,500.00	35,161.00	-	32,339.00	-
Revenue Administration (Tax Collection):						
Salaries and Wages	186,000.00	186,000.00	182,033.03	-	3,966.97	-
Other Expenses:						
Tax Sale Costs	10,000.00	10,000.00	5,508.42	105.20	4,386.38	-
Miscellaneous Other Expenses	25,000.00	25,000.00	14,460.61	3,678.45	6,860.94	-
Tax Assessment Administration:						
Salaries and Wages	238,000.00	238,000.00	235,612.31	-	2,387.69	-
Other Expenses	7,500.00	7,500.00	2,732.89	-	4,767.11	-
Liquidation of Tax Title Liens & Foreclosed Property - Other Expenses	5,000.00	5,000.00	-	-	5,000.00	-
Legal Services (Legal Department):						
Other Expenses	260,000.00	330,000.00	306,335.21	-	23,664.79	-
Engineering Services:						
Other Expenses	120,000.00	129,500.00	112,352.14	-	17,147.86	-
Economic Development Agencies:						
Salaries and Wages	1,200.00	1,200.00	-	-	1,200.00	-
Other Expenses	3,500.00	3,500.00	900.00	-	2,600.00	-
<b>Land Use Administration:</b>						
Planning Board:						
Salaries and Wages	21,000.00	21,000.00	20,400.00	-	600.00	-
Other Expenses	10,000.00	9,000.00	959.00	-	8,041.00	-
Zoning Board of Adjustment:						
Salaries and Wages	13,000.00	13,000.00	12,500.00	-	500.00	-
Other Expenses	10,000.00	11,000.00	10,139.42	-	860.58	-
Zoning Officer:						
Salaries and Wages	256,000.00	246,000.00	245,960.11	-	39.89	-
Other Expenses	5,000.00	5,000.00	2,113.19	160.00	2,726.81	-
<b>Insurance:</b>						
Liability Insurance	490,000.00	490,000.00	487,670.78	-	2,329.22	-
Unemployment Insurance	37,000.00	37,000.00	34,229.68	-	2,770.32	-
Group Insurance for Employees	2,470,666.55	2,470,666.55	2,465,752.90	-	4,913.65	-
Health Benefit Waiver	177,000.00	177,000.00	176,722.16	-	277.84	-

**TOWNSHIP OF LITTLE EGG HARBOR  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

OPERATIONS	APPROPRIATIONS		PAID	EXPENDED		CANCEL
	BUDGET	BUDGET AFTER MODIFICATION		ENCUMBERED	RESERVED	
<b>Public Safety Functions:</b>						
Police Department:						
Salaries and Wages	5,420,000.00	5,420,000.00	5,092,476.50	-	327,523.50	-
Other Expenses	204,000.00	204,000.00	173,496.50	13,440.85	17,062.65	-
Office of Emergency Management:						
Salaries and Wages	22,500.00	22,500.00	22,500.00	-	-	-
Other Expenses	5,000.00	1,000.00	920.00	-	80.00	-
Aid to Volunteer Fire Company	2,400.00	2,400.00	2,400.00	-	-	-
First Aid Squad Contribution	70,000.00	70,000.00	-	-	70,000.00	-
Municipal Prosecutor:						
Other Expenses	55,000.00	55,000.00	44,250.00	-	10,750.00	-
<b>Public Works Functions:</b>						
Streets & Roads Maintenance:						
Salaries and Wages	220,000.00	232,000.00	229,634.40	-	2,365.60	-
Other Expenses	110,000.00	98,000.00	67,518.47	3,877.75	26,603.78	-
Solid Waste Sanitation:						
Salaries and Wages	245,000.00	255,000.00	248,111.51	-	6,888.49	-
Other Expenses	175,000.00	165,000.00	108,859.11	7,776.21	48,364.68	-
Bulk Property Maintenance Pick-Up	30,000.00	22,000.00	-	-	22,000.00	-
Solid Waste Recycling:						
Salaries and Wages	312,000.00	320,000.00	319,779.14	-	220.86	-
Other Expenses	35,000.00	27,000.00	24,998.58	88.08	1,913.34	-
Buildings & Grounds:						
Salaries and Wages	270,000.00	270,000.00	264,051.93	-	5,948.07	-
Other Expenses	125,000.00	125,000.00	89,434.94	8,073.08	27,491.98	-
Contracted Custodial Services	-	-	-	-	-	-
Vehicle Maintenance:						
Salaries and Wages	210,000.00	210,000.00	207,917.46	-	2,082.54	-
Other Expenses	150,000.00	150,000.00	128,467.29	3,617.06	17,915.65	-
Municipal Services Act:						
Other Expenses	60,000.00	60,000.00	3,414.12	-	56,585.88	-
County Mosquito Control Agency:						
Salaries and Wages	12,000.00	12,000.00	10,257.09	-	1,742.91	-
Other Expenses	60,000.00	60,000.00	8,637.94	-	51,362.06	-
<b>Health &amp; Human Services:</b>						
Public Health Services (Board of Health):						
Salaries and Wages	12,500.00	7,455.00	200.00	-	7,255.00	-
Other Expenses	7,500.00	7,500.00	3,006.20	200.00	4,293.80	-
Environmental Health Services:						
Salaries and Wages	1,200.00	1,200.00	700.00	-	500.00	-
Other Expenses	200.00	200.00	200.00	-	-	-
Animal Control Services:						
Other Expenses	60,000.00	60,000.00	44,807.00	-	15,193.00	-
Contributions to Social Service Agencies - Statutory:						
Long Beach Island Community Center	1,000.00	1,000.00	-	-	1,000.00	-
Providence House	2,500.00	2,500.00	-	-	2,500.00	-

**TOWNSHIP OF LITTLE EGG HARBOR  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

OPERATIONS	APPROPRIATIONS		EXPENDED			CANCEL
	BUDGET	BUDGET AFTER MODIFICATION	PAID	ENCUMBERED	RESERVED	
<b>Park &amp; Recreation Functions:</b>						
Recreation Services & Programs:						
Salaries and Wages	102,000.00	118,500.00	114,374.09	-	4,125.91	-
Other Expenses	40,000.00	23,500.00	18,871.32	333.67	4,295.01	-
Senior Center/Community Activities:						
Salaries and Wages	2,500.00	2,500.00	2,100.00	-	400.00	-
Other Expenses	2,500.00	-	-	-	-	-
<b>Utility Expenses &amp; Bulk Purchases:</b>						
Electricity	190,000.00	190,000.00	162,851.22	-	27,148.78	-
Street Lighting	395,000.00	395,000.00	365,109.76	-	29,890.24	-
Telephone	190,000.00	190,000.00	161,104.10	1,378.00	27,517.90	-
Fuel Oil/Natural Gas	40,000.00	40,000.00	26,089.07	-	13,910.93	-
Gasoline	205,000.00	205,000.00	183,539.82	9,682.20	11,777.98	-
<b>Landfill/Solid Waste Disposal Costs:</b>						
Sanitary Landfill	750,000.00	750,000.00	750,000.00	-	-	-
<b>Uniform Construction Code Enforcement Functions:</b>						
Construction Code Official:						
Salaries and Wages	500,000.00	465,000.00	426,248.63	-	38,751.37	-
Other Expenses	15,000.00	15,000.00	7,167.68	308.86	7,523.46	-
<b>Municipal Court:</b>						
Salaries and Wages	331,000.00	331,000.00	298,757.04	-	32,242.96	-
Other Expenses	25,000.00	25,000.00	13,791.01	3,127.29	8,081.70	-
Public Defender:						
Other Expenses	50,000.00	50,000.00	34,860.50	-	15,139.50	-
<b>Other Common Operating Functions (Unclassified):</b>						
Municipal Alliance Council	25,000.00	15,850.68	15,850.02	-	0.66	-
Celebration of Public Events:						
Other Expenses	8,000.00	8,000.00	6,000.00	-	2,000.00	-
Relocation Assistance:						
Other Expenses	500.00	500.00	-	-	500.00	-
Schedule "C":						
Other Expenses	135,000.00	135,000.00	-	-	135,000.00	-
Accumulated Sick & Vacation Fund	100,000.00	100,000.00	100,000.00	-	-	-
Reserve for Disputed Contracts	75,000.00	75,000.00	61,105.74	-	13,894.26	-
<b>Total Operations Within "CAPS"</b>	<b>16,256,666.55</b>	<b>16,250,472.23</b>	<b>14,911,275.24</b>	<b>56,591.63</b>	<b>1,282,605.36</b>	<b>-</b>
Detail:						
Salaries and Wages	9,029,900.00	9,014,855.00	8,545,591.43	-	469,263.57	-
Other Expenses	7,226,766.55	7,235,617.23	6,365,683.81	56,591.63	813,341.79	-
Deferred Charges & Statutory Expenditures - Municipal Within "CAPS":						
Statutory Expenditures:						
Social Security System (O.A.S.I.)	685,000.00	685,000.00	672,582.54	-	12,417.46	-
Defined Contribution Retirement Program	3,000.00	3,000.00	1,632.42	-	1,367.58	-
Consolidated Police & Firemen's Pension	1,016,075.00	1,019,526.32	1,019,526.32	-	-	-
Public Employees Retirement System	448,593.00	451,336.00	451,336.00	-	-	-
<b>Total Deferred Charges &amp; Statutory Expenditures Within "CAPS"</b>	<b>2,152,668.00</b>	<b>2,158,862.32</b>	<b>2,145,077.28</b>	<b>-</b>	<b>13,785.04</b>	<b>-</b>
<b>Total General Appropriations for Municipal Purposes Within "CAPS"</b>	<b>18,409,334.55</b>	<b>18,409,334.55</b>	<b>17,056,352.52</b>	<b>56,591.63</b>	<b>1,296,390.40</b>	<b>-</b>

**TOWNSHIP OF LITTLE EGG HARBOR  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

OPERATIONS	APPROPRIATIONS		PAID	EXPENDED		CANCEL
	BUDGET	BUDGET AFTER MODIFICATION		ENCUMBERED	RESERVED	
Operations Excluded From "CAPS":						
Public & Private Programs Offset by Revenues:						
Clean Communities Program Grant	-	53,425.51	53,425.51	-	-	-
Recycling Revenue and Residue	-	21,676.40	21,676.40	-	-	-
Ocean County Recycling Revenue Share	-	9,849.02	9,849.02	-	-	-
Body Armor Replacement	-	3,794.15	3,794.15	-	-	-
Recycling Tonnage Grant	31,060.86	31,060.86	31,060.86	-	-	-
Safe & Secure Communities	60,000.00	60,000.00	60,000.00	-	-	-
Policy and Planning CZM	-	153.75	153.75	-	-	-
National Fish and Wildlife	-	2,540.00	2,540.00	-	-	-
NJDEP Living Shore Grant	-	400,000.00	400,000.00	-	-	-
OEM Reimbursement Grant	-	6,182.40	6,182.40	-	-	-
Alcohol Education Rehab Enforcement	782.00	846.34	846.34	-	-	-
<b>Police Dispatch/911:</b>						
Salaries and Wages	425,000.00	425,000.00	405,673.35	-	19,326.65	-
Other Expenses	4,500.00	4,500.00	1,364.14	99.57	3,036.29	-
Supplemental Aid to Fire Districts	5,235.00	5,235.00	-	-	5,235.00	-
<b>Total Operations Excluded from "CAPS"</b>	<b>526,577.86</b>	<b>1,024,263.43</b>	<b>996,565.92</b>	<b>99.57</b>	<b>27,597.94</b>	<b>-</b>
Detail:						
Salaries and Wages	425,000.00	425,000.00	405,673.35	-	19,326.65	-
Other Expenses	101,577.86	599,263.43	590,892.57	99.57	8,271.29	-
<b>Capital Improvements - Excluded from "CAPS":</b>						
Capital Improvement Fund	100,000.00	100,000.00	100,000.00	-	-	-
<b>Total Capital Improvements - Excluded from CAPS</b>	<b>100,000.00</b>	<b>100,000.00</b>	<b>100,000.00</b>	<b>-</b>	<b>-</b>	<b>-</b>
Municipal Debt Service - Excluded From "CAPS":						
Payment of Bond Principal	840,000.00	840,000.00	840,000.00	-	-	-
Payment of Bond Anticipation Notes & Capital Notes	500,445.00	500,445.00	500,445.00	-	-	-
Interest on Bonds	218,327.00	218,327.00	218,327.00	-	-	-
Interest on Notes	96,224.00	96,224.00	96,223.26	-	-	0.74
Green Acres Trust Loan Program: Principal & Interest	78,054.00	78,054.00	78,053.60	-	-	0.40
<b>Total Municipal Debt Service Excluded From "CAPS"</b>	<b>1,733,050.00</b>	<b>1,733,050.00</b>	<b>1,733,048.86</b>	<b>-</b>	<b>-</b>	<b>1.14</b>
<b>Total General Appropriations Excluded From "CAPS"</b>	<b>2,359,627.86</b>	<b>2,857,313.43</b>	<b>2,829,614.78</b>	<b>99.57</b>	<b>27,597.94</b>	<b>1.14</b>
Subtotal General Appropriations	20,768,962.41	21,266,647.98	19,885,967.30	56,691.20	1,323,988.34	1.14
Reserve For Uncollected Taxes	353,656.26	353,656.26	353,656.26	-	-	-
<b>Total General Appropriations</b>	<b>\$ 21,122,618.67</b>	<b>\$ 21,620,304.24</b>	<b>\$ 20,239,623.56</b>	<b>\$ 56,691.20</b>	<b>\$ 1,323,988.34</b>	<b>\$ 1.14</b>
Adopted Budget		\$ 21,122,618.67				
Added by N.J.S.40A:4-87		497,685.57				
<b>Total</b>		<b>\$ 21,620,304.24</b>				
Federal & State Grants			\$ 589,528.43			
Reserve for Uncollected Taxes			353,656.26			
Refunds			(459,658.90)			
Due to General Capital - Capital Improvement Fund			100,000.00			
Disbursed			19,656,097.77			
<b>Total</b>			<b>\$ 20,239,623.56</b>			

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

**TOWNSHIP OF LITTLE EGG HARBOR  
TRUST FUND  
STATEMENT OF ASSETS, LIABILITIES, RESERVES  
AND FUND BALANCE - REGULATORY BASIS  
DECEMBER 31, 2017 AND 2017**

ASSETS	2017	2016
Assessment Fund:		
Cash	\$ 54,096.41	\$ 54,096.41
Total Assessment Fund	<u>54,096.41</u>	<u>54,096.41</u>
Other Funds:		
Cash - Treasurer	3,095,391.65	3,906,618.01
Cash - Collector	1,706,969.93	2,297,094.93
CDBG Receivable	3,600.00	3,600.00
Due from General Capital Fund	1,000,000.00	-
Due from Current Fund	-	112,229.83
Total Other Funds	<u>5,805,961.58</u>	<u>6,319,542.77</u>
Total Assets	<u>\$ 5,860,057.99</u>	<u>\$ 6,373,639.18</u>
 LIABILITIES, RESERVES & FUND BALANCE		
Assessment Fund:		
Fund Balance	\$ 54,096.41	\$ 54,096.41
Total Assessment Fund	<u>54,096.41</u>	<u>54,096.41</u>
Other Funds:		
Reserves for:		
Deposits for Tax Title Redemptions	1,706,969.93	2,297,094.93
Escrow Deposits	1,351,109.86	1,328,428.45
Forfeited Property	28,798.88	23,474.19
Planning Board	80,011.94	103,800.76
Recreation Trust	2,057.00	2,057.00
COAH Funds	260,600.72	213,308.50
Open Space	2,239,689.26	2,214,290.58
Community Center	3,582.88	3,582.88
Federal Forfeiture Law Enforcement Funds	5,853.05	7,106.23
Sick/Vacation Funds	46,294.81	22,055.88
Police Community Activities	1,100.00	1,000.00
POAA Funds	586.00	586.00
Due to Current Fund	<u>79,307.25</u>	<u>102,757.37</u>
Total Other Funds	<u>5,805,961.58</u>	<u>6,319,542.77</u>
Total Liabilities, Reserves & Fund Balance	<u>\$ 5,860,057.99</u>	<u>\$ 6,373,639.18</u>

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



**TOWNSHIP OF LITTLE EGG HARBOR  
GENERAL CAPITAL FUND  
STATEMENT OF ASSETS, LIABILITIES, RESERVES  
AND FUND BALANCE - REGULATORY BASIS  
DECEMBER 31, 2017 AND 2016**

ASSETS	2017	2016
Cash & Cash Equivalents	\$ 190,867.85	\$ 1,562,008.97
State Road Aid Allotments Receivable	396,690.16	170,498.16
Interfund Receivable - Current	198,995.86	32,260.01
Due from Grant Fund	444,528.14	-
Deferred Charges to Future Taxation:		
Funded	9,313,554.31	5,721,712.57
Unfunded	12,625,629.00	16,006,324.00
	<hr/>	<hr/>
Total Assets	<u>\$ 23,170,265.32</u>	<u>\$ 23,492,803.71</u>
 LIABILITIES, RESERVES & FUND BALANCE		
Bond Anticipation Notes Payable	\$ 4,354,000.00	\$ 9,354,445.00
General Serial Bond	8,870,000.00	5,210,000.00
Green Trust Loan Payable	443,554.31	511,712.57
Capital Improvement Fund	32,394.00	17,644.00
Encumbrances Payable	314,388.20	420,884.93
Due To Ocean County - CDBG	3,722.00	3,722.00
Due to Open Space Trust	1,000,000.00	-
Improvement Authorizations:		
Funded	961,670.57	98,386.19
Unfunded	6,720,068.16	7,698,468.79
Reserve for Receivable-State Road Aid Receivable	396,690.16	170,498.16
Fund Balance	73,777.92	7,042.07
	<hr/>	<hr/>
Total Liabilities, Reserves & Fund Balance	<u>\$ 23,170,265.32</u>	<u>\$ 23,492,803.71</u>

There were bonds and notes authorized but not issued on December 31, 2017 of \$8,271,629 and on December 31, 2016 of \$6,651,879.

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

**TOWNSHIP OF LITTLE EGG HARBOR  
PAYROLL FUND  
STATEMENT OF ASSETS, LIABILITIES, RESERVES  
AND FUND BALANCE - REGULATORY BASIS  
DECEMBER 31, 2017 AND 2016**

ASSETS	2017	2016
Cash - Treasurer	<u>\$ 228,900.14</u>	<u>\$ 196,472.06</u>
Total	<u><u>\$ 228,900.14</u></u>	<u><u>\$ 196,472.06</u></u>
 LIABILITIES		
Payroll Taxes Payable	\$ 203,163.50	\$ 192,095.44
Due to Current Fund	<u>25,736.64</u>	<u>4,376.62</u>
Total	<u><u>\$ 228,900.14</u></u>	<u><u>\$ 196,472.06</u></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  
STATEMENT OF FIXED ASSETS AND  
FUND BALANCE - REGULATORY BASIS  
DECEMBER 31, 2017 AND 2016**

ASSETS	2017	2016
Land and Improvements	\$ 7,789,600.00	\$ 7,789,600.00
Building	10,473,776.00	10,473,776.00
Equipment	<u>11,877,971.97</u>	<u>11,842,682.00</u>
Total	<u><u>\$ 30,141,347.97</u></u>	<u><u>\$ 30,106,058.00</u></u>
FUND BALANCE		
Investment in Fixed Assets	<u><u>\$ 30,141,347.97</u></u>	<u><u>\$ 30,106,058.00</u></u>

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

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

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

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**TOWNSHIP OF LITTLE EGG HARBOR  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**Note 1. Summary of Significant Accounting Policies**

**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 financial statements of the component unit of the Township of Little Egg Harbor are not presented in accordance with Governmental Accounting Standards Board Statement No. 14, as amended by GASB Statements No. 39, 61 and 80. If the provisions of GASBS No. 14, as amended by GASB Statements No. 39, 61 and 80, had been complied with, the financial statements of the following component unit would have been either blended or discretely presented with the financial statements of the Township, the primary government:

Little Egg Harbor Municipal Utilities Authority  
823 Radio Road  
Post Office Box 660  
Little Egg Harbor, New Jersey 08087-0660

Annual financial reports may be inspected directly at the office of this component unit during regular business hours.

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

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

**Current Fund** – This fund accounts for revenues and expenditures for governmental operations of a general nature, including federal and state grant funds.

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

**Trust Assessment Fund**– This fund accounts for the financing of local improvements deemed to benefit the properties against which assessments are levied.

**TOWNSHIP OF LITTLE EGG HARBOR  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

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

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

**General Fixed Asset Account Group** – The Fixed Asset Account Group of accounts is utilized to account for property, land, buildings, and equipment that have been acquired by other funds of the Township.

**Payroll Fund** – This fund accounts for the receipts and disbursements of funds used to meet obligations to employees and payroll tax liabilities.

**Budgets and Budgetary Accounting** - The Township 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 10<sup>th</sup> of each year. At introduction, the governing body must fix the time and place for a public hearing on the budget and must advertise the time and place at least ten days prior to the hearing in a newspaper published and circulating in the municipality. The public hearing must not be held less than twenty-eight days after the date the budget was introduced. After the hearing has been held, the governing body may, by majority vote, adopt the budget or may amend the budget in accordance with *N.J.S.A.40A:4-9*. Amendments to adopted budgets, if any are detailed in the statements of revenues and expenditures.

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

**Cash, Cash Equivalents and Investments** - Cash and Cash equivalents include petty cash, change funds and cash on deposit with public depositories. All certificates of deposit are recorded as cash regardless of the date of maturity. Under GAAP, investments are reported at fair value but under regulatory basis of accounting, investments are stated at cost. Therefore unrealized gains or losses on investments have not been recorded.

New Jersey municipal units are required by *N.J.S.A.40A:5-14* to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or in the New Jersey Cash Management Fund. *N.J.S.A.40A:5-15.1* provides a list of investments, which may be purchased by New Jersey municipal units. In addition, other State statutes permit investments in obligations issued by local utilities and other state agencies.

*N.J.S.A.17:9-41* et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the Governmental Units.



**TOWNSHIP OF LITTLE EGG HARBOR  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

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

The cash management plan adopted by the Township requires it to deposit funds in public depositories protected from loss under the provisions of the Act.

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

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

**General Fixed Assets** – Accounting for governmental fixed assets, as required by *N.J.A.C.5:30-5.6*, differs in certain respects from accounting principles generally accepted in the United States of America. In accordance with the regulations, all local units, including municipalities, must maintain a general fixed assets reporting system that establishes and maintains a physical inventory of nonexpendable, tangible property as defined and limited by the U.S. Office of Management and Budget Circular A-87 (Attachment B, Section 19), except that the useful life of such property is at least five years. The Township has adopted a capitalization threshold of \$5,000.00, the maximum amount allowed by the Circular. Generally, assets are valued at historical cost; however, assets acquired prior to December 31, 1985 are valued at actual historical cost or estimated historical cost. In some instances, assets are valued at the assessed valuation of the property at the time of acquisition, which approximates fair value. No depreciation of general fixed assets is recorded. Donated general fixed assets are recorded at their acquisition value as of the date of the transaction. Interest costs relative to the acquisition of general fixed assets are recorded as expenditures when paid. Public domain ("infrastructure") general fixed assets consisting of certain improvements such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. Expenditures for construction in progress are recorded in the capital funds until such time as the construction is completed and put into operation. The Township is required to maintain a subsidiary ledger detailing fixed assets records to control additions, retirements, and transfers of fixed assets. In addition, a statement of general fixed assets, reflecting the activity for the year, must be included in the Township's basic financial statements.

The regulations require that general fixed assets, whether constructed or acquired through purchase, grant or gift be included in the aforementioned inventory. In addition, property management standards must be maintained that includes accurate records indicating asset description, source, ownership, acquisition cost and date, the percentage of federal participation (if any), and the location, use, and condition of the asset. Periodically, physical inventories must be taken and reconciled with these records. All fixed assets must be adequately controlled to safeguard against loss, damage, or theft.

**Foreclosed property** – Foreclosed Property or “Property Acquired for Taxes” is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. Ordinarily it is the intention of the Township to resell foreclosed property in order to recover all or a portion of the delinquent taxes or assessments and to return the property to a taxpaying basis. For this reason the value 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.

**TOWNSHIP OF LITTLE EGG HARBOR  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

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

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

**Fund Balance** – Fund 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'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, Fire Districts, Little Egg Harbor Township School and the Pineland's Regional School District. Unpaid property taxes are subject to tax sale in accordance with statutes.

**County Taxes** – The municipality is responsible for levying, collecting and remitting County taxes for the County of 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 10<sup>th</sup> of the current year. In addition, operations is charged for the County share of Added and Omitted Taxes certified to the County Board of Taxation by October 10<sup>th</sup> of the current year and due to be paid to the County by February 15<sup>th</sup> of the following year.

**School Taxes** – The municipality is responsible for levying, collecting and remitting school taxes for the Little Egg Harbor Township School District and the Pinelands Regional School District. Operations are charged for the full amount required to be raised from taxation to operate the local and regional school district July 1<sup>st</sup> to June 30<sup>th</sup>.

**Deferred School Taxes** – School taxes raised in advance in the Current Fund for a school fiscal year (July I to June 30) which remain unpaid at December 31 of the calendar year levied may be deferred to fund balance to the extent of not more than 50% of the annual levy providing no requisition has been made by the school district for such amount.

**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.

**TOWNSHIP OF LITTLE EGG HARBOR  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

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

Encumbrances are offset by an account entitled reserve for encumbrances. The reserve is classified as a cash liability under New Jersey municipal accounting. At December 31, this reserve represents the portion of appropriation reserves that has been encumbered and is subject to the same statutory provisions as appropriation reserves. Appropriations for interest payments on outstanding general capital bonds and notes are provided on the cash basis.

**Appropriation Reserves** – Appropriation reserves covering unexpended appropriation balances are automatically created at year-end and recorded as liabilities, except for amounts, which may be cancelled by the governing body. Appropriation reserves and reserve for encumbrances at current year end are available until December 31<sup>st</sup> of the succeeding year to meet specific claims, commitments or contracts incurred during the preceding year. Any unspent balances at this time are lapsed appropriation reserves and recorded as income.

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

**Compensated Absences** – Expenditures relating to obligations for unused vested accumulated vacation and sick leave are not recorded until paid; however, municipalities may establish and budget reserve funds subject to NJSA 40A:4-39 for the future payment of compensated absences.

**Recent Accounting Pronouncements** – The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB has recently adopted accounting statements to be used by governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America. (GAAP). The municipalities in the State of New Jersey do not prepare financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements; and there have been no GASB pronouncements effective for the current year that have a significant impact of the Township’s financial statements.

**Note 2. Deposits and Investments**

The Township is governed by the deposit and investment limitations of New Jersey state law.

**Deposits**

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

**TOWNSHIP OF LITTLE EGG HARBOR  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**Note 2. Deposits and Investments (continued):**

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, 2017, the Township's bank balance of \$16,380,868.67 was insured or collateralized as follows:

Insured under FDIC and GUDPA	\$ 12,434,309.96
Uninsured and Uncollateralized	<u>3,946,558.71</u>
	<u>\$ 16,380,868.67</u>

**Investments**

The Township had no investments as of December 31, 2017.

**Note 3. Property Taxes**

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

**Comparison Schedule of Tax Rates**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Tax Rate	<u>\$ 2.300</u>	<u>\$ 2.319</u>	<u>\$ 2.349</u>
Apportionment of Tax Rate:			
Municipal	0.657	0.661	0.695
County General	0.423	0.430	0.420
Local School	0.575	0.571	0.578
Regional School	0.645	0.657	0.656

**Assessed Valuation**

<u>Year</u>	<u>Amount</u>
2017	\$ 2,287,472,584.00
2016	2,240,445,490.00
2015	2,206,556,290.00

**Comparison of Tax Levies and Collections**

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage Of Collection</u>
2017	\$ 55,027,332.99	\$ 54,748,254.82	99.49%
2016	54,442,150.23	54,217,629.37	99.58%
2015	53,930,406.00	53,756,015.00	99.67%

**TOWNSHIP OF LITTLE EGG HARBOR  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**Note 3. Property Taxes (continued):**

**Delinquent Taxes and Tax Title Liens**

<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage Of Tax Levy</u>
2017	\$ 647,630.63	\$ 63,632.17	\$ 711,262.80	1.29%
2016	612,368.40	79,043.96	691,412.36	1.27%
2015	526,052.00	32,587.00	558,639.00	1.04%

**Number of Tax Title Liens**

<u>Year</u>	<u>Number</u>
2017	135
2016	135
2015	135

The last tax sale was held on November 13, 2017.

**Note 4: Property Acquired By Tax Title Lien Liquidation**

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

<u>Year</u>	<u>Amount</u>
2017	\$ 5,757,700.00
2016	5,757,700.00
2015	5,757,700.00

**Note 5. Fund Balances Appropriated**

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

<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
<b>Current Fund:</b>			
2017	\$ 4,796,809.20	\$ 2,850,000.00	59.41%
2016	4,595,680.34	2,850,000.00	62.01%
2015	5,248,736.00	2,950,000.00	56.20%

**TOWNSHIP OF LITTLE EGG HARBOR  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**Note 6. Disaggregated Receivable and Payable Balances**

There are no significant components of receivable and payable balances reported in the financial statements.

**Note 7. Interfund Receivables, Payables and Transfers**

The following interfund balances were recorded in the various statements of assets liabilities, reserves and fund balances at December 31, 2017:

<b>Fund</b>	<b>Interfund Receivable</b>	<b>Interfund Payable</b>
Current Fund	\$ 105,043.89	\$ 428,842.63
State and Federal Grant Fund	229,846.77	444,528.14
Trust Other Fund	1,000,000.00	79,307.25
Payroll Fund	-	25,736.64
Capital Fund	<u>643,524.00</u>	<u>1,000,000.00</u>
	<u>\$1,978,414.66</u>	<u>\$ 1,978,414.66</u>

The interfund receivables and payables above predominately resulted from payment made by certain funds on behalf of other funds. All interfund balances are expected to be repaid within one year.

A summary of interfund transfers is as follows:

<b>Fund</b>	<b>Transfers In</b>	<b>Transfers Out</b>
Current Fund	\$ 292,738.60	\$ 145,229.83
State and Federal Grant Fund	477,528.14	292,638.44
Trust Other Fund	112,229.83	1,000,100.16
Capital Fund	<u>1,033,000.00</u>	<u>477,528.14</u>
	<u>\$1,915,496.57</u>	<u>\$ 1,915,496.57</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them (i.e. interest earning), (2) provide cash flow to other funds to temporary finance expenditures that are on a reimbursable basis (i.e. grants), (3) when no bank account exists for a fund, and (4) utilizing surplus or fund balance from one fund as budgeted revenue in another.

**TOWNSHIP OF LITTLE EGG HARBOR  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**Note 8. Fixed Assets**

The following is a summary of changes in the General Fixed Assets Account Group for the year ended December 31, 2017.

	Balance December 31, <u>2016</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2017</u>
Land and Improvements	\$ 7,789,600.00	\$ -	\$ -	\$ 7,789,600.00
Buildings	10,473,776.00	-	-	10,473,776.00
Machinery & Equipment	11,842,682.00	819,483.97	(784,194.00)	11,877,971.97
	<u>\$ 30,106,058.00</u>	<u>\$ 819,483.97</u>	<u>\$ (784,194.00)</u>	<u>\$ 30,141,347.97</u>

**Note 9. Pension Obligations**

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

**Plan Description** - The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at <http://www.nj.gov/treasury/pensions/financial-reports.shtml>.

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

The following represents the membership tiers for PERS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

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

**TOWNSHIP OF LITTLE EGG HARBOR  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**Note 9. Pension Obligations (continued):**

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

**Basis of Presentation** - The schedules of employer allocations and the schedules of pension amounts by employer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PERS or its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PERS or the participating employers. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PERS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

**Contributions** - The contribution policy for PERS is set by *N.J.S.A. 43:15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For the fiscal year 2017, the State's pension contribution was less than the actuarial determined amount. The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. For the year ended December 31, 2017, the Township's contractually required contribution to PERS plan was \$443,904.

**Components of Net Pension Liability** - At December 31, 2017, the Township's proportionate share of the PERS net pension liability was \$11,154,416. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. The Township's proportion of the net pension liability was based on the Township's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2017. The Township's proportion measured as of June 30, 2017, was 0.04792% which was a decrease of 0.00258% from its proportion measured as of June 30, 2016.

**Collective Balances at December 31, 2017 and December 31, 2016**

	<u>12/31/2017</u>	<u>12/30/2016</u>
Actuarial valuation date (including roll forward)	June 30, 2017	June 30, 2016
Deferred Outflows of Resources	\$ 2,987,085	\$ 4,497,904
Deferred Inflows of Resources	2,698,454	-
Net Pension Liability	11,154,416	14,955,258
Township's portion of the Plan's total net pension Liabi	0.04792%	0.05050%



**TOWNSHIP OF LITTLE EGG HARBOR  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**Note 9. Pension Obligations (continued):**

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

**Pension Expense and Deferred Outflows/Inflows of Resources** - At December 31, 2017, the Township's proportionate share of the PERS expense, calculated by the plan as of the June 30, 2017 measurement date is \$804,548. This expense is not recognized by the Township because of the regulatory basis of accounting as described in Note 1, but as previously mentioned the Township contributed \$443,904 to the plan in 2017.

At December 31, 2017, the Township reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 262,648	\$ -
Changes of Assumptions	2,247,231	2,238,992
Net Difference between Projected and Actual Earnings on Pension Plan Investments	75,954	-
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions	<u>401,252</u>	<u>459,462</u>
	<u>\$ 2,987,085</u>	<u>\$ 2,698,454</u>

**TOWNSHIP OF LITTLE EGG HARBOR  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**Note 9. Pension Obligations (continued):**

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

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

	<b><u>Deferred Outflow of Resources</u></b>	<b><u>Deferred Inflow of Resources</u></b>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	5.48	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	-	5.48
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	-	5.00
June 30, 2016	5.00	-
June 30, 2017	5.00	-
Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	6.44
June 30, 2015	5.72	5.72
June 30, 2016	5.57	5.57
June 30, 2017	5.48	5.48

**TOWNSHIP OF LITTLE EGG HARBOR  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**Note 9. Pension Obligations (continued):**

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

The following is a summary of the deferred outflows of resources and deferred inflows of resources related to PERS that will be recognized in future periods:

<b>Year Ending</b>	<b><u>Dec 31,</u></b>	<b><u>Amount</u></b>
2018		\$ 351,378
2019		483,915
2020		267,781
2021		(522,540)
2022		(291,901)
		<u>\$ 288,633</u>

**Actuarial Assumptions** - The total pension asset/(liability) as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

Inflation	2.25%
Salary Increases:	
Through 2026	1.65% - 4.15% Based on Age
Thereafter	2.65% - 5.15% Based on Age
Investment Rate of Return	7.00%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	
Study upon which Actuarial Assumptions were Based	July 1, 2011 - June 30, 2014

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rate were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on the mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014

**TOWNSHIP OF LITTLE EGG HARBOR  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**Note 9. Pension Obligations (continued):**

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

projection scales. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

**Long-Term Expected Rate of Return** - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%
	<u>100.00%</u>	

**TOWNSHIP OF LITTLE EGG HARBOR  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**Note 9. Pension Obligations (continued):**

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

**Discount Rate** - The discount rate used to measure the total pension liability was 5.00% as of June 30, 2017. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Sensitivity of the Township's proportionate share of the Net Pension Liability to Changes in the Discount Rate** - The following presents the Township's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the Township's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.00%) or 1-percentage-point higher (6.00%) than the current rate:

	<b>1% Decrease (4.00%)</b>	<b>Current Discount Rate (5.00%)</b>	<b>1% Increase (6.00%)</b>
Township's Proportionate Share of the Net Pension Liability	<u>\$ 13,837,811</u>	<u>\$ 11,154,416</u>	<u>\$ 8,918,817</u>

**B. Police and Firemen's Retirement System (PFRS)**

**Plan Description** – The State of New Jersey, Police and Firemen's Retirement System (PFRS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PFRS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at <http://www.nj.gov/treasury/pensions/financial-reports.shtml>.

The vesting and benefit provisions are set by N.J.S.A. 43:16A. PFRS provides retirement as well as death and disability benefits. All benefits vest after ten years of service, except disability benefits which vest after four years of service.

The following represents the membership tiers for PFRS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to May 22, 2010.
2	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
3	Members who were eligible to enroll on or after June 28, 2011

**TOWNSHIP OF LITTLE EGG HARBOR  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**Note 9. Pension Obligations (continued):**

**B. Police and Firemen's Retirement System (PFRS)**

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service, as defined, up to 30 years plus 1% for each year of service in excess of 30 years. Members may seek special retirement after achieving 25 years of creditable service, in which benefits would equal 65% (tiers 1 and 2 members) and 60% (tier 3 members) of final compensation plus 1 % for each year if creditable service over 25 years but not to exceed 30 years. Members may elect deferred retirement benefits after achieving ten years of service, in which case benefits would begin at age 55 equal to 2% of final compensation for each year of service.

**Basis of Presentation** - The schedules of employer allocations and the schedules of pension amounts by employer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PFRS or its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PFRS or the participating employers. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PFRS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

**Contributions** - The contribution policy for PFRS is set by *N.J.S.A. 43:16A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. For fiscal year 2017, the State contributed an amount less than the actuarially determined amount. The Local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PFRS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. For the year ended December 31, 2017, the Township's contractually required contributions to PFRS plan was \$1,162,371.

The employee contributions for PFRS are 10.00% of employees' annual compensation, as defined.

**Net Pension Liability and Pension Expense** - At December 31, 2017 the Township's proportionate share of the PFRS net pension liability was \$20,276,143. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2016, to the measurement date of June 30, 2017. The Township's proportion of the net pension liability was based on the Township's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2017. The Township's proportion measured as of June 30, 2017, was 0.13134%, which was an increase of 0.0067% from its proportion measured as of June 30, 2016.

**TOWNSHIP OF LITTLE EGG HARBOR  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**Note 9. Pension Obligations (continued):**

**B. Police and Firemen's Retirement System (PFRS)**

**Collective Balances at December 31, 2017 and December 31, 2016**

	<u>12/31/2017</u>	<u>12/31/2016</u>
Actuarial valuation date (including roll forward)	June 30, 2017	June 30, 2016
Deferred Outflows of Resources	\$ 4,545,177	\$ 5,946,164
Deferred Inflows of Resources	3,696,307	484,407
Net Pension Liability	20,276,143	23,805,550
Township's portion of the Plan's total net pension Liabi	0.13134%	0.12462%

**Pension Expense and Deferred Outflows/Inflows of Resources** – At December 31, 2017, the Township's proportionate share of the PFRS expense, calculated by the plan as of the June 30, 2017 measurement date was \$1,838,905. This expense is not recognized by the Township because of the regulatory basis of accounting as described in Note 1, but as previously mentioned the Township contributed \$1,162,371 to the plan in 2017.

At December 31, 2017, the Township had deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 131,540	\$ 119,004
Changes of Assumptions	2,500,274	3,320,639
Net Difference between Projected and Actual Earnings on Pension Plan Investments	386,916	-
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions	<u>1,526,447</u>	<u>256,664</u>
	<u>\$ 4,545,177</u>	<u>\$ 3,696,307</u>

**TOWNSHIP OF LITTLE EGG HARBOR  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**Note 9. Pension Obligations (continued):**

**B. Police and Firemen's Retirement System (PFRS)**

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

	<b><u>Deferred Outflow of Resources</u></b>	<b><u>Deferred Inflow of Resources</u></b>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	-	5.53
June 30, 2016	-	5.58
June 30, 2017	5.59	-
 Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.17	-
June 30, 2015	5.53	-
June 30, 2016	5.58	-
June 30, 2017	-	5.59
 Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	-	5.00
June 30, 2016	5.00	-
June 30, 2017	5.00	-
 Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.17	6.17
June 30, 2015	5.53	5.53
June 30, 2016	5.58	5.58
June 30, 2017	5.59	5.59



**TOWNSHIP OF LITTLE EGG HARBOR  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**Note 9. Pension Obligations (continued):**

**B. Police and Firemen’s Retirement System (PFRS)**

The following is a summary of the deferred outflows of resources and deferred inflows of resources related to PERS that will be recognized in future periods:

<b>Year Ending</b>		
<b><u>Dec 31,</u></b>	<b><u>Amount</u></b>	
2018	\$	632,272
2019		1,025,005
2020		179,654
2021		(686,234)
2022		<u>(301,827)</u>
	<b>\$</b>	<b><u>848,870</u></b>

**Special Funding Situation** – Under N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation which legally obligates the state is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the local participating employers under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a non-employer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability to report in the financial statements of the local participating employers related to this legislation.

Additionally, the State’s proportionate share of the PFRS net pension liability attributable to the Township is \$2,271,099 as of December 31, 2017. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2016, to the measurement date of June 30, 2017. The State’s proportion of the net pension liability associated with the Township was based on a projection of the Township’s long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. The State’s proportion measured as of June 30, 2017 was 0.13134%, which was an increase of 0.0067% from its proportion measured as of June 30, 2016, which is the same proportion as the Township’s. At December 31, 2017, the Township’s and the State of New Jersey’s proportionate share of the PFRS net pension liability were as follows:

Township's Proportionate Share of Net Pension Liability	\$ 20,276,143
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the Township	<u>2,271,099</u>
	<b><u>\$ 22,547,242</u></b>

**TOWNSHIP OF LITTLE EGG HARBOR  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**Note 9. Pension Obligations (continued):**

**B. Police and Firemen’s Retirement System (PFRS)**

At December 31, 2017, the State’s proportionate share of the PFRS expense, associated with the Township, calculated by the plan as of the June 30, 2017 measurement date was \$277,807.

**Actuarial Assumptions** - The total pension asset/(liability) as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

Inflation	2.25%
Salary Increases:	
Through 2026	2.10% - 8.98% Based on Age
Thereafter	3.10% - 9.98% Based on Age
Investment Rate of Return	7.00%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	
Study upon which Actuarial Assumptions were Based	July 1, 2010 - June 30, 2013

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary’s modified MP-2014 projection scale. Post-retirement mortality rate were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on the mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary’s modified MP-2014 projection scales. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

**Long-Term Expected Rate of Return** - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges

**TOWNSHIP OF LITTLE EGG HARBOR  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**Note 9. Pension Obligations (continued):**

**B. Police and Firemen’s Retirement System (PFRS)**

are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PFRS’s target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%
	<u>100.00%</u>	

**Discount Rate** - The discount rate used to measure the total pension liability was 6.14% as of June 30, 2017. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**TOWNSHIP OF LITTLE EGG HARBOR  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**Note 9. Pension Obligations (continued):**

**B. Police and Firemen's Retirement System (PFRS)**

**Sensitivity of the Township's proportionate share of the Net Pension Liability to Changes in the Discount Rate** - The following presents the Township's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the Township's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.14%) or 1-percentage-point higher (7.14%) than the current rate:

	<b>1% Decrease <u>(5.14%)</u></b>	<b>Current Discount Rate <u>(6.14%)</u></b>	<b>1% Increase <u>(7.14%)</u></b>
Township's Proportionate Share of the Net Pension Liability	\$ 26,715,488	\$ 20,276,143	\$ 14,985,489
State of New Jersey's Proportionate Share of Net Pension Liability associated with the Township	2,992,360	2,271,099	1,678,501
	\$ 29,707,848	\$ 22,547,242	\$ 16,663,990

**Related Party Investments** - The Division of Pensions and Benefits does not invest in securities issued by the Township.

**TOWNSHIP OF LITTLE EGG HARBOR  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**Note 10. Municipal Debt**

The following schedule represents the Township's summary of debt, as filed in the Township's Annual Debt Statement required by the Local Bond Law of New Jersey for the current and two previous years:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Issued:</b>			
General:			
Bonds, Notes and Loans	\$ 13,667,554.31	\$ 15,076,157.57	\$ 16,293,065.00
	<hr/>	<hr/>	<hr/>
Total Debt Issued	13,667,554.31	15,076,157.57	16,293,065.00
	<hr/>	<hr/>	<hr/>
<b>Authorized but not issued:</b>			
General:			
Bonds, Notes and Loans	8,271,629.00	6,651,879.00	3,331,629.00
	<hr/>	<hr/>	<hr/>
Total Authorized But Not Issued	8,271,629.00	6,651,879.00	3,331,629.00
	<hr/>	<hr/>	<hr/>
<b>Total Gross Debt</b>	<b>\$ 21,939,183.31</b>	<b>\$ 21,728,036.57</b>	<b>\$ 19,624,694.00</b>
	<hr/>	<hr/>	<hr/>
<b>Deductions:</b>			
General:			
Funds on Hand For Payment of Bonds and Notes:			
Reserve for Debt Service	-	-	484,913.00
	<hr/>	<hr/>	<hr/>
Total Deductions	-	-	484,913.00
	<hr/>	<hr/>	<hr/>
<b>Total Net Debt</b>	<b>\$ 21,939,183.31</b>	<b>\$ 21,728,036.57</b>	<b>\$ 19,139,781.00</b>
	<hr/>	<hr/>	<hr/>

Summary of Statutory Debt Condition - Annual Debt Statement

The following schedule is a summary of the previous schedule and is prepared in accordance with the required method of setting up the Annual Debt Statement:

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School Debt	\$ 21,000,000.00	\$ 21,000,000.00	\$ -
Regional School Debt	43,740,801.25	43740801.25	-
General Debt	21,939,183.31	-	21,939,183.31
	<hr/>	<hr/>	<hr/>
	<b>\$ 86,679,984.56</b>	<b>\$ 64,740,801.25</b>	<b>\$ 21,939,183.31</b>
	<hr/>	<hr/>	<hr/>

Net Debt \$21,939,1813.31 divided by the average Equalized Valuation Basis per N.J.S.A 40A:2-2 as amended, \$2,297,030,254.33, equals 0.955%. New Jersey statute 40A:2-6, as amended, limits the debt of a Municipality to 3.5% of the last three preceding year's average equalized valuations of real estate, including improvements and the assessed valuation of Class II Railroad Property. The remaining borrowing power in dollars at December 31, 2017 is calculated as follows:

**TOWNSHIP OF LITTLE EGG HARBOR  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**Note 10. Municipal Debt (continued):**

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 80,396,058.90
Net Debt	21,939,183.31
 Remaining Borrowing Power	 \$ 58,456,875.59

**General Debt**

**A. Serial Bonds Payable**

On February 1, 2010, the Township issued \$3,275,000 of General Obligation Refunding Bonds. The General Obligation Refunding Bonds were issued at interest rates varying from 3.75% to 5.00% and mature on August 1, 2021.

On May 2, 2012, the Township issued \$5,260,000 of General Obligation Refunding Bonds. The General Obligation Refunding Bonds were issued at interest rates varying from 2.00% to 4.00% and mature on November 11, 2023.

On February 2, 2017, the Township issued \$4,500,000 of General Obligation Bonds. The General Obligation Bonds were issued at interest rates varying from 2.00% to 3.00% and mature on February 1, 2027.

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	1,120,000.00	249,487.50	1,369,487.50
2019	1,170,000.00	210,437.50	1,380,437.50
2020	1,155,000.00	181,037.50	1,336,037.50
2021	1,095,000.00	148,250.00	1,243,250.00
2022	1,070,000.00	112,125.00	1,182,125.00
2023-2027	3,260,000.00	217,525.00	3,477,525.00
	\$ 8,870,000.00	\$ 1,118,862.50	\$ 9,988,862.50

**TOWNSHIP OF LITTLE EGG HARBOR  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**Note 10. Municipal Debt (continued):**

**B. Bond Anticipation Notes Payable – Short Term Debt**

The following is a summary of bond anticipation notes payable accounted for in the General Capital Fund at December 31, 2017:

<u>Description</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Rate</u>	<u>Balance December 31, 2017</u>
Series 2017 A	2/2/2017	2/2/2018	1.306%	\$ 3,025,000.00
Series 2017 B	2/2/2017	2/2/2018	1.306%	<u>\$ 1,329,000.00</u>
				<u>\$ 4,354,000.00</u>

The purpose of these short-term borrowings was to provide resources for general capital construction, acquisitions or improvement projects and other purposes permitted by State Local Bond Law NJSA 40A:2 et. seq.

**C. Bonds and Notes Authorized But Not Issued**

As of December 31, 2017, the Township had \$8,271,629.00 in various General Capital bonds and notes authorized but not issued.

**Note 11. Deferred School Taxes**

School taxes have been raised and the liability deferred by statutes. The balance of unpaid local taxes levied, amount deferred and the amount reported as a liability (payable) at December 31, are as follows:

<u>Local Taxes</u>	<u>Balance, December 31,</u>	
	<u>2017</u>	<u>2016</u>
Total Balance of Local Tax	\$ 6,269,633.00	\$ 6,021,471.00
Deferred Taxes	<u>5,236,297.00</u>	<u>5,236,297.00</u>
Local Tax Payable	<u>\$ 1,033,336.00</u>	<u>\$ 785,174.00</u>

**TOWNSHIP OF LITTLE EGG HARBOR  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**Note 12. Deferred Compensation Salary Account**

The Township offers its employees a Deferred Compensation Plan in accordance with Internal Revenue Code Section 457 which has been approved by the Director of the Division of Local Government Services. The Plan, available to all full time employees at their option, permits employees to defer a portion of their salary to future years. The deferred compensation is not available to participants until termination, retirement, death or unforeseeable emergency. Amounts deferred under Section 457 plans must be held in trust for the exclusive benefits of participating employees and not be accessible by the Township or its creditors. Since the Township does not have a fiduciary relationship with the Plan, the balances and activities of the Plan are not reported in the Township's financial statements.

**Note 13. Accrued Sick, Vacation and Compensation Time**

As discussed in Note 1 and in accordance with accounting principles prescribed by the State of New Jersey, the cash basis of accounting is followed for recording the Township's liability related to unused vacation, sick pay and compensation time. The Township permits certain employees within limits to accumulate unused vacation, sick pay and compensation time, which may be taken as time off or paid at a later date at an agreed upon rate. In accordance with New Jersey accounting principles, this unused accumulated absences amount is not reported as a liability in the accompanying financial statements. It is estimated that accrued benefits for compensated absences are valued at \$2,003,389.44 at December 31, 2017.

The Township has established a Trust Fund in accordance with NJSA 40A:4-39 to set aside funds for future payments of compensated absences. As of December 31, 2017, the Township has reserved in the Other Trust Fund \$46,294.81 to fund compensated absences in accordance with NJSA 40A:4-39.

**Note 14. Contingencies**

Grantor Agencies

The Township receives financial assistance from the State of New Jersey and the U.S. government in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of the funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by grantors. As a result of these audits, costs previously reimbursed could be disallowed and require repayment to the grantor agency. As of December 31, 2017 the Township estimates that no material liabilities will result from such audits.

Litigation

The Township is a defendant in several legal proceedings that are in various stages of litigation. It is believed that the outcome, or exposure to the Township, from such litigation is either unknown or potential losses, if any, would not be material to the financial statements.



**TOWNSHIP OF LITTLE EGG HARBOR  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**Note 14. Contingencies (continued):**

Tax Appeals

Losses arising from tax appeals are recognized at the time a decision is rendered by an administrative or judicial body; however, municipalities may establish reserves transferred from tax collections or by budget appropriation for future payments of tax appeal losses. There are no significant pending tax appeals as of December 31, 2017.

**Note 15. 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.

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:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Annual Required Contribution (ARC)	\$ 1,420,000	\$ 1,420,000	\$ 1,250,000
Interest on the Net OPEB Obligation	-	-	-
Adjustment to the ARC	-	-	-
Annual OPEB Cost	1,420,000	1,420,000	1,250,000
Contributions Made	(860,000)	(860,000)	(610,000)
Increase in Net OPEB Obligation	560,000	560,000	640,000
Net OPEB, Beginning of Year	8,890,000	8,330,000	7,690,000
Net OPEB, End of Year	\$ 9,450,000	\$ 8,890,000	\$ 8,330,000
Percentage of Annual OPEB Cost Contributed	60.6%	60.6%	48.8%

**TOWNSHIP OF LITTLE EGG HARBOR  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**Note 15. Post-Retirement Health Benefits – GASB 45 (continued):**

The funded status of the plan as of June 30, 2016 was as follows:

Actuarial Accrued Liability (AAL)	\$ 15,770,000
Actuarial Value of Plan Assets	<u>-</u>
Unfunded Actuarial Accrued Liability	<u><u>\$ 15,770,000</u></u>
Funded Ration	0.0%
Covered Payroll	N/A
UAAL as a Percentage of Covered Payroll	N/A

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 emphasis 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 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, 2016, was \$8,890,000.

**TOWNSHIP OF LITTLE EGG HARBOR  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**Note 16. Hurricane Sandy and FEMA Aid**

On October 29<sup>th</sup> 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 2017, \$7.1 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.

**Note 17. Community Disaster Loan**

On April 5, 2013, the Township submitted a formal request for a FEMA Community Disaster Loan (CDL) in the amount of \$4,319,506.00 in relation to Hurricane Sandy losses and expenditures. On March 28, 2013, the Township approved a resolution to amend the 2013 Budget by \$1,750,000.00, the amount of the CDL that was awarded in 2013. During 2014, an additional \$1,500,000.00 was received. During 2015, an additional \$1,000,000.00 was received.

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 when the interest rate was 0.625%. 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. As of December 31, 2017 the Current Fund has recorded a loan payable in the amount of \$4,250,000.00 with \$98,463.18 of accrued interest. The loan comes to maturity on May 1, 2018.

**APPENDIX C**  
**FORM OF CONTINUING DISCLOSURE CERTIFICATE FOR THE BONDS**

## FORM OF CONTINUING DISCLOSURE CERTIFICATE FOR THE BONDS

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 \$\_\_\_\_\_ principal amount of its General Obligation Bonds, Series 2019 (the "Bonds"). The Bonds are being issued pursuant to various bond ordinances (the "Ordinances") duly adopted by the Township Committee of the Issuer (the "Committee") and a resolution duly adopted by the Committee on July \_\_, 2019 (the "Resolution"). The Bonds are dated their date of delivery. The Bonds shall mature on August 15 in the years 2020 through 2028, inclusive. 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 Bondholders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with the provisions of Rule 15c2-12(b)(5) promulgated by the Bonds and Exchange Commission ("SEC") under the Bonds 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:

"Annual Report" shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"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 Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Bondholder" shall mean any person who is the registered owner of any Bond, including holders of beneficial interests in the Bonds.

"Continuing Disclosure Information" shall mean: (i) the Annual Report; (ii) any notice required to be filed with the Repositories pursuant to Section 5 hereof; and (iii) any notice of an event required to be filed with the Repositories 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.

"EMMA" shall mean the Electronic Municipal Market Access System ("EMMA"), an internet based filing system created and maintained by the MSRB in accordance with the SEC Release, pursuant to which issuers of tax-exempt bonds, including the Bonds, and other filers on behalf of the such issuers shall upload Continuing Disclosure Information to assist underwriters in complying with the Rule and to provide the general public with access to such Continuing Disclosure Information.

"Financial Obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term "Financial Obligation" shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

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

"National Repository" shall mean the MSRB, through the internet facilities of EMMA, or any other public or private repository or entity that shall hereafter be designated by the SEC as a repository for purposes of the Rule.

"Official Statement" shall mean the Official Statement of the Township, dated \_\_\_\_\_, 2019, relating to the Bonds.

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

"Repository" or "Repositories" shall mean each National Repository and each State Repository, if any.

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

"SEC Release" shall mean Release No. 34-59062, of the SEC, dated December 5, 2008.

"State" shall mean the State of New Jersey.

"State Repository" shall mean any public or private repository or entity designated by the State as a state repository for the purpose of the Rule and recognized as such by the SEC. As of the date of this Disclosure Certificate, there is no State Repository.

*Section 3. Provision of Annual Reports.*

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than September 30 of each year, commencing September 30, 2019 for the Annual Report for the fiscal year ending December 31, 2018, provide to the MSRB in an electronic format as prescribed by the MSRB, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted separately

from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Issuer's fiscal year changes, it shall give notice of such change to MSRB and the filing deadline shall be adjusted accordingly. Any and all items that must be included in the Annual Report may be incorporated by reference from other information that is available to the public on the MSRB's Internet Web site, or that has been filed with the SEC.

(b) Not later than fifteen (15) Business Days prior to the date specified in subsection (a) for making available or providing the Annual Report, the Issuer shall provide the Annual Report to the Dissemination Agent (if other than the Issuer). If the Issuer is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the Issuer shall, in a timely manner, send a notice to the MSRB in substantially the form attached as Exhibit A, 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.

(c) The Dissemination Agent shall file a report with the Issuer certifying that the Annual Report has been provided to the MSRB pursuant to this Disclosure Agreement, stating the date it was provided.

*Section 4. Content of Annual Reports.* The Issuer's Annual Report shall contain or include by reference the following:

1. The audited financial statements of the Issuer for the prior fiscal year, prepared in accordance with generally accepted accounting standards (GAAS) as from time to time in effect, and as prescribed by the Division of Local Government Services in the Department of Community Affairs of the State pursuant to Chapter 5 of Title 40A of the New Jersey Statutes. If the Issuer's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

2. Certain financial information and operating data of the Issuer as contained in Appendix A of the Official Statement under the following headings: Comparison of Tax Levies and Collections; Delinquent Taxes and Tax Title Liens; Tax Rates per \$100 of Net Valuations Taxable and Allocations; Valuation of Property; Classification of Ratables; Financial Operations; Fund Balance; and Township Indebtedness as of December 31, 2018.

*Section 5. Reporting of Significant Events.*

(a) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds:

1. principal and interest payment delinquencies;
2. non-payment related defaults, if material;

3. unscheduled draws on debt service reserves reflecting financial difficulties;
4. unscheduled draws on credit enhancements reflecting financial difficulties;
5. substitution of 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 security, or others material events affecting the tax status of the Bonds;
7. modifications to rights of Bondholders, if material;
8. Bond Calls, if material and tender offers;
9. defeasances;
10. release, substitution, or sale of property securing repayment of the Bonds, 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;



14. appointment of a successor or additional trustee or the change of name of a trustee, if material;
15. incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect Bondholders, if material; and
16. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

(b) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event described in subsection (a) for which a disclosure obligation is dependent upon materiality, the Issuer shall as soon as possible determine if such event would be material under applicable federal Bonds 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 6.* 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 Bonds. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

*Section 7.* 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 8.* 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(a), 4 or 5(a), 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 Bonds, 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 Bonds, 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 Bondholders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Issuer shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(c), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

*Section 9. 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 information in any 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 Annual Report or 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 Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

*Section 10. Default.* In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any Bondholder or Beneficial Owner of the Bonds 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 Bonds, 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 11. 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 reasonable 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 11 shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

*Section 12. Beneficiaries.* This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriters and the Bondholders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Dated: \_\_\_\_\_, 2019

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

By: \_\_\_\_\_  
Chief Financial Officer

**EXHIBIT A**

**NOTICE TO OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: Township of Little Egg Harbor, in the County of Ocean, New Jersey

Name of Bond Issue: \$\_\_\_\_\_ General Obligation Bonds, Series 2019

Date of Issuance: \_\_\_\_\_, 2019

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by Section 3(a) of the Continuing Disclosure Certificate dated \_\_\_\_\_, 2019. The Issuer anticipates that the Annual Report will be filed by \_\_\_\_\_, 20\_\_.

Dated: \_\_\_\_\_, 20\_\_

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

By: \_\_\_\_\_  
Name:  
Title:

**APPENDIX D**  
**FORM OF CONTINUING DISCLOSURE CERTIFICATE FOR THE NOTES**

**FORM OF CONTINUING DISCLOSURE  
CERTIFICATE FOR THE NOTES**

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 \$7,214,000 Bond Anticipation Notes, Series 2019B (the "Notes"). The Notes are being issued pursuant to ordinances duly adopted by the Township Committee. 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 Bonds and Exchange Commission ("SEC") under the Bonds Exchange Act of 1934, as the same may be amended from time to time ("Exchange Act").

**SECTION 2. Definitions.** 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.

"Financial Obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term "Financial Obligation" shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

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

"MSRB" shall mean the Municipal Bonds 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 Bonds and Exchange Commission under the Exchange Act.

"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:

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;
14. appointment of a successor or additional trustee or the change of name of a trustee, if material;
15. incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect Noteholders, if material; and
16. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

(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 Bonds 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: \_\_\_\_\_, 2019

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

By: \_\_\_\_\_  
Chief Financial Officer

**APPENDIX E**  
**FORM OF BOND COUNSEL'S OPINION FOR THE BONDS**

*An opinion in substantially the following form will be delivered by Bond Counsel at Closing, assuming no material changes in facts or law.*

\_\_\_\_\_, 2019

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  
\$\_\_\_\_\_ General Obligation Bonds, Series 2019

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 "Township") of its \$\_\_\_\_\_ General Obligation Bonds, Series 2019 (the "Bonds"). The Bonds are general obligations of the Township and the full faith, credit and taxing power of the Township is available to pay the principal of and interest on the Bonds. The Bonds are dated the date of delivery, mature on August 15 in each of the years and bear interest at the rates payable on February 15, 2010 and semiannually thereafter on the fifteenth days of August and February in each year until maturity as set forth in the table below:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2020		
2021		
2022		
2023		
2024		
2025		
2026		
2027		
2028		

The Bonds are not subject to redemption prior to their stated maturities.

The Bonds will be initially issued in fully registered book-entry form only in the form of one certificate in the aggregate amount of the Bonds of each maturity, registered in the name of and held by Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), which will act as securities depository for the Bonds. DTC will be responsible for maintaining the book-entry system for recording the interests of its participants and transfers of such interests among such participants. Such participants shall be responsible for maintaining records regarding the beneficial ownership interests in the Bonds on behalf of 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 Bonds 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"), a resolution adopted by the Township Committee on July 11, 2019 (the "Resolution") and bond ordinances numbered 2011-15, 2013-14, 2016-05 and 2017-08 (the "Ordinances"). The Bonds are issued for the purpose of refinancing general improvements and purposes as set forth in the Ordinances and to pay a portion of the costs of issuing the Bonds.

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 Bonds, including (a) copies of the Resolution and 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 Bonds as we have deemed necessary. We have further assumed and relied upon the genuineness, accuracy and completeness of all of the documents and other instruments which we have examined. As to questions of fact material to our opinion, we have relied upon the proceedings and other certifications of public officials executed and furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion that:

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

2. Assuming the Township observes its covenants with respect to compliance with the Code, under laws, regulations, rulings and judicial decisions existing on the date of the original delivery of the Bonds, interest on the Bonds is excluded from gross income of the owners thereof for federal income tax purposes under Section 103 of the Code. In addition, interest on the Bonds is not treated as a preference item for purposes of the alternative minimum tax imposed by the Code on individuals.

Township Committee of the  
Township of Little Egg Harbor, in the  
County of Ocean, New Jersey  
\_\_\_\_\_, 2019

Page

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

4. The power and obligation of the Township to pay the Bonds is unlimited, and the Township shall be required to levy *ad valorem* taxes upon all taxable real property within the Township for the payment of the principal of and interest on the Bonds without limitation as to 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 respective 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 and 3 hereof, we express no opinion regarding other federal and state tax consequences arising with respect to the Bonds.

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 Bonds.

GLUCKWALRATH LLP

**APPENDIX F**  
**FORM OF BOND COUNSEL'S OPINION FOR THE NOTES**

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

\_\_\_\_\_, 2019

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  
\$7,214,000 Bond Anticipation Notes, Series 2019B

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 "Township") of its Bond Anticipation Notes, Series 2019B in the aggregate principal amount of \$7,214,000 (the "Notes"). The Notes are general obligations of the Township and the full faith, credit and taxing power of the Township are available to pay the principal of and the interest on the Notes. The Notes are dated their date of delivery, are issued in registered form, mature on April 15, 2020, are not subject to redemption prior to maturity and 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. The Notes 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 individual purchasers. Individual purchases may be made in the principal amount of \$5,000 or greater through book-entries made 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 Notes are issued pursuant to bond ordinances of the Township numbered 2014-10, 2018-12, 2018-13 and 2019-07 (collectively, the "Ordinances"). The Notes are issued for the purpose of providing funds to finance and 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 Township; the Ordinances have been duly authorized and adopted by the Township; and the Notes and the Ordinances are legal, valid and binding obligations of the Township enforceable in accordance with their respective terms.

2. Assuming the Township observes its covenants with respect to compliance with the Code, under laws, regulations, rulings and judicial decisions existing on the date of the original delivery of the Notes, interest on the Notes is excluded from gross income of the owners thereof for federal income tax purposes under Section 103 of the Code. In addition, interest on the Notes is not treated as a preference item for purposes of the alternative minimum tax imposed by the Code on individuals.

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.

Township Committee of the  
Township of Little Egg Harbor, in the  
County of Ocean, New Jersey  
\_\_\_\_\_, 2019

Page

4. The power and obligation of the Township to pay the Notes is unlimited, and the Township 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 and 3 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