

**PRELIMINARY OFFICIAL STATEMENT DATED MAY 13, 2014**

In the opinion of Parker McCay P.A., Mount Laurel, New Jersey, Bond Counsel, to the Township (as hereinafter defined), assuming continuing compliance by the Township with certain tax covenants described herein, under existing law, interest on the Bonds (as hereinafter defined) is not included for federal income tax purposes in the gross income of the owners thereof pursuant to Section 103 of the Internal Revenue Code of 1986, as amended ("Code"), and is not a specific item of tax preference under Section 57 of the Code for purposes of calculating the alternative minimum tax imposed on individuals and corporations pursuant to Section 55 of the Code. In the case of certain corporations that own the Bonds, the interest thereon is not excludable in computing the alternative minimum tax as a result of the inclusion of interest on the Bonds in "adjusted current earnings". In addition, interest on the Bonds may be subject to the branch profits tax imposed on certain foreign corporations and to the tax on "excess net passive income" imposed on S corporations. Interest on the Bonds and any gain from the sale thereof is not included in the gross income of the owners thereof under the New Jersey Gross Income Tax Act, as presently enacted and construed. See "TAX MATTERS" herein.

**TOWNSHIP OF LONG BEACH  
County of Ocean, New Jersey**

**\$3,992,000\* GENERAL OBLIGATION BONDS, SERIES 2014E  
(Bank Qualified) (Callable)**

**and**

**\$1,450,000\* GENERAL OBLIGATION REFUNDING BONDS, SERIES 2014F**

**Consisting of:**

**\$725,000\* General Improvement Bonds**

**\$725,000\* Utility Bonds**

**(Bank Qualified) (Non-Callable)**

**Dated: Date of Delivery**

**Due: March 1 – 2014E Bonds;  
December 1 - 2014F Bonds,  
as shown on the inside front cover**

The \$3,992,000\* General Obligation Bonds, Series 2014E ("2014E Bonds"), and the \$1,450,000\* General Obligation Refunding Bonds, Series 2014F ("2014F Bonds"; together with the 2014E Bonds, the "Bonds") of the Township of Long Beach, County of Ocean, New Jersey ("Township"), shall be issued in fully registered book-entry only form without coupons. The 2014F Bonds consist of: (i) \$725,000\* General Improvement Bonds; and (ii) \$725,000\* Utility Bonds. The principal of the 2014E Bonds shall be paid on March 1 in the amounts and in the years set forth on the inside front cover hereof, upon presentation and surrender of the Bonds at the offices of the Township and the principal of the 2014F Bonds shall be paid on December 1 in the amounts and in the years set forth on the inside front cover hereof, upon presentation and surrender of the Bonds at the offices of the Township. Interest on the 2014E Bonds is payable initially on March 1, 2015 and semiannually thereafter on March 1 and September 1 in each year until maturity or earlier redemption. The 2014E Bonds are subject to redemption prior to their stated maturity dates on the terms and conditions described therein. Interest on the 2014F Bonds is payable initially on December 1, 2014 and semiannually thereafter on June 1 and December 1 in each year until maturity. The 2014F Bonds are not subject to redemption prior to their stated maturity dates.

Upon initial issuance, the Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds. So long as Cede & Co. is the registered owner of the Bonds, payments of the principal of and interest on the Bonds will be made directly to DTC or its nominee, Cede & Co., which will remit such payments to the DTC Participants (as herein defined) which will, in turn, remit such payments to the Beneficial Owners (as herein defined) of the Bonds. Purchasers will not receive certificates representing their ownership interest in the Bonds purchased. For so long as any purchaser is a Beneficial Owner of a Bond, such purchaser must maintain an account with a broker or dealer who is, or acts through, a DTC participant to receive payment of the principal of and interest on such Bond. See "THE BONDS – Book-Entry Only System" herein.

The 2014E Bonds are authorized to be issued pursuant to: (i) the Local Bond Law, constituting Chapter 169 of the Laws of 1960 of the State of New Jersey, as amended and supplemented ("Local Bond Law"); (ii) certain bond ordinances of the Township, described herein, each duly and finally adopted by the Board of Commissioners and published in accordance with applicable law; (iii) a resolution adopted by the Board of Commissioners on May 9, 2014 ("Resolution"); and (iv) a Certificate of Determination and Award executed by the Chief Financial Officer of the Township on May \_\_, 2014.

The 2014E Bonds are being issued to provide funds which will be used to: (i) permanently finance the cost of various capital improvements by the repayment at maturity of the principal of certain bond anticipation notes heretofore issued by the Township; (ii) permanently finance the costs of various capital improvements for which obligations have been authorized, but not issued; and (iii) pay certain costs and expenses incidental to the issuance and delivery of the 2014E Bonds.

The 2014F Bonds are authorized to be issued pursuant to: (i) the Local Bond Law; (ii) a refunding bond ordinance, duly and finally adopted by the Board of Commissioners on April 25, 2014 and published in accordance with applicable law; (iii) the Resolution; and (iv) a Certificate of Determination and Award executed by the Chief Financial Officer of the Township on May \_\_, 2014.

The 2014F Bonds are being issued to provide funds which will be used to: (i) currently refund all of the Township's outstanding General Obligation Bonds, Series 2003; and (ii) pay certain costs and expenses incidental to the issuance and delivery of the 2014F Bonds.

The full faith and credit of the Township are irrevocably pledged for the payment of the principal of and interest on the Bonds. The Bonds are general obligations of the Township payable as to principal and interest from ad valorem taxes to be levied upon all taxable property in the Township without limitation as to rate or amount.

**This cover contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement, including the Appendices attached hereto, to obtain information essential to their making of an informed investment decision.**

The Bonds are offered when, as and if issued, subject to the prior approval of legality by the law firm of Parker McCay P.A., Mount Laurel, New Jersey, Bond Counsel, and certain other conditions described herein. Phoenix Advisors, LLC, Bordentown, New Jersey, has acted as Financial Advisor to the Township in connection with the issuance of the Bonds. Certain legal matters will be passed upon for the Township by its Solicitor, Richard J. Shackleton, Esq., of the law firm Shackleton & Hazeltine, Ship Bottom, New Jersey. It is anticipated that the Bonds in definitive form will be available for delivery through DTC in New York, New York on or about May 29, 2014.

**All bids for the Bonds must be submitted in their entirety via BiDCOMP/PARITY Competitive Bidding System ("PARITY") prior to 11:00 a.m., prevailing New Jersey time on May 20, 2014. All Bids for the Bonds must be in conformance with the Full Notice of Sale for the Bonds which can be viewed in electronic format, along with this Preliminary Official Statement, on the website located at [www.prospectushub.com](http://www.prospectushub.com).**

\* Preliminary, subject to change.

**\$3,992,000\* GENERAL OBLIGATION BONDS, SERIES 2014E**  
**MATURITY SCHEDULE, INTEREST RATES, YIELDS AND CUSIP\*\***

<u>Year</u>	<u>Principal</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP**</u>
2015	\$185,000	%	%	
2016	200,000			
2017	200,000			
2018	200,000			
2019	350,000			
2020	350,000			
2021	350,000			
2022	355,000			
2023	355,000			
2024	355,000			
2025	360,000			
2026	370,000			
2027	362,000			

**\$1,450,000\* GENERAL OBLIGATION REFUNDING BONDS, SERIES 2014F**  
**MATURITY SCHEDULE, INTEREST RATES, YIELDS AND CUSIP\*\***

<u>Year</u>	<u>General Improvement</u>	<u>Utility</u>	<u>Total</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP**</u>
2014	\$130,000	\$130,000	\$260,000	%	%	
2015	145,000	145,000	290,000			
2016	150,000	150,000	300,000			
2017	150,000	150,000	300,000			
2018	150,000	150,000	300,000			

\*\* CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein are provided by Standard & Poor'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 only at the time of issuance of the Refunding Bonds 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 Refunding Bonds 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 Refunding Bonds.

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\*Preliminary, subject to change.

**TOWNSHIP OF LONG BEACH  
COUNTY OF OCEAN, NEW JERSEY**

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**Board of Commissioners**

<b>Joseph H. Mancini</b>	<b>Mayor</b>
<b>Dr. Joseph P. Lattanzi</b>	<b>Commissioner</b>
<b>Ralph H. Bayard</b>	<b>Commissioner</b>

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**Elizabeth L. Jones  
Chief Financial Officer**

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**Lynda J. Wells  
Municipal Clerk, RMC**

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**Solicitor  
Richard J. Shackleton, Esq.  
Shackleton & Hazeltine  
Ship Bottom, New Jersey**

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**Auditor  
Suplee, Clooney & Company  
Westfield, New Jersey**

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**Bond Counsel  
Parker McCay P.A.  
Mount Laurel, New Jersey**

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**Financial Advisor  
Phoenix Advisors, LLC  
Bordentown, New Jersey**

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No dealer, broker, salesperson or other person has been authorized by the Township or the Underwriters (as hereinafter defined) to give any information or to make any representations with respect to the Bonds other than those contained in this Official Statement 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 derived from the Township and other sources deemed reliable; however, no representation or warranty is made as to its accuracy or completeness and it is not to be construed as a representation by the Underwriters, or as to information from sources other than itself, by the Township. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Township since the date hereof.

References in this Official Statement to laws, rules, regulations, resolutions, agreements, reports and other documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by references to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein, and copies of which may be obtained from the Township during normal business hours.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds in any jurisdiction in which it is unlawful for any person to make such an offer, solicitation or sale.

Upon issuance, the Bonds will not be registered under the Securities Act of 1933 as amended, will not be listed on any stock or other securities exchange and neither the Securities and Exchange Commission or any other federal, state, municipal or other governmental entity, other than the Township, will have passed upon the accuracy or adequacy of the Official Statement.

**IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME WITHOUT PRIOR NOTICE.**

The order and placement of materials in this Official Statement, including the Appendices, are not to be deemed to be a determination of relevance, materiality or importance, and this Official Statement, including the Appendices, must be considered in its entirety.

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**OFFICIAL STATEMENT  
Relating to**

**TOWNSHIP OF LONG BEACH  
County of Ocean, New Jersey**

**\$3,992,000\* GENERAL OBLIGATION BONDS, SERIES 2014E  
(Bank Qualified) (Callable)**

**and**

**\$1,450,000\* GENERAL OBLIGATION REFUNDING BONDS, SERIES 2014F**

**Consisting of:**

**\$725,000\* General Improvement Bonds**

**\$725,000\* Utility Bonds**

**(Bank Qualified) (Non-Callable)**

**INTRODUCTION**

The purpose of this Official Statement, including the cover page and the inside front cover page hereof and the Appendices attached hereto, is to provide certain information relating to the \$3,992,000\* General Obligation Bonds, Series 2014E ("2014E Bonds") and \$1,450,000\* General Obligation Refunding Bonds, Series 2014F ("2014F Bonds"; together with the 2014E Bonds, the "Bonds") to be issued by the Township of Long Beach, County of Ocean, New Jersey ("Township"). The 2014F Bonds consist of: (i) \$725,000\* General Improvement Bonds; and (ii) \$725,000\* Utility Bonds.

The information contained herein relating to the Township was furnished by the Township unless otherwise indicated.

**PURPOSE OF THE BOND ISSUE**

**2014E Bonds**

The 2014E Bonds are being issued to provide funds which will be used to: (i) permanently finance the cost of various capital improvements by the repayment at maturity of the principal of certain bond anticipation notes heretofore issued by the Township; (ii) permanently finance the costs of various capital improvements for which obligations have been authorized, but not issued; and (iii) pay certain costs and expenses incidental to the issuance and delivery of the 2014E Bonds.

The improvements to be permanently financed from the proceeds of the 2014E Bonds include the following ("Improvements"):

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\*Preliminary, subject to change.

<b>Ordinance Number</b>	<b>Purpose</b>	<b>Amount Authorized</b>	<b>Notes Outstanding</b>	<b>Bonds To Be Issued</b>
05-26	Beach Replenishment/Maintenance/Protection	\$475,000	\$213,300	\$213,450
07-04	Renovations and Improvements to the Municipal Complex	285,000	189,600	189,600
07-07	Engineering and Drainage Project for Ocean Boulevard	142,500	60,250	60,250
07-29	Bulkhead Repairs	237,500	143,750	143,750
07-30	Improvements to Coughlin Ave. and Baltic Ave.	237,500	84,750	84,750
07-34	Acquisition of Telephone System for Municipal Building	59,800	27,500	27,500
08-03	Acquisition of a Front-End Loader	171,000	87,000	87,000
08-11	Resurfacing of North Ohio Avenue	114,000	55,700	55,700
08-12	2008 Road Improvement Program	190,000	92,900	92,900
08-13	Acquisition of a Bulldozer	114,000	59,650	59,650
08-15	Various Drainage Improvements	47,500	24,600	24,600
08-16	Completion of Various Recreation Improvements	95,000	49,650	49,650
08-18	Acquisition of Generators	190,000	92,900	92,900
09-18	Completion of Various Drainage Improvements	71,200	44,000	44,000
09-19	Acquisition of Bulldozer	114,000	78,000	78,000
09-20	Acquisition of Beach Tractor	85,500	51,300	51,300
09-21	Various Improvements to Public Works Facility	47,500	36,600	36,600
10-16	Resurfacing of Various Township Roads	380,000	351,000	351,000
11-26	Various Road Improvements	285,000	265,000	265,000
11-27	Repair and/or Replacement of Bulkheads	190,000	138,900	138,900
11-32	Beach Replenishment/Maintenance/Protection	950,000	950,000	950,000
12-28	Acquisition of Various Capital Equipment	636,500	530,000	530,000
13-15	Acquisition of Equipment/Lightening Project	128,200	0	128,200
13-16	Acquisition of Equipment for the Public Works Department	128,200	0	128,200
13-17	Acquisition of a Beach Truck	42,600	0	42,600
13-18	Acquisition of Pick-up Trucks	66,500	0	66,500
<b>Total</b>		<b>\$5,484,00</b>	<b>\$3,626,350</b>	<b>\$3,992,000</b>

## **2014F Bonds**

The 2014F Bonds are being issued to provide funds which will be used to: (i) currently refund all of the Township's outstanding General Obligation Bonds, Series 2003 (the "Refunded Bonds"); and (ii) pay certain costs and expenses incidental to the issuance and delivery of the 2014F Bonds.

Pursuant to an Escrow Deposit Agreement ("Escrow Agreement"), dated the date of issuance of the Bonds, between the Township and TD Bank, National Association, Cherry Hill, New Jersey ("Escrow Agent"), the Township will irrevocably deposit cash or direct noncallable obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America ("Government Obligations") with the Escrow Agent, which Government Obligations will bear interest at such rates and will mature at such times and in such amounts so that, when paid in accordance with their terms, sufficient moneys will be available to make full and timely payments of the redemption price and interest due on the Refunded Bonds on the redemption date of June 30, 2014.

## **AUTHORIZATION FOR THE BONDS**

### **2014E Bonds**

The 2014E Bonds are authorized to be issued pursuant to: (i) the Local Bond Law, constituting Chapter 169 of the Laws of 1960 of the State of New Jersey, as amended and supplemented ("Local Bond Law"); (ii) various bond ordinances, each duly and finally adopted by the Board of Commissioners and published in accordance with applicable law (collectively, the "Bond Ordinances"); (iii) a resolution adopted by Board of Commissioners on May 9, 2014 ("Resolution"); and (iv) a Certificate of Determination and Award executed by the Chief Financial Officer of the Township on May \_\_, 2014.

### **2014F Bonds**

The 2014F Bonds are authorized to be issued pursuant to: (i) the Local Bond Law; (ii) a refunding bond ordinance, duly and finally adopted by the Board of Commissioners on April 25, 2014, and published in accordance with applicable law ("Refunding Bond Ordinance"); (iii) the Resolution; and (iv) a Certificate of Determination and Award executed by the Chief Financial Officer of the Township on May \_\_, 2014.

*[Remainder of Page Intentionally Left Blank.]*



## ESTIMATED SOURCES AND USES OF FUNDS

The following table sets forth the estimated sources and uses of funds with respect to the Bonds.

	<u>2014E Bonds</u>	<u>2014F Bonds</u>
<b>Sources of Funds:</b>		
Par Amount of Bonds		
Twp Contribution of June 1 Interest Payment		
Total Sources of Funds		
<b>Uses of Funds:</b>		
Costs of Issuance <sup>1</sup>	2	
Additional Proceeds		
Project Fund		
Deposit to Escrow Fund		
Total Uses of Funds		

(1) Includes, legal fees, financial advisory fees, accounting fees, underwriter's discount, escrow agent fees, printing costs, rating agency's fees, verification agent fees and miscellaneous expenses incurred in connection with the issuance of the Bonds.

(2) The costs of issuance with respect to the 2014E Bonds will be paid subsequent to closing out of those proceeds.

## THE BONDS

### General Description

#### 2014E Bonds

The 2014E Bonds will be issued in the aggregate principal amount of \$3,992,000\*, will be dated their date of issuance and bear interest from that date at the rates set forth on the inside front cover page hereof. Interest on the 2014E Bonds will be payable initially on March 1, 2015 and semiannually thereafter on March 1 and September 1 ("Series 2014E Interest Payment Dates") in each year until maturity or earlier redemption. The 2014E Bonds will mature on March 1 in the years and in the principal amounts, all as shown on the inside front cover of this Official Statement.

The 2014E Bonds will be issued in fully registered book-entry only form without coupons in the principal denomination of \$5,000 or integral multiples thereof, and in integral multiples of \$1,000 above the minimum of \$5,000 where required. The principal of the 2014E Bonds will be payable to the registered owners thereof at maturity or earlier redemption upon presentation and surrender of the 2014E Bonds at the offices of the Township. Interest on each 2014E Bond shall be payable on each Series 2014E Interest Payment Date of such 2014E Bond to the registered owner of record thereof appearing on the registration books kept by the Township for such purpose at the Township Offices, as of the close of business on the fifteenth (15<sup>th</sup>) day of the calendar month next preceding a Series 2014E Interest Payment Date ("Record Date").

\* Preliminary, subject to change.

## 2014F Bonds

The 2014F Bonds will be issued in the aggregate principal amount of \$1,450,000\*, will be dated their date of issuance and bear interest from that date at the rates set forth on the inside front cover page hereof. Interest on the 2014F Bonds will be payable initially on December 1, 2014 and semiannually thereafter on June 1 and December 1 ("Series 2014F Interest Payment Dates") in each year until maturity. The 2014F Bonds will mature on December 1 in the years and in the principal amounts, all as shown on the inside front cover of this Official Statement.

The 2014F Bonds will be issued in fully registered book-entry only form without coupons in the principal denominations of \$5,000 or any integral multiple thereof. The principal of the 2014F Bonds will be payable to the registered owners thereof at maturity, upon presentation and surrender of the 2014F Bonds at the offices of the Township. Interest on each 2014F Bond shall be payable on each Series 2014F Interest Payment Date of such 2014F Bond to the registered owner of record thereof appearing on the registration books kept by the Township for such purpose at the Township offices, as of the close of business on the fifteenth (15<sup>th</sup>) day of the calendar month next preceding a Series 2014F Interest Payment Date ("Record Date").

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\*Preliminary, subject to change.

## **Redemption Provisions**

### 2014E Bonds

The 2014E Bonds maturing on and after March 1, 2023 are subject to redemption prior to their stated maturity dates at the option of the Township, upon notice as set forth below, as a whole or in part (and, if in part, such maturities as the Township shall determine and within any such maturity by lot) on any date on or after March 1, 2022, at a redemption price equal to 100% of the principal amount of 2014E Bonds to be redeemed, plus accrued interest to the redemption date.

Notice of redemption shall be given by mailing first class mail in a sealed envelope with postage pre-paid not less than thirty (30) days nor more than sixty (60) days prior to the redemption date to the owner of every 2014E Bond of which all or a portion is to be redeemed at his or her last address, if any, appearing on the registration books of the Township. So long as the 2014E Bonds are issued in book-entry-only form, all notices of redemption will be sent only to the Depository Trust Company ("DTC"), the securities depository for the 2014E Bonds or any successor, and will not be sent to the beneficial owners of the 2014E Bonds. Failure of an owner of the 2014E Bonds to receive such notice or of DTC to advise any participant or any failure of a participant to notify any beneficial owner of the 2014E Bonds shall not affect the validity of any proceedings for the redemption of 2014E Bonds. Such notice shall specify: (i) the Series End maturity of the 2014E Bonds to be redeemed; (ii) the redemption date and the place or places where amounts that are due and payable upon such redemption will be payable; (iii) if less than all of the 2014E Bonds are to be redeemed, the letters and numbers or other distinguishing marks of the 2014E Bonds to be redeemed; (iv) in the case of a 2014E Bond to be redeemed in part only, the portion of the principal amount thereof to be redeemed; (v) that on the redemption date there shall become due and payable with respect to each Bond or portion thereof to be redeemed the

redemption price; and (vi) that from and after the redemption date interest on such 2014E Bond or portion thereof to be redeemed shall cease to accrue and be payable.

### 2014F Bonds

The 2014F Bonds are not subject to redemption prior to their stated maturity.

So long as The Depository Trust Company, New York, New York ("DTC"), or its nominee, Cede & Co., is the registered owner of the Bonds, payments of the principal of and interest on the Bonds will be made directly to Cede & Co., as nominee for DTC. Disbursements of such payments to the DTC Participants ("DTC Participants") is the responsibility of DTC and disbursements of such payments to the Beneficial Owners (as herein defined) of the Bonds is the responsibility of the DTC Participants and not the Township. See "THE BONDS--Book-Entry Only System" herein.

### **Book-Entry Only System<sup>†</sup>**

The description which follows of the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal and interest, and other payments on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interests in the Bonds 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.

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds 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 for each maturity of the Bonds, each in the aggregate principal amount of such issue, 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

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<sup>†</sup> Source: The Depository Trust Company

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).

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

To facilitate subsequent transfers, all Bonds 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 Bonds 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; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds 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 shall be sent to DTC. If less than all of the Bonds 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 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 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 are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds and distributions on the Bonds 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 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, Paying Agent, or the Township, 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 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 at any time by giving reasonable notice to the Township or Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond 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 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 neither the Township nor the Underwriter take any responsibility for the accuracy thereof.

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

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

#### **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, the following provisions would apply: (i) the Bonds may be exchanged for an equal aggregate principal amount of Bonds in other authorized denominations, of the same maturity, upon surrender thereof at the principal corporate trust office of the Township; (ii) the transfer of any Bonds may be registered on the books maintained by the Township for such purpose only upon the surrender thereof to the Township together with the duly executed assignment in form satisfactory to the Township and (iii) for every exchange or registration of transfer of Bonds, the Township 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. Interest on the Bonds 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 Date, whether or not a business day.

## **SECURITY AND SOURCES OF PAYMENT FOR THE BONDS**

### **Taxing Power**

The Bonds are general obligations of the Township and the full faith, credit and taxing power of the Township are irrevocably pledged for the payment of the principal of and interest on the Bonds.

The Bonds are legal, valid and binding general obligations of the Township payable, as to principal and interest, from ad valorem taxes to be levied upon all taxable real property located within the Township without limitation as to rate or amount, except to the extent that enforcement of such payment may be limited by bankruptcy, insolvency or other similar laws or equitable principles affecting the enforcement of creditors' rights generally ("Creditors' Rights Limitations"). See "CERTAIN PROVISIONS OF THE LAWS OF THE STATE OF NEW JERSEY AND THE UNITED STATES RELATING TO GENERAL OBLIGATION DEBT-local bond law" herein.

The Township may pledge only its own credit and taxing power in respect of the Bonds, and has no power to pledge the credit or taxing power of the State of New Jersey ("State") or any other political subdivision thereof, nor shall the Bonds be deemed to be obligations of said State or any other political subdivision thereof, nor shall said State or any other political subdivision thereof be liable for the payment of principal of, redemption price for, or interest on the Bonds.

## **CERTAIN PROVISIONS OF THE LAWS OF THE STATE OF NEW JERSEY AND THE UNITED STATES RELATING TO GENERAL OBLIGATION DEBT**

### **Local Bond Law**

**General** - The Local Bond Law governs the issuance of bonds and notes by counties and municipalities for the financing of capital improvements. Among its provisions are the following: (i) the power and obligation to pay any and all bonds and notes issued pursuant to the Local Bond Law shall be unlimited; (ii) the county or municipality shall levy ad valorem taxes upon all taxable property therein for the payment of the principal of and interest on such bonds and notes without limitation as to rate or amount; (iii) generally, a down payment that is not less than five percent (5%) of the amount of debt obligations authorized must be appropriated in addition to the amount of debt obligations authorized; (iv) all non-special-assessment bonds shall mature within the period of usefulness or average period of usefulness of the improvements being financed; and (v) after issuance, all bonds and notes shall be conclusively presumed to be fully authorized and issued by all of the laws of the State, and all persons shall be estopped from questioning their sale, execution or delivery.

**Debt Limits** - The authorized bonded indebtedness of the Township is limited by statute, subject to the exceptions noted below, to an amount equal to three and one-half percent (3.5%) of its equalized valuation basis. The equalized valuation basis of the Township is set by statute as the average for the last three years of the equalized value of all taxable real property and

improvements as annually determined by the New Jersey State Board of Taxation. Certain categories of debt are permitted by statute to be deducted for purposes of computing the statutory debt limit.

Bonds, notes and long-term loans are included in the computation of debt for the statutory debt limit. The Township, including the issuance of the Bonds, will not exceed its three and one-half percent (3.5%) debt limit.

**Exceptions to Debt Limits – Extensions of Credit** - The Township may exceed its debt limit with the approval of the Local Finance Board, a State regulatory agency, and as permitted by other statutory exceptions. If all or any part of a proposed debt authorization would exceed its debt limit, the Township may apply to the Local Finance Board for an extension of credit. If the Local Finance Board determines that a proposed debt authorization would not materially impair the credit of the Township or substantially reduce the ability of the Township to meet its obligations or to provide essential public improvements and services, or make certain other statutory determinations, approval may be granted.

In addition, debt in excess of the statutory limit may be issued by the Township to fund certain notes, to provide for purposes in an amount not exceeding two-thirds (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** – When approved by bond ordinance, the Township may issue bond anticipation notes to temporarily finance capital improvements. Such notes may not be issued in an aggregate amount exceeding that specified by the ordinance. The notes may not be issued for periods of more than one year, renewable with the final maturity occurring no later than the first day of the fifth month following the close of the tenth fiscal year next following the date of the original note. After the third year, the amount of the notes that may be renewed annually must be decreased by the minimum amount required for the first year's principal payment for the bond issue in anticipation of which the notes are issued.

**Bonds** – Bonds may be issued pursuant to the Local Bond Law for the purpose of paying, funding outstanding bonds, including emergency appropriations, the actuarial liabilities of a non-state administered public employee pension system and amounts owing to others for taxes levied in the local unit, or any renewals or extensions thereof, and for paying the cost of issuance of bonds.

### **Local Fiscal Affairs Law**

The Local Fiscal Affairs Law, Chapter 5 of Title 40A of the New Jersey State Statutes, as amended and supplemented ("Local Fiscal Affairs Law"), governs audits, auditors, public moneys and financial statements of local governmental units, including the Township.

Each municipality is required to cause an annual audit of its books, accounts and financial transactions to be made and completed within six months after the close of its fiscal year by either a Registered Municipal Accountant or, by agreement with the Director ("Director") of the Division of Local Government Services ("Division") in the Department of Community Affairs, by qualified employees of the Division.

An independent examination of the Township's books, accounts and financial transactions must be performed annually by a Registered Municipal Accountant who is licensed by the State Board of Public Accountants. The audit, conforming to the Division's "Requirements of Audit", includes recommendations for improvement of the municipality's financial procedures and must be filed with the report, together with all recommendations made. A Summary of Audit, together with recommendations, must be published in a local newspaper within 30 days of its submission. The entire annual audit report for the fiscal year ended December 31, 2012 is on file with the Township Clerk and is available for review during business hours.

The Local Fiscal Affairs Law also requires that the chief financial officer of the municipality file annually with the Director a verified statement of the financial condition of the municipality as of the close of the fiscal year to be made not later than February 10 for December 31 fiscal year end municipalities and August 10 for June 30 fiscal year end municipalities. The Annual Unaudited Financial Statement for the fiscal year ended December 31, 2013 is on file, or will be on file by February 10, 2014, with the Township Clerk and is available for review during business hours.

### **Local Budget Law**

The Local Budget Law, Chapter 4 of Title 40A of the State states, as amended and supplemented ("Local Budget Law"), governs the budgeting and appropriation of funds by local governmental units.

The Local Budget Law requires local governmental units to adopt a "cash basis" budget in such form that there will be sufficient cash collected to meet all debt service requirements, necessary operations of the local governmental units for the fiscal year and any mandatory payments required to be met during the fiscal year.

No budget shall be adopted unless the Director shall have previously certified their approval thereof.

Each local governmental unit must include in its budget an appropriation for the payment of debt service. The Director is required to examine such appropriation to determine whether it is properly set forth, in addition to determining whether all estimates of revenue contained in the budget are reasonable, accurate and correctly stated.

A statute passed in 1976, as amended (N.J.S.A. 40A:4-45.1 et seq.), commonly known as the "Cap Law", imposed limitations on increases in municipal appropriations subject to various exceptions. On August 20, 1990, the Governor signed into law P.L. 1990, c. 89, which revised and made permanent the "Cap Law". Since its inception, the "Cap Law" has been amended and modified several times, most recently on February 15, 2013. While the revised "Cap Law" is more restrictive on the ability of a municipality to increase its overall appropriations, it does not limit the obligation of the Township to levy ad valorem taxes upon all taxable real property within the Township to pay debt service on the Bonds. The Cap Law provides that a municipality shall limit any increase of its budget to 2.5% or the index rate, whichever is less, over the previous year's final appropriations subject to certain exceptions. The "index rate" is the



rate of annual percentage increase in the Implicit Price Deflator for State and Local Government Purchases of Goods and Services computed by the United States, Department of Commerce. Among the exceptions to the limitations imposed by the Cap Law are capital expenditures; debt service; 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.

Additionally, legislation constituting P.L. 2013, c. 44, was adopted on July 13, 2010, which, among other things, imposes a two percent (2%) cap on the tax levy that municipalities, counties, fire districts and solid waste collection districts may impose, with very limited exceptions and subject to certain adjustments.

Exclusions from the two percent (2%) tax levy cap include: (i) increases required to be raised by taxation for capital expenditures, including debt service as defined by law; (ii) increases in pension contributions and accrued liability for pension contributions in excess of 2.0%; (iii) increases in health care costs equal to that portion of the actual increase in total health care costs for the budget year that is in excess of 2.0% of the total health care costs in the prior year, but is not in excess of the product of the total health care costs in the prior year and the average percentage increase of the State Health Benefits Program, P.L.1961, c.49 (C.52:14-17.25 et seq.), as annually determined by the Division of Pensions and Benefits in the Department of the Treasury; and (iv) and extraordinary costs incurred by a local unit directly related to a declared emergency, as defined by regulation promulgated by the Commissioner of the Department of Community Affairs, in consultation with the Commissioner of Education, as appropriate. The amendments to the tax levy sections of the "Cap Law" (specifically, N.J.S.A. 40A:4-45-46) in 2013 no longer permit Municipalities, counties, fire districts and solid waste collection districts to request approval from the Local Finance Board for a waiver to increase the amount to be raised by taxation in excess of the two percent (2%) cap. However, counties, municipalities, fire districts and solid waste collection districts may request, through a public question submitted to the voters, an increase in the amount to be raised by taxes above the two percent (2%) tax levy cap. Such approval must be achieved by an affirmative vote in excess of fifty percent (50%) of those voting on such public question.

Neither the tax levy limitation nor the "Cap Law" limits the obligation of the Township to levy ad valorem taxes upon all taxable real property within the Township to pay debt service on its bonds or notes, including the Bonds.

### **Miscellaneous Revenues**

N.J.S.A. 40A:4-26 provides that: "No miscellaneous revenues from any source shall 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 shall determine upon application by the governing body that the facts clearly warrant the expectation that such excess amount will actually be realized in cash during the fiscal year and shall certify such determination, in writing, to the local unit." Such determination may be made by the governing body and the Chief Financial Officer in any year during which the municipality is subject to local examination.

No budget or amendment shall be adopted unless the Director has previously certified the approval of such anticipated revenues.

## **Real Estate Taxes**

**Receipts from Delinquent Taxes** - Revenues are permitted by N.J.S.A. 40A:4-29 to be anticipated in the annual budget for collection of delinquent taxes of prior years. The maximum amount permitted to be anticipated is determined by applying the collection rate of the prior year's delinquent taxes to the total amount of delinquent taxes outstanding at the beginning of the current year.

**Current Year Tax Levy and Reserve for Uncollected Taxes** - The current year's taxes to be levied are determined by adding the sums of the cash required from taxes to support the municipal, school, county and special district budgets, if any, together with the amount of an appropriation required to be included in the annual municipal budget entitled "Reserve for Uncollected Taxes", less the total of anticipated revenues. The inclusion of the "Reserve for Uncollected Taxes" appropriation in the current year's budget protects the municipality from taxes currently unpaid. The "Reserve for Uncollected Taxes" is required to be, at a minimum, an amount sufficient to provide for the same percentage of uncollected taxes in the current year as was experienced in the immediately preceding year or the average of the previous three years in accordance with P.L. 2000, c. 126.

## **Deferral of Current Expenses**

Emergency appropriations (i.e., those made after the adoption of the budget and determination of the tax rate for an unforeseen event or purpose) may be authorized by the governing body of the local governmental units. With minor exceptions, however, such appropriations must be included in full in the following year's budget. When such appropriations exceed three percent (3%) of the adopted operating budget, consent of the Director of Local Government Services must be obtained.

The exceptions are certain enumerated projects to cover the cost of the extraordinary expense for the repair, or reconstruction of streets, roads or bridges, or other public property damaged by snow, ice, frost or flood, where such expense was not foreseen at the time of the adoption of the budget, which may be amortized over three years; and tax map preparations, revision of ordinances, revaluations, master plan preparation, studies and planning necessary for the installation and construction of a sanitary sewer system, which may be amortized over five years.

## **Budget Transfers**

Budget transfers provide a degree of flexibility and afford a control mechanism. Transfers between major appropriation accounts are prohibited until the last two months of the year and, although subaccounts within an appropriation are not subject to the same year-end transfer restriction, they are subject to internal review and approval.

## **Capital Budget**

In accordance with the Local Budget Law, each local unit shall prepare and adopt a capital budget, in conjunction with its annual operating budget, for any year in which it proposes to undertake a capital project. Every local unit which adopts a capital budget must also adopt a three (3) year capital program unless the local unit's population exceeds 10,000 where a six (6) year capital program is required.

## **Operation of Utility**

The Township's public water/sewer utility is supported, in addition to the general taxing power upon real property, by the revenues generated by the operation of the utility. A separate budget is established for the utility. The anticipated revenues and appropriations for the utility are set forth in such separate budget, which is required to be balanced and to fully provide for debt service. The regulations regarding anticipation of revenue and deferral of charges apply equally to the budget of the utility. 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.

## **Related Constitutional and Statutory Provisions**

In the general election of January 2, 1976, as amended by the general election of January 6, 1984, the following Article 8, Section 1, Paragraph 7, with respect to a state income tax, was added to the State Constitution:

No tax shall be levied on personal incomes of individuals, estates and trusts of this State unless the entire net receipts therefrom shall be received into the treasury, placed in a perpetual fund and be annually appropriated, pursuant to formulas established from time to time by the Legislature, to the several counties, municipalities and school districts of this State exclusively for the purpose of reducing or offsetting property taxes. In no event, however, shall a tax so levied on personal income be levied on payments received under the Federal Social Security Act, the Federal Railroad Retirement Act, or any federal law which substantially reenacts the provisions of either of those laws.

A progressive state income tax is currently in effect in the State.

The State Constitution may only be amended after: (i) approval of a proposed amendment by three-fifths (3/5) of all of the members of each house of the State Legislature and approval by a majority vote in a statewide referendum; or (ii) approval in two successive legislative years by a majority of all of the members of each house and approval by a majority vote in a statewide referendum. Amendments failing to receive voter approval may not be resubmitted for voter approval before the third succeeding general election after such disaffirmance.

## **Rights and Remedies of Owners of Bonds**

The State Municipal Finance Commission Act, Chapter 27 of Title 52 of the State Statutes, as amended and supplemented ("Act"), provides that when it has been established, by court proceedings, that a municipality has defaulted for over sixty days in the payment of the principal of or interest on any of its outstanding bonds or notes, the Local Finance Board of the State Department of Community Affairs (which, pursuant to the Act, is constituted the Municipal Finance Commission and shall hereinafter be referred to as the "Commission") shall take control of the fiscal affairs of the defaulting municipality.

The Act provides that the Commission shall remain in control of the municipality until all bonds or notes of the municipality that have fallen due and all bonds or notes that will fall due within one year, and the interest thereon, have been paid, funded or refunded, or the payment thereof in cash shall have been adequately provided for by a cash reserve.

The Act empowers the Commission to direct the municipality to provide for the funding or refunding of notes or bonds of the municipality and the interest thereon, which the Commission shall have found to be outstanding and unpaid and to be due or become due. The Act further authorizes the Commission to bring and maintain an appropriate proceeding for the assessment, levy or collection of taxes by the municipality for the payment of principal or of interest on such indebtedness.

Under Article 6 of the Act, while the Commission functions in the municipality, no judgment, levy, or execution against the municipality or its property for the recovery of the amount due on any bonds, notes or other obligations of the municipality in the payment of which it has defaulted, shall be enforced unless otherwise directed by Court Order. However, Article 6 of the Act also provides that upon application of any creditor made upon notice to the municipality and the Commission, a court may vacate, modify or restrict any such statutory stay contained therein.

## **Limitation of Remedies Under Federal Bankruptcy Code**

The rights and remedies of the registered owners of the Bonds are subject to the provisions of Chapter 9 of the Federal Bankruptcy Code of the United States ("Bankruptcy Code"). In general, Chapter 9 permits, under prescribed circumstances, but only after an authorization by the applicable state legislature or by a governmental officer or organization empowered by state law to give such authorization, a political subdivision of a state to file a petition for relief in a bankruptcy court of the United States if it is insolvent or unable to meet its debts as they mature and desires to effect a plan to adjust its debts.

The State has authorized the political subdivisions thereof to file such petitions for relief under the Bankruptcy Code pursuant to and subject to Article 8 of the Act. The Act provides that such petitions may not be filed without the prior approval of the Commission and that no plan of readjustment of the municipality's debts may be filed or accepted by the petitioner without express authority from the Commission to do so.

**THE ABOVE REFERENCES TO THE BANKRUPTCY CODE ARE NOT TO BE CONSTRUED AS AN INDICATION THAT THE TOWNSHIP EXPECTS TO RESORT TO THE PROVISIONS OF SUCH BANKRUPTCY CODE OR THAT, IF IT DID, SUCH ACTION WOULD BE APPROVED BY THE COMMISSION, OR THAT ANY PROPOSED PLAN WOULD INCLUDE A DILUTION OF THE SOURCE OF PAYMENT OF AND SECURITY OF THE BONDS.**

**THE SUMMARIES OF AND REFERENCES TO THE STATE CONSTITUTION AND OTHER STATUTORY PROVISIONS ABOVE ARE NOT AND SHOULD NOT BE CONSTRUED AS 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.**

## **TAXATION**

### **Procedure for Assessment and Collection of Taxes**

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income where appropriate. Current assessments are the results of maintaining new assessments on a like basis with established comparable properties for newly assessed or purchased properties resulting in an increase of the assessment ratio to its present level of 92.66%. This method assures equitable treatment to like property owners. Because of the escalation of property resale values, annual adjustments could not keep pace with rising values. The last complete revaluation of property within the Township was in 2004, effective for the 2005 tax year.

Upon the filing of certified adopted budgets by the Township and the County of Ocean ("County"), the tax rate is struck by the County Board of Taxation based on the certified amounts in each of the taxing districts for collection to fund the budgets. The statutory provision for the assessment of property, levying of taxes and the collection thereof are set forth in N.J.S.A. 54:4-1 et seq. Special taxing districts are permitted in the State for various special services rendered to the properties located within the special district.

Tax bills are due quarterly on February 1, May 1, August 1 and November 1. Installments not paid on or before the due date are subject to interest penalties of 8% per annum on the first \$1,500.00 of the delinquency and 18% per annum on any amounts in excess of \$1,500.00. These interest penalties are the maximum permitted under New Jersey Statutes. Additionally, a 6% penalty is charged on any delinquencies in excess of \$10,000.00 if not paid by the end of each year. Delinquent taxes open for one year or more are annually included in a tax sale in accordance with New Jersey Statutes. Tax liens retained by the Township are periodically assigned to the Township Solicitor for "in rem foreclosures" in order to acquire title to these properties.

### **Tax Appeals**

The State Statutes provide a taxpayer with remedial procedures for appealing an assessment deemed excessive. The taxpayer has a right to petition the New Jersey Board of

Taxation ("Tax Board") on or before the first day of April of the current tax year for review. The Tax Board has the authority, after a hearing, to decrease, increase 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 Tax Board, appeal may be made to the State Tax Court. State Tax Court appeals tend to take several years prior to settlement and any losses in tax collection from prior years are charged directly to operations.

## **INFORMATION REGARDING THE TOWNSHIP OF LONG BEACH**

### **General**

General information concerning the Township, including economic, financial, demographic and other relevant data, is set forth in Appendix "A" to this Official Statement.

### **Financial**

Appendix "B" to this Official Statement contains compiled financial statements of the Township for the fiscal year ended December 31, 2013 and excerpts from the audit for year ended December 31, 2012. A copy of the complete Reports of Audit, prepared by William E. Antonides and Company, Wall, New Jersey, may be obtained upon request of the office of the Township Clerk.

## **LITIGATION**

Upon delivery of the Bonds, the Township shall furnish an opinion of its Solicitor, Richard J. Shackleton, Esq., of the Law Firm of Shackleton & Hazeltine, Ship Bottom, New Jersey, dated the date of delivery of the Bonds, to the effect that there is no litigation of any nature pending, to restrain or enjoin the issuance, sale, execution or delivery of the Bonds, or in any way contesting or affecting the validity of the Bonds 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. In addition, such opinion, while subject to exceptions stated therein, shall state that, to the Solicitor's knowledge and information, there is no litigation of any nature now pending by or against the Township wherein an adverse judgment or ruling could have a material and adverse impact on the financial condition of the Township or adversely affect the power to levy, collect and enforce the collection of taxes and other revenues for the payment of the Bonds. In so doing, legal opinions of the Township Solicitor or a former Township Solicitor may be relied upon.

## **TAX MATTERS**

### **Federal**

In the opinion of Parker McCay P.A., Mount Laurel, New Jersey, Bond Counsel to the Township, assuming continuing compliance by the Township with the tax covenants described below, under existing law, interest on the Bonds is not included for federal income tax purposes in the gross income of the owners thereof pursuant to Section 103 of the Internal Revenue Code of 1986, as amended ("Code"), and is not a specific item of tax preference under Section 57 of

the Code for purposes of calculating the alternative minimum tax imposed on individuals and corporations pursuant to Section 55 of the Code.

The adjustment for "adjusted current earnings" set forth in Section 56(g) of the Code is required in determining a corporation's alternative minimum taxable income. Alternative minimum taxable income is increased by seventy-five percent (75%) of the excess, if any, of the "adjusted current earnings" of a corporation over the alternative minimum taxable income (determined without regard to this adjustment or the alternative tax net operating loss deduction).

Interest on the Bonds is included in computing a corporation's "adjusted current earnings." Accordingly, a portion of the interest on the Bonds is included in computing such corporation's alternative minimum taxable income for such year.

Section 884 of the Code imposes on certain foreign corporations a branch profits tax equal to thirty percent (30%) of the "dividend equivalent amount" for the taxable year. Interest on the Bonds received or accrued by a foreign corporation subject to the branch profits tax may be included in computing the "dividend equivalent amount" of such corporation.

In addition, passive investment income, including interest on the Bonds, may be subject to federal income taxation under Section 1375 of the Code for any S corporation that has Subchapter C earnings and profits at the close of the taxable year, if more than twenty-five percent (25%) of the gross receipts of such S corporation is passive investment income.

In rendering its opinion, Bond Counsel has relied on the Township's covenants contained in the Resolution and in the Certificate as to Non-Arbitrage and Other Tax Matters, that it will comply with the applicable requirements of the Code, relating to, inter alia, the use and investment of proceeds of the Bonds and rebate to the United States Treasury of specified arbitrage earnings, if any, under Section 148(f) of the Code. Failure of the Township to comply with such covenants could result in the interest on the Bonds being subject to federal income tax retroactive to the date of issue. Bond Counsel has not undertaken to monitor compliance with such covenants or to advise any party as to changes in the law after the date of issuance of the Bonds that may affect the tax-exempt status of the interest on the Bonds.

Ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers including, without limitation, certain holders of an interest in a financial asset securitization investment trust, controlled foreign corporations, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, individuals who otherwise qualify for the earned income credit, and to individuals and families that qualify for a premium assistance credit amount under Section 36B of the Code. The Code denies the earned income credit to an individual who is otherwise eligible if the aggregate amount of disqualified income of the taxpayer for the taxable year exceeds certain limits set forth in Sections 32(i) and (j) of the Code. Interest on the Bonds will constitute disqualified income for this purpose. The Code also provides that the earned income credit is phased out if the "modified adjusted gross income" of the taxpayer exceeds certain amounts. Interest on the Bonds is included in determining the "modified adjusted gross income" of the taxpayer. Section 36B of the Code provides that the amount of the premium assistance credit amount is in part determined by the household income. Section 36B(d) of the Code provides that household income consists of the "modified adjusted gross income" of the taxpayer and certain other individuals. "Modified

adjusted gross income" means adjusted gross income increased by certain amounts, including interest received or accrued by the taxpayer which is exempt from tax, such as the interest on the Bonds.

In addition, attention is called to the fact that Section 265(b)(1) of the Code eliminates the interest deduction otherwise allowable with respect to indebtedness deemed incurred by banks, thrift institutions and other financial institutions to purchase or to carry tax-exempt obligations acquired after August 7, 1986 other than "qualified tax-exempt obligations" as defined in Section 265(b)(3) of the Code. The Township has designated the Bonds as "qualified tax-exempt obligations" for the purposes of Section 265(b)(1) of the Code. Eighty percent (80%) of the interest expense deemed incurred by banks, thrift institutions and other financial institutions to purchase or to carry "qualified tax-exempt obligations" is deductible.

Owners of the Bonds should consult their own tax advisors as to the applicability and effect on their federal income taxes of the alternative minimum tax, the branch profits tax and the tax on passive investment income of S corporations, as well as the applicability and effect of any other collateral federal income tax consequences.

### **New Jersey**

Bond Counsel is also of the opinion that interest on the Bonds and any gain from the sale thereof is not included in the gross income of the owners thereof under the New Jersey Gross Income Tax Act, as presently enacted and construed.

### **Changes in Federal and State Tax Law**

From time to time, there are legislative proposals in the United States Congress and in the states that, if enacted, could alter or amend the Federal and State tax matters referred to above or adversely affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposals might be enacted or whether, if enacted, it would apply to bonds or notes issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Bonds.

**PROSPECTIVE PURCHASERS OF THE BONDS SHOULD CONSULT WITH THEIR OWN TAX ADVISORS REGARDING ANY FEDERAL AND STATE INCOME TAX LEGISLATION, WHETHER CURRENTLY PENDING OR PROPOSED, REGULATORY INITIATIVES OR LITIGATION. THE OPINIONS EXPRESSED BY BOND COUNSEL ARE BASED UPON EXISTING LEGISLATION AND REGULATIONS AS INTERPRETED BY RELEVANT JUDICIAL AND REGULATORY AUTHORITIES AS OF THE DATE OF ISSUANCE AND DELIVERY OF THE BONDS AND BOND COUNSEL HAS EXPRESSED NO OPINION AS OF ANY DATE SUBSEQUENT THERETO OR WITH RESPECT TO ANY PENDING LEGISLATION, REGULATORY INITIATIVES OR LITIGATION.**

### **CONTINUING DISCLOSURE**

In compliance with the provisions of Rule 15c2-12, as amended, promulgated by the Securities and Exchange Commission, pursuant to the Securities Exchange Act of 1934, as



amended ("Rule"), the Township will, prior to the issuance of the Bonds, enter into a continuing disclosure agreement with Phoenix Advisors, LLC, Bordentown, New Jersey, as dissemination agent, substantially in the form set forth in Appendix "D" hereto.

The Township provides continuing disclosure in connection with previously issued and outstanding bonds pursuant to the Rule by providing required information electronically to the Electronic Municipal Market Access website, or such other nationally recognized municipal securities information repository, as required by the Municipal Securities Rulemaking Board.

As shown below, the Township previously failed to file its annual financial information for the years ending December 31, 2008, 2009, 2010, 2011 and 2012 in a timely manner, as required by and in accordance with Rule 15c2-12. The Township has appointed Phoenix Advisors, LLC, Bordentown, New Jersey to act as Continuing Disclosure Agent, effective February of 2014. As of the date hereof, the Township is in compliance with its previous undertakings with regard to continuing disclosure for prior obligations issued. In addition, on May 12, 2014, Phoenix Advisors, LLC has filed on behalf of the Township its 2013 Unaudited Financial Statements, which include the 2013 Annual Financial Statement and 2013 Annual Debt Statement.

<u>Year</u>	<u>Filing Deadline</u>	<u>Audit Filed on</u> <u>EMMA</u>	<u>Budget Filed on</u> <u>EMMA</u>	<u>Status</u>	<u>Event Notice</u> <u>Filed</u>
2008	06/30/09	10/15/09	05/12/14	Late	08/05/13
2009	06/30/10	11/03/10	05/12/14	Late	08/05/13
2010	06/30/11	11/02/11	05/12/14	Late	08/05/13
2011	06/30/12	10/22/12	05/12/14	Late	08/05/13
2012	06/30/13	09/11/13	09/04/13	Late	08/05/13
2013	06/30/14	05/12/14*	05/12/14	On-Time	N/A

\* Unaudited Financials

## **APPROVAL OF LEGAL PROCEEDINGS**

All legal matters incident to the authorization, issuance, sale and delivery of the Bonds are subject to the approval of Parker McCay P.A., Mount Laurel, New Jersey, Bond Counsel to the Township, whose approving legal opinions will be delivered with the Bonds substantially in the forms set forth in Appendix "C" hereto. Certain legal matters will be passed on for the Township by its Solicitor.

Bond Counsel has not verified the accuracy, completeness or fairness of the statements contained in this Official Statement (except to the extent if any, as stated herein) and will express no opinion relating thereto.

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or the future performance of parties to the transaction. Nor does the rendering of any opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

## **NO DEFAULT**

There is no record of default in the payment of the principal of or interest on the bonds or notes of the Township.

## **FINANCIAL ADVISOR**

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

## **RATING**

Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P"), has assigned a rating of "AA+" to the Bonds. Any desired explanation of the significance of such rating should be obtained from S&P. There is no assurance that the rating will pertain for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of S&P, circumstances so warrant. Any downward revision or withdrawal of the rating could have an adverse effect on the market price of the Bonds.

The Rating reflects only the views of the Rating Agency and an explanation of the significance of such Rating may only be obtained from the Rating Agency. The Township furnished to the Rating Agency certain information and materials concerning the Bonds and the Township. There can be no assurance that the Rating will be maintained for any given period of time or that it may not be raised, lowered or withdrawn entirely if, in the Rating Agency's judgment, circumstances so warrant. Any downward change in or withdrawal of such Rating may have an adverse effect on the marketability or market price of the Bonds.

## **PREPARATION OF OFFICIAL STATEMENT**

The Township hereby states that the descriptions and statements herein, including financial statements, are true and correct in all material respects and it will confirm same to the purchasers of the Bonds, by certificates signed by various Township officials.

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

Parker McCay P.A. 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 under the heading "TAX MATTERS") and, accordingly, will express no opinion with respect thereto.

Suplee, Clooney & Company, Westfield, New Jersey, does take responsibility for the financial statements, appearing in Appendix "B" hereto, to the extent specified in the Accountant's Compilation Report.

## **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 institutions, 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, money or other funds belonging to them or within their control in any bonds of the Township, including the Bonds, and such Bonds are authorized security for any and all public deposits.

## **UNDERWRITING**

### **2014E Bonds**

The 2014E Bonds are being purchased from the Township by \_\_\_\_\_ ("2014E Bonds Underwriter") pursuant to a Certificate of Determination and Award dated May \_\_, 2014. The 2014E Bonds Underwriter is obligated to purchase all of the 2014E Bonds if any of the 2014E Bonds are purchased.

### **2014F Bonds**

The 2014F Bonds are being purchased from the Township by \_\_\_\_\_ ("2014F Bonds Underwriter"; and together with the 2014E Bonds Underwriter, the "Underwriters") pursuant to a Certificate of Determination and Award dated May \_\_, 2014. The 2014F Bonds Underwriter is obligated to purchase all of the 2014F Bonds if any of the 2014F Bonds are purchased.

The Underwriters intend to offer the Bonds to the public initially at the offering yields set forth on the inside front cover of this Official Statement, which may subsequently change without any requirement of prior notice. The Underwriters reserve the right to join with dealers and other underwriters in offering the Bonds to the public. The Underwriters may offer and sell the Bonds to certain dealers (including dealers depositing Bonds into investment trusts) at yields higher than the public offering yields set forth on the inside front cover of this Official Statement, and such yields may be changed, from time to time, by the Underwriters without prior notice.

### **ADDITIONAL INFORMATION**

Inquiries regarding this Official Statement may be directed to Elizabeth L. Jones, Chief Financial Officer of the Township of Long Beach at, (609) 361-1000.

So far as any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact, and no representation is made that any of such statements will be realized. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract or agreement with the owners of the Bonds.

All quotations from and summaries and explanations of provisions of laws of the State herein do not purport to be complete and are qualified in their entirety by reference to the official compilation thereof.

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

**TOWNSHIP OF LONG BEACH, IN THE  
COUNTY OF OCEAN, NEW JERSEY**

By: /s/  
**ELIZABETH L. JONES,**  
**Chief Financial Officer**

Dated: May \_\_, 2014

## **APPENDIX A**

### **CERTAIN ECONOMIC, FINANCIAL AND DEMOGRAPHIC INFORMATION REGARDING THE TOWNSHIP OF LONG BEACH**

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

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

### **General Information**

The Township covers an area of 4.3 square miles and is located on Long Beach Island, an island approximately 18 miles long and 1 mile wide, bounded by Barnegat Bay on the west and the Atlantic Ocean on the east. The Township is approximately 90 miles south of New York, New York, and 60 miles east of Philadelphia, Pennsylvania. The Township is a seashore residential community, noted for its beaches, boating and sport fishing. The Township's location and maritime flavor have served to attract residents from other parts the State, nearby Pennsylvania and the New York metropolitan area.

### **Form of Government**

The Township is governed by a Board of Commissioners composed of three members, all of whom are elected at large. The Township employs a Township Administrator/Clerk who has the responsibility of operating the Township government efficiently under the guidelines and provisions of the Board of Commissioners and the Township Administrative Code.

The general administration of the Township business, tax assessment and collection, zoning and planning, elections and Court is provided by a full time staff.

### **Public Services**

The Township is protected by a police force, with a 24-hour police dispatching network. Volunteer fire companies provide fire protection. The Township provides once-a-week garbage collection, which is increased to twice-a-week during the summer tourist season.

Atlantic City Electric and New Jersey Natural Gas Company provide electric and gas service to the Township. The Township's Water/Sewer Department provides water and sewer services. The Township is a participant of the Ocean County Utilities Authority.

Over 12 miles of ocean and bay beaches are protected by beach patrol, which are on duty from June through Labor Day.

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

## **Education**

The Township is a constituent member of the Southern Regional High School District ("Regional School District"). There is presently one middle school and one high school for grades 7 through 12 operated by the Southern Regional Board of Education. The constituent municipalities of the Southern Regional High School District are the Boroughs of Barnegat Light, Beach Haven, Harvey Cedars, Ship Bottom, Surf City and the Townships of Long Beach and Stafford.

Taxes for the support of the Regional School District, as approved by the voters in the Regional School District, are levied on the valuations in the seven municipalities as equalized by the County.

The Regional School District functions through a nine member board, elected by the voters to staggered three-year terms.

Legislation has provided for two additional members, with limited voting rights, to represent the sending districts of the Townships of Barnegat and Ocean. The new members were seated following school district elections in April 1995. The sending districts pay tuition on a per-pupil basis through their local board of education.

The Township is also a constituent member of the Long Beach Island Consolidated School District ("Consolidated District"), which operates two schools for grades kindergarten through 6. The constituent municipalities of the Long Beach Island Consolidated School District are the Boroughs of Barnegat Light, Harvey Cedars, Ship Bottom, Surf City and Township of Long Beach.

Taxes for the support of the Long Beach Island Consolidated School District, as approved by the voters in the Consolidated District, are levied on the valuations of the five municipalities.

The Consolidated District functions through a nine member board, elected by the voters to staggered three-year terms.

## **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**

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 2013, which is based upon the annual billings received from the State, amounted to \$471,650 for PERS and \$947,959 for PFRS.

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:

	<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>				
2013	1,306	1,247	58	4.5%
2012	1,602	1,416	187	11.6%
2011	1,575	1,395	180	11.4%
2010	1,286	1,153	133	10.4%
2009	1,674	1,505	169	10.1%
<b><u>County</u></b>				
2013	267,684	244,808	22,876	8.5%
2012	272,069	244,125	27,944	10.3%
2011	267,450	240,590	26,860	10.0%
2010	266,404	239,158	27,246	10.2%
2009	264,787	239,691	25,096	9.5%
<b><u>State</u></b>				
2013	4,537,800	4,166,000	371,800	8.2%
2012	4,595,500	4,159,300	436,200	9.5%
2011	4,556,200	4,131,800	424,400	9.3%
2010	4,502,400	4,076,700	425,700	9.5%
2009	4,536,700	4,118,400	418,300	9.2%

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



### **Income (as of 2010)**

	<b><u>Township</u></b>	<b><u>County</u></b>	<b><u>State</u></b>
Median Household Income	\$89,077	\$59,565	\$71,180
Median Family Income	107,662	73,532	86,779
Per Capita Income	66,505	29,491	35,768

Source: US Bureau of the Census 2010

### **Population**

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

	<b><u>Township</u></b>		<b><u>County</u></b>		<b><u>State</u></b>	
<b><u>Year</u></b>	<b><u>Population</u></b>	<b><u>% Change</u></b>	<b><u>Population</u></b>	<b><u>% Change</u></b>	<b><u>Population</u></b>	<b><u>% Change</u></b>
2010	3,051	-8.35%	576,567	12.85%	8,791,894	4.49%
2000	3,329	-2.29	510,916	17.94	8,414,350	8.85
1990	3,407	-2.32	433,203	25.19	7,730,188	4.96
1980	3,488	19.86	346,038	65.99	7,365,001	2.75
1970	2,910	86.42	208,470	92.60	7,168,164	18.15

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

### **Largest Taxpayers**

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

<b><u>Taxpayers</u></b>	<b><u>2013 Assessed Valuation</u></b>	<b><u>% of Total Assessed Valuation</u></b>
Albert F. Stevens	\$121,047	0.0016%
LBIsand Trailer Park	114,664	0.0015%
Vincent & Aurea LaRacca	103,077	0.0014%
Eric & Donna Brooks	94,657	0.0012%
John & Patricia Wooley	94,579	0.0012%
Thomas & Susan Kline	94,301	0.0012%
Robert Herdelin	76,529	0.0010%
Pentium Investment LLC	75,997	0.0010%
Hign Dune Partners LP	75,566	0.0010%
Pinkin 2012 Descendents Trust	65,649	0.0009%
<b>Total</b>	<b><u>\$916,066</u></b>	<b><u>0.0121%</u></b>

Source: Comprehensive Annual Financial Report of the School District & Municipal Tax Assessor

### **Comparison of Tax Levies and Collections**

<u>Year</u>	<u>Tax Levy</u>	<u>Current Year Collection</u>	<u>Current Year % of Collection</u>
2013U	\$70,332,995	\$69,735,972	99.15%
2012	67,798,996	67,025,265	98.86%
2011	65,355,061	64,624,595	98.88%
2010	63,104,502	62,495,084	99.03%
2009	60,760,102	60,272,524	99.20%

U=Unaudited

Source: Annual Audit Reports of the Township

### **Delinquent Taxes and Tax Title Liens**

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Tax</u>	<u>Total Delinquent</u>	<u>% of Tax Levy</u>
2013U	\$175	\$546,972	\$547,147	0.78%
2012	157	711,240	711,397	1.05%
2011	157	646,120	646,277	0.99%
2010	149	592,166	592,315	0.94%
2009	59	457,917	457,976	0.75%

U=Unaudited

Source: Annual Audit Reports of the Township

### **Property Acquired by Tax Lien Liquidation**

<u>Year</u>	<u>Amount</u>
2013U	\$27,400
2012	27,400
2011	27,400
2010	27,200
2009	27,200

U=Unaudited

Source: Annual Audit Reports of the Township

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

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

<b><u>Year</u></b>	<b><u>Municipal</u></b>	<b><u>Local School</u></b>	<b><u>Regional School</u></b>	<b><u>County</u></b>	<b><u>Total Taxes</u></b>
2013	\$0.224	\$0.045	\$0.241	\$0.414	\$0.924
2012	0.221	0.044	0.234	0.393	0.892
2011	0.224	0.044	0.218	0.378	0.864
2010	0.220	0.042	0.214	0.362	0.838
2009	0.212	0.044	0.207	0.348	0.811

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

### **Valuation of Property**

<b><u>Year</u></b>	<b><u>Aggregate Assessed Valuation of Real Property</u></b>	<b><u>Assessed Value of Personal Property</u></b>	<b><u>Ratio of Assessed to True Value</u></b>	<b><u>Aggregate True Value of Real Property</u></b>	<b><u>Equalized Valuation</u></b>
2013	\$7,577,361,765	\$1,741,217	92.66%	\$8,177,597,415	\$8,179,338,632
2012	7,565,669,365	1,880,830	91.80	8,241,469,897	8,243,350,727
2011	7,533,225,300	1,868,455	89.10	8,454,798,316	8,456,666,771
2010	7,507,699,600	2,188,308	87.10	8,619,632,147	8,621,820,455
2009	7,455,489,000	2,185,019	86.94	8,575,441,684	8,577,626,703

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.

<b><u>Year</u></b>	<b><u>Vacant Land</u></b>	<b><u>Residential</u></b>	<b><u>Farm</u></b>	<b><u>Commercial</u></b>	<b><u>Industrial</u></b>	<b><u>Apartments</u></b>	<b><u>Total</u></b>
2013	\$169,665,200	\$7,250,730,665	\$0	\$151,950,700	\$0	\$5,015,200	\$7,577,361,765
2012	176,536,165	7,228,634,700	0	155,483,300	0	5,015,200	7,565,669,365
2011	187,947,900	7,183,352,800	0	156,909,400	0	5,015,200	7,533,225,300
2010	165,934,200	7,178,093,700	0	158,656,500	0	5,015,200	7,507,699,600
2009	175,406,200	7,112,752,800	0	162,314,800	0	5,015,200	7,455,489,000

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

## **Financial Operations**

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

### **Summary of Current Fund Budget**

<b><u>Anticipated Revenues</u></b>	<b><u>2010</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>
Fund Balance	\$1,500,000	\$1,500,000	\$1,360,000	\$1,162,946	\$3,251,000
Miscellaneous Revenues	3,950,172	4,329,368	4,212,046	4,861,078	5,442,766
Receipts from Delinquent Taxes	445,000	587,989	538,264	670,538	546,028
Amount to be Raised by Taxes for Support of Municipal Budget	<u>16,585,098</u>	<u>16,900,198</u>	<u>16,731,196</u>	<u>17,049,088</u>	<u>17,356,722</u>
Total Revenue:	<u>\$22,480,270</u>	<u>\$23,317,555</u>	<u>\$22,841,506</u>	<u>\$23,743,650</u>	<u>\$26,596,516</u>
<b><u>Appropriations</u></b>					
General Appropriations	\$17,938,734	\$19,014,956	\$18,738,422	\$18,953,861	\$20,445,172
Operations	1,492,685	1,521,285	1,556,955	1,776,311	2,459,663
Deferred Charges and Statutory Expenditures	0	0	48,810	400,000	626,816
Judgments	0	0	0	0	0
Capital Improvement Fund	750,000	417,000	654,000	495,000	903,000
Municipal Debt Service	1,655,100	1,601,750	1,151,797	1,357,257	1,400,645
Reserve for Uncollected Taxes	<u>643,751</u>	<u>762,564</u>	<u>691,521</u>	<u>761,222</u>	<u>761,220</u>
Total Appropriations:	<u>\$22,480,270</u>	<u>\$23,317,555</u>	<u>\$22,841,506</u>	<u>\$23,743,650</u>	<u>\$26,596,516</u>

Source: Annual Adopted Budgets 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.

### **Fund Balance - Current Fund**

<b>Year</b>	<b><u>Balance 12/31</u></b>	<b><u>Utilized in Budget of Succeeding Year</u></b>
2013U	\$6,291,380	\$3,220,000
2012	2,459,317	1,162,946
2011	3,244,795	1,360,000
2010	2,906,924	1,500,000
2009	2,613,557	1,500,000

U=Unaudited

Source: Annual Audit Reports of the Township

Water-Sewer Utility Operating Fund

The following table lists the Township's fund balance and the amount utilized in the succeeding year's budget for the Water-Sewer Utility Operating Fund for the past five (5) fiscal years ending December 31.

<b><u>Fund Balance - Water-Sewer Operating Fund</u></b>		
	<b>Balance</b>	<b>Utilized in Budget</b>
<b><u>Year</u></b>	<b><u>12/31</u></b>	<b><u>of Succeeding Year</u></b>
2013U	\$2,580,598	\$600,000
2012	1,829,271	400,000
2011	1,164,176	400,000
2010	1,255,881	498,000
2009	1,396,486	551,500

U=Unaudited

Source: Annual Audit Reports of the Township

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## **Township Indebtedness as of December 31, 2013**

### **General Purpose Debt**

Serial Bonds	\$1,729,000
Bond Anticipation Notes	10,476,800
Bonds and Notes Authorized but Not Issued	2,994,288
Other Bonds, Notes and Loans	<u>154,818</u>
Total:	\$15,354,906

### **Local School District Debt**

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

### **Regional School District Debt**

Serial Bonds	\$1,974,769
Temporary Notes Issued	0
Bonds and Notes Authorized but Not Issued	<u>0</u>
Total:	\$1,974,769

### **Self-Liquidating Debt**

Serial Bonds	\$715,000
Bond Anticipation Notes	2,115,875
Bonds and Notes Authorized but Not Issued	10,961,191
Other Bonds, Notes and Loans	<u>15,524,489</u>
Total:	\$29,316,555

### **TOTAL GROSS DEBT**

	<b><u>\$46,646,230</u></b>
Less: Statutory Deductions	
General Purpose Debt	\$5,323,861
Local School District Debt	0
Regional School District Debt	1,974,769
Self-Liquidating Debt	<u>29,316,555</u>
Total:	\$36,615,185

Source: Annual Debt Statement of the Township

*[Remainder of Page Intentionally Left Blank]*

**Overlapping Debt (as of December 31, 2013)<sup>2</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>
Regional School District	\$4,710,000	42.00%	\$1,974,769
County	424,268,949	8.91%	<u>37,802,363</u>
Net Indirect Debt			\$39,777,132
Net Direct Debt			<u>10,031,045</u>
Total Net Direct and Indirect Debt			<b><u>\$49,808,177</u></b>

**Debt Limit**

Average Equalized Valuation Basis (2011, 2012, 2013)	\$8,291,288,543
Permitted Debt Limitation (3 1/2%)	290,195,099
Less: Net Debt	<u>10,031,045</u>
Remaining Borrowing Power	<u>\$280,164,054</u>
Percentage of Net Debt to Average Equalized Valuation	0.12%
Gross Debt Per Capita based on 2010 population of 3,051	\$15,289
Net Debt Per Capita based on 2010 population of 3,051	\$3,288

Source: Annual Debt Statement of the Township

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<sup>2</sup> Township percentage of County debt is based on the Township's share of total equalized valuation in the County.

## **APPENDIX B**

### **FINANCIAL STATEMENTS**



UNAUDITED FINANCIAL STATEMENTS

TOWNSHIP OF LONG BEACH

DECEMBER 31, 2013



# SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

308 East Broad Street, Westfield, New Jersey 07090-2122

Telephone 908-789-9300

Fax 908-789-8535

E-mail [info@senco.com](mailto:info@senco.com)

## ACCOUNTANT'S COMPILATION REPORT

The Honorable Mayor and Members  
of the Township Committee  
Township of Long Beach  
County of Ocean  
Long Beach, New Jersey 08008

We have compiled the accompanying balance sheets - regulatory basis of the individual funds from the 2013 Annual Financial Statement (AFS) of the Township of Long Beach, County of Ocean, New Jersey as of December 31, 2013 and the related statements of operations and changes in fund balances - regulatory basis for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The financial statements - regulatory basis have been prepared on a prescribed basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with the modified accrual basis, with certain exceptions, and the budget laws of New Jersey, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

A compilation is limited to presenting in the form of financial statements and schedules information that is the representation of management of the Township of Long Beach. We have not audited or reviewed the accompanying financial statements - regulatory basis and, accordingly, do not express an opinion or any other form of assurance on them.

Management of the Township of Long Beach has elected to omit substantially all of the disclosures ordinarily included in financial statements prepared on the regulatory basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Township of Long Beach's financial position - regulatory basis and the results of its operations and changes in its fund balance - regulatory basis. Accordingly, these financial statements are not designed for those who are not informed about such matters.

SUPLEE, CLOONEY & COMPANY  
Certified Public Accountants

/s/ Brian K. Logan

Brian K. Logan, C.P.A., R.M.A.

April 21, 2014

TOWNSHIP OF LONG BEACH

CURRENT FUND

BALANCE SHEET - REGULATORY BASIS - UNAUDITED

BALANCE  
DECEMBER  
31, 2013

ASSETS

Current Fund:

Cash and Cash Equivalents	\$ 17,134,478.25
Change Fund	850.00
	<u>17,135,328.25</u>

Receivables with Full Reserves:

Taxes Receivable	546,971.97
Tax Title Liens Receivable	175.38
Property Acquired for Taxes at Assessed Valuation	27,400.00
Revenue Accounts Receivable	8,406.63
Interfunds Receivable	98.40
Due from Municipal Court	100.00
	<u>583,152.38</u>

Deferred Charges:

Special Emergency Authorizations (40A:4-53)	<u>1,225,000.00</u>
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18,943,480.63

Federal and State Grant Fund:

Grants Receivable	335,147.21
Interfunds Receivable	153,885.59
	<u>489,032.80</u>

\$ 19,432,513.43

See Accompanying Accountants Report

TOWNSHIP OF LONG BEACH

CURRENT FUND

BALANCE SHEET - REGULATORY BASIS - UNAUDITED

BALANCE  
DECEMBER  
31, 2013

LIABILITIES, RESERVES AND FUND BALANCE

Current Fund:

Appropriation Reserves	\$ 600,628.84
Deferred Revenue:	
Hurricane Sandy FEMA Reimbursements	626,816.05
Due to State of New Jersey (Ch. 20, P.L. 1971)	23,724.06
Due to State of New Jersey UCC Fees	19,375.00
Due to State of New Jersey Division of Pensions and Benefits	108,226.63
Due to State of New Jersey Marriage License Fees	100.00
Third Party Inspection Fees Payable	30,136.54
Tax Overpayments	12,441.49
Prepaid Taxes	1,127,334.94
Accounts Payable	30,050.95
Due County - Added and Omitted Taxes	135,280.75
Local District School Tax Payable	933,275.02
Regional School Tax Payable	6,510,970.41
Interfunds Payable	153,885.59
Emergency Note Payable	1,225,000.00
Reserve for Encumbrances	531,701.71
	<u>12,068,947.98</u>
Reserve for Receivables	583,152.38
Fund Balance	6,291,380.27
	<u>18,943,480.63</u>

Federal and State Grant Fund:

Reserve for:

Encumbrances	47,784.19
Grants - Appropriated	393,240.70
Grants - Unappropriated	48,007.91
	<u>489,032.80</u>

\$ 19,432,513.43

See Accompanying Accountants Report

TOWNSHIP OF LONG BEACH

CURRENT FUND

STATEMENT OF OPERATIONS  
AND CHANGES IN FUND BALANCE - REGULATORY BASIS - UNAUDITED

YEAR ENDED  
2013

REVENUE AND OTHER INCOME

Fund Balance Utilized	\$ 1,162,946.00
Miscellaneous Revenue Anticipated	5,824,840.80
Receipts from Delinquent Taxes	708,792.68
Receipts from Current Taxes	69,735,972.16
Non-Budget Revenues	1,043,079.67
Other Credits to Income:	
Cancelled Tax Overpayments	7,614.47
Unexpended Balance of Appropriation Reserves	1,102,288.92
Cancelled Accounts Payable	3,593.45
Interfund Liquidations	1,553,922.81
<u>Total Revenue and Other Income</u>	<u>81,143,050.96</u>

EXPENDITURES

Budget Appropriations:	
Salaries and Wages	9,568,233.13
Other Expenses	9,268,326.03
Capital Improvements	495,000.00
Municipal Debt Service	1,356,888.34
Deferred Charges and Statutory Expenditures	2,416,659.00
	<u>23,105,106.50</u>
Senior Citizen Deductions Disallowed	
Prior Year Taxes	1,250.00
County Taxes	31,201,244.11
Added Taxes Due County	135,280.75
Local District School Taxes	3,459,316.00
Regional School Taxes	18,245,844.00
<u>Total Expenditures</u>	<u>\$ 76,148,041.36</u>

See Accompanying Accountants Report

TOWNSHIP OF LONG BEACH

CURRENT FUND

STATEMENT OF OPERATIONS  
AND CHANGES IN FUND BALANCE - REGULATORY BASIS - UNAUDITED

YEAR ENDED  
2013

EXPENDITURES (CONTINUED)

Statutory Excess to Fund Balance	\$ 4,995,009.60
<u>Fund Balance</u>	
Balance, January 1	<u>2,459,316.67</u>
	<u>7,454,326.27</u>
Decreased by:	
Utilized as Anticipated Revenue	<u>1,162,946.00</u>
Fund Balance, December 31	\$ <u><u>6,291,380.27</u></u>

See Accompanying Accountants Report



TOWNSHIP OF LONG BEACH

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS - UNAUDITED  
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>ANTICIPATED</u>		<u>EXCESS OR</u>
	<u>BUDGET</u>	<u>SPECIAL N.J.S.A. 40A:4-87</u>	<u>(DEFICIT)</u>
	\$	\$	\$
Public Access Plan Grant			
Recycling Revenue and Residue	29,182.86	15,000.00	15,000.00
Recycling Tonnage Grant	20,076.66		29,182.86
Regional Traffic Enforcement	825.00		20,076.66
966 Grant Program			825.00
Fees for Board of Health Services		1,353.60	1,353.60
Omnipoint Communications Lease Agreement (T-Mobile)	28,000.00		37,589.75
Trust Reserve Police Off-Duty/Outside Employment	33,500.00		31,855.48
Trust Reserve Recreation	41,000.00		41,000.00
Hurricane Sandy FEMA Reimbursement	15,000.00		15,000.00
	400,000.00		400,000.00
	<u>4,861,077.71</u>	<u>123,046.90</u>	<u>5,824,840.80</u>
			<u>840,716.19</u>
Receipts from Delinquent Taxes	<u>670,538.40</u>		<u>38,254.28</u>
Amount to be Raised by Taxation for Support of Municipal Budget	<u>17,049,088.23</u>		<u>406,420.82</u>
	<u>23,743,650.34</u>	<u>123,046.90</u>	<u>1,285,391.29</u>
Budget Totals			<u>1,043,079.67</u>
Non-Budget Revenues	<u>\$ 23,743,650.34</u>	<u>\$ 123,046.90</u>	<u>\$ 2,328,470.96</u>

See Accompanying Accountants Report



TOWNSHIP OF LONG BEACH

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS - UNAUDITED  
FOR THE YEAR ENDED DECEMBER 31, 2013

ANALYSIS OF REALIZED REVENUE

Current Tax Collections	\$ 69,735,972.16
Appropriation "Reserve for Uncollected Taxes"	<u>761,221.75</u>
	70,497,193.91
Less: Allocated to County and School Taxes	<u>53,041,684.86</u>
	<u>\$ 17,455,509.05</u>

ANALYSIS OF NON-BUDGET REVENUE

Bid Specs	\$ 2,800.00
Cable TV Franchise Fee	70,778.41
Cat Licenses	45.50
Certified Lists	1,220.00
Fish and Wild Life	5,750.00
Outdoor Seating Fee	1,250.00
Police Reports	1,821.12
Recycling	28,222.25
Variance Fees	8,000.00
Vital Statistics	2,731.00
Statutory Excess in Animal Control Reserve	98.40
Gathering Fee	1,050.00
Copies	250.30
Senior Citizen and Veterans Deductions	
Administrative Fee	1,605.00
Insurance Settlement - Lightning Strike	549,907.70
Site Plans	2,150.00
Sub - Division Fees	6,160.00
Application Fees	17,825.00
Unclassified	<u>341,414.99</u>
	<u>\$ 1,043,079.67</u>

See Accompanying Accountants Report

TOWNSHIP OF LONG BEACH

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS - UNAUDITED  
FOR THE YEAR ENDED DECEMBER 31, 2013

	APPROPRIATED		PAID OR CHARGED	EXPENDED		UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION		ENCUMBERED	RESERVED	
<b>OPERATIONS WITHIN CAPS</b>						
<b>GENERAL GOVERNMENT:</b>						
Administrative and Executive (Revenue & Finance Director)						
Salaries and Wages	\$ 11,965.00	\$ 11,965.00	\$ 11,964.94	\$	\$ .06	\$
Other Expenses	1,500.00	1,500.00	599.13	485.55	415.32	
Publicity						
Other Expenses	1,200.00	200.00	200.00			
Municipal Clerk						
Salaries and Wages	300,000.00	310,000.00	307,654.21		2,345.79	
Other Expenses	28,000.00	30,000.00	22,652.02	6,745.21	602.77	
Upgrade General Codes	8,000.00	8,000.00	7,679.08		320.92	
Advertising						
Other Expenses	35,000.00	7,000.00	3,873.35		3,126.65	
Election						
Other Expenses	300.00	700.00	346.69		353.31	
Financial Administration						
Salaries and Wages	230,000.00	188,000.00	180,443.65		7,556.35	
Other Expenses	22,000.00	22,000.00	17,234.68	1,240.20	3,525.12	
Audit Services						
Other Expenses	40,000.00	30,000.00	28,437.50		1,562.50	
Purchasing						
Salaries and Wages	8,700.00	8,900.00	8,874.99		25.01	
Other Expenses	500.00	500.00	500.00			
Tax Collection						
Salaries and Wages	126,000.00	126,000.00	125,572.20		427.80	
Other Expenses	12,000.00	12,000.00	7,498.13	485.43	4,016.44	
Tax Assessment						
Salaries and Wages	165,000.00	170,000.00	147,470.52		22,529.48	
Other Expenses	72,000.00	37,000.00	22,607.35	521.51	13,871.14	
Legal Services						
Other Expenses	175,000.00	238,400.00	217,117.36	6,019.35	15,283.29	
Lobbyist - Beach Replenishment						
Other Expenses	39,200.00	39,200.00	39,200.00			
Feasibility Study						
Other Expenses	500.00					
Engineering Services						
Other Expenses	70,000.00	70,000.00	69,168.31		831.69	
Contribution to Chamber of Commerce						
Other Expenses	515.00	515.00	515.00			

See Accompanying Accountants Report

TOWNSHIP OF LONG BEACH

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS - UNAUDITED  
FOR THE YEAR ENDED DECEMBER 31, 2013

	APPROPRIATED		PAID OR CHARGED	EXPENDED		UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION		ENCUMBERED	RESERVED	
<b>LAND USE ADMINISTRATION:</b>						
Planning Board						
Salaries and Wages	\$ 83,500.00	\$ 83,500.00	\$ 79,061.45	\$ 1,171.58	\$ 4,438.55	\$
Other Expenses	22,000.00	17,000.00	12,056.21		3,772.21	
LBI Business Alliance						
Other Expenses	515.00	515.00	515.00			
<b>INSURANCE</b>						
Liability Insurance	135,800.00	135,800.00	135,800.00		1,084.30	
Other Insurance	4,000.00	4,000.00	2,915.70			
Workers Compensation	240,800.00	240,800.00	240,800.00			
Employee Group Insurance	2,540,000.00	2,574,000.00	2,520,529.72	1,363.70	52,106.58	
Unemployment Insurance	50,000.00	41,000.00	39,589.68		1,410.32	
<b>PUBLIC SAFETY FUNCTIONS:</b>						
Public Affairs / Public Safety Director						
Salaries and Wages	13,265.00	13,265.00	13,264.94	86.91	.06	
Other Expenses	2,000.00	2,000.00	1,913.09			
Police						
Salaries and Wages	4,402,434.13	4,057,434.13	4,046,769.16		10,664.97	
Other Expenses	312,790.42	697,790.42	263,621.52	432,045.64	2,123.26	
Emergency Management						
Salaries and Wages	16,750.00	16,750.00	16,750.00			
Other Expenses	21,700.00	21,700.00	21,700.00			
Aid to Volunteer Fire Company	278,037.00	278,037.00	278,037.00			
Aid to Volunteer Ambulance Company	144,893.00	144,893.00	144,893.00			
Fire						
Other Expenses	100.00	100.00			100.00	
Municipal Prosecutor's Office						
Other Expenses	22,400.00	22,400.00	20,503.56		1,896.44	
Municipal Court						
Salaries and Wages	168,500.00	168,500.00	160,590.07		7,909.93	
Other Expenses	15,000.00	15,000.00	9,986.85	810.43	4,202.72	
Public Defender						
Other Expenses	7,200.00	7,200.00	6,545.00		655.00	
<b>PUBLIC WORKS FUNCTIONS:</b>						
Public Works & Property Director						
Salaries and Wages	11,965.00	11,965.00	11,044.66		920.44	
Other Expenses	1,500.00	1,500.00	942.94	485.43	71.63	
Streets and Road Maintenance						
Salaries and Wages	390,000.00	425,000.00	418,543.03		6,456.97	
Other Expenses	100,000.00	120,000.00	111,572.77	2,943.95	5,483.28	

See Accompanying Accountants Report

TOWNSHIP OF LONG BEACH

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS - UNAUDITED  
FOR THE YEAR ENDED DECEMBER 31, 2013

	APPROPRIATED		PAID OR CHARGED	EXPENDED		UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION		ENCUMBERED	RESERVED	
<b>PUBLIC WORKS FUNCTIONS (CONTINUED):</b>						
"Schedule C" Program						
Other Expenses						
Public Works						
Salaries and Wages						
Other Expenses						
Garbage and Trash Removal						
Other Expenses						
Garbage & Recycling Collection						
Sanitary Landfill Fees						
Recycling						
Salaries and Wages						
Other Expenses						
Public Buildings and Grounds						
Salaries and Wages						
Other Expenses						
Beach Erosion						
Other Expenses						
<b>HEALTH AND HUMAN SERVICES:</b>						
Board of Health						
Salaries and Wages						
Other Expenses						
Animal Control Services						
Other Expenses						
Handicapped / ADA Compliance						
Other Expenses						
Aid to Domestic Violence						
Other Expenses						
Aid to Health Care Facilities						
Other Expenses						
Aid to Senior Citizens Center						
Other Expenses						
Aid to Museum						
Other Expenses						
<b>PARKS AND RECREATION FUNCTIONS:</b>						
Recreation						
Other Expenses						
Parks and Playgrounds						
Salaries and Wages						
Other Expenses						

See Accompanying Accountants Report

TOWNSHIP OF LONG BEACH

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS - UNAUDITED  
FOR THE YEAR ENDED DECEMBER 31, 2013

	APPROPRIATED		PAID OR CHARGED	EXPENDED		UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION		ENCUMBERED	RESERVED	
<b>PARKS AND RECREATION FUNCTIONS (CONTINUED):</b>						
Lifeguards						
Salaries and Wages	\$ 1,295,100.00	\$ 1,295,100.00	\$ 1,266,814.20	\$ 5,204.88	\$ 28,285.80	\$
Other Expenses	95,000.00	95,000.00	87,465.87		2,329.25	
Beach Badges						
Salaries and Wages	185,500.00	185,500.00	179,371.37		6,128.63	
Other Expenses	36,000.00	36,000.00	28,987.83	2,094.83	4,917.34	
Celebration of Public Events						
Other Expenses	47,600.00	38,600.00	33,844.79	3,980.00	775.21	
<b>UNIFORM CONSTRUCTION CODE - APPROPRIATIONS OFFSET BY</b>						
<b>DEDICATED REVENUES (N.J.A.C. 5:23-4.17)</b>						
Uniform Construction Code						
Construction Code Official						
Salaries and Wages	215,000.00	219,000.00	218,229.33		770.67	
Other Expenses	25,000.00	25,000.00	21,049.37	2,487.60	1,463.03	
<b>UNCLASSIFIED</b>						
Electricity	120,000.00	155,000.00	143,860.57	4,217.37	7,122.06	
Street Lighting	288,000.00	268,000.00	222,168.62	23,200.44	22,630.94	
Telephone	200,000.00	150,000.00	135,679.21		14,320.79	
Natural Gas	30,000.00	30,000.00	20,503.31		9,496.69	
Gasoline	275,000.00	261,000.00	194,111.96		66,888.04	
Shared Equipment - Other Expenses	80,000.00	80,000.00	87,995.98	1,650.00	10,354.02	
Accumulated Absence Liability	150,000.00	150,000.00	150,000.00			
Community Rating System						
Salaries and Wages	7,600.00	8,100.00	7,915.10		184.90	
Other Expenses	2,800.00	2,800.00	1,315.48	485.43	999.09	
Total Operations within Caps	16,937,201.55	16,937,201.55	15,960,534.52	524,897.55	451,769.48	
Detail:						
Salaries and Wages	9,060,521.13	8,742,221.13	8,600,440.85		141,780.28	
Other Expenses	7,876,680.42	8,194,980.42	7,360,093.67	524,897.55	309,989.20	
<b>DEFERRED CHARGES AND STATUTORY EXPENDITURES</b>						
<b>WITHIN CAPS</b>						
Statutory Expenditures:						
Contribution to:						
Public Employees Retirement System	325,000.00	325,000.00	325,000.00			
Social Security System (O.A.S.I.)	743,200.00	743,200.00	731,821.47		11,378.53	
Police and Firemen's Retirement System of NJ	947,959.00	947,959.00	947,959.00			
Defined Contribution Retirement Program	500.00	500.00	224.40		275.60	
Total Deferred Charges and Statutory Expenditures within Caps	2,016,659.00	2,016,659.00	2,005,004.87		11,654.13	
Total Appropriations within Caps	18,953,860.55	18,953,860.55	17,965,539.39	524,897.55	463,423.61	

See Accompanying Accountants Report

TOWNSHIP OF LONG BEACH

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS - UNAUDITED  
FOR THE YEAR ENDED DECEMBER 31, 2013

	APPROPRIATED		PAID OR CHARGED	EXPENDED		UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION		ENCUMBERED	RESERVED	
<b>OPERATIONS EXCLUDED FROM CAPS</b>						
Length of Service Awards Program						
911 Emergency Phone	\$ 99,715.00	\$ 99,715.00	\$	\$	\$ 99,715.00	\$
Salaries and Wages	40,940.00	40,940.00	40,940.00			
Other Expenses	8,550.00	8,550.00	8,347.50			
Recycling Fees	20,000.00	20,000.00	20,000.00		202.50	
<b>UNIFORM CONSTRUCTION CODE - APPROPRIATIONS OFFSET BY</b>						
<b>INCREASED FEE REVENUES (N.J.A.C. 5:23-4.17)</b>						
Uniform Construction Code						
Construction Code Official	195,000.00	195,000.00	175,115.88		19,884.12	
Salaries and Wages	126,000.00	126,000.00	113,050.96	485.43	12,463.61	
Other Expenses						
<b>INTERLOCAL MUNICIPAL SERVICE AGREEMENTS:</b>						
Shared Service Agreements:						
Barneget Light Police Protection	456,236.00	456,236.00	456,236.00			
Salaries and Wages	114,059.00	114,059.00	108,146.27	5,912.73		
Other Expenses						
Police Dispatching Services	127,396.00	127,396.00	127,396.00			
Salaries and Wages	31,849.00	31,849.00	31,599.00			
Other Expenses	237,003.00	237,003.00	237,003.00	250.00		
Health Contracts	22,800.00	22,800.00	20,800.00			
Lobbyist - Beach Replenishment	6,080.00	6,080.00	6,080.00		2,000.00	
Police - Other Expenses - Mobile Data Terminals						
<b>PUBLIC &amp; PRIVATE PROGRAMS OFFSET BY REVENUES</b>						
Matching Funds for Grants	4,000.00	2,940.00				
Alcohol Education and Rehabilitation Fund	1,726.82	1,726.82	1,726.82			
Body Armor Replacement Fund	3,652.37	8,262.31	8,262.31			
Clean Communities Program		37,736.76	37,736.76			
Community Development Block Grant		37,000.00	37,000.00			
Cops in Shops - Summer Shore Initiative		1,200.00	1,200.00			
Drunk Driving Enforcement Fund		13,086.60	13,086.60			
Green Acres Multi - Park Donation		200,000.00	200,000.00			
Municipal Alliance on Alcoholism and Drug Abuse						
Salaries and Wages	6,440.00	6,440.00	6,440.00			
Other Expenses	18,535.00	18,535.00	18,535.00			
Other Municipalities Matching Shares	6,244.00	6,244.00	6,244.00			
Ocean County Tourism Grant - LIT Tournament						
County Share						
Local Share						
Office of Emergency Management - Americares						

See Accompanying Accountants Report

TOWNSHIP OF LONG BEACH

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS - UNAUDITED  
FOR THE YEAR ENDED DECEMBER 31, 2013

	APPROPRIATED		PAID OR CHARGED	EXPENDED		UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION		ENCUMBERED	RESERVED	
<b>PUBLIC &amp; PRIVATE PROGRAMS OFFSET BY REVENUES (CONTINUED)</b>						
Public Access Plan Grant	\$	\$	\$	\$	\$	\$
Recycling Revenue and Residue	29,182.86	15,000.00	15,000.00			
Recycling Tonnage Grant	20,076.66	29,182.86	29,182.86			
Regional Traffic Enforcement	825.00	20,076.66	20,076.66			
966 Grant Program		825.00	825.00			
Total Operations excluded from Caps	1,776,310.71	1,353.60	1,353.60			
Detail:		1,899,357.61	1,755,504.22	6,648.16	137,205.23	
Salaries and Wages	826,012.00	826,012.00	806,127.88		19,884.12	
Other Expenses	950,298.71	1,073,345.61	949,376.34	6,648.16	117,321.11	
<b>CAPITAL IMPROVEMENTS EXCLUDED FROM CAPS:</b>						
Capital Improvement Fund	100,000.00	100,000.00	100,000.00			
Purchase of an Undercarriage	25,000.00	25,000.00	25,000.00			
Purchase of Phone Systems	20,000.00	20,000.00	20,000.00			
Purchase of Vehicle for Public Works	25,000.00	25,000.00	25,000.00			
Delivery and Set-up of Trailer for Health Department	60,000.00	60,000.00	60,000.00			
Reserve for Purchase of Computers	20,000.00	20,000.00	20,000.00			
Reserve for Beach Replenishment	100,000.00	100,000.00	100,000.00			
Reserve for Purchase of a Bulldozer	25,000.00	25,000.00	25,000.00			
Reserve for Purchase of a Beach Tractor	50,000.00	50,000.00	50,000.00			
Purchase of a Dump Truck	25,000.00	25,000.00	25,000.00			
Purchase of Sandbags	20,000.00	20,000.00	20,000.00			
Purchase of Chairs for Court Room	495,000.00	495,000.00	495,000.00			
Total Capital Improvements excluded from Caps						
<b>MUNICIPAL DEBT SERVICE EXCLUDED FROM CAPS</b>						
Payment of Bond Principal	240,000.00	240,000.00	240,000.00			
Interest on Bonds	900,300.00	900,300.00	900,300.00			
Interest on Notes	104,462.33	104,462.33	104,096.24			
Green Trust Loan Program						
Loan Repayments for Principal and Interest	29,352.00	29,352.00	29,350.46			366.09
Blue Acres Loan Program						1.54
Loan Repayments for Principal and Interest	3,343.00	3,343.00	3,341.64			1.36
Total Municipal Debt Service excluded from Caps	1,357,257.33	1,357,257.33	1,356,888.34			368.99

See Accompanying Accountants Report

TOWNSHIP OF LONG BEACH

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS - UNAUDITED  
FOR THE YEAR ENDED DECEMBER 31, 2013

	APPROPRIATED		PAID OR CHARGED	EXPENDED		UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION		ENCUMBERED	RESERVED	
DEFERRED CHARGES - MUNICIPAL EXCLUDED						
FROM CAPS:						
Deferred Charges:						
Special Emergency Authorizations						
5 Years (N.J.S.A. 40A:4-55)						
Total Deferred Charges - Municipal excluded from Caps	\$ 400,000.00	\$ 400,000.00	\$ 400,000.00	\$	\$	\$
	400,000.00	400,000.00	400,000.00			
Total General Appropriations excluded from Caps	4,028,568.04	4,151,614.94	4,007,392.56	6,648.16	137,205.23	368.99
Subtotal General Appropriations	22,982,428.59	23,105,475.49	21,972,931.95	531,545.71	600,628.84	368.99
Reserve for Uncollected Taxes	761,221.75	761,221.75	761,221.75			
	\$ 23,743,650.34	\$ 23,866,697.24	\$ 22,734,153.70	\$ 531,545.71	\$ 600,628.84	\$ 368.99
Appropriation by 40A:4-87						
Budget		\$ 123,046.90				
		23,743,650.34				
		\$ 23,866,697.24				
Reserve for Uncollected Taxes			\$ 761,221.75			
Disbursements			21,162,142.34			
Deferred Charges			400,000.00			
Interfund - Federal and State Grant Fund			410,789.61			
			\$ 22,734,153.70			

See Accompanying Accountants Report



"B"

TOWNSHIP OF LONG BEACH

TRUST FUND

BALANCE SHEET - REGULATORY BASIS - UNAUDITED

BALANCE  
DECEMBER  
31, 2013

ASSETS

Animal Control Trust Fund:

Cash and Cash Equivalents

\$ 1,396.20

Trust - Other:

Cash and Cash Equivalents

1,688,477.89

\$ 1,689,874.09

LIABILITIES, RESERVES AND FUND BALANCE

Animal Control Trust Fund:

Interfund - Current Fund

\$ 98.40

Reserve for Animal Control Trust Fund Expenditures

1,297.80

1,396.20

Trust - Other:

Reserve for Encumbrances

35,078.53

Trust Fund Deposits and Reserves

1,653,399.36

1,688,477.89

\$ 1,689,874.09

See Accompanying Accountants Report

TOWNSHIP OF LONG BEACH

GENERAL CAPITAL FUND

BALANCE SHEET - REGULATORY BASIS - UNAUDITED

BALANCE  
DECEMBER  
31, 2013

ASSETS

Cash and Cash Equivalents	\$ 1,962,904.61
Deferred Charges to Future Taxation:	
Funded	1,883,818.45
Unfunded	13,471,087.75
DOT Grant Receivable	250,000.00
	<u>\$ 17,567,810.81</u>

LIABILITIES, RESERVES AND FUND BALANCE

Improvement Authorizations:	
Funded	\$ 432,988.51
Unfunded	2,850,728.48
Serial Bonds Payable	1,729,000.00
Bond Anticipation Notes Payable	10,476,800.00
Green Trust Loan Payable	138,993.58
Blue Acres Loan Payable	15,824.87
Capital Improvement Fund	21,803.25
Reserve for:	
Miscellaneous Capital Projects	615,112.53
Purchase of Vehicles	107,163.67
Retirement of Debt	323,861.48
Encumbrances	497,108.85
Fund Balance	<u>358,425.59</u>
	<u>\$ 17,567,810.81</u>

There were bonds and notes authorized but not issued on December 31, 2013 of \$2,994,287.75.

See Accompanying Accountants Report

TOWNSHIP OF LONG BEACH

GENERAL CAPITAL FUND

STATEMENT OF CAPITAL FUND BALANCE - REGULATORY BASIS - UNAUDITED

Balance, December 31, 2012		\$	269,104.53
Increased by:			
Premium on Sale of Bond Anticipation Notes	\$	69,624.63	
Funded Improvement Authorizations Canceled		<u>44,696.43</u>	
			<u>114,321.06</u>
			383,425.59
Decreased by:			
Appropriation to Finance Improvement Authorizations			<u>25,000.00</u>
Balance, December 31, 2013		\$	<u><u>358,425.59</u></u>

See Accompanying Accountants Report

TOWNSHIP OF LONG BEACH

WATER - SEWER UTILITY FUND

BALANCE SHEET - REGULATORY BASIS - UNAUDITED

BALANCE  
DECEMBER  
31, 2013

ASSETS

Operating Fund:

Cash and Cash Equivalents	\$ 4,614,437.88
Change Fund	150.00
Petty Cash	200.00
	<u>4,614,787.88</u>

Receivables with Full Reserves:

Water Rents Receivable	48,796.93
Sewer Rents Receivable	80,578.86
	<u>129,375.79</u>
	<u>4,744,163.67</u>

Capital Fund:

Cash and Cash Equivalents	291,985.51
Fixed Capital	42,969,819.95
Fixed Capital Authorized and Uncompleted	7,910,739.31
New Jersey Environmental Infrastructure Trust Loan Receivable	275,249.00
	<u>51,447,793.77</u>
	<u>\$ 56,191,957.44</u>

See Accompanying Accountants Report

TOWNSHIP OF LONG BEACH  
WATER - SEWER UTILITY FUND

BALANCE SHEET - REGULATORY BASIS - UNAUDITED

BALANCE  
DECEMBER  
31, 2013

LIABILITIES, RESERVES AND FUND BALANCE

Operating Fund:

Appropriation Reserves	\$ 1,820,478.23
Water - Sewer Overpayments	11,904.37
Accrued Interest on Bonds, Notes and Loans	160,848.80
Reserve for Encumbrances	<u>40,958.96</u>
	2,034,190.36
Reserve for Receivables	129,375.79
Fund Balance	<u>2,580,597.52</u>
	<u>4,744,163.67</u>

Capital Fund:

Improvement Authorizations:	
Funded	437,093.10
Unfunded	7,473,646.21
Serial Bonds Payable	715,000.00
Bond Anticipation Notes Payable	2,115,875.00
New Jersey Environmental Infrastructure Trust	
Loans Payable	15,524,489.22
Capital Improvement Fund	325,940.01
Reserve for:	
Amortization	19,098,220.82
Deferred Amortization	2,695,783.70
Payment of Debt Issuance Costs	35,409.46
Encumbrances	2,962,287.27
Fund Balance	<u>64,048.98</u>
	<u>51,447,793.77</u>
	<u>\$ 56,191,957.44</u>

There were bonds and notes authorized but not issued on December 31, 2013 of \$10,961,190.52

See Accompanying Accountants Report

TOWNSHIP OF LONG BEACH

WATER - SEWER UTILITY OPERATING FUND

STATEMENT OF OPERATIONS  
AND CHANGE IN OPERATING FUND BALANCE - REGULATORY BASIS - UNAUDITED

YEAR ENDED  
DECEMBER  
31, 2013

REVENUE AND OTHER INCOME REALIZED

Fund Balance Utilized	\$ 400,000.00
Water Rents	3,920,571.86
Sewer Rents	5,395,358.52
Miscellaneous	384,607.17
Other Credits to Income:	
Unexpended Balance of Appropriation Reserves	<u>479,976.08</u>
<u>TOTAL INCOME</u>	<u>10,580,513.63</u>

EXPENDITURES

Operating	7,347,315.89
Capital Improvements	105,000.00
Debt Service	1,749,658.88
Statutory Expenditures	<u>226,150.00</u>
	9,428,124.77
Refund of Prior Year Revenue	<u>1,062.00</u>
<u>TOTAL EXPENDITURES</u>	<u>9,429,186.77</u>
Statutory Excess to Fund Balance	1,151,326.86
Fund Balance January 1	<u>1,829,270.66</u>
	2,980,597.52
Less: Utilized as Anticipated Revenue	<u>400,000.00</u>
Fund Balance December 31	\$ <u><u>2,580,597.52</u></u>

See Accompanying Accountants Report

TOWNSHIP OF LONG BEACH

WATER - SEWER UTILITY CAPITAL FUND

STATEMENT OF UTILITY CAPITAL FUND BALANCE - REGULATORY BASIS - UNAUDITED

Balance December 31, 2012 and 2013

\$ 64,048.98

WATER - SEWER UTILITY OPERATING FUND

STATEMENTS OF REVENUES - REGULATORY BASIS - UNAUDITED

	<u>ANTICIPATED</u>	<u>REALIZED</u>	<u>EXCESS OR (DEFICIT)</u>
Fund Balance Anticipated	\$ <u>400,000.00</u>	\$ <u>400,000.00</u>	\$ <u></u>
Rents - Water	3,659,500.00	3,920,571.86	261,071.86
Rents - Sewer	5,315,000.00	5,395,358.52	80,358.52
Miscellaneous	<u>192,900.00</u>	<u>384,607.17</u>	<u>191,707.17</u>
	\$ <u>9,567,400.00</u>	\$ <u>10,100,537.55</u>	\$ <u>533,137.55</u>

ANALYSIS OF MISCELLANEOUS REVENUE

Cut & Cap	\$ 25,918.00
EIT Loan Credits	98,560.08
Interest on Delinquent User Charges	59,026.21
Interest on Investments	8,875.88
Sewer Permits	2,484.00
Water Permits	40,539.00
Water Tower Leases	141,504.00
Unclassified	<u>7,700.00</u>
	\$ <u>384,607.17</u>

See Accompanying Accountants Report

TOWNSHIP OF LONG BEACH

WATER - SEWER UTILITY OPERATING FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS - UNAUDITED  
FOR THE YEAR ENDED DECEMBER 31, 2013

	APPROPRIATIONS		PAID OR CHARGED	EXPENDED		UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION		ENCUMBERED	RESERVED	
Operating:						
Salaries and Wages	\$ 1,068,000.00	\$ 1,068,000.00	\$ 826,728.81	\$ 39,896.96	\$ 241,271.19	\$
Other Expenses	5,368,371.79	5,368,371.79	3,773,061.61		1,555,413.22	
Shared Service Agreements:						
Water - Barnegat Light	379,025.00	379,025.00	375,145.53		3,879.47	
Water - Harvey Cedars	316,787.00	316,787.00	316,787.00			
Water - Surf City	206,500.00	206,500.00	204,545.00		1,955.00	
Water - Ship Bottom	1,980.00	1,980.00	1,980.00			
Sewer - Beach Haven	6,652.10	6,652.10	6,652.10			
Capital Improvements:						
Capital Improvement Fund	100,000.00	100,000.00	100,000.00			
Capital Outlay	5,000.00	5,000.00			5,000.00	
Debt Service:						
Payment of Bond Principal	125,000.00	125,000.00	125,000.00			
Payment of Bond Anticipation Notes & Capital Notes	272,125.00	272,125.00	272,125.00			
Interest on Bonds	31,340.00	31,340.00	30,809.96			530.04
Interest on Notes	82,131.56	82,131.56	31,047.76			51,083.80
NJ Environmental Infrastructure Trust Loan						
Repayments:						
Principal	949,540.90	949,540.90	949,539.43			1.47
Interest	428,796.65	428,796.65	341,136.73			87,659.92
Statutory Expenditures:						
Contribution to:						
Public Employees Retirement System	146,650.00	146,650.00	146,650.00			
Social Security System (O.A.S.I.)	74,000.00	74,000.00	62,995.80		11,004.20	
Unemployment Compensation Insurance	5,500.00	5,500.00	3,544.85		1,955.15	
	<u>\$ 9,567,400.00</u>	<u>\$ 9,567,400.00</u>	<u>\$ 7,567,749.58</u>	<u>\$ 39,896.96</u>	<u>\$ 1,820,478.23</u>	<u>\$ 139,275.23</u>
Disbursements						
Accrued Interest on Bonds and Notes			\$ 7,164,755.13			
			<u>402,994.45</u>			
			<u>\$ 7,567,749.58</u>			

See Accompanying Accountants Report



"E"

TOWNSHIP OF LONG BEACH

PAYROLL FUND

BALANCE SHEET - REGULATORY BASIS - UNAUDITED

DECEMBER  
31, 2013

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ASSETS

Cash and Cash Equivalents

\$ 18,942.37

LIABILITIES, RESERVES AND FUND BALANCE

Payroll Liabilities

\$ 18,942.37

See Accompanying Accountants Report

TOWNSHIP OF LONG BEACH

GENERAL FIXED ASSETS ACCOUNT GROUP

BALANCE SHEET - REGULATORY BASIS - UNAUDITED

DECEMBER  
31, 2013

GENERAL FIXED ASSETS

Land	\$ 47,412,661.00
Buildings	4,977,639.00
Furniture, Fixtures and Equipment	<u>6,244,529.64</u>
	<u>\$ 58,634,829.64</u>

INVESTMENT IN GENERAL FIXED ASSETS

Investment in General Fixed Assets	<u>\$ 58,634,829.64</u>
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See Accompanying Accountants Report

AUDITED FINANCIAL STATEMENTS

TOWNSHIP OF LONG BEACH

DECEMBER 31, 2012

*William E. Antonides and Company*  
CERTIFIED PUBLIC ACCOUNTANTS

WILLIAM E. ANTONIDES, C.P.A., R.M.A., P.S.A.  
WILLIAM E. ANTONIDES, JR., C.P.A., R.M.A., P.S.A.

EDWARD J. SIMONE, C.P.A., R.M.A., P.S.A.

DOROTHY S. GALLAGHER, C.P.A., R.M.A., P.S.A.  
DONALD F. HILL, C.P.A., P.S.A.  
CHI-LING LAI, C.P.A., P.S.A.  
WAYNE M. SIBILIA, C.P.A., P.S.A.

Telecopier:  
732-681-4033

e-mail:  
antonidescpa@monmouth.com

Monmouth County Office:  
2807 Hurley Pond Road  
Suite 200  
P.O. Box 1137  
Wall, New Jersey 07719-1137  
732-681-0980

Ocean County Office:  
506 Hooper Avenue, Suite B  
Toms River, New Jersey 08753-7704  
732-914-0004

**INDEPENDENT AUDITOR'S REPORT**

Honorable Mayor and Members  
of the Board of Commissioners  
Township of Long Beach  
County of Ocean  
Long Beach, New Jersey

**Report on Financial Statements**

We have audited the financial statements - regulatory basis of the various funds of the Township of Long Beach (the "Township"), in the County of Ocean, State of New Jersey, as of and for the years ended December 31, 2012 and 2011, and the related notes to 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 prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). 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, audit requirements prescribed by the Division and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

### ***Auditor's Responsibility (Continued)***

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

### ***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 1, these financial statements have been prepared in conformity with accounting principles prescribe the Division, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with statutory and regulatory 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 U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for the Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to in the first paragraph, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2012 and 2011, and the results of it operations for the years then ended.

### ***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements - regulatory basis referred to above, present fairly, in all material respects, the financial position of the various funds of the Township as of December 31, 2012 and 2011, and the results of operations and changes in fund balance, where applicable, of such funds, thereof for the years then ended in accordance with accounting principles on the basis of financial reporting provisions prescribed by the Division, as described in Note 1.

### ***Other Matters***

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township's basic financial statements. The supplementary financial schedules listed in the table of contents are required by the Division and are presented for purposes of additional analysis and are not a required part of the financial statements. The schedules of expenditures of federal and state awards are presented for purpose of additional analysis as required by U.S. Office of Management and Budget Circular Letter A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and New Jersey's OMB Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and are also not a required part of the financial statements.

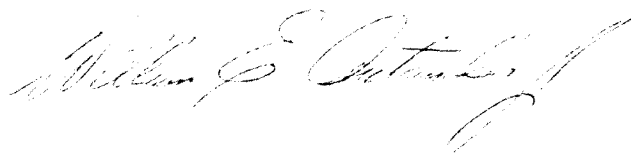
The supplementary financial schedules and the schedules of expenditures of federal and state awards, referred to in the preceding paragraph, are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary financial schedules and the schedules of federal and state awards are fairly stated, in all material respects, in relation to the financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated April 26, 2013, 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, 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 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.

**William E. Antonides and Company**

**Independent Auditors**

A handwritten signature in dark ink, appearing to read "William E. Antonides, Jr.", is positioned above the printed name and title.

**William E. Antonides, Jr.  
Registered Municipal Accountant  
Certified Public Accountant**

Wall Township, New Jersey  
April 26, 2013

**TOWNSHIP OF LONG BEACH - COUNTY OF OCEAN**

**BALANCE SHEET - CURRENT FUND**

**Exhibit A**

**REGULATORY BASIS**

**Sheet 1 of 2**

**DECEMBER 31, 2012 AND 2011**

	<b><u>Ref.</u></b>	<b><u>2012</u></b>	<b><u>2011</u></b>
<b><u>Assets</u></b>			
Current Fund:			
Cash and Cash Equivalents	A-4	\$ 10,220,862.08	\$ 13,223,279.53
Change Fund		850.00	850.00
		<u>10,221,712.08</u>	<u>13,224,129.53</u>
Deferred Charges:			
Special Emergency Authorizations (40A:4-55)	A-3	7,000,000.00	
		<u>17,221,712.08</u>	<u>13,224,129.53</u>
Receivables with Full Reserves:			
Taxes Receivable	A-5	711,240.33	646,119.75
Tax Title Liens Receivable		157.22	157.22
Property Acquired for Taxes at Assessed Valuation		27,400.00	27,400.00
Revenue Accounts Receivable	A-6	8,406.63	4,018.71
Interfunds:			
Animal Control Trust Fund	A-12	300.20	167.25
General Capital Fund	A-12	1,553,721.01	
Due from Municipal Court		100.00	100.00
		<u>2,301,325.39</u>	<u>677,962.93</u>
		<u>19,523,037.47</u>	<u>13,902,092.46</u>
Grant Fund:			
Interfund - Current Fund	A-13	139,384.56	176,034.59
Grants Receivable	A-14	117,675.39	96,879.08
		<u>257,059.95</u>	<u>272,913.67</u>
		<u>\$ 19,780,097.42</u>	<u>\$ 14,175,006.13</u>

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

**TOWNSHIP OF LONG BEACH - COUNTY OF OCEAN**

**BALANCE SHEET - CURRENT FUND**

Exhibit A

**REGULATORY BASIS**

Sheet 2 of 2

**DECEMBER 31, 2012 AND 2011**

	<b><u>Ref.</u></b>	<b><u>2012</u></b>	<b><u>2011</u></b>
<b><u>Liabilities, Reserves and Fund Balance</u></b>			
Current Fund:			
Appropriation Reserves	A-3, 7	\$ 1,310,014.91	\$ 1,546,160.44
Due to State of New Jersey:			
Senior and Veteran Deductions			
(Ch. 20, P.L. 1971)		24,474.06	23,974.06
Employee Benefit and Debt Remittances		102,336.18	99,329.09
Other		12,125.00	9,389.00
Refunds Payable	A-4		85.00
Due Stafford Township and MCI - Construction			
Inspection Fees		22,600.00	29,197.90
Tax Overpayments		2,294.49	23,031.59
Reserve for Encumbrances	A-3, 7	885,791.28	355,328.12
Prepaid Taxes	A-4,5	1,051,757.57	1,115,509.85
County Taxes Payable	A-8	130,576.36	110,156.05
Local District School Tax Payable	A-9	895,853.13	859,665.00
Reserve for Hurricane Damage	A-10	3,932,629.41	
Regional School Tax Payable	A-11	6,247,458.42	5,628,109.97
Interfunds:			
Payroll Fund	A-12	5,100.04	3,364.02
Grant Fund	A-13	139,384.56	176,034.59
		<u>14,762,395.41</u>	<u>9,979,334.68</u>
Reserve for Receivables		2,301,325.39	677,962.93
Fund Balance	A-1	<u>2,459,316.67</u>	<u>3,244,794.85</u>
		<u>19,523,037.47</u>	<u>13,902,092.46</u>
Grant Fund:			
Reserve for Encumbrances	A-15	42,002.28	17,929.89
Appropriated Reserves	A-15	159,593.96	217,548.56
Unappropriated Reserves	A-16	55,463.71	37,435.22
		<u>257,059.95</u>	<u>272,913.67</u>
		<u>\$ 19,780,097.42</u>	<u>\$ 14,175,006.13</u>

There were deferred local district school taxes on December 31, 2012 and 2011 of \$796,383.00 (Schedule A-9) and deferred regional school taxes of \$2,262,051.00 (Schedule A-10).

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



**TOWNSHIP OF LONG BEACH - COUNTY OF OCEAN**

**CURRENT FUND**

Exhibit A-1

**STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE**    Sheet 1 of 2

**REGULATORY BASIS**

**FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

	<b><u>Ref.</u></b>	<b><u>2012</u></b>	<b><u>2011</u></b>
<b><u>Revenue and Other Income Realized</u></b>			
Fund Balance Utilized	A-2	\$ 1,360,000.00	\$ 1,500,000.00
Miscellaneous Revenue Anticipated	A-2	4,621,241.03	4,979,659.93
Receipts from Delinquent Taxes	A-2	605,416.51	585,217.50
Receipts from Current Taxes	A-2	67,046,059.19	64,624,594.82
Non-Budget Revenues	A-2	255,792.95	373,579.20
Other Credits to Income:			
Payroll Reserve Cancelled	A-4	50,000.00	
Unexpended Balance of Appropriation Reserves	A-7	1,298,594.52	735,638.99
Cancelled Federal and State Grant Appropriated Reserves			25,962.68
Animal Control Fund Statutory Excess	A-12	300.20	
Prior Years Interfunds Returned			123.26
Total Income		<u>75,237,404.40</u>	<u>72,824,776.38</u>
<b><u>Expenditures</u></b>			
Budget Appropriations:			
Salaries and Wages		9,188,811.69	9,427,656.00
Other Expenses		9,122,790.31	9,015,887.01
Capital Improvements		654,000.00	417,000.00
Municipal Debt Service		1,151,742.60	1,568,575.83
Deferred Charges and Statutory Expenditures		10,103,738.31	2,255,080.53
	A-3	<u>30,221,082.91</u>	<u>22,684,199.37</u>
County Taxes	A-8	29,756,634.71	28,516,044.88
Local District School Taxes	A-9	3,384,472.23	3,312,096.06
Regional School Taxes	A-11	17,730,770.28	16,452,390.59
Cancelled Federal and State Grant Receivables			18,639.47
Refund of Prior Year Revenues			3,184.91
Reserve for Due from Municipal Court			100.00
Senior Citizen and Veteran Deductions Disallowed			
by Tax Collector Prior Year Taxes		1,068.49	250.00
Prior Year Refunds	A-4	15,000.00	
Interfund Advances		1,553,853.96	
Total Expenditures		<u>82,662,882.58</u>	<u>70,986,905.28</u>

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

**TOWNSHIP OF LONG BEACH - COUNTY OF OCEAN**

**CURRENT FUND**

**Exhibit A-1**

**STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE**    **Sheet 2 of 2**

**REGULATORY BASIS**

**FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

	<b><u>Ref.</u></b>	<b><u>2012</u></b>	<b><u>2011</u></b>
Excess in Revenue/(Deficit)		\$ (7,425,478.18)	\$ 1,837,871.10
Adjustments to Income before Fund Balance:			
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Year	A-3	7,000,000.00	
Emergency Authorization Funded by Capital Ordinance	A-3	1,000,000.00	
Statutory Excess to Fund Balance		<u>574,521.82</u>	<u>1,837,871.10</u>
Fund Balance January 1	A	<u>3,244,794.85</u>	<u>2,906,923.75</u>
		<u>3,819,316.67</u>	<u>4,744,794.85</u>
Decreased by:			
Utilized as Anticipated Revenue	A-1	<u>1,360,000.00</u>	<u>1,500,000.00</u>
Fund Balance December 31	A	<u>\$ 2,459,316.67</u>	<u>\$ 3,244,794.85</u>

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

**TOWNSHIP OF LONG BEACH - COUNTY OF OCEAN**

**CURRENT FUND**

**Exhibit A-2**

**STATEMENT OF REVENUES - REGULATORY BASIS**

**Sheet 1 of 3**

		<u>Anticipated</u>			
	<u>Ref.</u>	<u>Budget</u>	<u>Special N.J.S. 40A:4-87</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance Anticipated	A-1	\$ 1,360,000.00	\$	\$ 1,360,000.00	\$
<b><u>Miscellaneous Revenues</u></b>					
Licenses:					
Alcoholic Beverages	A-6	10,500.00		10,975.00	475.00
Other	A-6	74,395.00		82,460.00	8,065.00
Fees and Permits	A-6	42,405.00		41,690.00	(715.00)
Fines and Costs - Municipal Court	A-6	93,000.00		151,874.75	58,874.75
Interest and Costs on Taxes	A-6	142,000.00		152,690.49	10,690.49
Interest on Investments and Deposits	A-6	55,000.00		51,577.38	(3,422.62)
Beach Badge Fees	A-6	1,556,798.00		1,724,085.00	167,287.00
Energy Receipts Tax	A-6	675,438.00		675,438.00	
Uniform Construction Code Fees	A-6	175,000.00		175,000.00	
Additional Uniform Construction Code Fees	A-6	256,000.00		357,066.12	101,066.12
Interlocal Services Agreements:					
Barnegat Light Police Protection	A-6	559,113.00		559,112.84	(.16)
Police Dispatching Services	A-6	158,620.00		141,244.05	(17,375.95)
Health Contracts	A-6	237,003.00		237,013.00	10.00
Lobbyist	A-6	22,800.00		22,800.00	
MDT	A-6	6,080.00		2,015.00	(4,065.00)
Fees for Board of Health Services	A-6	13,655.00		29,565.88	15,910.88
Omnipoint Communications Lease Agreement	A-6	32,500.00		33,741.45	1,241.45
Alcohol Education and Rehabilitation Fund	A-13	1,887.71		1,887.71	
Body Armor Replacement Fund	A-13	3,737.88		3,737.88	
LBI Alliance - Clean Air Grant	A-13		1,000.00	1,000.00	

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

**TOWNSHIP OF LONG BEACH - COUNTY OF OCEAN**

**CURRENT FUND**

**Exhibit A-2**

**STATEMENT OF REVENUES - REGULATORY BASIS**

**Sheet 2 of 3**

		<b>Anticipated</b>			
	<b>Ref.</b>	<b>Budget</b>	<b>Special N.J.S. 40A:4-87</b>	<b>Realized</b>	<b>Excess or (Deficit)</b>
Clean Communities (C. 87, P.L. 1986)	A-13	\$ 32,769.85	\$	\$ 32,769.85	\$
Pedestrian Safety	A-13		16,000.00	16,000.00	
Dare Program- Rotary Club Donation	A-13		250.00	250.00	
Municipal Alliance on Alcoholism and Drug Abuse	A-13	24,975.00		24,975.00	
Municipal Alliance on Alcoholism and Drug Abuse: Other Municipalities Matching Shares	A-13	4,849.00		4,849.00	
Ocean County Tourism Grant - LIT Tournament	A-13	1,060.00		1,060.00	
Cops In Shops	A-13		1,600.00	1,600.00	
Recycling Revenue and Residue	A-13	31,809.63		31,809.63	
JIF Safety Incentive Award	A-13	650.00		650.00	
966 Grant Program-2012	A-13		7,303.00	7,303.00	
966 Grant Program-2013	A-13		45,000.00	45,000.00	
	A-1	<u>4,212,046.07</u>	<u>71,153.00</u>	<u>4,621,241.03</u>	<u>338,041.96</u>
Receipts from Delinquent Taxes	A-1,5	<u>538,263.95</u>		<u>605,416.51</u>	<u>67,152.56</u>
Amount to be Raised by Taxation for Support of Municipal Budget	A-2	<u>16,731,195.52</u>		<u>16,865,703.20</u>	<u>134,507.68</u>
Budget Totals		22,841,505.54	71,153.00	23,452,360.74	539,702.20
Non-Budget Revenues	A-1,2			255,792.95	255,792.95
		<u>\$ 22,841,505.54</u>	<u>\$ 71,153.00</u>	<u>\$ 23,708,153.69</u>	<u>\$ 795,495.15</u>
	Ref.	A-3	A-3		

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

**TOWNSHIP OF LONG BEACH - COUNTY OF OCEAN**

**CURRENT FUND**

**Exhibit A-2**

**STATEMENT OF REVENUES - REGULATORY BASIS**

**Sheet 3 of 3**

	<b><u>Ref.</u></b>	<b><u>Amount</u></b>
<b><u>Analysis of Realized Revenue</u></b>		
Current Tax Collections	A-1,5	\$ 67,046,059.19
Appropriation "Reserve for Uncollected Taxes"	A-3	691,521.23
		<u>67,737,580.42</u>
Less: Allocated to School and County Taxes	A-5	<u>50,871,877.22</u>
	A-2	<u>\$ 16,865,703.20</u>
<b><u>Analysis of Non-Budget Revenue</u></b>		
Cable TV Franchise Fee		\$ 71,769.70
Salary Reimbursement		26,813.19
Recycling		12,342.47
Variance Fees		7,000.00
FEMA		64,735.87
Workmens' Compensation Refunds		8,754.59
Site Plans		9,650.00
Other Miscellaneous		<u>54,727.13</u>
	A-2,4	<u>\$ 255,792.95</u>

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

**TOWNSHIP OF LONG BEACH - COUNTY OF OCEAN**

**CURRENT FUND**

**STATEMENT OF EXPENDITURES - REGULATORY BASIS**

**Exhibit A-3**

**Sheet 1 of 9**

	<b><u>Appropriated Budget After Modification</u></b>	<b><u>Paid or Charged</u></b>	<b><u>Expended Reserved</u></b>	<b><u>Unexpended Balance Cancelled</u></b>
<b><u>OPERATIONS WITHIN CAPS</u></b>				
<b><u>Administrative and Executive</u></b>				
Revenue and Finance Director				
Salaries and Wages	\$ 11,730.00	\$ 11,729.90	\$ .10	\$
Other Expenses	2,000.00	495.89	1,504.11	
Publicity				
Other Expenses	1,200.00	400.00	800.00	
Municipal Clerk				
Salaries and Wages	276,915.00	244,195.68	32,719.32	
Other Expenses	28,000.00	20,127.61	7,872.39	
Upgrade General Code	8,000.00	3,740.00	4,260.00	
Advertising				
Other Expenses	6,000.00	996.97	5,003.03	
Election				
Other Expenses	1,400.00	683.44	716.56	
Financial Administration				
Salaries and Wages	224,795.00	191,812.13	32,982.87	
Other Expenses	20,000.00	15,242.07	4,757.93	
Audit Services				
Other Expenses	35,500.00	35,500.00		
Purchasing				
Salaries and Wages	7,700.00	7,551.37	148.63	
Other Expenses	1,000.00		1,000.00	
Tax Collection				
Salaries and Wages	125,000.00	122,253.49	2,746.51	
Other Expenses	12,000.00	11,688.95	311.05	
Tax Assessment				
Salaries and Wages	145,000.00	121,734.57	23,265.43	
Other Expenses	72,000.00	10,485.76	61,514.24	
Legal Services				
Other Expenses	173,000.00	120,038.16	52,961.84	

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

**TOWNSHIP OF LONG BEACH - COUNTY OF OCEAN**

**CURRENT FUND**

**STATEMENT OF EXPENDITURES - REGULATORY BASIS**

Exhibit A-3

Sheet 2 of 9

	<b><u>Appropriated Budget After Modification</u></b>	<b><u>Expended Paid or Charged</u></b>	<b><u>Reserved</u></b>	<b><u>Unexpended Balance Cancelled</u></b>
Lobbyist - Beach Replenishment				
Other Expenses	\$ 39,200.00	\$ 38,019.40	\$ 1,180.60	\$
Engineering Services				
Other Expenses	75,000.00	64,613.47	10,386.53	
Contribution to Chamber of Commerce				
Other Expenses	515.00	515.00		
LBI Business Alliance				
Other Expenses	515.00	515.00		
<b><u>Land Use Administration</u></b>				
Planning Board				
Salaries and Wages	56,500.00	52,210.34	4,289.66	
Other Expenses	18,500.00	15,812.54	2,687.46	
<b><u>Insurance</u></b>				
Liability Insurance	125,800.00	125,800.00		
Other Insurance	5,500.00	2,730.00	2,770.00	
Worker Compensation	220,800.00	220,800.00		
Employee Group Insurance	2,660,000.00	2,438,019.82	221,980.18	
Unemployment Insurance	40,000.00	38,061.81	1,938.19	
<b><u>Public Safety Functions</u></b>				
Public Affairs/Public Safety Director				
Salaries and Wages	13,005.00	13,004.94	.06	
Other Expenses	2,000.00	1,732.20	267.80	
Police				
Salaries and Wages	3,916,887.69	3,895,032.23	21,855.46	
Other Expenses	708,149.24	607,762.15	100,387.09	
Emergency Management				
Salaries and Wages	16,650.00	16,650.00		
Other Expenses	21,700.00	13,882.18	7,817.82	

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

**TOWNSHIP OF LONG BEACH - COUNTY OF OCEAN**

**CURRENT FUND**

**STATEMENT OF EXPENDITURES - REGULATORY BASIS**

Exhibit A-3

Sheet 3 of 9

	<b><u>Appropriated Budget After Modification</u></b>	<b><u>Expended</u></b>		<b><u>Unexpended Balance Cancelled</u></b>
	<b><u>\$</u></b>	<b><u>Paid or Charged</u></b>	<b><u>Reserved</u></b>	<b><u>\$</u></b>
Aid to Volunteer Fire Company	\$ 278,037.00	\$ 278,037.00		
Aid to Volunteer Ambulance Company	144,893.00	144,893.00		
Fire				
Other Expenses	100.00		100.00	
Municipal Court				
Salaries and Wages	188,000.00	161,955.92	26,044.08	
Other Expenses	20,000.00	18,339.14	1,660.86	
Public Defender				
Other Expenses	7,200.00	2,867.00	4,333.00	
Municipal Prosecutor				
Other Expenses	22,400.00	20,503.56	1,896.44	
<b><u>Public Works Functions</u></b>				
Public Works and Property Director				
Salaries and Wages	11,730.00	11,729.90	.10	
Other Expenses	2,000.00	1,003.06	996.94	
Streets and Roads Maintenance				
Salaries and Wages	486,500.00	471,115.48	15,384.52	
Other Expenses	100,000.00	80,925.97	19,074.03	
Schedule C Public Works				
Other Expenses	80,000.00	12,712.51	67,287.49	
Public Works				
Salaries and Wages	815,000.00	783,478.17	31,521.83	
Other Expenses	120,000.00	114,660.42	5,339.58	
Garbage and Trash Removal				
Other Expenses				
Garbage and Recycling Collection	1,077,175.00	1,077,175.00		
Sanitary Landfill Fees	550,000.00	476,348.00	73,652.00	
Recycling				
Salaries and Wages	74,000.00	71,749.88	2,250.12	
Other Expenses	7,000.00	6,840.00	160.00	

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



**TOWNSHIP OF LONG BEACH - COUNTY OF OCEAN**

**CURRENT FUND**

**STATEMENT OF EXPENDITURES - REGULATORY BASIS**

Exhibit A-3

Sheet 4 of 9

	<b><u>Appropriated Budget After Modification</u></b>	<b><u>Expended</u></b>	<b><u>Unexpended Balance Cancelled</u></b>
		<b><u>Paid or Charged</u></b>	<b><u>Reserved</u></b>
Public Building and Grounds			
Salaries and Wages	\$ 189,000.00	\$ 175,355.29	\$ 13,644.71
Other Expenses	105,000.00	87,429.16	17,570.84
Beach Erosion			
Other Expenses	200.00	179.42	20.58
<b><u>Health and Human Services</u></b>			
Board of Health			
Salaries and Wages	207,242.00	205,745.69	1,496.31
Other Expenses	85,000.00	75,306.52	9,693.48
Animal Control Service			
Other Expenses	30,000.00	25,046.70	4,953.30
Handicapped/ADA Compliance			
Other Expenses	100.00		100.00
Aid to Domestic Violence			
Other Expenses	1,200.00	1,200.00	
Aid to Health Care Facilities			
Other Expenses	14,120.00	14,120.00	
Aid to Senior Citizens Center			
Other Expenses	14,420.00	14,420.00	
Aid to Museum			
Other Expenses	3,125.00	3,125.00	
Aid to Brant Beach Yacht Club			
Other Expenses	1,500.00	1,500.00	
<b><u>Parks and Recreation Functions</u></b>			
Recreation			
Other Expenses	500.00	400.00	100.00
Parks and Playgrounds			
Other Expenses	500.00	32.29	467.71
Lifeguards			
Salaries and Wages	1,300,305.00	1,298,967.25	1,337.75
Other Expenses	94,300.00	88,143.16	6,156.84

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

**TOWNSHIP OF LONG BEACH - COUNTY OF OCEAN**

**CURRENT FUND**

**STATEMENT OF EXPENDITURES - REGULATORY BASIS**

Exhibit A-3

Sheet 5 of 9

	<b><u>Appropriated Budget After Modification</u></b>	<b><u>Expended Paid or Charged</u></b>	<b><u>Reserved</u></b>	<b><u>Unexpended Balance Cancelled</u></b>
Beach Badges				
Salaries and Wages	\$ 199,000.00	\$ 198,678.55	\$ 321.45	\$
Other Expenses	35,700.00	35,618.53	81.47	
Accumulated Absence Liability				
Other Expenses	150,000.00	150,000.00		
Celebration of Public Events				
Other Expenses	12,000.00	10,693.38	1,306.62	
<b><u>Uniform Construction Code - Appropriations Offset by Dedicated Revenues (N.J.A.C. 5:23-4.17)</u></b>				
Construction Code Official				
Salaries and Wages	140,000.00	139,043.09	956.91	
Other Expenses	15,500.00	13,776.04	1,723.96	
<b><u>Unclassified</u></b>				
Electricity	120,000.00	107,325.41	12,674.59	
Street Lighting	288,000.00	245,220.12	42,779.88	
Telephone	200,000.00	127,343.00	72,657.00	
Natural Gas	50,000.00	15,148.68	34,851.32	
Gasoline	275,000.00	194,247.76	80,752.24	
Share Equipment - Other Expenses	80,000.00	57,862.92	22,137.08	
Community Rating System				
Salaries and Wages	7,152.00	7,151.11	.89	
Other Expenses	3,500.00	2,685.90	814.10	
Total Operations within Caps	<u>16,678,360.93</u>	<u>15,493,936.05</u>	<u>1,184,424.88</u>	
Detail:				
Salaries and Wages	8,412,111.69	8,201,144.98	210,966.71	
Other Expenses	<u>8,266,249.24</u>	<u>7,292,791.07</u>	<u>973,458.17</u>	

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

**TOWNSHIP OF LONG BEACH - COUNTY OF OCEAN**

**CURRENT FUND**

**STATEMENT OF EXPENDITURES - REGULATORY BASIS**

Exhibit A-3

Sheet 6 of 9

	<b><u>Appropriated Budget After Modification</u></b>	<b><u>Expended</u></b>	<b><u>Unexpended Balance Cancelled</u></b>
		<b><u>Paid or Charged</u></b>	<b><u>Reserved</u></b>
<b><u>STATUTORY EXPENDITURES WITHIN CAPS</u></b>			
Contribution to:			
Public Employees Retirement System	\$ 325,000.00	\$ 325,000.00	\$
Social Security System (O.A.S.I.)	743,200.00	724,794.57	18,405.43
Police and Firemen's Retirement System of NJ	986,728.00	986,728.00	
Total Statutory Expenditures within Caps	<u>2,054,928.00</u>	<u>2,036,522.57</u>	<u>18,405.43</u>
Total Appropriations within Caps	<u>18,733,288.93</u>	<u>17,530,458.62</u>	<u>1,202,830.31</u>
<b><u>OPERATIONS EXCLUDED FROM CAPS</u></b>			
911 Emergency Phone			
Salaries and Wages	40,940.00	40,940.00	
Other Expenses	8,550.00	8,547.36	2.64
Uniform Construction Code			
Salaries and Wages	155,133.00	155,133.00	
Other Expenses	106,000.00	104,557.98	1,442.02
Length of Service Awards Program (LOSAP)	99,715.00		99,715.00
Recycling Fees	20,000.00	20,000.00	
<b><u>Interlocal Municipal Service Agreements</u></b>			
Barneгат Light Police Protection			
Salaries and Wages	447,291.00	447,291.00	
Other Expenses	111,822.00	111,419.54	402.46
Police Dispatching Services			
Salaries and Wages	126,896.00	126,896.00	
Other Expenses	31,724.00	31,365.00	359.00
Health Contracts	237,003.00	235,679.52	1,323.48
Lobbyist - Beach Replenishment	22,800.00	22,800.00	
Police - Others Expenses - MDT	6,080.00	6,080.00	
<b><u>Public and Private Programs Offset by Revenues</u></b>			
Matching Funds for Grants	3,940.00		3,940.00
Alcohol Education and Rehabilitation Fund	1,887.71	1,887.71	
Body Armor Replacement Fund	3,737.88	3,737.88	

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

**TOWNSHIP OF LONG BEACH - COUNTY OF OCEAN**

**CURRENT FUND**

**STATEMENT OF EXPENDITURES - REGULATORY BASIS**

Exhibit A-3

Sheet 7 of 9

	<b><u>Appropriated Budget After Modification</u></b>	<b><u>Expended</u></b>		<b><u>Unexpended Balance Cancelled</u></b>
		<b><u>Paid or Charged</u></b>	<b><u>Reserved</u></b>	
Clean Communities (C. 87, P.L. 1986)	\$ 32,769.85	\$ 32,769.85	\$	\$
Cops in Shops	1,600.00	1,600.00		
Donation for DARE	250.00	250.00		
Donation from LBI Business Alliance	1,000.00	1,000.00		
JIF Safety Incentive Award	650.00	650.00		
Municipal Alliance on Alcoholism and Drug Abuse:				
Salaries and Wages	6,440.00	6,440.00		
Other Expenses	18,535.00	18,535.00		
Other Municipalities Matching Shares	6,244.00	6,244.00		
Ocean County Tourism Grant - LIT Tournament:				
County Share	1,060.00	1,060.00		
Local Share	1,060.00	1,060.00		
Pedestrian Safety Enforcement and Education	16,000.00	16,000.00		
Recycling Revenue and Residue	31,809.63	31,809.63		
966 Grant Program				
Grant Portion	52,303.00	52,303.00		
Matching Portion	40,000.00	40,000.00		
Total Operations excluded from Caps	<u>1,633,241.07</u>	<u>1,526,056.47</u>	<u>107,184.60</u>	
Detail:				
Salaries and Wages	776,700.00	776,700.00		
Other Expenses	<u>856,541.07</u>	<u>749,356.47</u>	<u>107,184.60</u>	
<b><u>CAPITAL IMPROVEMENTS EXCLUDED</u></b>				
<b><u>FROM CAPS</u></b>				
Capital Improvement Fund	100,000.00	100,000.00		
Computer Equipment Purchase	20,000.00	20,000.00		
Beach Replenishment	100,000.00	100,000.00		
Purchase of Bulldozer	25,000.00	25,000.00		
Purchase of Beach Tractor	25,000.00	25,000.00		
Site Remediation - Phase IV	50,000.00	50,000.00		
Purchase of a Dump Truck	80,000.00	80,000.00		

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

**TOWNSHIP OF LONG BEACH - COUNTY OF OCEAN**

**CURRENT FUND**

**STATEMENT OF EXPENDITURES - REGULATORY BASIS**

Exhibit A-3

Sheet 8 of 9

	<b><u>Appropriated Budget After Modification</u></b>	<b><u>Expended</u></b>		<b><u>Unexpended Balance Cancelled</u></b>
		<b><u>Paid or Charged</u></b>	<b><u>Reserved</u></b>	
Purchase of a Trailer	\$ 25,000.00	\$ 25,000.00	\$	\$
Purchase of SUV for Assessor's Office	25,000.00	25,000.00		
Purchase Asphalt Reclaimer	32,000.00	32,000.00		
Upgrade EOC Center	100,000.00	100,000.00		
Purchase of Various Equip. for the Beach Patrol	40,000.00	40,000.00		
Purchase of Pickup Truck for the Beach Patrol	32,000.00	32,000.00		
Total Capital Improvements excluded from Caps	<u>654,000.00</u>	<u>654,000.00</u>		
<b><u>MUNICIPAL DEBT SERVICE EXCLUDED FROM CAPS</u></b>				
Payment of Bond Principal	397,000.00	397,000.00		
Payment of Bond Anticipation Notes and Capital Notes	570,550.00	570,550.00		
Interest on Bonds	97,100.00	97,050.50		49.50
Interest on Notes	54,450.00	54,450.00		
Green Trust Loan Payments for Principal and Interest	29,355.00	29,350.46		4.54
Blue Acres Loan Payments for Principal and Interest	3,342.00	3,341.64		.36
Total Municipal Debt Service excluded from Caps	<u>1,151,797.00</u>	<u>1,151,742.60</u>		<u>54.40</u>
<b><u>DEFERRED CHARGES EXCLUDED FROM CAPS</u></b>				
Emergency Authorizations				
Hurricane Sandy 2012	8,000,000.00	8,000,000.00		
Special Emergency Authorizations -				
Cost of Improvements Authorized	48,810.31	48,810.31		
Total Deferred Charges excluded from Caps	<u>8,048,810.31</u>	<u>8,048,810.31</u>		
Total General Appropriations excluded from Caps	<u>11,487,848.38</u>	<u>11,380,609.38</u>	<u>107,184.60</u>	<u>54.40</u>
Detail:				
Salaries and Wages				
Other Expenses	<u>11,487,848.38</u>	<u>11,380,609.38</u>	<u>107,184.60</u>	<u>54.40</u>

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

**TOWNSHIP OF LONG BEACH - COUNTY OF OCEAN**

**CURRENT FUND**

**STATEMENT OF EXPENDITURES - REGULATORY BASIS**

Exhibit A-3

Sheet 9 of 9

		<b><u>Appropriated</u></b>	<b><u>Expended</u></b>		<b><u>Unexpended</u></b>
		<b><u>Budget After Modification</u></b>	<b><u>Paid or Charged</u></b>	<b><u>Reserved</u></b>	<b><u>Balance Cancelled</u></b>
Subtotal General Appropriations		\$ 30,221,137.31	\$ 28,911,068.00	\$ 1,310,014.91	\$ 54.40
Reserve for Uncollected Taxes		691,521.23	691,521.23		
		<u>\$ 30,912,658.54</u>	<u>\$ 29,602,589.23</u>	<u>\$ 1,310,014.91</u>	<u>\$ 54.40</u>
	<b><u>Ref.</u></b>			A	A-1
Budget	A-2	\$ 22,841,505.54			
Emergency	A-12	1,000,000.00			
Special Emergency	A-12	7,000,000.00			
Appropriated by 40A:4-87	A-2	71,153.00			
		<u>\$ 30,912,658.54</u>			
Disbursements	A-4		\$ 20,846,118.55		
Deferred Charges Special Emergency					
Authorizations	A-10		7,000,000.00		
Reserve for Encumbrances	A		849,602.38		
Reserve for Uncollected Taxes	A-2		691,521.23		
Interfund - Grant Fund	A-13		215,347.07		
			<u>\$ 29,602,589.23</u>		

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

**TOWNSHIP OF LONG BEACH - COUNTY OF OCEAN**

**BALANCE SHEET - TRUST FUND**

**Exhibit B**

**REGULATORY BASIS**

**DECEMBER 31, 2012 AND 2011**

	<b><u>Ref.</u></b>	<b><u>2012</u></b>	<b><u>2011</u></b>
<b><u>Assets</u></b>			
Animal Control Trust Fund:			
Cash and Cash Equivalents	B-1	\$ <u>1,593.40</u>	\$ <u>1,536.65</u>
Trust - Other:			
Cash and Cash Equivalents	B-1	<u>1,274,898.61</u>	<u>1,131,831.01</u>
		<u>1,274,898.61</u>	<u>1,131,831.01</u>
		\$ <u><u>1,276,492.01</u></u>	\$ <u><u>1,133,367.66</u></u>
<b><u>Liabilities and Reserves</u></b>			
Animal Control Trust Fund:			
Reserve for Animal Control Trust Fund			
Expenditures	B-2	\$ 1,293.20	\$ 1,369.40
Interfunds	B-1,2	<u>300.20</u>	<u>167.25</u>
		<u>1,593.40</u>	<u>1,536.65</u>
Trust - Other:			
Miscellaneous Reserves	B-3	1,264,170.61	1,130,238.18
Reserve for Encumbrances	B-3	<u>10,728.00</u>	<u>1,592.83</u>
		<u>1,274,898.61</u>	<u>1,131,831.01</u>
		\$ <u><u>1,276,492.01</u></u>	\$ <u><u>1,133,367.66</u></u>

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

**TOWNSHIP OF LONG BEACH - COUNTY OF OCEAN**

**BALANCE SHEET - GENERAL CAPITAL FUND**

**Exhibit C**

**REGULATORY BASIS**

**DECEMBER 31, 2012 AND 2011**

	<b><u>Ref.</u></b>	<b><u>2012</u></b>	<b><u>2011</u></b>
<b><u>Assets</u></b>			
Cash and Cash Equivalents	C-2	\$ 1,688,621.19	\$ 1,638,577.14
Deferred Charges to Future Taxation:			
Funded	C-4	2,152,976.10	2,578,559.23
Unfunded	C-5	7,668,736.61	6,088,676.77
Grants Receivable			260,266.14
		<u>\$ 11,510,333.90</u>	<u>\$ 10,566,079.28</u>
<b><u>Liabilities, Reserves and Fund Balance</u></b>			
Interfund - Current Fund	C-6	\$ 1,553,721.01	\$
Improvement Authorizations:			
Funded	C-7	135,722.09	59,815.14
Unfunded	C-7	1,525,499.71	1,293,508.78
Capital Improvement Fund	C-8	10,552.11	105,402.11
Serial Bonds Payable	C-9	1,969,000.00	2,366,000.00
Bond Anticipation Notes Payable	C-10	4,431,450.00	4,984,000.00
Green Trust Loan Payable	C-11	165,170.86	190,832.35
Blue Acres Loan Payable	C-12	18,805.24	21,726.88
Reserve for:			
Encumbrances	C-7,15	219,069.62	117,253.10
Retirement of Debt	C-13	302,227.38	282,216.26
Payment of Bond Issuance Costs	C-14	1,944.48	4,672.88
Miscellaneous Reserves	C-15	908,066.87	708,673.18
Grants Receivable			260,266.14
Fund Balance	C-1	<u>269,104.53</u>	<u>171,712.46</u>
		<u>\$ 11,510,333.90</u>	<u>\$ 10,566,079.28</u>

There were bonds and notes authorized but not issued on December 31, 2012 of \$3,237,286.61 (Schedule C-16).

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



**TOWNSHIP OF LONG BEACH - COUNTY OF OCEAN**

**GENERAL CAPITAL FUND**

**STATEMENT OF FUND BALANCE - REGULATORY BASIS**

**Exhibit C-1**

Balance December 31, 2011	<u>Ref.</u> C	\$ 171,712.46
Increased by:		
Premium on Bond Anticipation Notes Issued	C-2	<u>97,392.07</u>
Balance December 31, 2012	C	\$ <u>269,104.53</u>

The accompanying Notes to Financial statements are an integral part of this statement.

**TOWNSHIP OF LONG BEACH - COUNTY OF OCEAN****BALANCE SHEET - WATER-SEWER UTILITY FUND****Exhibit D****REGULATORY BASIS****Sheet 1 of 2****DECEMBER 31, 2012 AND 2011**

	<b><u>Ref.</u></b>	<b><u>2012</u></b>	<b><u>2011</u></b>
<b><u>Assets</u></b>			
Operating Fund:			
Cash and Cash Equivalents	D-5	\$ 3,332,256.04	\$ 2,164,113.51
Change Fund		150.00	150.00
Interfunds	D-5		400,000.00
		<u>3,332,406.04</u>	<u>2,564,263.51</u>
Receivables with Full Reserves:			
Water Rents Receivable	D-7	74,910.37	58,542.45
Sewer Rents Receivable	D-8	104,606.06	101,810.64
		<u>179,516.43</u>	<u>160,353.09</u>
Total Operating Fund		<u>3,511,922.47</u>	<u>2,724,616.60</u>
Capital Fund:			
Cash and Cash Equivalents	D-5	704,011.29	168,687.66
Fixed Capital	D-11	25,831,725.98	33,718,720.64
Fixed Capital Authorized and Uncompleted	D-12	17,063,833.28	7,944,989.34
New Jersey Infrastructure Receivables:			
Loans	D-13	1,541,810.00	8,296,260.00
Other	D-14	609,867.00	
Total Capital Fund		<u>45,751,247.55</u>	<u>50,128,657.64</u>
		<u>\$ 49,263,170.02</u>	<u>\$ 52,853,274.24</u>
<b><u>Liabilities, Reserves and Fund Balance</u></b>			
Operating Fund:			
Appropriation Reserves	D-4, 9	\$ 1,283,409.37	\$ 361,204.08
Reserve for Encumbrances	D-4, 9	31,273.92	896,024.28
Utility Overpayments	D-5,7,8	7,705.22	4,614.83
Accrued Interest on Bonds, Notes and Loans	D-10	180,746.87	138,244.70
		<u>1,503,135.38</u>	<u>1,400,087.89</u>
Reserve for Receivables	D	179,516.43	160,353.09
Fund Balance	D-1	1,829,270.66	1,164,175.62
Total Operating Fund		<u>3,511,922.47</u>	<u>2,724,616.60</u>

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

**TOWNSHIP OF LONG BEACH - COUNTY OF OCEAN**

**BALANCE SHEET - WATER-SEWER UTILITY FUND**

**Exhibit D**

**REGULATORY BASIS**

**Sheet 2 of 2**

**DECEMBER 31, 2012 AND 2011**

	<b><u>Ref.</u></b>	<b><u>2012</u></b>	<b><u>2011</u></b>
Capital Fund:			
Interfund - Utility Operating Fund	D-5	\$	\$ 400,000.00
Improvement Authorizations:			
Funded	D-15	1,342,935.56	4,522,418.37
Unfunded	D-15	2,627,155.93	3,422,570.97
Capital Improvement Fund	D-16	285,940.01	257,789.29
Serial Bonds Payable	D-17	840,000.00	1,309,000.00
Bond Anticipation Notes Payable	D-18	2,158,000.00	1,618,750.00
New Jersey Infrastructure Loans Payable	D-19	16,474,028.65	17,178,496.17
Reserve for:			
Payment of Bond Issuance Costs	D-5	35,409.46	37,380.67
Encumbrances	D-15	1,536,388.87	2,680,192.97
Retirement of Debt	D-20		1,289,475.47
Reserve for Amortization	D-21	17,751,556.39	16,645,622.85
Deferred Reserve for Amortization	D-22	2,635,783.70	595,883.37
Fund Balance	D-2	64,048.98	171,077.51
Total Capital Fund		<u>45,751,247.55</u>	<u>50,128,657.64</u>
		<u>\$ 49,263,170.02</u>	<u>\$ 52,853,274.24</u>

There were bonds and notes authorized but not issued on December 31, 2012 of \$3,036,190.52 (Schedule D-23).

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

**TOWNSHIP OF LONG BEACH - COUNTY OF OCEAN**

**WATER-SEWER UTILITY OPERATING FUND**

**Exhibit D-1**

**STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE**

**REGULATORY BASIS**

**FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

	<b><u>Ref.</u></b>	<b><u>2012</u></b>	<b><u>2011</u></b>
<b><u>Revenue and Other Income</u></b>			
Fund Balance Utilized	D-3	\$ 400,000.00	\$ 498,000.00
Water Rents	D-3	3,727,504.24	3,374,450.11
Sewer Rents	D-3	5,413,386.68	5,379,546.76
Miscellaneous	D-3	245,515.99	270,923.84
Reserve for Retirement of Debt			338,000.00
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	D-9	455,236.88	86,859.99
		<u>10,241,643.79</u>	<u>9,947,780.70</u>
<b><u>Expenditures</u></b>			
Operations	D-4	6,875,754.93	6,822,385.50
Capital Improvements	D-4	105,000.00	405,000.00
Debt Service	D-4	1,914,048.75	2,040,786.30
Deferred Charges	D-4	51,900.07	30,934.50
Statutory Expenditures	D-4	229,845.00	242,380.00
		<u>9,176,548.75</u>	<u>9,541,486.30</u>
Excess in Revenue		<u>1,065,095.04</u>	<u>406,294.40</u>
Fund Balance January 1	D	<u>1,164,175.62</u>	<u>1,255,881.22</u>
		<u>2,229,270.66</u>	<u>1,662,175.62</u>
Less: Utilized as Anticipated Revenue	D-3	<u>400,000.00</u>	<u>498,000.00</u>
Fund Balance December 31	D	<u>\$ 1,829,270.66</u>	<u>\$ 1,164,175.62</u>

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

**TOWNSHIP OF LONG BEACH - COUNTY OF OCEAN**

**WATER-SEWER UTILITY FUND**

**Exhibit D-2**

**STATEMENT OF UTILITY CAPITAL FUND BALANCE**

**REGULATORY BASIS**

Balance December 31, 2011	<u>Ref.</u> D	\$ 171,077.51
Decreased by:		
Prior Year Adjustment	D-20	<u>107,028.53</u>
Balance December 31, 2012 and 2011	D	\$ <u><u>64,048.98</u></u>

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

**TOWNSHIP OF LONG BEACH - COUNTY OF OCEAN**

**WATER-SEWER UTILITY OPERATING FUND**

**Exhibit D-3**

**STATEMENT OF REVENUES - REGULATORY BASIS**

	<b><u>Ref.</u></b>	<b><u>Anticipated</u></b>	<b><u>Realized</u></b>	<b><u>Excess or (Deficit)</u></b>
Surplus Anticipated	D-1	\$ <u>400,000.00</u>	\$ <u>400,000.00</u>	\$ <u></u>
<b><u>Miscellaneous Revenues</u></b>				
Rents:				
Water	D-7	3,348,600.00	3,727,504.24	378,904.24
Sewer	D-8	5,314,100.00	5,413,386.68	99,286.68
Miscellaneous	D-3	<u>192,900.00</u>	<u>245,515.99</u>	<u>52,615.99</u>
		<u>8,855,600.00</u>	<u>9,386,406.91</u>	<u>530,806.91</u>
		\$ <u>9,255,600.00</u>	\$ <u>9,786,406.91</u>	\$ <u>530,806.91</u>
	<b><u>Ref.</u></b>	D-4		
<b><u>Analysis of Miscellaneous Revenue</u></b>				
Water Tower Rental			\$ 138,502.40	
Interest on Delinquent User Charges			50,708.32	
Water Taps/Shut Offs			34,894.00	
Interest on Investments			14,230.96	
Other			<u>7,180.31</u>	
	D-5		\$ <u>245,515.99</u>	

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

**TOWNSHIP OF LONG BEACH - COUNTY OF OCEAN**

**WATER-SEWER UTILITY OPERATING FUND**

**Exhibit D-4**

**STATEMENT OF EXPENDITURES - REGULATORY BASIS**

	<u>Appropriations</u>		<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Operating:					
Salaries and Wages	\$ 1,068,000.00	\$ 1,068,000.00	\$ 932,812.42	\$ 135,187.58	\$
Other Expenses	4,952,307.83	4,950,307.83	3,829,039.75	1,121,268.08	
Interlocal Service Agreements:					
Water - Barnegat Light	375,270.00	375,270.00	369,892.88	5,377.12	
Water - Harvey Cedars	266,000.00	266,000.00	256,508.00	9,492.00	
Water - Surf City	207,545.00	207,545.00	203,385.00	4,160.00	
Water - Ship Bottom	1,980.00	1,980.00	1,980.00		
Sewer - Beach Haven	6,652.10	6,652.10	6,652.10		
Capital Improvements:					
Capital Improvement Fund	100,000.00	100,000.00	100,000.00		
Capital Outlay	5,000.00	5,000.00		5,000.00	
Debt Service:					
Bond Principal	469,000.00	469,000.00	469,000.00		
Bond Anticipation Notes	203,750.00	203,750.00	203,750.00		
Interest on Bonds	49,800.00	49,800.00	49,800.00		
Interest on Notes	57,450.00	57,450.00	57,450.00		
Infrastructure Loan Principal	912,600.00	912,600.00	833,548.75		79,051.25
Interest on Infrastructure Loans	300,500.00	300,500.00	300,500.00		
Deferred Charges:					
Costs of Improvements Authorized:					
Replace Water Mains	47,564.44	47,564.44	47,564.44		
Sewer Replacement	4,335.63	4,335.63	4,335.63		
Statutory Expenditures:					
Contribution to:					
Public Employees Retirement System	150,345.00	150,345.00	150,345.00		
Social Security System (O.A.S.I.)	72,000.00	74,000.00	72,564.38	1,435.62	
Unemployment Compensation Insurance	5,500.00	5,500.00	4,011.03	1,488.97	
	<u>\$ 9,255,600.00</u>	<u>\$ 9,255,600.00</u>	<u>\$ 7,893,139.38</u>	<u>\$ 1,283,409.37</u>	<u>\$ 79,051.25</u>
<b><u>Ref.</u></b>	<b>D-3</b>			<b>D</b>	<b>D-1</b>
Disbursements	D-5		\$ 7,819,363.29		
Reserve for Encumbrances	D		31,273.92		
Accrued Interest on Bonds and Loans	D-10		42,502.17		
			<u>\$ 7,893,139.38</u>		

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

**TOWNSHIP OF LONG BEACH - COUNTY OF OCEAN**

**BALANCE SHEET - PAYROLL FUND**

**Exhibit G**

**REGULATORY BASIS**

**DECEMBER 31, 2012 AND 2011**

	<b><u>2012</u></b>	<b><u>2011</u></b>
<b><u>Assets</u></b>		
Cash and Cash Equivalents	\$ 21,336.90	\$ 68,997.54
Interfund - Current Fund	<u>5,100.04</u>	<u>3,364.02</u>
	<u>\$ 26,436.94</u>	<u>\$ 72,361.56</u>
<b><u>Liabilities</u></b>		
Payroll Liabilities	<u>\$ 26,436.94</u>	<u>\$ 72,361.56</u>

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



**TOWNSHIP OF LONG BEACH - COUNTY OF OCEAN**

**BALANCE SHEET - GENERAL FIXED ASSETS ACCOUNT GROUP**      **Exhibit H**

**REGULATORY BASIS**

**DECEMBER 31, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
General Fixed Assets:		
Land	\$ 47,412,661.00	\$ 47,745,100.00
Buildings	4,977,639.00	4,977,639.00
Furniture, Fixtures and Equipment	<u>5,895,823.00</u>	<u>5,463,352.86</u>
	<u>\$ 58,286,123.00</u>	<u>\$ 58,186,091.86</u>
Investment in General Fixed Assets	<u>\$ 58,286,123.00</u>	<u>\$ 58,186,091.86</u>

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

**TOWNSHIP OF LONG BEACH - COUNTY OF OCEAN**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2012**

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

**A.      Reporting Entity**

The financial statements of the Township of Long Beach, County of Ocean, New Jersey (the "Township"), include every board, body, office or commission supported and maintained wholly or in part by funds appropriated by the Township as required by N.J.S. 40A:5-5. The financial statements of the Township do not include the operations of the Board of Education, which is subject to a separate audit.

The Governmental Accounting Standards Board ("GASB") Statement 14 established criteria to be used to determine which component units should be included in the financial statements of the oversight entity. The criteria differ from the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") requirements where certain boards, commissions, and agencies of the Township, by statute or other directive, report separately on their financial statements. The Township had no component units during 2012.

**B.      Descriptions of Funds**

The GASB is the recognized standard-setting body for establishing governmental generally accepted accounting and financial reporting principles.

The accounting policies of the Township conform to the accounting principles applicable to municipalities which have been prescribed by the Division. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Township accounts for its financial transactions through the following separate funds which differs from the fund structure required by generally accepted accounting principles ("GAAP"):

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

**Animal Control Trust Fund** - animal license revenues and expenditures.

**Trust Other Funds** - sundry deposits held for satisfactory completion of specific work; receipts and disbursements for dedicated purposes.

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Descriptions of Funds (Continued)**

**General Capital Fund** - resources, including Federal and State Grants in aid of construction, and expenditures for the acquisition of general capital facilities, other than those acquired through the Current Fund, including the status of bonds and notes authorized for said purposes.

**Water-Sewer Utility Operating Fund** - revenues and expenditures necessary to operate municipally-owned water supply and sewer collection systems from user fees.

**Water-Sewer Utility Capital Fund** - resources, including Federal and State Grants in aid of construction, and expenditures for the acquisition of water-sewer capital facilities, other than those acquired through the Water-Sewer Utility Operating Fund, including the status of bonds and notes authorized for said purposes.

**Payroll Fund** - receipt and disbursement for payroll costs and payroll taxes.

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

**C. Basis of Accounting**

The accounting principles and practices prescribed for municipalities by the Division differ in certain respects from GAAP applicable to local governmental units. The more significant differences are as follows:

A modified accrual basis of accounting is followed with minor exceptions.

**Property Taxes and Other Revenues** - property taxes and other revenues are recognized on a cash basis. Receivables for property taxes and other items that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Township's Current Fund. GAAP requires such revenue to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

**Grant Revenues** - Federal and State grants, entitlement or shared revenues received for purposes normally financed through the Current Fund are recognized when anticipated in the Township's budget. Federal and State grant revenues received for purposes of capital projects financed by capital ordinances are recognized when received. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual.

**Expenditures** - unexpended or uncommitted appropriations, at December 31, are reported as expenditures through the establishment of appropriation reserves unless canceled by the governing body. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which should be recognized when due.

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**Encumbrances** - contractual orders at December 31, are reported as expenditures through the establishment of a reserve for encumbrances. Encumbrances do not constitute expenditures under GAAP.

**Appropriation Reserves** - are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding year. Lapsed appropriation reserves are recorded as additions to income. Appropriation reserves do not exist under GAAP.

**Deferred Charges** - the regulatory basis of accounting utilized by the Township requires that certain expenditures be deferred, and raised as items of appropriation in budgets of succeeding years. These deferred charges include the two general categories, overexpenditures and emergency appropriations. Overexpenditures occur when expenditures recorded as "paid or charged" exceed available appropriation balances. Emergency appropriations occur when, subsequent to the adoption of a balanced budget, the governing body authorizes the establishment of additional appropriations based on unforeseen circumstances or for other special purposes as defined by statute. Overexpenditures and emergency appropriations are deducted from total expenditures in the calculation of operating results and are established as assets for Deferred Charges on the respective balance sheets. GAAP does not permit the deferral of overexpenditures to succeeding budgets. In addition, GAAP does not recognize expenditures based on the authorization of an appropriation. Instead, the authorization of special purpose expenditures, such as the preparation of tax maps or revaluation of assessable real property, would represent the designation of fund balance. The status of deferred charges at December 31, 2012 is set forth in Note 9.

**Compensated Absences** - expenditures relating to obligations for unused vested accumulated vacation and sick pay are not recorded until paid. GAAP requires that the amount which would normally be liquidated with expendable available financial resources be recorded as an expenditure in the Current Fund and the remaining obligations be recorded as a long-term obligation. The expenditures in the Water-Sewer Utility Operating Fund would be on a full accrual basis. The compensated absence liability at December 31, 2012 is set forth in Note 4.

**Property Acquired for Taxes** - is recorded in the Current Fund at the assessed valuation when such property was acquired and fully reserved. GAAP requires such property to be recorded at its market value.

**Sale of Municipal Assets** - Cash proceeds from the sale of Township owned property may be reserved until utilized as an item of anticipated revenue in a subsequent year budget. Year end balances of such proceeds are reported as a cash liability in the Current Fund. GAAP requires that revenue be recognized in the accounting period that the terms of sales contracts become legally enforceable.

**Interfunds** - advances in the Current Fund are reported as interfund receivables with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. GAAP does not require the establishment of an offsetting reserve.

**Inventories of Supplies** - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets. GAAP requires that the cost of inventories be reflected on the balance sheet until utilized and expended.

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**General Fixed Assets** - In accordance with the New Jersey Administrative Code, which differs in certain respects from GAAP, the Township has developed a fixed assets accounting and reporting system.

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

GAAP does not require utilization of a general fixed asset account group.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available.

Depreciation is not recorded in the General Fixed Assets Account Group.

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

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

**Utility Fixed Assets** - Accounting for utility fund "fixed capital" remains unchanged.

Property and equipment purchased by the Water-Sewer Utility Fund are recorded in the capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not purport to represent reproduction costs or current value. Contributions in aid of construction are not capitalized. The balance in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the utility capital fund represent charges to operations for the costs of acquisitions of property, equipment and improvements.

Property and equipment of the Water-Sewer Utility Fund are not depreciated. Principal payments for Water-Sewer Utility debt are recorded as expenditures in the Water-Sewer Utility Statement of Operations.

During 2012 and 2011 the following changes occurred in the fixed assets of the Township:

	<b>Balance Dec. 31, 2012</b>	<b>Increase (Net)</b>	<b>Balance Dec. 31, 2012</b>
General Fixed Assets Account Group:			
Land	\$ 47,745,100	\$ (332,439)	\$ 47,412,661
Building	4,977,639		4,977,639
Furniture, Fixtures and Equipment	5,463,352	432,471	5,895,823
Water-Sewer Utility Fund:			
Fixed Capital	33,718,721	(7,886,995)	25,831,726
Fixed Capital Authorized and Uncompleted	7,944,989	9,118,844	17,063,833
	<u>\$ 99,849,801</u>	<u>\$ 1,331,881</u>	<u>\$ 101,181,682</u>

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****C. Basis of Accounting (Continued)****Utility Fixed Assets (Continued)**

	<b>Balance Dec. 31, 2011</b>	<b>Increase (Net)</b>	<b>Balance Dec. 31, 2011</b>
General Fixed Assets Account Group:			
Land	\$ 47,741,100	\$ 4,000	\$ 47,745,100
Building	4,977,639		4,977,639
Furniture, Fixtures and Equipment	5,983,308	(519,956)	5,463,352
Water-Sewer Utility Fund:			
Fixed Capital	28,729,408	4,989,313	33,718,721
Fixed Capital Authorized and Uncompleted	6,194,302	1,750,687	7,944,989
	<u>\$ 93,625,757</u>	<u>\$ 6,224,044</u>	<u>\$ 99,849,801</u>

**D. Financial Statements**

The GASB Codification requires the financial statements of a governmental unit to be presented in accordance with GAAP. The Township presents its financial statements in accordance with another comprehensive basis of accounting as promulgated by the Division which differs from the financial statements required by GAAP. In addition, the Division requires the financial statements to be referenced to the supplementary schedules. This practice differs from GAAP.

**E. Budgets and Budgetary Accounting**

An annual budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures. Budget amounts presented in the accompanying financial statements represent amounts adopted by the Township and approved by the Division in accordance with applicable statutes.

**NOTE 2. CASH AND CASH EQUIVALENTS****A. Deposits**

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey which are insured by the Federal Deposit Insurance Corporation ("FDIC"), or by any other agencies of the United States that insure deposits or the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed insurance limits as follows:

The market value of the collateral must equal five percent of the average daily balance of public funds; or

If the public funds deposited exceed 75 percent of the funds of the depository, the depository must provide collateral having a market value equal to 100 percent of the amount exceeding 75 percent.

## **NOTE 2.     CASH AND CASH EQUIVALENTS**

### **A.     Deposits (Continued)**

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

The Township considers certain short-term investments permitted by statute to be cash equivalents if they mature within three months or may be withdrawn in cash upon notice from a pool of eligible investments in a participation arrangement with a bank that meets the insurance and collateral requirements of the statute.

At year-end the carrying amount of the Township's deposits was \$17,264,993 and the bank balance amount was \$17,952,534. Of this amount \$500,000 was covered by federal depository insurance and a collateral pool under New Jersey's Governmental Unit Deposit Protection Act covered \$17,232,562. An amount of \$219,972 was on deposit in the name of various developers for escrow and is insured by federal depository insurance or uninsured depending on the deposits of the individual developer in the depository.

### **B.     Investments**

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

- (1)    Bonds or other obligations of the United States or obligations guaranteed by the United States.
- (2)    Government money market mutual funds.
- (3)    Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor.
- (4)    Bonds or other obligations of the Township, or bonds or other obligations of school districts of which the Township is a part or within which the school district is located.
- (5)    Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investments, New Jersey Department of the Treasury.
- (6)    Municipal investment pools.
- (7)    Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c. 281; or

**NOTE 2.     CASH AND CASH EQUIVALENTS**

**B.     Investments (Continued)**

- a.     (8)     Agreements for the repurchase of fully collateralized securities, if:
- (a)     the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this section;
  - (b)     the custody of collateral is transferred to a third party;
  - (c)     the maturity of the agreement is not more than 30 days;
  - (d)     the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41);
  - (e)     a master repurchase agreement providing for the custody and security of collateral is executed.

b.     Any investment instruments in which the security is not physically held by the Township shall be covered by a third party custodial agreement, which shall provide for the designation of such investments in the name of the Township and prevent unauthorized use of such investments.

- c.     Investments are further regulated and restricted in accordance with N.J.S. 40A:5-15.1.

Other than cash equivalents that would otherwise qualify as investments, except for their maturity or the withdrawal provisions of their deposit, the Township had no investments in qualified securities at December 31, 2012.

**C.     Cash Management Plan**

In accordance with N.J.S. 40A:5-14, every municipality shall adopt a cash management plan and shall deposit and invest its funds pursuant to that plan. The plan shall be approved annually by majority vote of the governing body and may be modified from time to time in order to reflect changes in federal or state law or regulations. The chief financial officer shall be charged with administering the plan.

When an investment in bonds maturing in more than one year is authorized, the maturity of those bonds shall approximate the prospective use of the funds invested.

The plan also requires a monthly report to the governing body summarizing all investments made or redeemed since the previous report and shall include, at a minimum, the specific detailed information as set forth in the statute.



**NOTE 2.      CASH AND CASH EQUIVALENTS**

**D.      Credit Risk Categories**

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

<u>Depository Account</u>	<u>Book Balance</u>	
	<u>2012</u>	<u>2011</u>
Insured:		
FDIC	\$ 500,000	\$ 636,261
GUDPA	17,232,562	18,103,218
Various Escrows	<u>219,972</u>	<u>                    </u>
	\$ <u>17,952,534</u>	\$ <u>18,739,479</u>

**Custodial Credit Risk - Deposits**

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The Township does not have a formal policy for custodial credit risk.

State law limits investments as noted above.

During the year, the Township had none of its idle funds invested in repurchase agreements collateralized by eligible securities. At the close of the year, no such investments were held by the Township.

**NOTE 3.      DEBT**

The Local Bond Law governs the issuance of bonds and notes to finance general municipal capital and utility capital expenditures. Bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Township are general obligation bonds, backed by the full, faith and credit of the Township. Bond anticipation notes are issued to temporarily finance capital projects, prior to the issuance of serial bonds. The term of the notes cannot exceed one year but the notes may be renewed from time to time for a period not exceeding one year. All such notes must be paid no later than the tenth anniversary of the date of the original note. The State of New Jersey also prescribes that on or before the third anniversary date of the original note a payment of at least equal to the first legally payable installment of the bonds in anticipation of which such notes were issued be paid. A second legal installment must be paid if the notes are to be renewed beyond the fourth anniversary date of the original issuance and so on. Tax anticipation notes are issued if the cash on hand is not sufficient to carry on normal operations of the municipality at any time during the year. Such notes are authorized by a resolution adopted by the governing body.

**NOTE 3.     DEBT (CONTINUED)**

**A.     Long-Term Debt**

The Township's long-term debt is summarized as follows:

**General Capital Fund**

Serial Bonds:

4.20% General Obligation Bonds Series 2003 issued December 1, 2003, installment maturities to December 1, 2018	\$ 840,000
Various % General Obligation Bonds Series 2005 issued November 1, 2005, installment maturities to November 1, 2020	<u>1,129,000</u>
	\$ <u>1,969,000</u>

The General Capital Fund bonds mature serially in installments to the year 2020. Aggregate debt service requirements during the next five fiscal years and thereafter are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 240,000	\$ 79,748
2014	255,000	70,485
2015	265,000	60,493
2016	285,000	50,070
2017	295,000	29,675
2018-20	<u>629,000</u>	<u>51,902</u>
Total	\$ <u>1,969,000</u>	\$ <u>342,373</u>

**Green Trust Loan Program**

The Township has a low interest loan (1%) under the New Jersey Department of Environmental Protection's Green Trust Loan Program. The \$472,000 loan for Bayview Terrace was finalized on April 1, 1998. The Township must repay the loan in semi-annual installments over twenty years. Loan payments are due through the year 2018.

Debt service requirements are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 26,177	\$ 3,173
2014	26,703	2,647
2015	27,240	2,110
2016	27,788	1,563
2017	28,346	1,004
2018	<u>28,917</u>	<u>435</u>
Total	\$ <u>165,171</u>	\$ <u>10,932</u>

**NOTE 3.     DEBT (CONTINUED)****A.     Long-Term Debt (Continued)****General Capital Fund**

Serial Bonds:

4.20% General Obligation Bonds Series 2003 issued December 1, 2003, installment maturities to December 1, 2018	\$ 840,000
Various % General Obligation Bonds Series 2005 issued November 1, 2005, installment maturities to November 1, 2020	<u>1,129,000</u>
	\$ <u>1,969,000</u>

The General Capital Fund bonds mature serially in installments to the year 2020. Aggregate debt service requirements during the next five fiscal years and thereafter are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 240,000	\$ 79,748
2014	255,000	70,485
2015	265,000	60,493
2016	285,000	50,070
2017	295,000	29,576
2018-20	<u>629,000</u>	<u>51,902</u>
Total	\$ <u>1,969,000</u>	\$ <u>342,373</u>

**Green Trust Loan Program**

The Township has a low interest loan (1%) under the New Jersey Department of Environmental Protection's Green Trust Loan Program. The \$472,000 loan for Bayview Terrace was finalized on April 1, 1998. The Township must repay the loan in semi-annual installments over twenty years. Loan payments are due through the year 2018.

Debt service requirements are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 26,177	\$ 3,173
2014	26,703	2,647
2015	27,240	2,110
2016	27,788	1,563
2017	27,346	1,004
2018	<u>28,917</u>	<u>435</u>
Total	\$ <u>165,171</u>	\$ <u>10,932</u>

**NOTE 3. DEBT (CONTINUED)**

**A. Long-Term Debt (Continued)**

**Blue Acres Loan Program**

The Township has a low interest loan (1%) under the New Jersey Department of Environmental Protection's Blue Acres Loan Program. The \$51,461 loan for Acquisition of Ocean Front Land was finalized on December 24, 2000. The Township must repay the loan in semi-annual installments over twenty years. Loan payments are due through the year 2018.

Debt service requirements are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 2,980	\$ 361
2014	3,040	301
2015	3,102	240
2016	3,164	178
2017	3,227	114
2018	<u>3,292</u>	<u>51</u>
Total	\$ <u>18,805</u>	\$ <u>1,245</u>

**Water-Sewer Utility Capital Fund**

Serial Bonds:

Various % Water-Sewer Improvement Bonds Series 2003 issued	\$ <u>840,000</u>
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The Water-Sewer Utility Capital Fund bonds mature serially in installments to the year 2020. Aggregate debt service requirements during the next five fiscal years and thereafter are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 125,000	\$ 29,400
2014	130,000	25,740
2015	140,000	21,353
2016	145,000	17,088
2017	150,000	11,625
2018-20	<u>150,000</u>	<u>5,925</u>
Total	\$ <u>840,000</u>	\$ <u>111,131</u>

**New Jersey Environmental Infrastructure Trust Loans**

The Township received various low interest loans (variable rate) under the New Jersey Environmental Infrastructure Trust Loan Program. The respective loan balances at December 31, 2012 are enumerated below. Loan payments are due in semi-annual installments over twenty years. Loan payments are due through the year 2031.

**NOTE 3.****DEBT (CONTINUED)****A. Long-Term Debt (Continued)****New Jersey Environmental Infrastructure Trust Loans (Continued)**

Various % 2002A issued November 7, 2002, for \$3,095,664, installment maturities to August 1, 2022	\$ 1,800,622
Various % 2003A issued November 6, 2003, for \$2,370,067, installment maturities to August 1, 2023	1,443,681
Various % 2005A issued November 10, 2005, for \$949,475, installment maturities to August 1, 2025	660,151
Various % 2005A issued November 10, 2005, for \$654,234, installment maturities to August 1, 2025	455,555
Various % 2006A issued November 9, 2006, for \$623,857, installment maturities to August 1, 2026	502,151
Various % 2009A issued December 2, 2009, for \$372,500, installment maturities to August 1, 2029	337,076
Various % 2010A issued March 10, 2010, for \$2,004,000, installment maturities to August 1, 2029	1,763,117
Various % 2010A issued March 10, 2010, for, \$1,990,000, installment maturities to August 1, 2029	1,751,610
Various % 2010B issued December 2, 2010, for \$1,929,506, installment maturities to August 1, 2030	1,811,582
Various % 2010B issued December 2, 2010, for \$2,149,210, installment maturities to August 1, 2030	2,019,786
Various % 2012A issued May 3, 2012, for \$1,872,765, installment maturities to August 1, 2031	1,839,621
Various % 2012A issued May 3, 2012, for \$2,126,764, installment maturities to August 1, 2031	<u>2,089,077</u>
	<u>\$ 16,474,029</u>

Debt service requirements during the next five fiscal years and thereafter are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 940,706	\$ 341,511
2014	953,221	324,732
2015	975,255	307,212
2016	990,451	288,556
2017	1,005,569	268,786
2018-22	5,387,044	1,013,705
2023-27	4,057,764	478,150
2028-31	<u>2,164,019</u>	<u>99,214</u>
Total	<u>\$ 16,474,029</u>	<u>\$ 3,121,866</u>

**NOTE 3.     DEBT (CONTINUED)****B.     Short-Term Debt**

On December 31, 2012, the Township's outstanding Bond Anticipation Notes were as follows:

<b><u>Ordinance Number</u></b>		<b><u>Amount</u></b>	<b><u>Interest Rate</u></b>
	<b><u>General Capital Fund</u></b>		
07-04	Renovations and Improvements to the Municipal Building Complex	\$ 85,900	2.00%
07-07	Fees for an Engineering and Drainage Project for Ocean Boulevard	103,750	2.00%
07-30	Schedule C Improvements with Reference to Bulkhead Repairs to Coughlin and Baltic Avenues	141,250	2.00%
08-03	Acquisition of a Front-End Loader	133,500	2.00%
08-11	Resurfacing of North Ohio Avenue	83,700	2.00%
08-12	Various Road Improvements	139,500	2.00%
08-13	Acquisition of a Bulldozer	89,550	2.00%
08-15	Various Drainage Improvements	37,200	2.00%
08-16	Various Recreation Improvements	74,550	2.00%
08-18	Acquisition of Generators	139,500	2.00%
08-29	Acquisition of Two Four Wheel Drive Vehicles	43,200	2.00%
03-11	Beach Restoration	60,000	2.00%
03-17	Beach Repairs	20,000	2.00%
04-19	Condemnation and Acquisition of Easements	133,500	2.00%
05-26	Beach Replenishment	218,750	2.00%
07-04	Renovations and Improvement s to the Municipal Building Complex	155,000	2.00%
07-15	Acquisition of Equipment for the Long Beach Township Beach Patrol	26,000	2.00%
07-28	Schedule C Improvements with Reference to the Repaving of Ocean Boulevard	253,300	2.00%
07-29	Improvements with Reference to Bulkhead Repairs to Various Streets Ends as May be Fixed by Resolution	201,250	2.00%
07-34	Purchase of a New Telephone System	38,500	2.00%
07-42	Purchase of Four New Trucks	79,300	2.00%
09-18	Completion of Various Drainage Improvements	62,300	2.00%
09-19	Acquisition of a Bulldozer	100,700	2.00%
09-20	Acquisition of a Beach Tractor	68,500	2.00%
09-21	Completion of Various Improvements to the Public Works Facility	25,000	2.00%
09-21	Completion of Various Improvements to the Public Works Facility	18,000	2.00%
10-04	Acquisition of a Roll-Off Truck for the Public Works Department	114,000	2.00%
10-16	Resurfacing of Various Roadways	100,000	2.00%
10-23	Acquisition of Four Wheel Drive Vehicle for the Public Works Department	47,500	2.00%

**NOTE 3.     DEBT (CONTINUED)****B.     Short-Term Debt (Continued)**

<b><u>Ordinance Number</u></b>		<b><u>Amount</u></b>	<b><u>Interest Rate</u></b>
	<b><u>General Capital Fund</u></b>		
10-24	Acquisition of Utility Body Truck for the Public Works Department	\$ 61,750	2.00%
10-25	Acquisition of Various Equipment for the Public Works Department	42,500	2.00%
10-26	Acquisition of Two Four Wheel Drive Vehicles for the Police Department	59,000	2.00%
10-16	Resurfacing of Various Roadways	280,000	2.00%
03-17	Beach Repairs	100,000	2.00%
05-26	Reach Replenishment	70,000	2.00%
09-35	Emergent Repair, Restoration and/or Reconstruction of Various Beaches, Public Facilities and Improvements	75,000	2.00%
11-32	Repair, Restoration and/or Replacement of Various Beaches	<u>950,000</u>	2.00%
		\$ <u>4,431,450</u>	

<b><u>Ordinance Number</u></b>		<b><u>Amount</u></b>	<b><u>Interest Rate</u></b>
	<b><u>Water-Sewer Utility Capital Fund</u></b>		
08-04	NJEIT Sewer Projects	\$ 525,000	2.00%
08-38	Preliminary Costs for Replacement of Various Sewer Lines	210,000	2.00%
08-39	Preliminary Costs for Replacement of Various Water Lines	150,000	2.00%
09-24	Completion of Various Improvements to the North Beach Sewer Station	250,000	2.00%
10-30	Various Improvements to the Beach Haven Terrace Water Treatment Facility	115,000	2.00%
10-30	Various Improvements to the Beach Haven Terrace Water Treatment Facility	35,000	2.00%
10-40	Renovation and/or Replacement of Sanitary Sewer System Beneath Various Streets	525,000	2.00%
10-40	Renovation and/or Replacement of Sanitary Sewer System Beneath Various Streets	103,000	2.00%
11-10	Various Improvements to the North Beach Sewer Station	<u>245,000</u>	2.00%
		\$ <u>2,158,000</u>	

**NOTE 3. DEBT (CONTINUED)****C. Bonds and Notes Authorized but not Issued**

At December 31 the Township had authorized but not issued bonds and notes as follows:

	<u>2012</u>	<u>2011</u>
General Capital Fund	\$ 3,237,287	\$ 1,104,677
Water-Sewer Utility Capital Fund	3,036,191	4,315,958

**D. Borrowing Power**

New Jersey statutes limit the debt of a municipality to 3.5% of the average of the last three preceding years equalized valuations of the taxable real estate and improvements. The Township's statutory net debt at December 31, 2012 was .12%. The Township's remaining borrower power is 3.38%.

The summary of municipal debt for the last three years and the calculation of statutory net debt is presented in the Supplementary Data section of this report.

**E. Summary of Debt Activity**

During 2012 and 2011 the following changes occurred in the debt service of the Township:

	<u>Balance Dec. 31, 2011</u>	<u>Issued</u>	<u>Prior Year Adjustment</u>	<u>Retired</u>	<u>Balance Dec. 31, 2012</u>
General Capital Fund:					
Serial Bonds	\$ 2,366,000	\$	\$	\$ 397,000	\$ 1,969,000
Bond Anticipation Notes	4,984,000	18,000		570,550	4,431,450
Greent Trust Loan	190,832			25,661	165,171
Blue Acres Loan	21,727			2,922	18,805
Water-Sewer Fund:					
Serial Bonds	1,309,000			469,000	840,000
Bond Anticipation Notes	1,618,750	743,000		203,750	2,158,000
NJ Infrastructure Loans	17,178,496		227,234	931,701	16,474,029
	<u>\$ 27,668,805</u>	<u>\$ 761,000</u>	<u>\$ 227,234</u>	<u>\$ 2,600,584</u>	<u>\$ 26,056,455</u>

	<u>Balance Dec. 31, 2010</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance Dec. 31, 2011</u>
General Capital Fund:				
Serial Bonds	\$ 2,955,500	\$	\$ 589,500	\$ 2,366,000
Bond Anticipation Notes	4,314,100	1,475,000	805,100	4,984,000
Greent Trust Loan	215,988		25,156	190,832
Blue Acres Loan	24,591		2,864	21,727
Water-Sewer Fund:				
Serial Bonds	1,859,500		550,500	1,309,000
Bond Anticipation Notes	1,430,500	640,000	451,750	1,618,750
NJ Infrastructure Loans	13,973,530	3,999,529	794,563	17,178,496
	<u>\$ 24,773,709</u>	<u>\$ 6,114,529</u>	<u>\$ 3,219,433</u>	<u>\$ 27,668,805</u>



**NOTE 4.      COMPENSATED ABSENCE LIABILITY**

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 and sick pay. The Township permits certain employees within limits to accumulate unused vacation and sick pay, which may be taken as time off or paid at a later date at an agreed upon rate. The estimated maximum current cost of such unpaid compensation approximates \$870,945 and \$855,853 at December 31, 2012 and 2011, respectively, assuming that all personnel retire from the Township. In accordance with New Jersey accounting principles, this amount is not reported as an expenditure or liability in the accompanying financial statements. Total funds reserved as of December 31, 2012 and 2011 was \$363,856 and \$308,314, respectively. The 2013 budget contained an appropriation in the amount of \$150,000 toward the funding of the liability.

**NOTE 5.      FUND BALANCES APPROPRIATED**

The fund balances at December 31 which have been appropriated and included as anticipated revenue in the municipal budget for the year ending December 31 of the succeeding years are as follows:

	<u>2013</u>	<u>2012</u>
Current Fund	\$ 1,162,946	\$ 1,360,000
Water-Sewer Utility Fund	400,000	400,000

**NOTE 6.      TAXES AND WATER-SEWER CHARGES COLLECTED IN ADVANCE**

Taxes and water-sewer charges collected in advance set forth as cash liabilities in the financial statements, are as follows:

	<u>Balance December 31</u>	
	<u>2012</u>	<u>2011</u>
Prepaid Taxes	\$ 1,051,758	\$ 1,115,510
Prepaid Sewer Rents	-0-	-0-

**NOTE 7.      ASSESSMENT AND COLLECTION OF PROPERTY TAXES**

New Jersey statutes require that taxable valuation of real property be prepared by the Township Tax Assessor as of October 1 in each year and filed with the County Board of Taxation (the "Board") by January 10 of the following year. Upon the filing of certified adopted budgets by the Township, Local School District, Regional School District and County, the tax rate is struck by the Board based on the certified amounts in each of the taxing districts for collection to fund the budgets. Pursuant to statute, this process is to be completed on or before May 3, with a completed duplicate of the tax rolls to be delivered to the Township Tax Collector (the "Collector") on or before May 13th.

Tax bills are prepared then mailed by the Collector of the Township annually and set forth the final tax for the tax year. The bill contains a credit for preliminary amounts billed previously with the balance payable in equal installments on August 1st and November 1st of the tax year. In addition the property owner receives a preliminary bill for the succeeding year based on one half of the prior year's tax. The preliminary payments are due and payable on February 1st and May 1st. The N.J. Statutes allow a grace period of 10 days for each payment period and the Township granted this option to taxpayers. Taxes become delinquent if not paid on the installment dates and become subject to interest penalties of 8% or 18% of the amount delinquent. If taxes are delinquent on or after April 1st of the succeeding year, the delinquent amount is subject to "Tax Sale" which places a tax lien on the property allowing the holder to enforce the tax lien by collection or foreclosure. New Jersey property tax laws establish a tax lien on real estate as of January 1st of the current tax year even though the amount due is not known.

**NOTE 8. DEFERRED CHARGES TO FUTURE TAXATION FUNDED AND UNFUNDED**

Upon the authorization of capital projects, the Township establishes deferred charges for the cost of the capital projects to be raised by future taxation. Funded deferred charges relate to permanent debt issued, whereas unfunded deferred charges relate to temporary or non-funding of the authorized cost of capital projects. According to the New Jersey Statutes Annotated 40A:2-4, the Township may levy taxes on all taxable property within the local unit to repay the debt. Annually, the Township raises the debt requirements for the particular year in the current budget. As funds are raised, the deferred charges are reduced.

**NOTE 9. DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS**

As noted in Note 1, certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2012, the following deferred charges are shown on the balance sheets of the various funds:

	<u>Balance Authorizations</u>	<u>Funded by Ordinance</u>	<u>Balance to Succeeding Budgets</u>
Current Fund:			
Emergency Authorizations (N.J.S. 40A:4-47):			
Hurricane Sandy Damage	\$ 1,000,000	\$ 1,000,000	\$ -0-
Special Emergency Authorizations (N.J.S. 40A:4-55):			
Hurricane Sandy Damage	<u>8,000,000</u>	<u>1,000,000</u>	<u>7,000,000</u>
	<u>\$ 8,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ 7,000,000</u>

**NOTE 10. PENSION PLANS**

Substantially all of the Township's employees participate in one of the following pension plans which have been established by State statute, and are administered by the New Jersey Division of Pensions and Benefits ("the Division"): the Police and Firemen's Retirement System ("the PFRS"), the Public Employees' Retirement System ("the PERS") or the Defined Contribution Retirement Program ("the DCRP"). Each plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the State of New Jersey, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625-0295.

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

The PERS was established in 1955. The PERS provides retirement, death, and disability, and medical benefits to qualified members. Vesting and benefit provisions are established by N.J.S.A. 43:15A and 43:3B.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate was increased to 6.5% plus an additional 1.0% phased-in over seven years beginning in the first year. The phase-in of the additional incremental member contribution amount will take place in July of each subsequent year. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however the statute also requires the return to the normal rate when such surplus pension assets no longer exist.

**NOTE 10. PENSION PLANS (CONTINUED)**

**Public Employees' Retirement System (PERS) (Continued)**

The Township is billed annually for its normal contribution plus any accrued liability. These contributions, equal to the required contributions are detailed below.

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

The PFRS was established in 1944. The PFRS provides retirement, death, and disability, and medical benefits to qualified members. Vesting and benefit provisions are established by N.J.S.A. 43:16A and 43:3B.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 204, P.L. 1989, plan members enrolled in the PFRS are required to contribute 8.5% of their annual covered salary. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate was increased to 10% in October 2011. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however the statute also requires the return to the normal rate when such surplus pension assets no longer exist.

The Township is billed annually for its normal contributions plus any accrued liability. These contributions, equal to the required contributions are detailed below.

**Defined Contribution Retirement Program (DCRP)**

The DCRP was established in 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et seq.), and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010. The DCRP Board oversees the DCRP, which is administered by Prudential Financial on behalf of the Division. The DCRP provides eligible members, and their beneficiaries, with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N.J.S.A. 43:15C-1 et seq.

The contribution requirements of plan members are determined by State statute. Plan members are required to contribute 5.5% of their annual covered salary and the Township is required to contribute 3% of the annual salary. The employee contributions along with the Township's contribution for each pay period are transmitted to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

There were no Township employees enrolled in the DCRP for the years ended December 31, 2012, 2011 and 2010.

**NOTE 10. PENSION PLANS (CONTINUED)****Other Information**

The Township's contributions, equal to the required contribution for each fiscal year, were as follows:

	<b>2012</b>		<b>2011</b>		<b>2010</b>	
	<b><u>PERS</u></b>	<b><u>PFRS</u></b>	<b><u>PERS</u></b>	<b><u>PFRS</u></b>	<b><u>PERS</u></b>	<b><u>PFRS</u></b>
Normal Contribution	\$ 148,958	\$ 454,361	\$ 175,021	\$ 631,794	\$ 146,471	\$ 544,847
Accrued Liability	297,916	496,951	278,885	498,820	188,198	382,098
Total Regular Pension Contribution	446,874	951,312	453,906	1,130,614	334,669	926,945
Non-Contributory Group Life Insurance	28,471	35,416	34,474	50,151	46,411	48,070
Total Due	\$ <u>475,345</u>	\$ <u>986,728</u>	\$ <u>488,380</u>	\$ <u>1,180,765</u>	\$ <u>381,080</u>	\$ <u>975,015</u>

The Division does not invest in securities issued by the Township.

**NOTE 11. SCHOOL TAXES**

Regional and Local District School Taxes have been raised and liabilities deferred. Section 13 of P.L. 1991, C. 63 required that any municipality that levied school taxes on a school year basis shall defer from the 1991 municipal purposes tax levy at least 25% of the amount allowable to be deferred (which is 50% (fifty percent) of the levy). The remainder of the allowable amount shall be deferred from the levy in each of the next three years (1992-1994). The amounts so deferred shall be regarded as fund balance and shall be used to offset the local property tax levy for local purposes. In 1992 at least 50% of the amount allowable to be deferred from the 1992 tax levy was required to offset the 1993 local property tax levy and the total amount of deferral at December 31, 1993 was 75% of the amount allowable to be deferred based on the 1993 tax levy.

In 1994 Section 13, P.L. 1991, C. 63 was amended to provide municipalities with the option to determine the percentage if any of the amount allowable to be deferred to offset the local property tax levy for local purposes.

	<b><u>Regional School Tax</u></b>		<b><u>Local District School Tax</u></b>	
	<b><u>Balance December 31</u></b>		<b><u>Balance December 31</u></b>	
	<b><u>2012</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2011</u></b>
Tax Payable	\$ 6,247,458	\$ 5,628,110	\$ 895,853	\$ 859,665
Deferred Cash	<u>2,262,051</u>	<u>2,262,051</u>	<u>796,383</u>	<u>796,383</u>
Balance of Tax	\$ <u>8,509,509</u>	\$ <u>7,890,161</u>	\$ <u>1,692,236</u>	\$ <u>1,656,048</u>

**NOTE 12. OTHER POST-EMPLOYMENT BENEFITS****Plan Description**

The Township contributes to the State Health Benefits Program ("SHBP"), a cost-sharing, multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions. SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq., to provide health benefits to State employees, retirees, and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

## **NOTE 12. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. Many years ago, the Township authorized participation in the SHBP's post-retirement benefit program. The Township adopted the provisions of Chapter 88, P.L. 1974 that provides medical benefits to any employee who has over 25 years of pension service credit.

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

### **Funding Policy**

Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis.

Contributions to pay for health premiums of participating retirees in the SHBP are billed to the Township on a monthly basis.

The Township contributions to SHBP for the years ended December 31, 2012, 2011 and 2010 were \$830,191, \$815,525 and \$720,354, respectively, which equaled the required contributions for each year. There were approximately 55, 56 and 53 retired participants eligible at December 31, 2012, 2011 and 2010, respectively.

## **NOTE 13. RISK MANAGEMENT**

The Township is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township is a member of the Ocean County Municipal Joint Insurance Fund, and the Municipal Excess Liability Fund, public entity risk pools currently operating as a common risk management and insurance programs for municipalities within the state. The Township pays an actuarially determined annual assessment to Ocean County Municipal Joint Insurance Fund for its insurance coverage and that of the Municipal Excess Liability Fund. Supplemental assessments may be levied to supplement the funds. The Township has not been notified on any supplemental assessments.

Settled claims resulting from these risks, if any, have not exceeded insurance coverage in any of the past three years

**NOTE 14. PRIOR YEAR ADJUSTMENTS - WATER-SEWER UTILITY CAPITAL FUND**

During the course of the 2012 audit information relating to the Township's New Jersey Environmental Infrastructure Trust Loan Programs (EIT loans) were confirmed with the New Jersey Department of Environmental Protection (NJDEP). Consequently, it was determined that changes in NJDEP funding sources including credits (premiums) from state level refunding bond sales subsequently changed EIT loan liabilities from original estimates.

It was also noted that the "reserve for retirement of debt" required an adjustment that resulted in a deficit which was charged against utility capital fund balance. Such deficit was the result of revenue realization in a previous period of available balances based on amounts previously calculated as available from EIT loan transactions.

Other ancillary utility capital exhibits including fixed capital and amortization reserves were adjusted to reflect projects previously completed and uncompleted and the "analysis of cash" was also adjusted to reflect the funding (permanent and temporary as required) status of improvement authorizations and EIT loan related receivables.

**NOTE 15. "SUPER STORM SANDY" EMERGENCY APPROPRIATIONS**

Storm damage from "Super Storm Sandy" resulted in the governing body authorizing emergency appropriations for clean-up and repairs as follows:

Emergency Appropriation Funded by Capital Ordinance (N.J.S. 40A:4-47) - \$1,000,000

Special Emergency Authorization (N.J.S. 40A:4-54) - \$7,000,000

The Special Emergency is required to be raised a minimum of 20% of the original amount authorized over a five year period. It is anticipated that a portion of the special emergency authorization will be funded by FEMA and/or insurance proceeds.

**NOTE 16. CONTINGENT LIABILITIES**

**State and Federal Financial Assistance**

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 financial assistance 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, 2012, the Township estimates that no material liabilities will result from such audits.

**Pending Litigation**

Township Counsel's letter to the auditor indicated there was no pending or threatened litigation, claims and assessments which was not covered by adequate insurance.

**NOTE 16. CONTINGENT LIABILITIES (CONTINUED)**

**Unasserted Claims and Assessments**

With respect to unasserted claims and assessments, there are threats by various oceanfront homeowners to contest acquisition of oceanfront easements in furtherance of the United States Army Corps of Engineers Shore Replenishment Project. In the event that the Township is forced to proceed with condemnation of oceanfront lands owned by unrelenting owners, the financial impact on Township could be severe. However, the United States Army Corps of Engineers presently is considering reforming their policy to reimburse the Township for any expenditures which may be incurred by the Township as of a result of necessary condemnation practice thereby mitigating the severity of the financial impact.

**NOTE 17. INTERFUND RECEIVABLES AND PAYABLES**

The following interfund balances remained on the balance sheets at December 31, 2012:

	<b><u>Interfund Receivable</u></b>	<b><u>Interfund Payable</u></b>
Current Fund	\$ 1,554,021	\$ 144,485
Grant Fund	139,385	
General Capital Fund		1,553,721
Animal Control Trust Fund		300
Payroll Fund	<u>5,100</u>	<u>          </u>
	<b><u>\$ 1,698,506</u></b>	<b><u>\$ 1,698,506</u></b>

**NOTE 18. LENGTH OF SERVICE AWARD PROGRAM ("LOSAP") - UNAUDITED**

The Township has established a Volunteer Length of Service Award Plan ("LOSAP") ("Plan") to ensure retention of the Township's volunteers. The Plan shall be construed under the laws of the State of New Jersey and is established with the intent that it meets the requirements of a length of service award plan under Section 457(e)(1) of the Internal Revenue Code".

**Annual Contributions** - The annual contribution to be made by the Township for each active volunteer member shall be \$1,150 per year of active emergency service, commencing with the year 2007.

**Appropriations** - Appropriations for the purpose of funding the Township's LOSAP shall be included as a separate line item in the Township's budget, commencing with the year 2007.

**Periodic Increases** - Notwithstanding the provisions above, the annual contribution to be made by the Township for each active volunteer member shall be subject to periodic increases based upon the "consumer price index factor" pursuant to subsection f. of section 3 of P.L. 1997, c. 388 (N.J.S.A. 40A:14-185).

**Criteria for Eligibility; Contributions; Points** - Any active volunteer member shall be eligible to participate in the LOSAP Plan immediately upon commencement of the member's performance of active voluntary services in the emergency service organization. Annual contributions shall only be made by the Township, however, for those active volunteer members who have earned the minimum number of points for performing certain volunteer services on a yearly basis.

**NOTE 18. LENGTH OF SERVICE AWARD PROGRAM ("LOSAP") – UNAUDITED**  
**(CONTINUED)**

**Determination as to Eligibility** - Each emergency service organization shall provide to the Township Administrator, acting as the Plan Administrator of LOSAP Plan, a certified list as to the active volunteer members who are initially eligible to participate in the Plan and those who are eligible to participate as each January 1 thereafter. The Plan Administrator shall forward said certified list to the Township Committee for approval, in accordance with the provision of N.J.A.C. 5:30-14.10. The decision of the Township Committee as to such active member's eligibility shall be binding upon the Plan Administrator, participants, beneficiaries and any and all other persons having an interest hereunder, subject to appropriate judicial review.

**Terms of Participation** - The Plan Administrator shall have the right to require any active volunteer member at the time of his or her becoming a participant to agree, in writing, to be bound by the terms, covenants and conditions of the LOSAP and accompanying trust. Each participant shall furnish to the Plan Administrator all pertinent information required for the administration of the LOSAP. The Plan Administrator shall rely upon all such information furnished.

**Vesting** - The active volunteer member shall not be permitted to receive a distribution of the fund in his or her LOSAP account until the completion of a five-year vesting period.

**Termination of Service** - Any participant who terminates service as an active volunteer member shall cease to participate hereunder. A former participant may resume participation immediately upon returning to the service of the emergency service organization as an active volunteer member. Any active volunteer member who terminates service with the emergency service organization, subsequently returns to service and again becomes a participant shall be treated as a new participant for purposes of eligibility unless said participant was fully vested prior to his or her termination from service.

**Contributions from Other Entities** - As of the audit date, amounts due for 2012, which were paid in 2013, are as follows:

Barnegat Light	\$ 25,106
Harvey Cedars	12,720
Ship Bottom	7,319
Surf City	<u>5,544</u>
Total Contributions	\$ <u>50,689</u>

The above information is presented as reflected in the Township's records as of the date of audit.

**Reporting Requirements** - N.J.A.C. 5:30-14.49 requires that the Township perform a separate review report of the Plan in accordance with the American Institute of Certified Public Accountants Statements for Accounting and Auditing Review Services.



**NOTE 19.     SUBSEQUENT EVENT - DEBT AUTHORIZED**

The Township adopted capital ordinances through July 9, 2013:

<b><u>Ordinance Number</u></b>	<b><u>Project</u></b>	<b><u>Amount of Debt Authorized</u></b>
	General Capital Fund:	
13-03	To Pay a Special Emergency Appropriation for Hurricane Sandy	\$ 5,000,000
13-10	Supplemental Funding for the Replacement of an Emergency Generator	118,750
13-15	Acquisition f Equipment for Grounding and Lightening Protection	128,200
13-16	Acquisition of Various Equipment for the Public Works Department	128,200
13-17	Acquisition of a Beach Truck	427,500
13-18	Acquisition of Vehicles for the Public Works Department	<u>66,500</u>
	Total General Capital Fund	\$ <u>5,869,150</u>
	Water-Sewer Utility Capital Fund:	
13-19	Painting of the Brant Beach and Holgate Water Towers	\$ <u>500,000</u>

## **APPENDIX C**

### **FORM OF BOND COUNSEL OPINION**



**PARKER McCAY**

**Parker McCay P.A.**  
9000 Midlantic Drive, Suite 300  
P.O. Box 5054  
Mount Laurel, New Jersey 08054-1539

P: 856.596.8900  
F: 856.596.9631  
www.parkermccay.com

May \_\_, 2014

Mayor and Board of Commissioners  
of the Township of Long Beach  
6805 Long Beach Boulevard  
Brant Beach, New Jersey

**RE: \$3,992,000 TOWNSHIP OF LONG BEACH, COUNTY OF OCEAN, NEW JERSEY, GENERAL OBLIGATION BONDS, SERIES 2014E**

**\$1,450,000 TOWNSHIP OF LONG BEACH, COUNTY OF OCEAN, NEW JERSEY, GENERAL OBLIGATION REFUNDING BONDS, SERIES 2014F**

Ladies and Gentlemen:

We have served as Bond Counsel in connection with the authorization, issuance, sale and delivery by the Township of Long Beach, County of Ocean, New Jersey ("Township") of its: (i) General Obligation Bonds, Series 2014E ("2014E Bonds"); and (ii) General Obligation Refunding Bonds, Series 2014F ("2014F Bonds"; together with the 2014E Bonds, the "Bonds").

The 2014E Bonds are authorized to be issued pursuant to: (i) the Local Bond Law, constituting Chapter 169 of the Laws of 1960 of the State of New Jersey, as amended and supplemented ("Local Bond Law"); (ii) bond ordinances 05-26, 07-04, 07-07, 07-29, 07-30, 07-34, 08-03, 08-11, 08-12, 08-13, 08-15, 08-16, 08-18, 09-18, 09-19, 09-20, 09-21, 10-16, 11-26, 11-27, 11-32, 12-28, 13-15, 13-16, 13-17 and 13-18, each duly and finally adopted by the Board of Commissioners ("Board of Commissioners") and published in accordance with applicable law (collectively, the "Bond Ordinances"); (iii) a resolution adopted by the Board of Commissioners on May 9, 2014 ("Resolution"); and (iv) a Certificate of Determination and Award executed by the Chief Financial Officer of the Township on May 20, 2014 ("2014E Award Certificate").

The 2014F Bonds are authorized to be issued pursuant to: (i) Local Bond Law; (ii) a refunding bond ordinance, duly and finally adopted by the Board of Commissioners on April 25, 2014 and published in accordance with applicable law ("Refunding Bond Ordinance"); (iii) the Resolution; and (iv) a Certificate of Determination and Award executed by the Chief Financial Officer of the Township on May 20, 2014 ("2014F Award Certificate"; together with the 2014E Award Certificate, the "Award Certificates").

The 2014E Bonds are dated their date of issuance, mature on March 1 in each of the years and in the respective principal amounts set opposite each such year in the table below and bear interest at the interest rates per annum below, payable initially on March 1, 2015 and semi-annually thereafter on September 1 and March 1 in each year until maturity or earlier redemption.

**COUNSEL WHEN IT MATTERS.<sup>SM</sup>**

Mount Laurel, New Jersey | Lawrenceville, New Jersey | Atlantic City, New Jersey



<u>Year</u>	<u>Principal</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal</u>	<u>Interest Rate</u>
2015	\$185,000	%	2022	\$355,000	%
2016	200,000		2023	355,000	
2017	200,000		2024	355,000	
2018	200,000		2025	360,000	
2019	350,000		2026	370,000	
2020	350,000		2027	362,000	
2021	350,000				

The 2014E Bonds are issued in fully registered book-entry-only form without coupons, and are subject to redemption prior to their stated maturity dates as set forth therein.

The 2014E Bonds are being issued to provide funds which will be used to: (i) permanently finance the costs of various capital improvements by the repayment at maturity of the principal of certain bond anticipation notes heretofore issued by the Township; (ii) permanently finance the costs of various capital improvements for which obligations have been authorized, but not issued; and (iii) pay certain costs and expenses incidental to the issuance and delivery of the 2014E Bonds.

The 2014F Bonds are dated their date of issuance, mature on December 1 in each of the years and in the respective principal amounts set opposite each such year in the table below and bear interest at the rates per annum below, payable initially on December 1, 2014 and semi-annually thereafter on June 1 and December 1 in each year until maturity.

<u>Year</u>	<u>Principal</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal</u>	<u>Interest Rate</u>
2014	\$260,000	%	2017	\$300,000	%
2015	290,000		2018	300,000	
2016	300,000				

The 2014F Bonds are issued in fully registered book-entry-only form without coupons, and are not subject to redemption prior to their stated maturity dates.

The 2014F Bonds are being issued to provide funds which will be used to: (i) currently refund and redeem all of the Township's outstanding General Obligation Bonds, Series 2003; and (ii) pay certain costs and expenses incidental to the issuance and delivery of the 2014F Bonds.

As the basis for the opinion set forth below, we have examined such matters of law as we have deemed necessary including, *inter alia*, the Constitution of the State of New Jersey, the Internal Revenue Code of 1986, as amended ("Code"), and the Local Bond Law. We have also examined such documents, certifications and instruments as we have deemed necessary including, without limitation, the Bond Ordinances, the Refunding Bond Ordinance, the Resolution, the Award Certificates, the representations and covenants of the Township given pursuant to the Code as set forth in the Certificate as to Nonarbitrage and Other Tax Matters ("Nonarbitrage Certificate"), and the other certifications, instruments, documents and opinions listed in the closing agenda prepared in connection with the settlement of the Bonds.



In rendering the following opinion, we have relied upon the authenticity, truthfulness and completeness of all documents, instruments and certifications examined including, without limiting the generality of the foregoing, the Nonarbitrage Certificate.

Based upon and subject to the foregoing, we are of the following opinion:

1. The Bonds are legal, valid and binding obligations of the Township enforceable in accordance with the terms thereof, except to the extent that enforcement thereof may be limited by bankruptcy, insolvency or other laws or equitable principles affecting the enforcement of creditors' rights generally ("Creditors' Rights Limitations").

2. For the payment of principal of and interest on the Bonds, the Township has the power and is obligated, to the extent payment is not otherwise provided, to levy *ad valorem* taxes upon all taxable real property within the Township without limitation as to rate or amount, except to the extent that enforcement thereof may be affected by Creditors' Rights Limitations.

3. Interest on the Bonds is not included for federal income tax purposes in the gross income of the owners thereof pursuant to Section 103 of the Code and is not a specific item of tax preference item under Section 57 of the Code for purposes of calculating the alternative minimum tax imposed on individuals and corporations pursuant to Section 55 of the Code.

The adjustment for "adjusted current earnings" set forth in Section 56(g) of the Code is required in determining a corporation's alternative minimum taxable income. Alternative minimum taxable income is increased by seventy-five percent (75%) of the excess, if any, of the "adjusted current earnings" of a corporation over the alternative minimum taxable income (determined without regard to this adjustment or the alternative tax net operating loss deduction).

Interest on tax-exempt obligations, including the Bonds, is not excludable in calculating certain corporation's "adjusted current earnings." Accordingly, a portion of the interest on the Bonds received or accrued by a corporation that owns the Bonds is included in computing such corporation's alternative minimum taxable income for such year.

Section 884 of the Code imposes on certain foreign corporations a branch profits tax equal to thirty percent (30%) of the "dividend equivalent amount" for the taxable year. Interest on the Bonds received or accrued by a foreign corporation subject to the branch profits tax may be included in computing the "dividend equivalent amount" of such corporation.

In addition, passive investment income, including interest on the Bonds, may be subject to federal income taxation under Section 1375 of the Code for any S corporation that has Subchapter C earnings and profits at the close of the taxable year if more than twenty-five percent (25%) of the gross receipts of such S corporation is passive investment income.

In rendering this opinion, we have assumed continuing compliance by the Township that it will comply with the applicable requirements of the Code, including requirements relating to, inter alia, the use and investment of proceeds of the Bonds and rebate to the United States Treasury of specified arbitrage earnings, if any, under Section 148(f) of the Code. Failure of the Township to



comply with such covenants could result in the interest on the Bonds being subject to federal income tax from the date of issue. We have not undertaken to monitor compliance with such covenants or to advise any party as to changes in the law after the date hereof that may affect the tax-exempt status of the interest on the Bonds.

Ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers including, without limitation, certain holders of an interest in a financial asset securitization investment trust, property and casualty insurance companies, controlled foreign corporations, individual recipients of Social Security or Railroad Retirement benefits, individuals who otherwise qualify for the earned income credit, and to individuals and families that qualify for a premium assistance credit amount under Section 36B of the Code. The Code denies the earned income credit to an individual who is otherwise eligible if the aggregate amount of disqualified income of the taxpayer for the taxable year exceeds certain limits set forth in Sections 32(i) and (j) of the Code. Interest on the Bonds will constitute disqualified income for this purpose. The Code also provides that the earned income credit is phased out if the modified adjusted gross income of the taxpayer exceeds certain amounts. Interest on the Bonds is included in determining the modified adjusted gross income of the taxpayer. Section 36B of the Code provides that the amount of the premium assistance credit amount is in part determined by household income. Section 36B(d) of the Code provides that household income consists of the "modified adjusted gross income" of the taxpayer and certain other individuals. "Modified adjusted gross income" means adjusted gross income increased by certain amounts, including interest received or accrued by the taxpayer which is exempt from tax, such as the interest on the Bonds.

In addition, attention is called to the fact that Section 265(b)(1) of the Code eliminates the interest deduction otherwise allowable with respect to indebtedness deemed incurred by banks, thrift institutions and other financial institutions to purchase or to carry tax-exempt obligations acquired after August 7, 1986 other than "qualified tax-exempt obligations" as defined in Section 265(b)(3) of the Code. The Township has designated the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code. Eighty percent (80%) of the interest expense deemed incurred by banks, thrift institutions and other financial institutions to purchase or carry "qualified tax-exempt obligations" is deductible.

Owners of the Bonds should consult their own tax advisers as to the applicability and effect on their federal income taxes of the alternative minimum tax, the branch profits tax and the tax on passive investment income of S corporations, as well as the applicability and effect of any other collateral federal income tax consequences.

4. Interest on the Bonds and any gain from the sale thereof is not included in the gross income of the owners thereof under the New Jersey Gross Income Tax Act, as enacted and construed on the date hereof.

We express no opinion as to any matter not set forth in the numbered paragraphs above including, without limitation, any financial or other information which has been or may be supplied to purchasers of the Bonds.



The opinions expressed in the numbered paragraphs above are being rendered on the basis of federal law and the laws of the State of New Jersey, as presently enacted and construed, and we assume no responsibility to advise any party as to any changes in law or fact subsequent to the date hereof.

This is only an opinion letter and not a warranty or guaranty of the matters discussed above.

This letter is being provided solely for the benefit of the Township and may not be relied upon by any other person, party, firm or organization without our prior written consent.

Very truly yours,

## **APPENDIX D**

### **FORM OF CONTINUING DISCLOSURE AGREEMENT**



## CONTINUING DISCLOSURE AGREEMENT

**THIS CONTINUING DISCLOSURE AGREEMENT** ("Disclosure Agreement") is made on this 29th day of May, 2014 between the Township of Long Beach, County of Ocean, New Jersey ("Township") and the Dissemination Agent (hereinafter defined). This Disclosure Agreement is entered into in connection with the issuance and sale by the Township of its: (i) General Obligation Bonds, Series 2014E, in the principal amount of \$3,992,000 ("2014E Bonds"); and (ii) General Obligation Refunding Bonds, Series 2014F, in the principal amount of \$1,450,000 ("2014F Bonds"; together with the 2014E Bonds, the "Bonds").

**SECTION 1. Purpose of the Disclosure Agreement.** This Disclosure Agreement is being executed and delivered for the benefit of the holders and beneficial owners of the Bonds (collectively, the "Bondholders") and in compliance with the provisions of Rule 15c2-12(b)(5), promulgated by the Securities and Exchange Commission ("Commission") pursuant to the Securities Exchange Act of 1934, as it may be amended from time to time, including administrative or judicial interpretations thereof, as it applies to the Bonds ("Rule").

**SECTION 2. Definitions.** Capitalized terms, not otherwise defined herein, shall, for purposes of this Disclosure Agreement, have the following meanings:

**"Annual Report"** shall mean, the Township's Annual Report provided pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

**"Commission"** shall have the meaning set forth in Section 1 of this Disclosure Agreement

**"Business Day"** shall mean any day other than a Saturday, Sunday or a day on which the Township or the Dissemination Agent is authorized by law or contract to remain closed.

**"Continuing Disclosure Information"** shall mean: (i) the Annual Report; (ii) any notice required to be filed with the National Repository pursuant to Section 5 hereof; and (iii) any notice of an event required to be filed with the National Repository pursuant to Section 3(c) hereof.

**"Dissemination Agent"** shall mean Phoenix Advisors, LLC, Bordentown, New Jersey, or any successor Dissemination Agent designated in writing by the Township and which has filed with the Township a written acceptance of such designation.

**"EMMA"** shall mean the Electronic Municipal Market Access System, an internet based filing system created and maintained by the MSRB in accordance with Release No. 34-59062 of the Commission, dated December 5, 2008, pursuant to which issuers of tax-exempt bonds, including the Bonds, and other filers on behalf of 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.

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

**"MSRB"** shall mean the Municipal Securities Rulemaking Board.

**"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 Commission as a repository for purposes of the Rule.

**"Official Statement"** shall mean the Official Statement of the Township dated May 13, 2014 relating to the Bonds.

**"Opinion of Counsel"** shall mean a written opinion of counsel expert in federal securities law acceptable to the Township.

**"Rule"** shall have the meaning set forth in Section 1 of this Disclosure Agreement.

### **SECTION 3. Provision of Annual Report.**

(a) The Township shall not later than two hundred seventy (270) days after the end of its fiscal year (currently December 31) for each fiscal year until termination of the Township's reporting obligations under this Disclosure Agreement pursuant to the provisions of Section 6 hereof provide to the Dissemination Agent the Annual Report prepared for the preceding fiscal year of the Township (commencing for the fiscal year ending December 31, 2013). Each Annual Report provided to the Dissemination Agent by the Township shall comply with the requirements of Section 4 of this Disclosure Agreement but may be submitted as a single document or as separate documents comprising a package and may cross-reference other information submitted to the National Repository. 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 EMMA, or that has been filed with the Commission.

(b) The Dissemination Agent, promptly (within ten (10) Business Days) after receiving the Annual Report from the Township, shall submit each Annual Report received by it to the National Repository and thereafter shall file a written report with the Township certifying that the Annual Report has been provided pursuant to this Disclosure Agreement to the National Repository and stating the date it was provided to the National Repository.

(c) If the Township fails to provide the Annual Report to the Dissemination Agent by the date required in subsection (a) of this Section 3, the Dissemination Agent shall send a notice to the Township advising of such failure. Whether or not such notice is given or received, if the Township thereafter fails to submit the Annual Report to the Dissemination Agent within fifteen (15) Business Days after the Annual Report was due pursuant to the provisions of subsection (a) of this Section 3, the Dissemination Agent shall promptly send a notice (with a copy of said notice to the Township) to the National Repository in substantially the form attached as EXHIBIT "A" hereto.

**SECTION 4. Contents of Annual Report.** Annual Report shall mean: (i) the Township's annual financial statements, substantially in the form set forth in Appendix B to the Official Statement, audited by an independent certified public accountant, provided that the annual audited financial statements of the Township may be submitted separately from the balance of the Annual Report and later than the date required in Section 3(a) hereof for the filing of the Annual Report if the annual audited financial statements are not available by that date, but only if the unaudited financial statements of the Township are included in the Annual Report; and (ii) the general financial information and operating data of the Township consistent with the information set forth in Appendix A to the Official Statement. Each annual audited financial statements will conform to generally accepted accounting principles applicable to governmental units or will be prepared in accordance with the standards of the Governmental Accounting Standards Board and requirements of the Division of Local Government Services in the New Jersey Department of Community Affairs as such principles, standards and requirements exist at the time of the filing of the particular annual audited financial statements.

## **SECTION 5. Reporting of Significant Events.**

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following listed events ("Listed Events"):

- (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 Bonds, or other material events affecting the tax status of the Bonds;
- (7) modifications to the rights of Bondholders, if material;
- (8) Bond calls (excluding mandatory sinking fund redemptions), if material, or 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 event of the obligated person;
- (13) the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (14) appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) The Township shall within ten (10) Business Days of the occurrence of any of the Listed Events, notify the Dissemination Agent in writing to report the event pursuant to subsection (c) of this Section 5. In determining the materiality of a Listed Event specified clauses (2), (7), (8), (10), (13) or (14) of subsection (a) of this Section 5, the Township may, but shall not be required to, rely conclusively on an Opinion of Counsel.

(c) If the Dissemination Agent has been instructed by the Township to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the National Repository within five (5) Business Days of the receipt of such instruction, with a copy of such notice provided by the Dissemination Agent to the Township.

**SECTION 6. Termination of Reporting Obligations.** The reporting obligations of the Township under this Disclosure Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds or when the Township is no longer an Obligated Person (as defined in the Rule) with respect to the Bonds.

**SECTION 7. Amendment; Waiver.** Notwithstanding any other provision of this Disclosure Agreement, the Township may amend this Disclosure Agreement and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an Opinion of Counsel to the effect that such amendment or waiver will not, in and of itself, cause the undertakings herein to violate the Rule. No amendment to this Disclosure Agreement shall change or modify the rights or obligations of the Dissemination Agent without its written assent thereto.

The Township shall give notice of such amendment or waiver to this Disclosure Agreement to the Dissemination Agent and the Dissemination Agent shall file such notice with the National Repository.

**SECTION 8. Additional Information.** Nothing in this Disclosure Agreement shall be deemed to prevent the Township from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Township 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 Agreement, it shall not have any obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

**SECTION 9. Prior Compliance With the Rule.** The Township covenants that it has never failed to comply with any previous undertakings to provide secondary market disclosure pursuant to the Rule.

**SECTION 10. Default and Remedies.** In the event of a failure of the Township to comply with any provision of this Disclosure Agreement, the Dissemination Agent may (and, at the request of the Bondholders of at least twenty-five percent (25%) in aggregate principal amount of the outstanding Bonds and provision of indemnity and security for expenses satisfactory to it, shall), or any 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 Township to comply with its obligations under this Disclosure Agreement. A failure of the Township to comply with any provision of this Disclosure Agreement shall not be deemed to be a default under the Bonds. The sole remedy under this Disclosure Agreement in the event of any failure of the Township to comply with this Disclosure Agreement shall be an action to compel performance.

**SECTION 11. Notices.** All notices and other communications required or permitted under this Disclosure Agreement shall be in writing and shall be deemed to have been duly given, made and received only when delivered (personally, by recognized national or regional courier service, or by other messenger, for delivery to the intended addressee) or when deposited in the United States mail, registered or certified mail, postage prepaid, return receipt requested, addressed as set forth below:

- (i) If to the Township:

Township of Long Beach, County of Ocean, New Jersey  
6805 Long Beach Boulevard  
Brant Beach, New Jersey 08008  
Attention: Elizabeth L. Jones, Chief Financial Officer

- (ii) If to the Dissemination Agent:

Phoenix Advisors, LLC  
4 West Park Street  
Bordentown, New Jersey 08505  
Attention: Sherry L. Tracey, Managing Director

Any party may alter the address to which communications are to be sent by giving notice of such change of address in conformity with the provision of this Section 11 for the giving of notice.

**SECTION 12. Beneficiaries.** This Disclosure Agreement shall inure solely to the benefit of the Township, the Dissemination Agent and the Bondholders and nothing herein contained shall confer any right upon any other person.

**SECTION 13. Submission of Information to MSRB.** Any Continuing Disclosure Information filed with the MSRB in accordance with this Disclosure Agreement shall be in electronic format as shall be prescribed by the MSRB or such other format as the Rule may require or permit, and shall be accompanied by such identifying information as shall be prescribed by the MSRB or as may otherwise be required by the Rule.

**SECTION 14. Compensation.** The Township shall pay the Dissemination Agent from time to time reasonable compensation for all services rendered under this Disclosure Agreement, and also all reasonable expenses, charges, counsel fees and other disbursements, including those of its attorneys, agents and employees, incurred in and about the performance of its powers and duties under this Disclosure Agreement.

**SECTION 15. Successors and Assigns.** All of the covenants, promises and agreements contained in this Disclosure Agreement by or on behalf of the Township or by or on behalf of the Dissemination Agent shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

**SECTION 16. Headings for Convenience Only.** The descriptive headings in this Disclosure Agreement are inserted for convenience of reference only and shall not control or affect the meaning or construction of any of the provisions hereof.

**SECTION 17. Counterparts.** This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

**SECTION 18. Severability.** If any provision of this Disclosure Agreement, or the application of any such provision in any jurisdiction or to any person or circumstance, shall be held invalid or unenforceable, the remaining provisions of this Disclosure Agreement, or the application of such provision as is held invalid or unenforceable in jurisdictions or to persons or circumstances other than those in or as to which it is held invalid or unenforceable, shall not be affected thereby.

**SECTION 19. Governing Law.** This Disclosure Agreement shall be governed by and construed in accordance with the laws of the State of New Jersey.

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**IN WITNESS WHEREOF**, the parties hereto have executed this Disclosure Agreement as of the date first above written.

**TOWNSHIP OF LONG BEACH, NEW JERSEY**

By: \_\_\_\_\_  
**ELIZABETH L. JONES,**  
**Chief Financial Officer**

**PHOENIX ADVISORS, LLC,**  
**as Dissemination Agent**

By: \_\_\_\_\_  
**SHERRY L. TRACEY, Managing Director**

**EXHIBIT A**

**NOTICE TO NATIONAL REPOSITORY OF FAILURE TO FILE AN ANNUAL REPORT**

Name of Issuer: Township of Long Beach, County of Ocean, New Jersey

Name of Bond Issues Affected: General Obligation Bonds, Series 2014E  
General Obligation Refunding Bonds, Series 2014F

Date of Issuance of the Affected  
Bond Issue: May 29, 2014

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above named Bond issue as required by Section 3 of the Continuing Disclosure Agreement, dated May 29, 2014, between the Township and the Dissemination Agent. [TO BE INCLUDED ONLY IF THE DISSEMINATION AGENT HAS BEEN ADVISED OF THE EXPECTED FILING DATE - The Issuer anticipates that such Annual Report will be filed by \_\_\_\_\_.]

Dated: \_\_\_\_\_

PHOENIX ADVISORS, LLC,  
as Dissemination Agent

cc: Township of Long Beach, New Jersey