

TOWNSHIP OF LITTLE EGG HARBOR

**AUDIT REPORT FOR THE YEAR
ENDED DECEMBER 31, 2011**

TOWNSHIP OF LITTLE EGG HARBOR
COUNTY OF OCEAN

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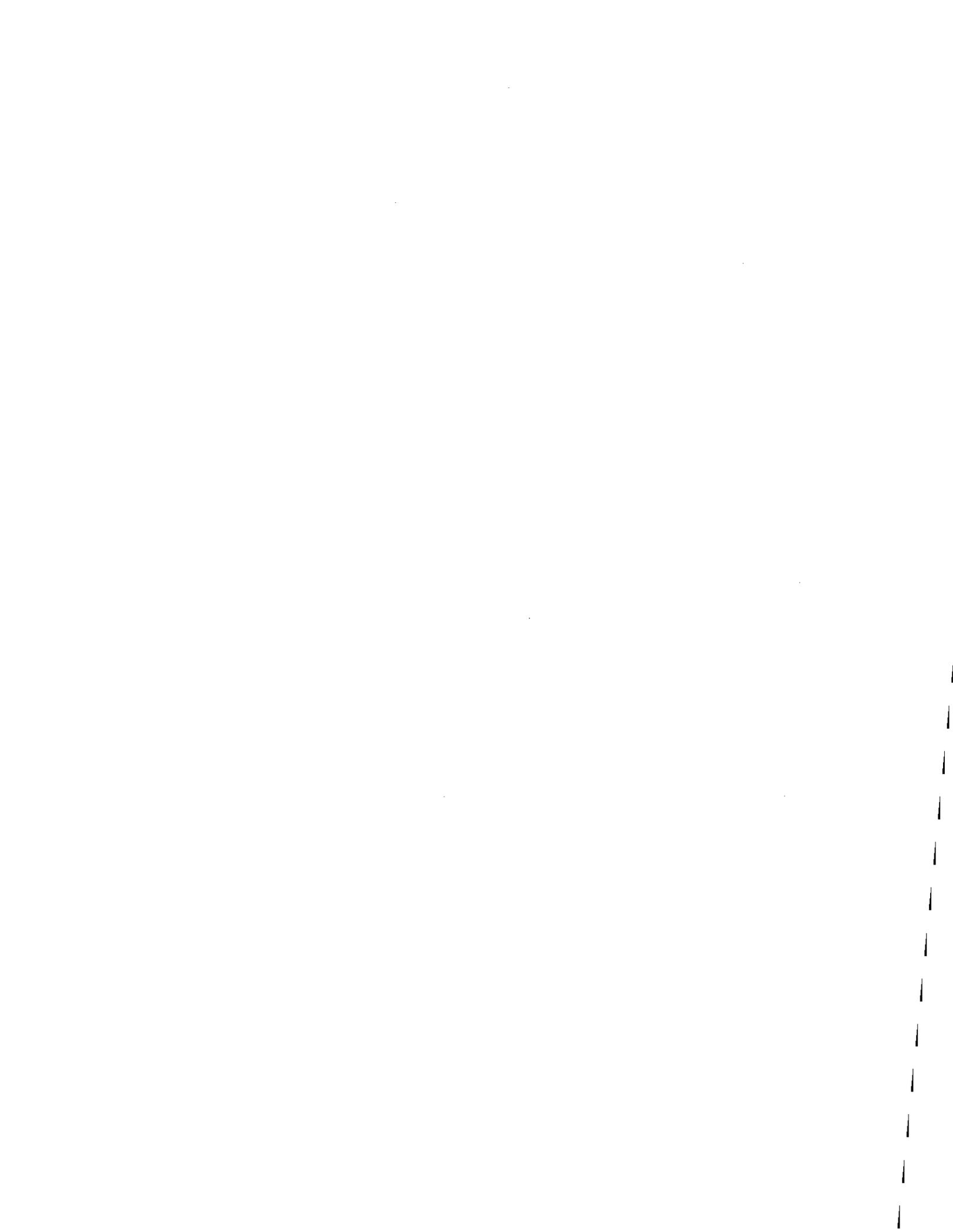
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**TOWNSHIP OF LITTLE EGG HARBOR
COUNTY OF OCEAN**

PART I

**INDEPENDENT AUDITOR'S REPORTS
FINANCIAL STATEMENTS AND
SUPPLEMENTARY DATA
FOR THE YEAR ENDED DECEMBER 31, 2011**





Certified Public Accountants & Consultants

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying comparative statements of assets, liabilities, reserves and fund balance--regulatory basis of the various funds of the Township of Little Egg Harbor, State of New Jersey as of December 31, 2011 and 2010, and the related comparative statements of operations and changes in fund balance--regulatory basis for the years then ended, and the related comparative statement of revenues--regulatory basis, comparative statement of expenditures--regulatory basis and comparative statement of general fixed assets as of December 31, 2011 and 2010. These financial statements are the responsibility of the Township of Little Egg Harbor's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as discussed in the following paragraph, we conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in compliance with audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the financial statements previously referred to have been prepared in conformity with accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matters, as discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township of Little Egg Harbor, State of New Jersey, as of December 31 2011, the changes in its financial position, or where applicable, its cash flows for the year then ended. Further, the Township of Little Egg Harbor, State of New Jersey has not presented a management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Furthermore, in our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, reserves and fund balance--regulatory basis of the various funds of the Township of Little Egg Harbor, State of New Jersey, as of December 31, 2011 and 2010, and the results

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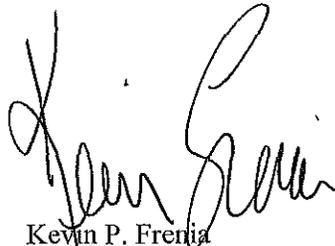
of its operations and changes in fund balance of such funds--regulatory basis for the years then ended, and the revenues--regulatory basis, expenditures--regulatory basis of the various funds and general assets, for the year ended December 31, 2011 in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 25, 2012, on our consideration of the Township of Little Egg Harbor, State of New Jersey's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements of the Township of Little Egg Harbor's basic financial statements. The supplemental financial statements presented for the various funds are presented for purposes of additional analysis as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements of each of the respective individual funds and account group taken as a whole.

Respectfully submitted,

HOLMAN & FRENIA, P. C.



Kevin P. Frenia
Certified Public Accountant
Registered Municipal Accountant
CR 435

Medford, New Jersey
May 25, 2012



Certified Public Accountants & Consultants

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

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

We have audited the financial statements of the Township of Little Egg Harbor, County of Ocean, State of New Jersey, as of and for the year ended December 31, 2011, and have issued our report thereon dated May 25, 2012. Our report disclosed that, as described in Note 1 to the financial statements, the Township prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Service, Department of Community Affairs, State of New Jersey, that demonstrates compliance with a modified accrual basis and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying Comment and Recommendation Section that we consider to be significant deficiencies in internal control over financial reporting as Finding No’s: 2011-01 and 2011-02. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township of Little Egg Harbor's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed two instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which are described in the accompanying Comment and Recommendation Section as Finding No's: 2011-01 and 2011-02.

We noted certain matters that we reported to management of the Township of Little Egg Harbor in a separate letter dated May 25, 2012.

This report is intended solely for the information and use of the Township of Little Egg Harbor's management, and Committee members, others within the organization, the Division of Local Government Services, federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

HOLMAN & FRENIA, P. C.



Kevin P. Frenia
Certified Public Accountant
Registered Municipal Accountant
CR 435

Medford, New Jersey
May 25, 2012

FINANCIAL STATEMENTS

**TOWNSHIP OF LITTLE EGG HARBOR
CURRENT FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2011 AND 2010**

ASSETS	REFERENCE	2011	2010
Operating Fund:			
Cash:			
Treasurer	A-4	\$2,913,945	4,398,005
Change Fund	A	<u>1,400</u>	<u>1,400</u>
Total Cash		<u>2,915,345</u>	<u>4,399,405</u>
Other Receivables:			
Due From/(To) State of New Jersey	A	<u>103,073</u>	<u>92,909</u>
Total Other Receivables		<u>103,073</u>	<u>92,909</u>
Receivables & Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-5	42,346	399,069
Tax Title Liens Receivable	A-6	377,326	290,153
Property Acquired/Assessed Valuation	A-7	5,793,000	5,793,000
Revenue Accounts Receivable	A-8	11,749	17,719
Due from Federal & State Grants	A	22,820	
Due from Trust Other	B	32,730	11,832
Due from Trust Assessment	B		793
Due from General Capital	C	23,323	
Due From Payroll	D	<u>189,476</u>	<u>155,045</u>
Total Receivables	A	<u>6,492,770</u>	<u>6,667,611</u>
Other Assets:			
Prepaid Fire District Tax	A		<u>5,000</u>
Total Operating Fund Assets		<u>9,511,188</u>	<u>11,164,925</u>
Federal & State Grant Fund:			
Cash - Treasurer	A-4	170,527	100,594
Grants Receivable	A-9	794,513	231,642
Due from Current	A		3,191
Due from General Capital	C		<u>122,019</u>
Total Federal & State Grant Fund Assets		<u>965,040</u>	<u>457,446</u>
Total Assets		<u>\$10,476,228</u>	<u>11,622,371</u>

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

**TOWNSHIP OF LITTLE EGG HARBOR
CURRENT FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2011 AND 2010**

LIABILITIES RESERVES & FUND BALANCE	REFERENCE	2011	2010
Operating Fund:			
Appropriation Reserve:			
Encumbered	A-3/A-12	\$77,949	84,098
Unencumbered	A-3	879,800	861,876
Prepaid Taxes	A-4	407,653	411,600
Tax Overpayments	A	67,328	590,650
Due County for Added & Omitted Taxes	A	40,235	54,599
Due Municipal Open Space Tax Fund	B	296,819	
Local School Taxes Payable	A-13	123,680	349,456
Regional School Taxes Payable	A-14	95,772	515,661
Due Bass River - UCC Fees	A	619	
Reserve for Tax Appeals	A	196,461	600,000
Construction Code Fees Due State	A	12,210	10,690
Due Trust Assessment Fund	B	531	
Due Federal & State Grant Fund	A		3,191
		<hr/>	<hr/>
Total Operating Liabilities		2,199,057	3,481,821
		<hr/>	<hr/>
Reserve for Receivables	A	6,492,770	6,667,611
Fund Balance	A-1	819,361	1,015,493
		<hr/>	<hr/>
Total Operating Fund		9,511,188	11,164,925
		<hr/>	<hr/>
Federal & State Grant Fund:			
Reserve for State Grants:			
Appropriated Reserves	A-11	915,313	375,006
Unappropriated Reserves	A-10	19,416	43,944
Encumbrances Payable	A-11	6,366	9,461
Due Current	A	22,820	
Due Payroll	D	1,000	
Due Trust Other	B	125	29,035
		<hr/>	<hr/>
Total Federal & State Grant Fund		965,040	457,446
		<hr/>	<hr/>
Total Liabilities Reserve & Fund Balance		\$10,476,228	11,622,371
		<hr/>	<hr/>

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

TOWNSHIP OF LITTLE EGG HARBOR
CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES
IN FUND BALANCE - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011	2010
Revenue & Other Income Realized:		
Fund Balance Utilized	\$920,000	2,800,000
Miscellaneous Revenues Anticipated	4,035,127	3,004,842
Receipts From Delinquent Taxes	402,057	108,463
Receipts From Current Taxes	49,978,435	49,282,287
Nonbudget Revenues	285,205	176,050
Other Credits to Income:		
Interfunds Liquidated	15,682	107,896
Unexpended Balance of Appropriation Reserves	770,410	680,288
	<hr/>	<hr/>
Total Revenue & Other Income	56,406,916	56,159,826
	<hr/>	<hr/>
Expenditures:		
Budget & Emergency Appropriations:		
Appropriations Within "CAPS":		
Operations:		
Salaries and Wages	7,300,848	8,316,150
Other Expenses	7,162,023	6,854,700
Deferred Charges & Statutory Expenditures	1,915,760	733,500
Appropriations Excluded From "CAPS":		
Operations:		
Salaries and Wages	384,763	411,298
Other Expenses	1,124,892	1,208,598
Municipal Debt Service	1,874,524	2,134,742
County Taxes	9,711,573	9,297,160
Local District School Tax	11,712,286	11,533,838
Regional High School Tax	12,981,679	13,354,035
Special District Taxes	1,136,172	1,001,576
Municipal Open Space	296,819	298,516
Interfunds Created	81,709	18,149
	<hr/>	<hr/>
Total Expenditures	55,683,048	55,162,262
	<hr/>	<hr/>
Excess to Fund Balance	723,868	997,564
Fund Balance January 1,	1,015,493	2,817,929
	<hr/>	<hr/>
Total	1,739,361	3,815,493
Decreased by: Utilized as Anticipated Revenue	920,000	2,800,000
	<hr/>	<hr/>
Fund Balance December 31, 2011	\$819,361	1,015,493
	<hr/>	<hr/>

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

TOWNSHIP OF LITTLE EGG HARBOR
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2011

	ANTICIPATED BUDGET	ADDED BY N.J.S.40A:4-87	REALIZED	EXCESS OR (DEFICIT)
Fund Balance Anticipated	\$920,000		920,000	
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	10,564		10,564	
Other	47,113		66,704	19,591
Municipal Court	259,376		194,566	(64,810)
Other	8,405		16,591	8,186
Interest & Cost on Taxes	110,860		204,613	93,753
Interest on Investments & Deposits	51,773		16,082	(35,691)
Payments in Lieu of Taxes	62,811		71,296	8,485
Energy Receipts Tax	1,225,283		1,225,283	
Consolidated Municipal Property Tax Relief	74,656		74,656	
Uniform Construction Code Fees	450,441		514,871	64,430
Garden State Trust	149,117		149,117	
Tower Rental	251,017		177,841	(73,176)
SRO Reimbursement	178,341		185,506	7,165
CATV Franchise Fees	80,781		80,782	1
Additional Revenues Offset With Appropriations:				
Clean Communities Program		41,265	41,265	
State DOT - Louisiana Drive	200,000		200,000	
966 Reimbursement Program		53,487	53,487	
Ocean County Recycling Revenue Share		34,324	34,324	
Body Armor Replacement		3,908	3,908	
Recycling Tonnage Grant	43,944		17,940	(26,004)
Cops Rehire Program		595,568	595,568	
Alcohol Education & Rehabilitation		1,456	1,456	
Safe & Secure Communities Program	54,763		54,763	
Total Miscellaneous	3,259,245	747,948	4,035,127	27,934
Receipts from Delinquent Taxes	234,927		402,057	167,130
Subtotal General Revenues	4,414,172	747,948	5,357,184	195,064
Amount to be Raised by Taxes for Support to Municipal Budget - Local Tax for Municipal Purposes	14,996,530		14,524,880	(471,650)
Budget Totals	19,410,702	747,948	19,882,064	(276,586)
Nonbudget Revenues			285,205	285,205
Total	\$19,410,702	747,948	20,167,269	8,619

ANALYSIS OF REALIZED REVENUE

Allocation of Current Tax Collections:	
Revenue From Collections	\$49,978,435
Allocated to - School, County & Special District Taxes	35,838,529
Balance for Support of Municipal Budget Revenues	14,139,906
Add: Appropriation - "Reserve for Uncollected Taxes"	384,973
Amount for Support of Municipal Budget Appropriations	<u>\$14,524,879</u>
Receipts From Delinquent Taxes:	
Delinquent Tax Collections	\$366,892
Tax Title Lien Collections	35,164
Total Receipts From Delinquent Taxes	<u>\$402,056</u>
Analysis of Nonbudget Revenue:	
Treasurer:	
Gov Deals	\$119,062
Trash Cans	7,210
FEMA Reimbursements	69,116
Miscellaneous	81,402
2% Senior Citizen Administration Fee	8,415
Total Analysis of Nonbudget Revenue	<u>\$285,205</u>

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

**TOWNSHIP OF LITTLE EGG HARBOR
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2011**

OPERATIONS	APPROPRIATIONS		EXPENDED			CANCEL
	BUDGET	BUDGET AFTER MODIFICATION	PAID	ENCUMBERED	RESERVED	
General Government:						
General Administration:						
Salaries and Wages	\$134,250	134,250	125,850		8,400	
Other Expenses	30,000	20,000	14,125	192	5,683	
Mayor and Committee:						
Salaries and Wages	52,000	52,000	49,358		2,642	
Other Expenses	4,000	4,000	2,233		1,767	
Municipal Clerk:						
Salaries and Wages	237,500	237,500	222,469		15,031	
Other Expenses	45,000	45,000	41,346	1,056	2,598	
Financial Administration (Treasury):						
Salaries and Wages	122,500	122,500	112,382		10,118	
Other Expenses	70,000	70,000	67,405	585	2,010	
Audit Services:						
Other Expenses	62,500	57,500	50,350		7,150	
Revenue Administration (Tax Collection):						
Salaries and Wages	167,500	175,500	171,353		4,147	
Other Expenses:						
Tax Sale Costs	10,000	10,000	7,737		2,263	
Miscellaneous Other Expenses	25,000	25,000	19,959	383	4,658	
Tax Assessment Administration:						
Salaries and Wages	226,000	226,000	220,913		5,087	
Other Expenses	7,650	7,650	6,433	217	1,000	
Liquidation of Tax Title Liens & Foreclosed Property - Other Expenses						
	10,000	10,000	1,529		8,471	
Legal Services (Legal Department):						
Other Expenses	340,000	335,000	284,161		50,839	
Engineering Services:						
Other Expenses	175,000	180,000	170,008		9,992	
Economic Development Agencies:						
Salaries and Wages	1,200	1,200	300		900	
Other Expenses	2,500	2,500			2,500	
Land Use Administration:						
Planning Board:						
Salaries and Wages	26,000	26,000	26,000			
Other Expenses	15,000	15,000	12,783		2,217	
Zoning Board of Adjustment:						
Salaries and Wages	12,000	12,000	12,000			
Other Expenses	10,000	10,000	5,916		4,084	
Zoning Officer:						
Salaries and Wages	50,000	47,500	46,160		1,340	
Other Expenses	5,000	5,000	2,450		2,550	
Insurance:						
Liability Insurance	225,000	225,000	225,000			
Unemployment Insurance	50,000	35,000	29,114		5,886	
Worker's Compensation	226,000	226,000	223,330		2,670	
Group Insurance for Employees	2,371,500	2,336,500	2,091,723		244,777	
Surety Bond Premiums	5,000	5,000			5,000	
Health Benefit Waiver	225,773	225,773	225,773			

TOWNSHIP OF LITTLE EGG HARBOR
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2011

OPERATIONS	APPROPRIATIONS		EXPENDED			CANCEL
	BUDGET	BUDGET AFTER MODIFICATION	PAID	ENCUMBERED	RESERVED	
Public Safety Functions:						
Police Department:						
Salaries and Wages	3,960,000	4,189,698	4,124,759		64,939	
Other Expenses	150,000	115,000	67,539	42,029	5,432	
Office of Emergency Management:						
Other Expenses	3,000	3,000	3,000			
Aid to Volunteer Fire Company in Adjoining Municipality	2,400	2,400	2,400			
First Aid Squad Contribution	70,000	70,000	70,000			
Municipal Prosecutor:						
Other Expenses	45,000	45,000	45,000			
Supplemental Safe Neighborhood:						
State Share	16,000	16,000	16,000			
Local Share	46,000	46,000	46,000			
Public Works Functions:						
Streets & Roads Maintenance:						
Salaries and Wages	315,000	300,000	281,369		18,631	
Other Expenses	116,000	116,000	110,542	5,443	15	
Solid Waste Sanitation:						
Salaries and Wages	520,000	540,000	536,219		3,781	
Other Expenses	154,000	134,000	126,682	2,449	4,869	
Solid Waste Recycling:						
Salaries and Wages	130,000	136,500	130,640		5,860	
Other Expenses	48,000	48,000	39,633	4,230	4,137	
Buildings & Grounds:						
Salaries and Wages	105,000	90,000	80,855		9,145	
Other Expenses	77,000	82,000	79,607	1,030	1,363	
Vehicle Maintenance:						
Salaries and Wages	135,000	160,000	153,596		6,404	
Other Expenses	111,200	111,200	88,505	7,630	15,065	
Condo Services Act:						
Other Expenses	40,000	40,000	40,000			
County Mosquito Control Agency:						
Salaries and Wages	12,000	7,000	5,682		1,318	
Other Expenses	60,000	20,000	18,146		1,854	
Health & Human Services:						
Public Health Services (Board of Health):						
Salaries and Wages	35,000	5,000	700		4,300	
Other Expenses	10,000	10,000	4,749		5,251	
Environmental Health Services:						
Salaries and Wages	1,200	1,200	500		700	
Other Expenses	2,000	2,000	280		1,720	
Animal Control Services:						
Other Expenses	60,000	60,000	56,461		3,539	
Contributions to Social Service Agencies - Statutory:						
Long Beach Island Community Center	1,500	1,500			1,500	
Providence House	5,000	5,000	2,380		2,620	

**TOWNSHIP OF LITTLE EGG HARBOR
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2011**

OPERATIONS	APPROPRIATIONS		EXPENDED			CANCEL
	BUDGET	BUDGET AFTER MODIFICATION	PAID	ENCUMBERED	RESERVED	
Park & Recreation Functions:						
Recreation Services & Programs:						
Salaries and Wages	170,000	160,000	154,039		5,961	
Other Expenses	37,500	45,000	39,103	641	5,256	
Senior Center:						
Salaries and Wages	15,500	15,500	15,294		206	
Other Expenses	5,000	5,000	661		4,339	
Utility Expenses & Bulk Purchases:						
Electricity	145,000	150,000	132,011		17,989	
Street Lighting	285,000	325,000	311,095		13,905	
Telephone	85,000	90,000	87,310		2,690	
Fuel Oil	3,000	3,000			3,000	
Gasoline	315,000	372,500	319,575	11,354	41,571	
Natural Gas	27,500	27,500	21,645		5,855	
Landfill/Solid Waste Disposal Costs:						
Sanitary Landfill	900,000	825,000	752,102		72,898	
Uniform Construction Code Enforcement Functions:						
Construction Code Official:						
Salaries and Wages	380,000	368,000	359,133		8,867	
Other Expenses	18,000	18,000	13,854	262	3,884	
Municipal Court:						
Salaries and Wages	299,500	293,500	292,346		1,154	
Other Expenses	20,500	20,500	18,827	448	1,225	
Public Defender:						
Other Expenses	40,000	40,000	29,100		10,900	
Other Common Operating Functions (Unclassified):						
Tax Appeals	150,000	150,000	150,000			
Municipal Alliance Council	35,000	35,000	34,506		494	
Celebration of Public Events:						
Other Expenses	8,000	8,000	6,200		1,800	
Relocation Assistance:						
Other Expenses	500	500			500	
Schedule "C":						
Other Expenses	45,000	45,000			45,000	
Accumulated Sick & Vacation Fund	225,000	225,000	225,000			
Total Operations Within "CAPS"	14,384,173	14,462,871	13,561,205	77,949	823,717	
Detail:						
Salaries and Wages	7,107,150	7,300,848	7,121,917		178,931	
Other Expenses	7,277,023	7,162,023	6,439,288	77,949	644,786	
Deferred Charges & Statutory Expenditures - Municipal Within "CAPS":						
Statutory Expenditures:						
Social Security System (O.A.S.I.)	700,000	621,302	588,569		32,733	
Consolidated Police & Firemen's Pension	878,665	878,665	878,665			
Public Employees Retirement System	415,793	415,793	415,793			

**TOWNSHIP OF LITTLE EGG HARBOR
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2011**

OPERATIONS	APPROPRIATIONS		EXPENDED			CANCEL
	BUDGET	BUDGET AFTER MODIFICATION	PAID	ENCUMBERED	RESERVED	
Total Deferred Charges & Statutory Expenditures Within "CAPS"	1,994,458	1,915,760	1,883,027		32,733	
Total General Appropriations for Municipal Purposes Within "CAPS"	16,378,631	16,378,631	15,444,232	77,949	856,450	
Operations Excluded From "CAPS": Public & Private Programs Offset by Revenues:						
Clean Communities Program Grant		41,265	41,265			
Body Armor Replacement		3,908	3,908			
Alcohol Education and Rehabilitation		1,456	1,456			
NJ DOT - Louisiana Drive	200,000	200,000	200,000			
Recycling Revenue & Residue						
Disposal Program		34,324	34,324			
966 Reimbursement Program		53,487	53,487			
Recycling Tonnage Grant	43,944	61,884	61,884			
Cops Rehire Program		595,568	595,568			
Safe & Secure Communities Program	54,763	54,763	54,763			
Statutory Expenditures:						
Health Insurance	128,500	128,500	128,500			
Police Dispatch/911:						
Salaries and Wages	330,000	330,000	306,650		23,350	
Other Expenses	4,500	4,500	4,500			
Total Operations Excluded from "CAPS"	761,707	1,509,655	1,486,305		23,350	
Detail:						
Salaries and Wages	384,763	384,763	361,413		23,350	
Other Expenses	376,944	1,124,892	1,124,892			
Municipal Debt Service - Excluded From "CAPS":						
Payment of Bond Principal	650,000	650,000	650,000			
Payment of Bond Anticipation Notes & Capital Notes	750,000	750,000	750,000			
Interest on Bonds	354,533	354,533	354,533			
Interest on Notes	45,168	45,168	34,304			10,864
Green Acres Trust Loan Program:						
Principal & Interest	85,690	85,690	85,687			3
Total Municipal Debt Service Excluded From "CAPS"	1,885,391	1,885,391	1,874,524			10,867

**TOWNSHIP OF LITTLE EGG HARBOR
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2011**

OPERATIONS	APPROPRIATIONS		PAID	EXPENDED		CANCEL
	BUDGET	BUDGET AFTER MODIFICATION		ENCUMBERED	RESERVED	
Total General Appropriations Excluded From "CAPS"	2,647,098	3,395,046	3,360,829		23,350	10,867
Subtotal General Appropriations	19,025,729	19,773,677	18,805,061	77,949	879,800	10,867
Reserve For Uncollected Taxes	384,973	384,973	384,973			
Total General Appropriations	\$19,410,702	20,158,650	19,190,034	77,949	879,800	10,867

Adopted Budget	\$19,410,702
Added by N.J.S.40A:4-87	<u>747,948</u>
Total	<u>\$20,158,650</u>

Federal & State Grants	\$1,046,655
Reserve for Uncollected Taxes	384,973
Refunds	(187,962)
Disbursed	<u>17,946,368</u>
Total	<u>\$19,190,034</u>

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

**TOWNSHIP OF LITTLE EGG HARBOR
TRUST FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2011 AND 2010**

ASSETS	REFERENCE	2011	2010
Assessment Fund:			
Cash	B-1	\$50,426	57,486
Due from Current Fund	A	531	
Assessment Receivables	B-13	23,351	41,072
Total Assessment Fund		<u>74,308</u>	<u>98,558</u>
Other Funds:			
Cash - Treasurer	B-1	5,138,656	4,805,802
Cash - Collector	B-2	438,007	287,610
CDBG Receivable	B	3,600	3,600
Due from Current Fund	A	296,819	
Due from General Capital Fund	C	67,500	
Due from Grant Fund	A	125	29,035
Total Other Funds		<u>5,944,707</u>	<u>5,126,047</u>
Total Assets		<u>\$6,019,015</u>	<u>5,224,605</u>
LIABILITIES, RESERVES & FUND BALANCE			
Assessment Fund:			
Reserve for Assessment Receivables	B	\$54,308	52,765
Due Current Fund	A		793
Bonds Payable	B-12	20,000	45,000
Total Assessment Fund		<u>74,308</u>	<u>98,558</u>
Other Funds:			
Reserves for:			
Deposits for Tax Title Redemptions	B-5	435,183	287,465
Escrow Deposits	B-6	2,841,044	3,182,314
Forfeited Property	B-7	47,328	37,638
Planning Board	B-8	67,372	55,159
Recreation Trust	B-9	1,896	23,746
Green Acres Trust	B		4
COAH Funds	B	528,413	453,840
Open Space	B-10	1,402,242	504,772
Community Center	B-11	3,993	117
Federal Forfeiture Law Enforcement Funds	B-14	145,101	120,137
Sick/Vacation Funds	B	371,319	380,937
POAA Funds	B	586	586
Due to Current Fund	A	32,730	11,832
Due to General Capital	C	67,500	67,500
Total Other Funds		<u>5,944,707</u>	<u>5,126,047</u>
Total Liabilities, Reserves & Fund Balance		<u>\$6,019,015</u>	<u>5,224,605</u>

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

**TOWNSHIP OF LITTLE EGG HARBOR
GENERAL CAPITAL FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2011 AND 2010**

ASSETS	REFERENCE	2011	2010
Cash & Investments	C-2	\$1,815,770	2,039,510
State Road Aid Allotments Receivable	C-12	400,853	398,765
Interfund Receivable - Open Space Trust Fund	B	67,500	67,500
Deferred Charges to Future Taxation:			
Funded	C-4	9,659,426	10,376,991
Unfunded	C-5	8,246,415	6,109,777
		<hr/>	<hr/>
Total Assets		<u>\$20,189,964</u>	<u>18,992,543</u>
LIABILITIES, RESERVES & FUND BALANCE			
Bond Anticipation Notes Payable	C-8	\$3,585,450	3,011,150
General Serial Bond	C-9	8,804,000	9,454,000
Green Trust Loan Payable	C-10	855,426	922,991
Encumbrances Payable	C		628,963
Capital Improvement Fund	C-6	283,384	562,834
Due To Ocean County - CDBG	C	3,722	3,722
Improvement Authorizations:			
Funded	C-7	703,106	671,047
Unfunded	C-7	5,296,653	3,203,486
Reserve for Receivable-State Road Aid Receivable	C	400,853	398,765
Due Current Fund	A	23,323	
Due To Grant fund	A		122,019
Due To Affordable Housing Trust	B	67,500	
Reserve for Debt Service	C	166,019	13,038
Fund Balance	C-1	528	528
		<hr/>	<hr/>
Total Liabilities, Reserves & Fund Balance		<u>\$20,189,964</u>	<u>18,992,543</u>

There were bonds and notes authorized but not issued on December 31, 2011 of \$4,310,112 and on December 31, 2010 of \$2,699,862.

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

**TOWNSHIP OF LITTLE EGG HARBOR
PAYROLL FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2011 AND 2010**

ASSETS	2011	2010
Cash - Treasurer	\$366,932	316,331
Due from Federal & State Grant Fund	1,000	
	<hr/>	
Total	<u>\$367,932</u>	<u>316,331</u>
LIABILITIES		
Due to Current Fund	189,476	155,045
Payroll Taxes Payable	178,456	161,286
	<hr/>	
Total	<u>\$367,932</u>	<u>316,331</u>

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

EXHIBIT E

**TOWNSHIP OF LITTLE EGG HARBOR
GENERAL FIXED ASSETS ACCOUNT GROUP
COMPARATIVE STATEMENT OF FIXED ASSETS AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2011 AND 2010**

ASSETS	2011	2010
Building	\$9,200,210	6,243,700
Land	7,639,600	7,598,600
Equipment	8,476,244	1,472,469
Total	<u>\$25,316,054</u>	<u>15,314,769</u>
FUND BALANCE		
Investment in Fixed Assets	<u>\$25,316,054</u>	<u>15,314,769</u>

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

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

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011**

TOWNSHIP OF LITTLE EGG HARBOR
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

Note 1. Summary of Significant Accounting Policies

A. Description of Financial Reporting Entity

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

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

Component Units

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

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

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

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

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

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

TOWNSHIP OF LITTLE EGG HARBOR

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

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

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

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

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

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

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

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

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

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

Fixed assets used in governmental operations (General Fixed Assets) are accounted for in the General Fixed Assets Account Group. Public domain ("infrastructure") general fixed assets consisting of certain

TOWNSHIP OF LITTLE EGG HARBOR

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011**

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

improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available, except for land, which is valued at estimated market value. No depreciation has been provided for in the financial statements. Donated general fixed assets are valued at their estimated fair market value on the date received.

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

	Balance December 31, 2010	Additions	Deletions	Adjustments*	Balance December 31, 2011
Land & Land					
Improvements	\$ 7,598,600	\$ 41,000			\$ 7,639,600
Buildings	6,243,700			\$2,956,510	9,200,210
Equipment & Vehicles	1,472,469	641,589	\$(552,250)	6,914,436	8,476,244
Total	<u>\$15,314,769</u>	<u>\$682,589</u>	<u>\$(552,250)</u>	<u>\$9,870,946</u>	<u>\$25,316,054</u>

*A fixed asset appraisal was completed during 2011. All assets are recorded at historical cost.

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

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

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

Revenues – are recorded when received in cash except for certain amounts, which are due from other governmental units. Revenue from Federal and State grants are realized when anticipated as such in the Township’s budget. Receivables for property taxes are recorded with offsetting reserves on the statement of assets, liabilities, reserves and fund balance of the Township’s Current Fund; accordingly, such

TOWNSHIP OF LITTLE EGG HARBOR
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

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

amounts are not recorded as revenue until collected. Other amounts that are due the Township, which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenues when received.

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

School Taxes – The municipality is responsible for levying, collecting and remitting school taxes for the Township of Little Egg Harbor School District and its share of the Pinelands Regional School District. Operations is charged for the full amount required to be raised from taxation to operate the local school district and the Township’s share of the Regional High School District for the period from July 1 to June 30, increased by the amount deferred at December 31, 2010 and decreased by the amount deferred at December 31, 2011.

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

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

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

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

TOWNSHIP OF LITTLE EGG HARBOR
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

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

Appropriation Reserves – Appropriation reserves covering unexpended appropriation balances are automatically created at year-end and recorded as liabilities, except for amounts, which may be cancelled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income.

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

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

Subsequent Events

The Township has evaluated subsequent events occurring after December 31, 2011 through the date of May 25, 2012, which is the date the financial statements were available to be issued.

Note 2. Long-Term Debt

Summary of Municipal Debt:

	2011	2010	2009
Issued:			
General:			
Bonds & Notes	\$13,264,876	\$13,388,141	\$13,918,874
Authorized But Not Issued General:			
Bonds & Notes	<u>4,310,112</u>	<u>2,699,862</u>	<u>4,058,362</u>
Bonds & Notes Authorized			
But Not Issued	17,574,988	16,088,003	17,977,236
Cash on Hand Held to Pay Notes	<u>166,019</u>	<u>13,038</u>	
Net Bonds & Notes Issued and Authorized/ But Not Issued	<u>\$17,408,969</u>	<u>\$16,074,965</u>	<u>\$17,977,235</u>

Summary of Statutory Debt Condition - Annual Debt Statement:

The summarized statement of debt condition, which follows, is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of .61%.

TOWNSHIP OF LITTLE EGG HARBOR

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011**

Note 2. Long-Term Debt (continued):

	Gross Debt	Deductions	Net Debt
School Purposes	\$35,392,397	\$35,392,397	
General Debt	<u>17,574,988</u>	<u>166,019</u>	<u>\$17,408,969</u>
Total	<u>\$52,967,385</u>	<u>\$35,558,416</u>	<u>\$17,408,969</u>

During 2010, the Township of Little Egg Harbor issued \$3,275,000 of callable General Obligation Refunding Bonds dated August 1, 2010. Payments are due each August 1st with various interest rates (2.00% to 5.00%).

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

Calendar Year	General		
	Principal	Interest	Total
2012	\$ 680,000	\$ 334,642	\$ 1,014,642
2013	715,000	313,757	1,028,757
2014	735,000	290,647	1,025,647
2015	765,000	266,639	1,031,639
2016	790,000	241,692	1,031,692
2017 to 2021	4,079,000	745,612	4,824,612
2022 to 2023	<u>1,040,000</u>	<u>67,860</u>	<u>1,107,860</u>
Total	<u>\$ 8,804,000</u>	<u>\$2,260,849</u>	<u>\$11,064,849</u>

Green Acres Assistance Loan

Schedule of loan repayment as follows:

Year	Year-To-Date Recap of Green Acres by Year		
	Principal	Interest	Total
2012	\$ 67,172	\$ 16,774	\$ 83,946
2013	68,522	15,424	83,946
2014	69,900	14,047	83,947
2015	71,304	12,643	83,947
2016	66,815	11,239	78,054
2017 to 2021	354,769	35,499	390,268
2022 to 2026	<u>156,944</u>	<u>6,609</u>	<u>163,553</u>
Total	<u>\$855,426</u>	<u>\$112,235</u>	<u>\$967,661</u>

TOWNSHIP OF LITTLE EGG HARBOR
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

Note 3. Fund Balances Appropriated

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

Year	Balance December 31,	Utilized in Succeeding Year	Percentage of Fund Balance Utilized
2011	\$ 819,892	\$ 204,000	24.88%
2010	1,015,493	920,000	90.60%
2009	2,817,929	2,800,000	99.36%
2008	4,811,744	2,800,000	58.01%
2007	5,514,184	2,400,000	43.52%

Note 4. Cash and Cash Equivalents

The Township is governed by the deposit limitations of New Jersey state law. The Deposits held at December 31, 2011, and reported at fair value are as follows:

Type	Carrying Value
Deposits:	
Demand Deposits	<u>\$10,895,663</u>
Total Deposits	<u>\$10,895,663</u>

Reconciliation of Statement of Comparative Balance Sheets:

Current:	
Treasurer	\$ 2,915,345
Payroll	366,932
Other Trust	5,576,663
General Capital	1,815,770
State & Federal Grants	170,527
Trust Assessment	<u>50,426</u>
Total Reconciliation of Comparative Balance Sheets	<u>\$10,895,663</u>

TOWNSHIP OF LITTLE EGG HARBOR
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

Note 4. Cash and Cash Equivalents (continued):

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the Township’s deposits may not be returned. The Township does have a deposit policy for custodial credit risk. As of December 31, 2011, the Township’s bank balance of \$11,037,840 was insured or collateralized as follows:

Insured	\$ 250,000
Collateralized in the Township’s Name Under GUDPA (See Note 5)	<u>10,787,840</u>
Total	<u>\$11,037,840</u>

Note 5. Governmental Unit Deposit Protection Act (GUDPA)

The Township has deposited cash in 2011 with an approved public fund depository qualified under the provisions of the Government Unit Deposit Protection Act. In addition to savings and checking accounts the Township invests monies in certificates of deposits.

The Governmental Unit Deposit Protection Act P.L. 1970, Chapter 236, was passed to afford protection against bankruptcy or default by a depository. C.17:9-42 provides that no governmental unit shall deposit funds in a public depository unless such funds are secured in accordance with this act. C.17:9-42 provides that every public depository having public funds on deposit shall, as security for such deposits, maintain eligible collateral having a market value at least equal to either (1) 5% of the average daily balance of collected public funds on deposit during the 6 month period ending on the next preceding valuation date (June 30 or December 31) or (2) at the election of the depository, at least equal to 5% of the average balance of collected public funds on deposit on the first, eighth, fifteenth, and twenty-second days of each month in the 6 month period ending on the next preceding valuation date (June 30 or December 31). No public depository shall be required to maintain any eligible collateral pursuant to this act as security for any deposit or deposits of any governmental unit to the extent such deposits are insured by F.D.I.C. or any other U.S. agency which insures public depository funds.

No public depository shall at any time receive and hold on deposit for any period in excess of 15 days public funds of a governmental unit(s) which, in the aggregate, exceed 75% of the capital funds of the depository, unless such depository shall, in addition to the security required to be maintained under the paragraph above, secure such excess by eligible collateral with a market value at least equal to 100% of such excess.

In the event of a default, the Commissioner of Banking within 20 days after the default occurrence shall ascertain the amount of public funds on deposit in the defaulting depository and the amounts covered by federal deposit insurance and certify the amounts to each affected governmental unit. Within 10 days after receipt of this certification, each unit shall furnish to the Commissioner verified statements of its

TOWNSHIP OF LITTLE EGG HARBOR
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

Note 5. Governmental Unit Deposit Protection Act (GUDPA) (continued):

public deposits. The Commissioner shall ascertain the amount derived or to be derived from the liquidation of the collateral maintained by the defaulting depository and shall distribute such proceeds pro rata among the governmental units to satisfy the net deposit liabilities to such units.

If the proceeds of the sale of the collateral are insufficient to pay in full the liability to all affected governmental units, the Commissioner shall assess the deficiency against all other public depositories having public funds on deposit determined by a formula determined by law. All sums collected by the Commissioner shall be paid to the governmental units having deposits in the defaulting depository in the proportion that the net deposit liability to each such governmental unit bears to the aggregate of the net deposit liabilities to all such governmental units.

All public depositories are required to furnish information and reports dealing with public funds on deposit every six months, June 30th and December 31st, with the Commissioner of Banking. Any public depository which refuses or neglects to give any information so requested may be excluded by the

Commissioner from the right to receive public funds for deposit until such time as the Commissioner shall acknowledge that such depository has furnished the information requested.

Upon review and approval of the Certification Statement that the public depository complies with statutory requirements, the Commissioner issues forms approving the bank as a municipal depository. The Municipality should request copies of these approval forms semiannually to assure that all depositories are complying with requirements.

Note 6. District School Taxes

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

The Township has elected to defer school taxes as follows:

	BALANCE DECEMBER	
	2011	2010
Local School Taxes:		
Balance of Tax	\$5,359,977	\$5,585,753
Deferred	<u>5,236,297</u>	<u>5,236,297</u>
Tax Payable	<u>\$ 123,680</u>	<u>\$ 349,456</u>
Regional School Taxes:		
Balance of Tax	\$ 95,772	\$ 515,661
Deferred	<u>-0-</u>	<u>-0-</u>
Tax Payable	<u>\$ 95,772</u>	<u>\$ 515,661</u>

TOWNSHIP OF LITTLE EGG HARBOR
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

Note 7. Pension

A. Plan Description

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

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

B. Vesting and Benefit Provisions

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

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

Chapter 78, P.L. 2011 changed this for employees enrolled after June 28, 2011. See Note 7C below.

TOWNSHIP OF LITTLE EGG HARBOR
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

Note 7. Pension (continued):

C. Significant Legislation

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

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

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

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

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

D. Contribution Requirements

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

TOWNSHIP OF LITTLE EGG HARBOR
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

Note 7. Pension (continued):

determined contribution includes funding for both cost-of-living adjustments, noncontributory death benefits and post-retirement medical premiums.

Plan members are required to contribute 10%, effective October 1, 2011, of their annual covered salary for P.F.R.S. and Little Egg Harbor Township is required to contribute at an actuarially determined rate. The contribution requirements of plan members and are established and may be amended by the plan's board of trustees. The Township's contributions to P.E.R.S. for the years ending December 31, 2011, 2010 and 2009 were \$415,793, \$339,580, and \$282,601, respectively, equal to the required contributions for each year and to P.F.R.S. for the years ending December 31, 2011, 2010 and 2009 were \$878,665, \$704,185 and \$592,361, respectively, equal to the required contributions for each year.

Note 8. Accrued Sick and Vacation Benefits

The Township has permitted employees to accrue unused vacation and sick pay, which may be taken as time off or paid at a later date at an agreed upon rate. The monetary value of these earned and unused employee benefits has not been accrued by either charges to operations or to budgets of prior years, although in some cases they might be material. At December 31, 2011, we have estimated this liability to be approximately \$2,126,096. The realization of this liability may be affected by conditions, which could preclude an employee from receiving full payment of the accrual.

Note 9. Deferred Compensation

The Township has contracted with Valic Annuity Life Insurance Company for a deferred compensation program. The Division of Local Government Services has approved the plan and contract. The investment fund balance of the program as of December 31, 2011 is \$1,744,729. The assets of this program have not been included in the financial statements.

Note 10. Interfund Receivables and Payables

The following interfund balances were recorded on the various balance sheets as of December 31, 2011:

Fund	Interfunds Receivable	Interfunds Payable
Current Fund	\$268,349	\$297,350
Federal & State Grant Fund		23,945
Capital Fund	67,500	90,823
Trust Fund	364,444	100,230
Trust Assessment Fund	531	
Payroll Fund	<u>1,000</u>	<u>189,476</u>
Total	<u>\$701,824</u>	<u>\$701,824</u>

The purpose of these interfunds is short-term borrowings.

TOWNSHIP OF LITTLE EGG HARBOR
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

Note 11. Risk Management

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

Note 12. Pending Litigation

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

Note 13. Post-Retirement Health Benefits – GASB 45

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

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

Annual Required Contribution	\$ 1,663,060
Interest on Net Other Post-Employment Benefit	<u> -</u>
Adjustment to Annual Required Contribution	
Annual Other Post-Employment Benefit Contributions Made	<u> -</u>
Increase in Net OPEB Obligation	1,663,060
Net OPEB, Beginning of Year	<u>17,646,152</u>
Net OPEB, End of Year	<u>\$19,309,212</u>

TOWNSHIP OF LITTLE EGG HARBOR

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

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

The Township of Little Egg Harbor's annual Other Post-Employment Benefit cost, the percentage of annual Other Post Employment Benefit cost contributed to the Plan, and the net Other Post Employment Benefit obligation (OPEB) for the year ending December 31, 2011 is as follows:

YEAR ENDED	ANNUAL OPEB COST	PERCENTAGE CONTRIBUTED	NET OPEB OBLIGATION
12/31/11	\$1,663,060	0%	\$19,309,212

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

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

The investment return assumption (discount rate) should be the estimated long-term investment yield on the investments that are expected to be used to finance the payments of benefits. The investments expected to be used to finance the payments of benefits would be plan assets for funded plans, assets of the employer for pay-as-you-go plans, or a proportionate combination of the two for plans that being partially funded. We assumed a discount rate of 5.0 percent for purposes of developing the liabilities and Annual Required Contribution on the basis that the Plan would not be funded. We based medical claims cost for retirees on an annual average claims cost of approximately \$22,700 per covered retiree for family coverage and \$10,500 for single coverage. The average claims cost was based on an equitable blending of the Traditional and Direct Access benefit costs. We assumed health care costs would increase annually at a rate of 7%.

The Township of Little Egg Harbor currently has twelve eligible retired employees receiving retirement benefits. The net Other Post-Employment Benefit obligation to the Township of Little Egg Harbor to provide benefits to the retiree for the year ended December 31, 2011, was \$19,309,212.

SUPPLEMENTAL EXHIBITS

CURRENT FUND

TOWNSHIP OF LITTLE EGG HARBOR
CURRENT FUND
SCHEDULE OF CASH - TREASURER
FOR THE YEAR ENDED DECEMBER 31, 2011

	CURRENT FUND	STATE & FEDERAL GRANT FUND
Balance December 31, 2010	\$4,398,005	100,594
Increased by Receipts:		
Taxes Receivable	\$48,835,187	
Tax Title Liens Receivable	35,164	
Tax Overpayments	191,110	
Due From State - Senior Citizen & Veteran Deductions	420,755	
Miscellaneous Revenue Anticipated	2,988,472	
Miscellaneous Revenue Not Anticipated	285,205	
Prepaid Taxes	407,653	
Refunds of Current Year Appropriations	187,962	
Due Bass River	3,925	
Construction Fees Due State of New Jersey	24,828	
Interfund Created/Liquidated Due Current Fund		149,002 431
Unappropriated Reserves		19,416
Federal & State Grants Receivable		239,840
Total Receipts	53,380,261	408,689
Subtotal	57,778,266	509,283
Decreased by Disbursements:		
2011 Appropriations	17,946,368	
Appropriation Reserves	91,466	
Encumbrances Payable	84,098	9,461
County Taxes Payable	9,671,336	
Due County for Added & Omitted Taxes	54,598	
Local District School Tax	11,938,062	
Regional High School Tax	13,401,568	
Special District Taxes	1,136,172	
Construction Fees Due State of NJ	23,308	
Refund Tax Overpayments	46,810	
Bass River Construction Fees	3,306	
Tax Appeals	430,168	
Trust Interfund	37,061	29,035
Federal & State Grants - Appropriated		299,982
Interfunds Created/Liquidated		278
Total Disbursements	54,864,321	338,756
Balance December 31, 2011	<u>\$2,913,945</u>	<u>170,527</u>

**TOWNSHIP OF LITTLE EGG HARBOR
CURRENT FUND
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY
FOR THE YEAR ENDED DECEMBER 31, 2011**

YEAR	BALANCE	2011 LEVY	ADDED TAXES	COLLECTED		OVER- PAYMENTS APPLIED	SENIOR CITIZENS & VETERANS	CANCELED	TRANSFERRED TO TAX TITLE LIENS	BALANCE
	DECEMBER 31, 2010			2010	2011					DECEMBER 31, 2011
2008	\$5,343				5,343	249			(249)	
2009	15,135				13,510	(66)			65	1,626
2010	378,591				40,767	311,189	(4,100)			30,735
Total	399,069				59,620	311,372	(4,100)		(184)	32,361
2011		50,816,747	206,810	411,600	48,775,567	356,249	435,019	896,412	138,725	9,985
Total	\$399,069	50,816,747	206,810	411,600	48,835,187	667,621	430,919	896,412	138,541	42,346

ANALYSIS OF 2011 PROPERTY TAX LEVY:

Tax Yield:

General Property Tax	\$49,680,575	
Special District	1,136,172	
Added Taxes (54:4-63.1 et. seq.)	206,810	\$51,023,557

Total Tax Yield \$51,023,557

Tax Levy:

Local School District Tax (Abstract)	\$11,712,286
Regional High School Tax (Abstract)	12,981,679
Municipal Open Space (Abstract)	295,584
Municipal Open Space (Added)	1,235

County Taxes:

County Tax (Abstract)	\$8,046,252
County Library Tax (Abstract)	932,751
County Health Services (Abstract)	348,933
County Open Space	343,402
Due County for Added Taxes (54:4-63,1 et.seq.)	40,235

Total County Taxes 9,711,573

Fire District #1 (Amount Certified)	456,402
Fire District #2 (Amount Certified)	392,270
Fire District #3 (Amount Certified)	287,500

Total Special District Taxes 1,136,172

Local Tax for Municipal Purposes	14,996,530	
Add: Additional Tax Levied	188,498	15,185,028

Total Tax Levy \$51,023,557

**TOWNSHIP OF LITTLE EGG HARBOR
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS
FOR THE YEAR ENDED DECEMBER 31, 2011**

Balance December 31, 2011		\$290,153
Increased by:		
Transfers from Taxes Receivable	\$138,541	
Interest & Costs Accrued by Sale	13,555	152,096
		<hr/>
Subtotal		442,249
Decreased by:		
Collections	35,164	
Adjustments	29,759	64,923
		<hr/>
Balance December 31, 2011		<u><u>\$377,326</u></u>

**SCHEDULE OF PROPERTY ACQUIRED FOR TAXES
(AT ASSESSED VALUATION)
FOR THE YEAR ENDED DECEMBER 31, 2011**

Balance December 31, 2011 & 2010	<u><u>\$5,793,000</u></u>
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**TOWNSHIP OF LITTLE EGG HARBOR
CURRENT FUND
STATEMENT OF REVENUE ACCOUNTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2011**

	BALANCE DECEMBER 31, 2010	ACCRUED IN 2011	TREASURER	BALANCE DECEMBER 31, 2011
Miscellaneous Revenue Anticipated:				
Licenses - Alcoholic Beverages		10,564	10,564	
Fees & Permits		66,704	66,704	
Municipal Court	\$17,719	188,596	194,566	11,749
Other Court Fees		16,591	16,591	
Interest & Costs on Taxes		204,613	204,613	
Interest on Investments & Deposits		16,082	16,082	
Payments in Lieu of Taxes		71,296	71,296	
Energy Receipts Tax		1,225,283	1,225,283	
Garden State Trust		149,117	149,117	
Consolidated Municipal Property				
Tax Relief		74,656	74,656	
Uniform Construction Code Fees		514,871	514,871	
Tower Rental		177,841	177,841	
SRO Officer		185,506	185,506	
Cable TV		80,782	80,782	
Total	<u>\$17,719</u>	<u>2,982,502</u>	<u>2,988,472</u>	<u>11,749</u>
Cash Receipts			<u>\$2,988,472</u>	
Total			<u>\$2,988,472</u>	

TOWNSHIP OF LITTLE EGG HARBOR
CURRENT FUND
SCHEDULE OF STATE AND FEDERAL GRANTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2011

GRANT	BALANCE DECEMBER 31, 2010	ANTICIPATED REVENUE	RECEIVED	CANCELLED	BALANCE DECEMBER 31, 2011
Clean Communities Program		41,265	41,265		
Alcohol Education & Rehabilitation		1,456	1,456		
NJ DOT - Louisiana Drive		200,000		200,000	
Buffer Zone Protection	\$146,881		47,201		99,680
Ocean County Recycling Revenue Sharing		34,324	34,324		
N.J.D.E.P. Mapping Grant	2,500				2,500
N.J.D.E.P. Recreation Trails	18,429				18,429
Safe & Secure Communities Program	13,470	54,763	15,000		53,233
Cops Rehire Program		595,568			595,568
966 Reimbursement Grant		53,487	32,746		20,741
Community Development Block Grant	46,000		46,000		
Green Communities Grant - Phase II	3,000				3,000
State Homeland Security Grant	73				73
State of New Jersey Law & Public Safety	1,029				1,029
Recycling Tonnage Grant		61,884	61,884		
Resource Efficiency Grant	260				260
Body Armor Replacement		3,908	3,908		
Total	\$231,642	1,046,655	283,784	200,000	794,513
Unappropriated Reserves			\$43,944		
Cash Receipts			239,840		
Total			\$283,784		

**TOWNSHIP OF LITTLE EGG HARBOR
CURRENT FUND
SCHEDULE OF RESERVES FOR STATE AND FEDERAL GRANTS - UNAPPROPRIATED
FOR THE YEAR ENDED DECEMBER 31, 2011**

APPROPRIATION	BALANCE DECEMBER 31, 2010	APPROPRIATED DURING 2011	RECEIVED	BALANCE DECEMBER 31, 2011
State Grants:				
Recycling Tonnage	\$43,944	43,944	15,578	15,578
Bullet Proof Vest			3,838	3,838
Total	\$43,944	43,944	19,416	19,416

**TOWNSHIP OF LITTLE EGG HARBOR
CURRENT FUND
SCHEDULE OF RESERVES FOR STATE AND FEDERAL GRANTS - APPROPRIATED
FOR THE YEAR ENDED DECEMBER 31, 2011**

APPROPRIATION	BALANCE DECEMBER 31, 2010	2011 BUDGET APPROPRIATION	GRANT EXPENDED	ENCUMBRANCES CANCELLED	BALANCE DECEMBER 31, 2011	
State:						
Clean Communities:						
2010 Grant	\$7,580		7,580			
2011 Grant	36,201	41,265	42,966		34,500	
Pot Hole Repair Program	752		752			
NJDOT - Louisiana Drive		200,000		200,000		
NJDEP - Recreation Trails	17,721		17,721			
Gypsy Moth	8,427				8,427	
Alcohol Education & Rehabilitation	7,475	1,456			8,931	
Drunk Driving Enforcement Fund	3,512		3,200		312	
NJDEP - Recycling Tonnage		61,884	1,363		60,521	
Green Communities Grant-Phase II	550				550	
Resource Efficiency Grant	785		785			
State of New Jersey Law & Public Safety	1,028				1,028	
GIS Rutgers Technical Assistance	250				250	
Fire Safety Bureau Fees:						
1992 Grant	2,805				2,805	
Safe & Secure Communities Program:						
2009 Grant	23,465		23,465			
2011 Grant		54,763	54,763			
966 Reimbursement		53,487	47,097	6,366	24	
State Homeland Security Grant	73				73	
DEP Mapping	2,500				2,500	
Total State	113,124	412,855	199,692	6,366	200,000	119,921
Federal:						
Buffer Zone Protection	111,251		51,487		59,764	
Body Armor Replacement Fund	4,524	3,908			8,432	
Cops Rehire Grant		595,568	27,460		568,108	
CDBG	4,152		1,537		2,615	
Stormwater Management Regulation - Federal Grant	9,966				9,966	
Total Federal	129,893	599,476	80,484		648,885	
Local:						
Recycling Mini Grant	8		8			
Recycling Tonnage Grant - County	131,981		19,798		112,183	
Ocean County Recycling Revenue Sharing		34,324			34,324	
Total Local	131,989	34,324	19,806		146,507	
Total	\$375,006	1,046,655	299,982	6,366	200,000	915,313
			<u>\$299,982</u>			
		Total	<u>\$299,982</u>			

**TOWNSHIP OF LITTLE EGG HARBOR
CURRENT FUND
SCHEDULE OF 2010 APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2011**

	BALANCE DECEMBER 31, 2010	BALANCE AFTER TRANSFERS	PAID OR CHARGED	BALANCE LAPSED
Other Expenses:				
General Administration	30,465	30,465	650	29,815
Mayor & Council	2,309	2,309	100	2,209
Municipal Clerk	6,634	6,634	2,213	4,421
Department of Finance:				
Office of the Controller	10,875	10,875	5,383	5,492
Division of Tax Collection	8,271	8,271	1,576	6,695
Division of Assessments	3,073	3,073	385	2,688
Tax Sale Costs	10,000	10,000	6,236	3,764
Legal Services & Costs	6,723	6,723	6,723	
Engineering Services & Costs	10,544	10,544	10,483	61
Municipal Prosecutor	750	750	750	
Public Defender	9,305	9,305	5,312	3,993
Land Use Administration:				
Planning Board	972	972	887	85
Zoning Board	3,803	3,803	768	3,035
Code Enforcement	7,759	7,759	1,730	6,029
Zoning Officer	3,385	3,385	215	3,170
Public Safety Functions:				
Police	53,415	53,415	35,734	17,681
Public Works Functions:				
Road Repairs & Maintenance	21,244	21,244	13,462	7,782
Vehicle Maintenance	14,761	14,761	8,680	6,081
Buildings & Grounds	6,506	6,506	3,779	2,727
Sanitation Solid Waste	7,017	7,017	5,679	1,338
Recycling Solid Waste	9,022	9,022	1,053	7,969
Mosquito Control	3,449	3,449	241	3,208
Environmental Health:				
Animal Control	7,269	7,269	1,635	5,634
Contributions to Social Services:				
Providence House	2,130	2,130	770	1,360
Parks & Recreation:				
Maintenance of Parks	23,769	23,769	8,624	15,145
Utility Expenses & Bulk Purchases:				
Electricity	6,210	6,210	6,210	
Street Lighting	2,047	2,047	2,047	
Telephone Expenses	6,152	6,152	5,186	966
Gasoline	57,976	57,976	35,836	22,140
Natural Gas	9,247	9,247	1,360	7,887
Municipal Court	5,021	5,021	1,857	3,164
All others	595,871	595,871		595,871
Total	\$945,974	945,974	175,564	770,410
2010 Appropriation Reserves	\$861,876			
2010 Encumbrances	84,098			
Total	\$945,974			

**TOWNSHIP OF LITTLE EGG HARBOR
CURRENT FUND
SCHEDULE OF LOCAL DISTRICT TAX
FOR THE YEAR ENDED DECEMBER 31, 2011**

Balance December 31, 2010:		
School Tax Deferred	\$5,236,297	
School Tax Payable	<u>349,456</u>	\$5,585,753
Increased by Levy:		
School Year July 1, 2011 - June 30, 2012		<u>11,712,286</u>
Subtotal		17,298,039
Decreased by:		
Payments		<u>11,938,062</u>
Subtotal		5,359,977
Balance December 31, 2011:		
School Tax Deferred	5,236,297	
School Tax Payable	<u>123,680</u>	
Balance December 31, 2011		<u><u>\$5,359,977</u></u>

ANALYSIS OF AMOUNT CHARGED TO OPERATIONS

2011 Payments	\$11,938,062
Less School Taxes Payable at December 31, 2010	349,456
Plus School Taxes Payable at December 31, 2011	<u>123,680</u>
Amount Charged to 2011 Operations	<u><u>\$11,712,286</u></u>

**SCHEDULE OF REGIONAL HIGH SCHOOL TAX PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2011**

Balance December 31, 2010	\$515,661
Increased by:	
Levy - July 1, 2011 to June 30, 2012	<u>12,981,679</u>
Subtotal	13,497,340
Decreased by:	
Payments	<u>13,401,568</u>
Balance December 31, 2011	<u><u>\$95,772</u></u>

TRUST FUND

**TOWNSHIP OF LITTLE EGG HARBOR
TRUST FUND
SCHEDULE OF CASH - TREASURER
FOR THE YEAR ENDED DECEMBER 31, 2011**

	TRUST OTHER	TRUST ASSESSMENT
Balance December 31, 2010	\$4,805,802	57,486
Increased by Receipts:		
Escrow Fees	\$347,215	
Planning Board	125,610	
Recreation	82	
Open Space	604,935	
Community Center	5,444	
Forfeited Funds	9,690	
COAH Fees	459,846	
Sick/Vacation Funds	227,296	
Federal Forfeiture	33,893	
Assessments Receivable		19,264
Due from Grant Fund	29,035	
Interest Due Current	2,513	
	1,845,559	186
Subtotal	6,651,361	76,936
Decreased by Disbursements:		
Escrow Fees	645,675	
Planning Board	113,397	
Open Space	823	
Community Center	1,568	
Sick/Vacation Funds	236,915	
Green Acres Trust	4	
Federal Forfeiture	8,929	
COAH	488,110	
Due Grant Fund	125	
Repayment of Bond Principal		25,000
Due Current	17,159	
	1,512,705	1,510
Balance December 31, 2011	\$5,138,656	\$50,426

**SCHEDULE OF CASH - COLLECTOR - TAX TITLE LIEN REDEMPTION
FOR THE YEAR ENDED DECEMBER 31, 2011**

Balance December 31, 2010	\$287,610
Increased by Receipts:	
Deposits for Redemption of Tax Sale Certificates	\$2,508,062
Interest	669
	2,508,731
Subtotal	2,796,341
Decreased by Disbursements:	
Refunds - Tax Sale Certificates Redeemed	2,358,334
Balance December 31, 2011	\$438,007

EXHIBIT B-3

**TOWNSHIP OF LITTLE EGG HARBOR
TRUST FUND
SCHEDULE OF CASH - DOG WARDEN
FOR THE YEAR ENDED DECEMBER 31, 2011**

Balance December 31, 2011		\$ -
Increased by Receipts:		
Dog License Fees	\$7,660	
State Dog License Fees	1,661	9,321
Subtotal		9,321
Decreased by Disbursements:		
Disbursements to State of New Jersey	1,661	
Disbursements for Dog License Expenses	7,660	9,321
Balance December 31, 2011		\$ -

EXHIBIT B-4

**SCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2011**

LICENSE FEES COLLECTED

YEAR	AMOUNT
2010	\$8,291
2009	9,968
Total	\$18,259

EXHIBIT B-5

**SCHEDULE OF DEPOSITS FOR REDEMPTION OF TAX SALE CERTIFICATES
FOR THE YEAR ENDED DECEMBER 31, 2011**

Balance December 31, 2010		\$287,465
Increased by Receipts:		
Deposits Received - Collector		2,508,731
Subtotal		2,796,196
Decreased by Disbursements:		
Adjustments	\$2,679	
Refunds - Tax Sale Certificates	2,358,334	2,361,013
Balance December 31, 2011		\$435,183

**TOWNSHIP OF LITTLE EGG HARBOR
TRUST FUND
SCHEDULE OF RESERVE FOR ESCROW DEPOSITS
FOR THE YEAR ENDED DECEMBER 31, 2011**

Balance December 31, 2010	\$3,182,314
Increased by:	
Escrow Deposits Received	347,215
Subtotal	3,529,529
Decreased by:	
Disbursements	688,485
Balance December 31, 2011	\$2,841,044

**TOWNSHIP OF LITTLE EGG HARBOR
TRUST FUND
SCHEDULE OF RESERVE FOR FORFEITED PROPERTY
FOR THE YEAR ENDED DECEMBER 31, 2011**

Balance December 31, 2010	\$37,638
Increased by:	
Additional Forfeited Property	\$9,558
Interest Earnings	132
	9,690
Balance December 31, 2011	\$47,328

EXHIBIT B-8

**TOWNSHIP OF LITTLE EGG HARBOR
TRUST FUND
SCHEDULE OF RESERVE FOR PLANNING BOARD
FOR THE YEAR ENDED DECEMBER 31, 2011**

Balance December 31, 2010	\$55,159
Increased by:	
Planning Board Fees	<u>125,610</u>
Subtotal	180,769
Decreased by:	
Escrow Fees	<u>113,397</u>
Balance December 31, 2011	<u><u>\$67,372</u></u>

EXHIBIT B-9

**SCHEDULE OF RESERVE FOR RECREATION
FOR THE YEAR ENDED DECEMBER 31, 2011**

Balance December 31, 2010	\$23,746
Increased by:	
Interest Earnings	<u>82</u>
Subtotal	23,828
Decreased by:	
Disbursements	<u>21,932</u>
Balance December 31, 2011	<u><u>\$1,896</u></u>

**TOWNSHIP OF LITTLE EGG HARBOR
SCHEDULE OF RESERVE FOR OPEN SPACE
FOR THE YEAR ENDED DECEMBER 31, 2011**

Balance December 31, 2010		\$504,772
Increased by:		
Tax Levy	\$296,819	
Sale of Land	600,000	
Interest Earnings	1,474	898,293
		<hr/>
Subtotal		1,403,065
Decreased by:		
Disbursements		<hr/> 823
Balance December 31, 2011		<hr/> <u>\$1,402,242</u>

**SCHEDULE OF RESERVE FOR COMMUNITY CENTER
FOR THE YEAR ENDED DECEMBER 31, 2011**

Balance December 31, 2010		\$117
Increased by:		
Donations	\$5,442	
Interest Earnings	2	5,444
		<hr/>
Subtotal		5,561
Decreased by:		
Disbursements		<hr/> 1,568
Balance December 31, 2011		<hr/> <u>\$3,993</u>

**TOWNSHIP OF LITTLE EGG HARBOR
TRUST ASSESSMENT FUND
STATEMENT OF ASSESSMENTS BONDS
FOR THE YEAR ENDED DECEMBER 31, 2011**

PURPOSE	DATE OF ISSUE	ORIGINAL ISSUE	MATURITY OF BONDS OUTSTANDING		INTEREST RATE	BALANCE	ISSUED	REFUNDED	BOND	BALANCE
			DECEMBER 31, 2011	AMOUNT		DECEMBER 31, 2010			MATURITIES	DECEMBER 31, 2011
Atlantis Water & Sewer Project	8/01/01	\$245,000	08/01/12	20,000	4.500%	\$45,000			25,000	20,000
Total						\$45,000	-	-	25,000	20,000

**TOWNSHIP OF LITTLE EGG HARBOR
TRUST ASSESSMENT FUND
STATEMENT OF ASSESSMENTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2011**

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	BALANCE DECEMBER 31, 2010	COLLECTIONS	BALANCE DECEMBER 31, 2011	BALANCE PLEGGED TO ASSESSMENT BONDS
2000-5,6	Atlantis Water & Sewer Extension	\$21,296	10,863	10,433	10,433
2002-08	Cherrywood Drive	19,776	6,858	12,918	12,918
	Total	<u>\$41,072</u>	<u>17,721</u>	<u>23,351</u>	<u>23,351</u>

**SCHEDULE OF RESERVE FOR FEDERAL FORFEITURE LAW ENFORCEMENT FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011**

Balance December 31, 2010	\$120,137
Increased by:	
Additional Forfeited Property	\$33,543
Interest	350
	<u>33,893</u>
Subtotal	154,030
Decreased by:	
Disbursements	<u>8,929</u>
Balance December 31, 2011	<u>\$145,101</u>

GENERAL CAPITAL FUND

EXHIBIT C-1

**TOWNSHIP OF LITTLE EGG HARBOR
GENERAL CAPITAL FUND
SCHEDULE OF FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2011**

Balance December 31, 2011 & 2010

\$528

EXHIBIT C-2

**SCHEDULE OF CASH - TREASURER
FOR THE YEAR ENDED DECEMBER 31, 2011**

Balance December 31, 2010

\$2,039,510

Increased by Receipts:

Interest	\$2,909	
Interfunds Liquidated	1,087,914	
Receipts from DOT Grant	197,912	
Note Proceeds and Premiums	1,327,281	2,616,016

Subtotal 4,655,526

Decreased by Disbursements:

Improvement Authorizations	1,706,881	
Interfund Advances	1,000,000	
Prior Year Interfund Returned	132,875	2,839,756

Balance December 31, 2011

\$1,815,770

**TOWNSHIP OF LITTLE EGG HARBOR
GENERAL CAPITAL FUND
ANALYSIS OF CASH
AT DECEMBER 31, 2011**

	BALANCE (OVERDRAFT) DECEMBER 31, 2010	DISBURSEMENTS		TRANSFERS		BALANCE (OVERDRAFT) DECEMBER 31, 2011
		RECEIPTS MISCELLANEOUS	IMPROVEMENT AUTHORIZATIONS	MISCELLANEOUS	FROM	
Fund Balance	\$528					528
Reserve for Debt Service	\$13,038	152,981				166,019
Capital Improvement Fund	562,834				279,450	283,384
Due Current Fund		1,023,323		1,000,000		23,323
Due Trust Fund		67,500				67,500
Due Grant Fund	122,019			132,875		10,856
Due to County - CDBG	3,722					3,722
IMPROVEMENT AUTHORIZATIONS:						
ORDINANCE						
NUMBER						
96-10	Satellite Repeaters & Logging Recorders	(250)				(250)
99-23	Municipal Complex	(2,230)				(2,230)
00-05	Sewer Line Extension - Atlantis	(4,571)				(4,571)
00-06	Water Line Extension - Atlantis	5,562				5,562
02-08	Improvements to Cherrywood Drive	(30,666)				(30,666)
02-14,36	Construction of Recreation Facilities	(40,730)				(40,730)
02-22	Purchase of Street Sweeper	(80)				(80)
02-23	Acquisition of Land - Parker Run	(27,983)				(27,983)
02-41	Construction of Municipal Complex	8,094				8,094
03-04	Acquisition of Real Property	7,072				7,072
03-06	Acquisition of Trash Trucks & Cans	64,742				64,742
03-07	Acquisition of Sport Utility Vehicles	(730)				(730)

**TOWNSHIP OF LITTLE EGG HARBOR
GENERAL CAPITAL FUND
ANALYSIS OF CASH
AT DECEMBER 31, 2011**

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ORDINANCE NUMBER		BALANCE (OVERDRAFT) DECEMBER 31, 2010	DISBURSEMENTS		TRANSFERS		BALANCE (OVERDRAFT) DECEMBER 31, 2011	
			RECEIPTS MISCELLANEOUS	IMPROVEMENT AUTHORIZATIONS	MISCELLANEOUS	FROM		TO
04-04	Acquisition of Trash Trucks	13,236					13,236	
04-15	Acquisition of Fuel Depot	62,855					62,855	
04-19	Various Improvements Municipal Building	23,988					23,988	
05-05	Bulkhead Construction at Parkertown Dock	14,381					14,381	
05-13	Acquisition of Recycling Trucks	22,325					22,325	
05-16	Acquisition of a Tractor	925					925	
05-19	Road Improvements - Various	(117,500)					(117,500)	
05-22	Construction of Recreation Trail	1,221					1,221	
05-33	Purchase of Motorcycles	5,805					5,805	
06-07	Various Road Improvements	243,048					243,048	
06-14	Construction of Softball Field & Tot Lot	198,134		2,484			195,650	
06-15	Construction of Softball Field & Tot Lot	131					131	
07-04	Construction of North Burgee Drive	(137,554)					(137,554)	
07-10	Acquisition of Garbage Truck	(143,000)					(143,000)	
08-03	Acquisition & Installation of Automatic Doors	(9,240)					(9,240)	
08-04	Improvements to Lexington Drive	(234,236)					(234,236)	
09-05	Improvements to Forest Edge Drive	183,207		292,619			(109,412)	
09-06	Improvements to Frog Pond Road	101,722		6,423	10,856		84,443	
09-13	Various Capital Improvements	1,129,691	47,912	809,729			367,874	
10-20	Various Capital Improvements		1,324,300	595,626		69,700	798,374	
11-15	Various Capital Improvements					209,750	209,750	
Total Analysis of Cash		\$2,039,510	2,616,016	1,706,881	1,132,875	290,306	290,306	1,815,770

**TOWNSHIP OF LITTLE EGG HARBOR
GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED
FOR THE YEAR ENDED DECEMBER 31, 2011**

Balance December 31, 2010		\$10,376,991
Decreased by:		
2011 Budget Appropriation to Pay General Serial Bonds	\$650,000	
Green Trust Loan Bonds	67,565	717,565
Balance December 31, 2011		<u><u>\$9,659,426</u></u>

**TOWNSHIP OF LITTLE EGG HARBOR
GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED
FOR THE YEAR ENDED DECEMBER 31, 2011**

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	BALANCE DECEMBER 31, 2010	2011 AUTHORIZATIONS	REDUCTIONS	BALANCE DECEMBER 31, 2011	ANALYSIS OF BALANCE DECEMBER 31, 2011		BOND ANTICIPATION NOTES
						UNEXPENDED IMPROVEMENT AUTHORIZATION	EXPENDED	
96-10/99-09	Satellite Repeaters & Logging Recorders	\$250			250		250	
99-23	Municipal Complex	2,230			2,230		2,230	
00-05	Sewer Line Extension - Atlantis	4,571			4,571		4,571	
02-08	Improvements to Cherrywood Drive	30,666			30,666		30,666	
02-14,36	Construction of Recreation Facilities	40,730			40,730		40,730	
02-22	Purchase of Street Sweeper	80			80		80	
02-23	Acquisition of Land - Parker Run	46,550			46,550	18,566	27,984	
03-07	Acquisition of Sport Utility Vehicles	730			730		730	
05-13	Acquisition of Recycling Trucks	58,900		58,900				
05-19	Road Improvements - Various	456,000		338,500	117,500		117,500	
06-02	Improvements to North Ensign Drive	180,000		180,000				
06-07	Various Road Improvements	808,000		157,203	650,797			650,797
06-15	Construction of Softball Field & Tot Lot	267,250		15,397	251,853			251,853
07-04	Construction of North Burgee Drive	170,000			170,000	32,446	137,554	
07-10	Acquisition of Garbage Truck	171,000			171,000	28,000	143,000	
07-25	Acquisition of Land	1,282,500			1,282,500	1,282,500		
08-03	Acquisition & Installation of Automatic Doors	24,130			24,130	14,890	9,240	
08-04	Improvements to Lexington Drive	395,675			395,675	161,439	234,236	
09-05	Improvements to Forest Edge Drive	204,250			204,250	94,838	109,412	
09-06	Improvements to Frog Pond Road	509,000			509,000	392,208	116,792	
09-13	Various Capital Improvements	1,457,265		47,912	1,409,353	50,853		1,358,500
10-20	Various Capital Improvements		1,324,300		1,324,300			1,324,300
11-15	Various Capital Improvements		1,610,250		1,610,250	1,610,250		
Total		<u>\$6,109,777</u>	<u>2,934,550</u>	<u>797,912</u>	<u>8,246,415</u>	<u>3,685,990</u>	<u>974,975</u>	<u>3,585,450</u>
Pay Down on Notes from Current Fund					\$750,000			
Proceeds from DOT Grants					<u>47,912</u>			
Total					<u>\$797,912</u>			

**TOWNSHIP OF LITTLE EGG HARBOR
GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2011**

Balance December 31, 2010	\$562,834
Decreased By:	
Appropriated to Finance Improvement Authorizations	<u>279,450</u>
Balance December 31, 2011	<u><u>\$283,384</u></u>

**TOWNSHIP OF LITTLE EGG HARBOR
GENERAL CAPITAL FUND
STATEMENT OF IMPROVEMENT AUTHORIZATIONS
FOR THE YEAR ENDED DECEMBER 31, 2011**

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	ORDINANCE DATE	AMOUNT	BALANCE DECEMBER 31, 2010		2011 AUTHORIZATIONS	RECLASSIFICATION PRIOR YEAR		BALANCE DECEMBER 31, 2011	
				FUNDED	UNFUNDED		PAYABLES	EXPENDED	FUNDED	UNFUNDED
00-06	Water Line Extension - Atlantis	5/11/00	\$177,800	\$5,562					5,562	
02-23	Acquisition of Land - Parker Run	5/23/02	49,000		18,566					18,566
02-41	Construction of Municipal Complex	11/25/02	6,550,000	94			8,000		8,094	
03-04	Acquisition of Real Property	4/10/03	355,000	7,072					7,072	
03-06	Acquisition of Trash Trucks & Cans	4/10/03	800,000	64,742					64,742	
04-04	Acquisition of Trash Trucks			13,236					13,236	
04-15	Acquisition of Fuel Depot			62,855					62,855	
04-19	Various Improvements Municipal Building			23,988					23,988	
05-05	Bulkhead Construction at Parkertown Dock	2/24/05	225,150	14,381					14,381	
05-13	Acquisition of Recycling Trucks	8/11/05	305,000	22,325					22,325	
05-16	Acquisition of a Tractor	6/23/05	56,000	925					925	
05-22	Construction of Recreation Trail	9/22/05	60,000	1,221					1,221	
05-33	Purchase of Motorcycles	12/8/05	40,000	5,805					5,805	
06-07	Various Road Improvements	6/22/06	1,170,000		243,048					243,048
06-14	Construction of Softball Field & Tot Lot	8/10/06	250,000	198,134				2,484	195,650	
06-15	Construction of Softball Field & Tot Lot	8/10/06	470,000		131					131
07-04	Construction of North Burgee Drive	3/08/07	325,000		31,446		1,000			32,446
07-10	Acquisition of Garbage Truck	6/14/07	180,000		28,000					28,000
07-25	Acquisition of Land	12/13/07	1,350,000	67,500	1,282,500				67,500	1,282,500
08-03	Acquisition & Installation of Automatic Doors	3/13/08	60,400		14,890					14,890
08-04	Improvements to Lexington Drive	3/13/08	566,500		161,439					161,439
09-05	Improvements to Forest Edge Drive	4/9/09	440,000	183,207	204,250			292,619		94,838
09-06	Improvements for Frog Pond Road	4/9/09	520,000		409,487			17,279		392,208
09-13	Various Capital Improvements	12/10/09	1,730,000		809,729		619,963	809,729		619,963
10-20	Various Capital Improvements	1/13/11	1,394,000			1,394,000		595,626		798,374
11-15	Various Capital Improvements	12/22/11	1,820,000			1,820,000			209,750	1,610,250
Total				\$671,047	3,203,486	3,214,000	628,963	1,717,737	703,106	5,296,653
								Cash Disbursements	\$1,706,881	
								Interfund - Grants	10,856	
								Total	<u>\$1,717,737</u>	

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**TOWNSHIP OF LITTLE EGG HARBOR
GENERAL CAPITAL FUND
STATEMENT OF BOND ANTICIPATION NOTES
AT DECEMBER 31, 2011**

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ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	DATE OF ORIGINAL ISSUE	AMOUNT OF ORIGINAL ISSUE	DATE OF ISSUE	DATE OF MATURITY	INTEREST RATE	BALANCE DECEMBER 31, 2010	INCREASED	DECREASED	BALANCE DECEMBER 31, 2011
05-13	Acquisition of Recycling Trucks	4/5/07	\$289,750				\$58,900		58,900	
05-19	Road Improvements - Various	4/5/07	500,000				338,500		338,500	
06-02	Ensign Drive	4/5/07	206,000				180,000		180,000	
06-07	Various Road Improvements	4/5/07	1,111,500	2/11/11	2/10/12	1.75%	808,000		157,203	650,797
06-15	Construction of Softball Field & Tot Lot	4/5/07	446,500	2/11/11	2/10/12	1.75%	267,250		15,397	251,853
09-13	Various Capital Improvements	2/18/10	1,358,500	2/11/11	2/10/12	1.75%	1,358,500			1,358,500
10-20	Various Capital Improvements	6/14/11	1,324,300	6/14/11	2/10/12	2.25%		1,324,300		1,324,300
Total							\$3,011,150	1,324,300	750,000	3,585,450

**TOWNSHIP OF LITTLE EGG HARBOR
GENERAL CAPITAL FUND
SCHEDULE OF GENERAL SERIAL BONDS
AT DECEMBER 31, 2011**

PURPOSE	DATE OF ISSUE	AMOUNT OF ORIGINAL ISSUE	MATURITIES OF BONDS OUTSTANDING DECEMBER 31, 2011		INTEREST RATE	BALANCE DECEMBER 31, 2010	INCREASED	DECREASED	BALANCE DECEMBER 31, 2011
			DATE	AMOUNT					
General Improvement Bonds	11/01/03	\$8,324,000	11/01/12	\$395,000	3.300%	\$6,184,000		375,000	5,809,000
			11/01/13	415,000	3.400%				
			11/01/14	435,000	3.450%				
			11/01/15	460,000	3.600%				
			11/01/16	480,000	3.700%				
			11/01/17	504,000	3.800%				
			11/01/18	520,000	3.900%				
			11/01/19	520,000	4.000%				
			11/01/20	520,000	4.125%				
			11/01/21	520,000	4.200%				
			11/01/22	520,000	4.300%				
			11/01/23	520,000	4.375%				
			General Obligation Refunding Bonds	2/01/10	3,275,000				
08/01/13	300,000	3.000%							
08/01/14	300,000	3.000%							
08/01/15	305,000	2.750%							
08/01/16	310,000	3.500%							
08/01/17	305,000	3.836%							
08/01/18	300,000	3.750%							
08/01/19	300,000	4.000%							
08/01/20	295,000	5.000%							
08/01/21	295,000	5.000%							
Totals						<u>\$9,454,000</u>		<u>650,000</u>	<u>8,804,000</u>
Paid from Current Fund								<u>\$650,000</u>	
Total								<u>\$650,000</u>	

**TOWNSHIP OF LITTLE EGG HARBOR
GENERAL CAPITAL FUND
SCHEDULE OF GREEN TRUST LOAN PAYABLE
AT DECEMBER 31, 2011**

PURPOSE	DATE OF ISSUE	AMOUNT OF ORIGINAL ISSUE	MATURITIES OF BONDS OUTSTANDING DECEMBER 31, 2011		INTEREST RATE	BALANCE DECEMBER 31, 2010	INCREASED	DECREASED	BALANCE DECEMBER 31, 2011
			DATE	AMOUNT					
Parkertown Dock	01/27/92	\$28,000				\$1,716		1,716	
Mystic Beach Acquisition	02/13/96	94,760	2012	\$5,469	2.00%	27,906		5,361	22,545
			2013	5,579					
			2014	5,691					
			2015	5,805					
Open Space Acquisition	10/22/02	255,220	2012	12,814	2.00%	168,572		12,562	156,010
			2013	13,071					
			2014	13,334					
			2015	13,602					
			2016	13,876					
			2017	14,154					
			2018	14,439					
			2019	14,729					
			2020	15,026					
			2021	15,327					
			2022	15,638					
Recreation Complex	7/18/02	500,000	2012	25,354	2.00%	318,001		24,855	293,146
			2013	25,865					
			2014	26,384					
			2015	26,914					
			2016	27,455					
			2017	28,008					
			2018	28,570					
			2019	29,145					
			2020	29,730					
			2021	30,328					
			2022	15,392					

**TOWNSHIP OF LITTLE EGG HARBOR
GENERAL CAPITAL FUND
SCHEDULE OF GREEN TRUST LOAN PAYABLE
AT DECEMBER 31, 2011**

PURPOSE	DATE OF ISSUE	AMOUNT OF ORIGINAL ISSUE	MATURITIES OF BONDS OUTSTANDING DECEMBER 31, 2011		INTEREST RATE	BALANCE DECEMBER 31, 2010	INCREASED	DECREASED	BALANCE DECEMBER 31, 2011
			DATE	AMOUNT					
Municipal Complex	9/7/05	250,000	2012	11,943	2.00%	194,833		11,708	183,125
			2013	12,183					
			2014	12,428					
			2015	12,677					
			2016	12,932					
			2017	13,192					
			2018	13,457					
			2019	13,727					
			2020	14,004					
			2021	14,285					
			2022	14,572					
			2023	14,865					
			2024	15,164					
			2025	7,696					
Construction of Softball Field & Tot Lot	11/27/06	250,000	2012	11,592	2.00%	211,963		11,363	200,600
			2013	11,825					
			2014	12,062					
			2015	12,305					
			2016	12,552					
			2017	12,804					
			2018	13,061					
			2019	13,324					
			2020	13,592					
			2021	13,865					
			2022	14,144					
			2023	14,428					
			2024	14,718					
			2025	15,014					
2026	15,314								
Total						<u>\$922,991</u>		<u>67,565</u>	<u>855,426</u>

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**TOWNSHIP OF LITTLE EGG HARBOR
GENERAL CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
AT DECEMBER 31, 2011**

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	BALANCE DECEMBER 31, 2010	2011 AUTHORIZATIONS /INCREASES	BONDS & NOTES ISSUED	BALANCE DECEMBER 31, 2011
96-10/99-09	Satellite Repeaters & Logging Recorders	\$250			250
99-23	Municipal Complex	2,230			2,230
00-06	Water Line Extension - Atlantis	4,571			4,571
02-08	Improvements to Cherrywood Drive	30,666			30,666
02-14,36	Construction of Recreation Facilities	40,730			40,730
02-22	Purchase of Street Sweeper	80			80
02-23	Acquisition of Land - Parker Run	46,550			46,550
03-07	Acquisition of Sport Utility Vehicles	730			730
05-19	Road Improvements - Various	117,500			117,500
07-04	Road & Drainage Improvements North Burgee Drive	170,000			170,000
07-10	Acquisition of Garbage Truck	171,000			171,000
07-25	Acquisition of Land	1,282,500			1,282,500
08-03	Acquisition & Installation of Automatic Doors for Handicap Access	24,130			24,130
08-04	Improvements to Lexington Drive	395,675			395,675
09-05	Improvements to Forest Edge Drive	204,250			204,250
09-06	Improvements to Frog Pond Road	209,000			209,000
10-20	Various Capital Improvements		1,324,300	1,324,300	
11-15	Various Capital Improvements		1,610,250		1,610,250
	Total	<u>\$2,699,862</u>	<u>2,934,550</u>	<u>1,324,300</u>	<u>4,310,112</u>

**TOWNSHIP OF LITTLE EGG HARBOR
GENERAL CAPITAL FUND
SCHEDULE OF STATE ROAD AID ALLOTMENTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2011**

Balance December 31, 2010	\$398,765
Increased By:	
2011 DOT Grant - Louisiana Drive	<u>200,000</u>
Subtotal	598,765
Decreased By:	
Road Aid Received	<u>197,912</u>
Balance December 31, 2011	<u><u>\$400,853</u></u>

ANALYSIS OF BALANCE

2009-06 Frog Pond Road - Safe Routes to School - Phase 2	\$98,765
2009-13 Various Capital Improvements - Frog Pond Road Phase 1	252,088
2010-02 Louisiana Drive	<u>50,000</u>
Total	<u><u>\$400,853</u></u>

PAYROLL FUND

EXHIBIT D-1

**TOWNSHIP OF LITTLE EGG HARBOR
PAYROLL FUND
STATEMENT OF PAYROLL FUND CASH
FOR THE YEAR ENDED DECEMBER 31, 2011**

Balance December 31, 2010		\$316,331
Increased by:		
Receipts		<u>10,069,918</u>
Subtotal		10,386,249
Decreased by:		
Disbursements:		
Net Pay	\$6,194,795	
Due Current	156,713	
Payment to Agencies	<u>3,667,809</u>	<u>10,019,317</u>
Balance December 31, 2011		<u><u>\$366,932</u></u>

EXHIBIT D-2

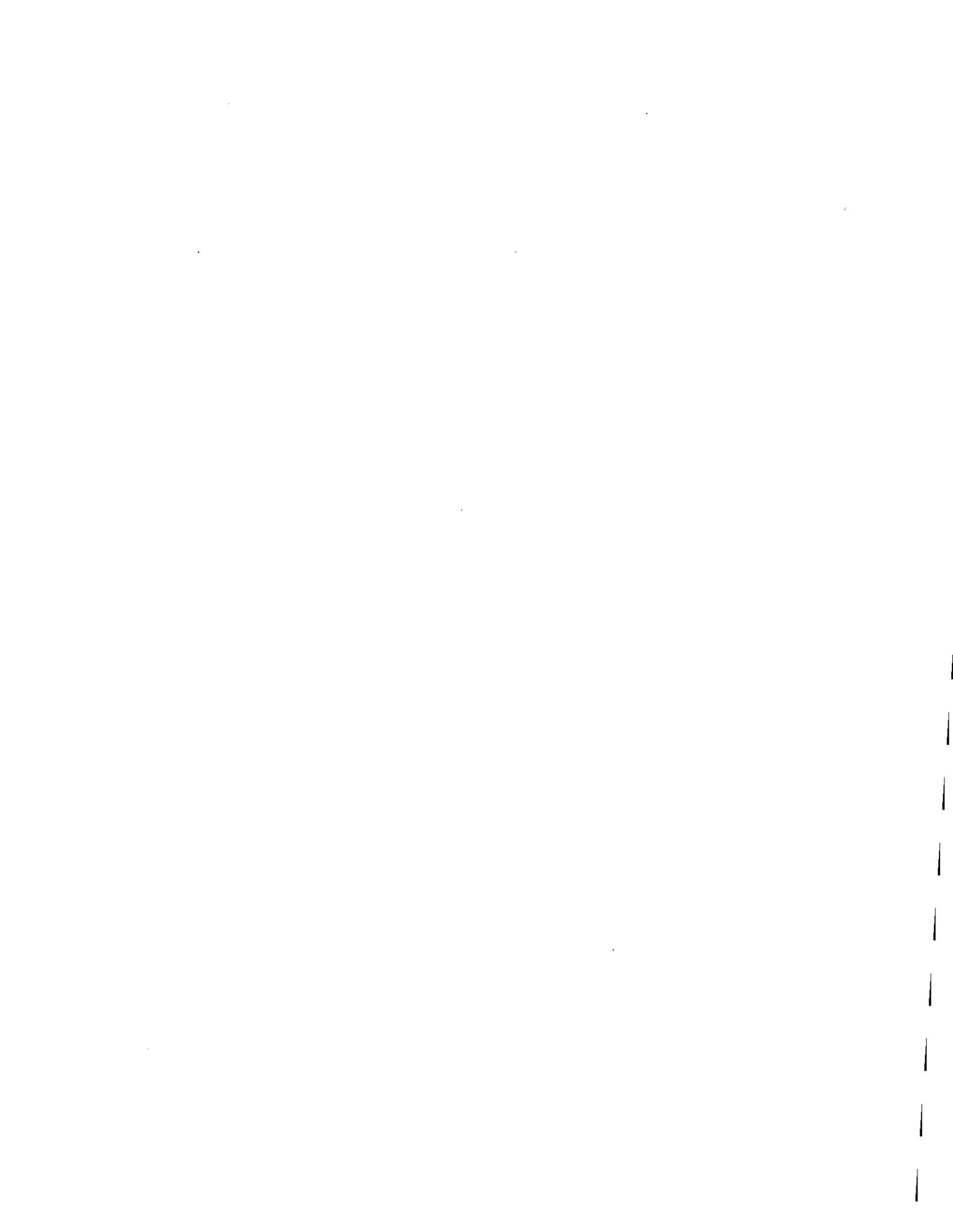
**STATEMENT OF PAYROLL TAXES PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2011**

Balance December 31, 2010		\$161,286
Increased by:		
Payroll Deductions		<u>3,874,193</u>
Subtotal		4,035,479
Decreased by:		
Due Current	\$189,214	
Disbursements	<u>3,667,809</u>	<u>3,857,023</u>
Balance December 31, 2011		<u><u>\$178,456</u></u>

ANALYSIS OF BALANCE

Police & Fireman's Retirement System		\$50,367
Public Employees Retirement System		26,311
Federal Tax Liability		87,698
State Tax Liability		<u>14,080</u>
Balance December 31, 2011		<u><u>\$178,456</u></u>

SUPPLEMENTARY DATA



**Summary of Municipal Debt
(Excluding Current Debt)**

	YEAR 2011	YEAR 2010	YEAR 2009
Issued -			
General - Bonds and Notes	\$13,264,876	13,388,141	13,918,874
Authorized but not Issued:			
General - Bonds and Notes	4,310,112	2,699,862	4,058,362
Total	17,574,988	16,088,003	17,977,236
Less: Deduction to Pay Bonds & Notes	166,019	13,038	
Total	\$17,408,969	16,074,965	17,977,236

**Summary of Statutory Debt
Condition - Annual Debt Statement**

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of .61%.

	GROSS DEBT	DEDUCTIONS	NET DEBT
Local School District Debt	\$26,180,000	26,180,000	
Regional School District Debt	9,212,397	9,212,397	
General Debt	17,574,988	166,019	17,408,969
Total	\$52,967,385	35,558,416	17,408,969

Net Debt, \$17,408,969 divided by Equalized Valuation Basis per N.J.S.A.40A:2-2, as amended, \$2,876,070,441 equals .61%.

Equalized Valuation Basis:	
2011	\$2,749,710,076
2010	2,869,781,309
2009	3,008,719,939
Average	\$2,876,070,441

Borrowing Power Under 40A:2-6:

3-1/2% of Equalized Valuation Bases (Municipal)	\$100,662,465
Net Debt	17,408,969
Remaining Borrowing Power	\$83,253,496

**Comparative Statement of Operations and
Change in Fund Balance - Current Fund**

	YEAR 2011		YEAR 2010	
	AMOUNT	PERCENT	AMOUNT	PERCENT
Revenue and Other Income Realized				
Fund Balance Utilized	\$920,000	1.63%	2,800,000	4.99%
Miscellaneous - From Other Than Local Property Tax Levies	5,090,742	9.03%	3,861,180	6.88%
Collection of Delinquent Taxes & Tax Title Liens	402,057	0.71%	108,463	0.19%
Collection of Current Tax Levy	49,978,435	88.60%	49,282,287	87.75%
Other Credits to Income	15,682	0.03%	107,896	0.19%
Total Income	56,406,916	100.00%	56,159,826	100.00%
Expenditures				
Budget Expenditures - Municipal Purposes	19,762,810	35.49%	19,658,988	35.64%
County Taxes	9,711,573	17.44%	9,297,160	16.85%
Local and Regional School Taxes	24,693,965	44.35%	24,887,873	45.12%
Municipal Open Space	296,819	0.53%	298,516	0.54%
Special District Taxes	1,136,172	2.04%	1,001,576	1.82%
Other Expenses	81,709	0.15%	18,149	0.03%
Total Expenditures	55,683,048	100.00%	55,162,262	100.00%
Excess to Fund Balance	723,868		997,564	
Fund Balance January 1	1,015,493		2,817,929	
Total	1,739,361		3,815,493	
Less: Utilization as Anticipated Revenue	920,000		2,800,000	
Fund Balance December 31	\$819,361		1,015,493	

**Comparison of Tax Levies
and Collection Currently**

A study of this tabulation could indicate a possible trend in future tax levies. A decrease in the percentage of current collection could be an indication of a probable increase in future tax levies.

YEAR	TAX LEVY	CURRENTLY	
		CASH COLLECTIONS	PERCENTAGE OF COLLECTION
2011	\$51,023,557	49,978,435	97.95%
2010	50,011,200	49,282,287	98.54%
2009	48,766,239	48,478,996	99.41%

Comparison of Tax Rate Information

	2011	2010	2009
Total Tax Rate - Excluding Fire District	<u>\$1.680</u>	<u>\$1.641</u>	<u>\$1.517</u>
Apportionment of Tax Rate:			
Municipal	0.517	0.490	0.461
County	0.328	0.312	0.302
Local School	0.396	0.389	0.357
Regional School	0.439	0.450	0.397
Fire District			
#1	0.037	0.028	0.026
#2	0.032	0.031	0.027
#3	0.063	0.050	0.045

Net Valuation Taxable:

2011	<u>\$2,955,844,831</u>		
2010		<u>\$2,967,533,131</u>	
2009			<u>\$3,134,737,090</u>

Delinquent Taxes and Tax Title Liens

This tabulation includes a comparison, expressed in percentage, of the total of delinquent taxes and tax title liens in relation to the tax levies of the last three years.

YEAR ENDED DECEMBER 31	AMOUNT OF TAX TITLE LIENS	AMOUNT OF DELINQUENT TAXES	TOTAL DELINQUENT	PERCENTAGE OF TAX LEVY
2011	\$377,326	42,346	419,672	0.823%
2010	290,153	399,069	689,222	1.378%
2009	270,560	47,629	318,189	0.652%

Comparative Schedule of Fund Balances

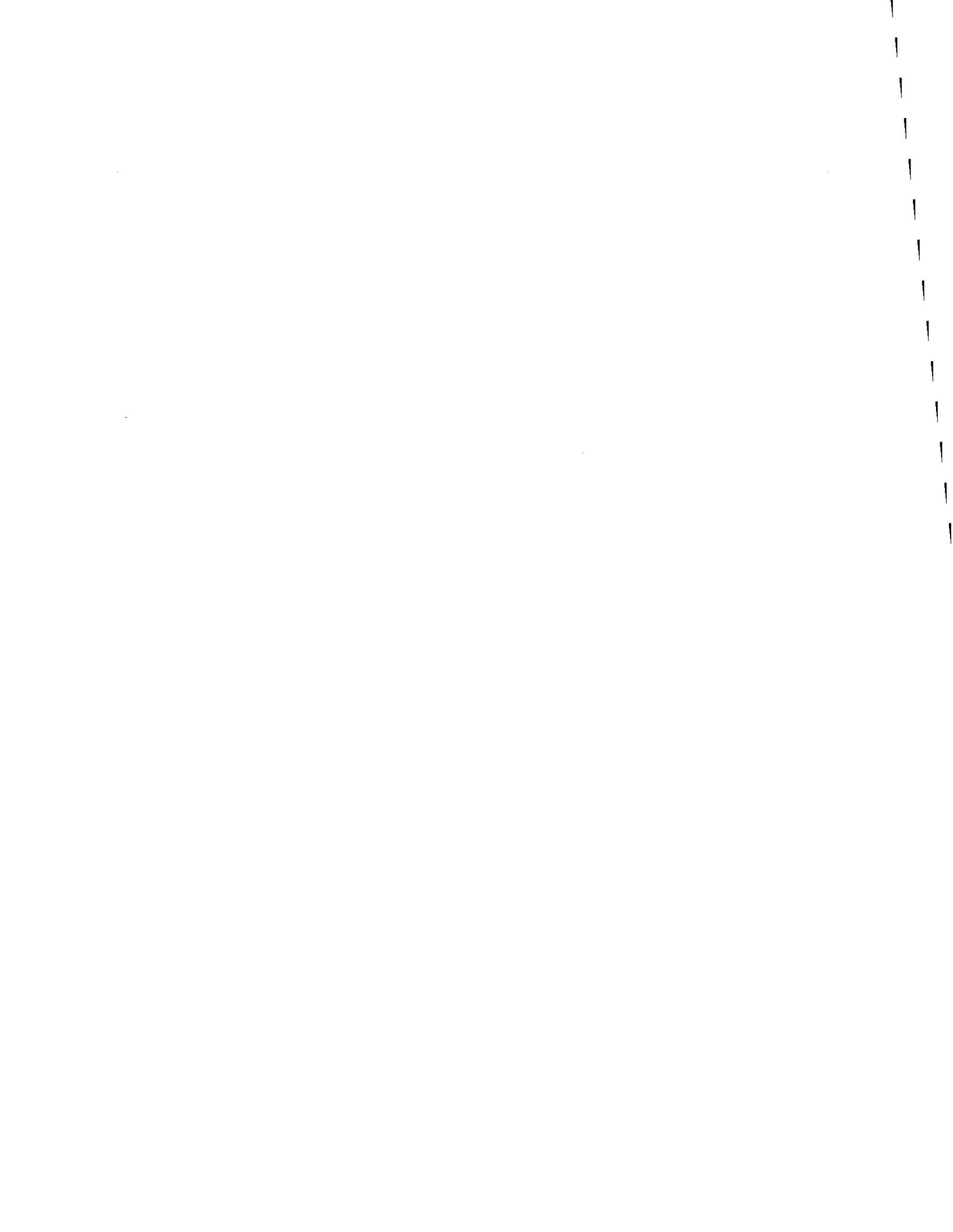
Current Fund:	Balance December 31	Utilized in Budget of Succeeding Year
2011	\$819,361	204,000
2010	1,015,493	920,000
2009	2,817,929	2,800,000
2008	4,811,744	2,800,000

OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office at December 31, 2011:

NAME	TITLE	AMOUNT OF BOND	NAME OF CORPORATE SURETY
Raymond Gormley	Mayor		
John Kehm Jr.	Deputy Mayor		
Edward Nuttall	Committeeman		
Eugene Kobryn	Committeeman		
Arthur Midgley	Committeeman		
Dayna Cook	Tax Collector, & Tax Search Officer	A	
Joseph Sorrentino	Tax Assessor		
Garrett Loesch	Chief Financial Officer/ Township Administrator	A	
Diana McCracken	Township Clerk	A	
Deborah O'Brien	Court Administrator	A	
Damian Murray	Court Magistrate	A	
Gilmore & Monahan	Solicitor		
Jim Oris of T & M Associates	Engineer		

(A) All employees are covered by a public employee dishonesty bond in the amount of \$1,000,000 by the Ocean County Municipal Joint Insurance Fund.



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

PART II

**COMMENTS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2011**



Certified Public Accountants & Consultants

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

We have audited the financial statements of the Township of Little Egg Harbor in the County of Ocean on for the year ended December 31, 2011, in accordance with requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the following are the *General Comments* and *Recommendations* for the year then ended.

GENERAL COMMENTS

Contracts and Agreements Required to be advertised by (N.J.S.A.40A:11-4)

N.J.S.A.40A:11-4 - Every contract or agreement, for the performance of any work or furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only by the governing body of the contracting unit after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other Law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate \$17,500 except by contract or agreement.

It is pointed out that the governing body of the municipality has the responsibility of determining whether the expenditures in any category will exceed the statutory minimum within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the solicitor's opinion should be sought before a commitment is made.

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

Improvements to Louisiana Drive, Closure and Removal of Underground Storage Tank, 2012 Mack Truck, Purchase of Natural Gas, Drainage Easement Improvements.

The minutes indicate that resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services," per *N.J.S.A.40A:11-5*.

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

Contracts and Agreements Requiring Solicitation of Quotations

The examination of expenditures did not reveal any individual payments, contracts or agreements in excess of \$2,625 thereafter "for the performance of any work or the furnishing or hiring of any materials or supplies", other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provision of (*N.J.S.A.40A:11-6.1*).

MEDFORD OFFICE
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holmanfrenia.com

TOMS RIVER OFFICE
10 Allen St., Suite 2B • Toms River, NJ 08753
Tel: 732.797.1333 • Fax: 732.797.1022
holmanfrenia.com

Collection of Interest on Delinquent Taxes

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

The governing body on January 1, 2011 adopted the following resolution authorizing interest to be charged on delinquent taxes:

“BE IT RESOLVED by the Township Committee of the Township of Little Egg Harbor, County of Ocean, State of New Jersey, the rate of interest charged on delinquent taxes or assessments on any installment made ten (10) days after the date upon which the same became payable, shall not exceed eight (8) percent per annum of the first One Thousand Five Hundred Dollars (\$1,500.00) of the delinquency, and eighteen (18) percent per annum on any amount in excess of One Thousand Five Hundred Dollars (\$1,500.00).

BE IT FURTHER RESOLVED, that where interest on delinquent tax payments is one dollar (\$1.00) or less, payment and collection of said interest is hereby waived.”

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

Tax Collector

A review of the Tax Collector's office was performed and the following was noted.

Finding 2011-01:

It was noted during our audit that balances in the tax collector's system for municipal tax title liens and tax overpayments do not properly reconcile to the financial statements.

Recommendation:

That municipally held tax title liens and tax overpayments be thoroughly analyzed, and agreed to the Township's financial statements to ensure tax receivables and liabilities are properly reported.

Management Response:

The Township of Little Egg Harbor agrees with this finding, and will correct it accordingly.

Delinquent Taxes and Tax Title Liens

The delinquent taxes at December 31, 2011, included 2011, 2010 and 2009 real estate taxes only.

The last tax sale was held on December 13, 2011 and was complete.

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

Delinquent Taxes and Tax Title Liens (continued):

YEAR	NUMBER OF LIENS
2011	142
2010	122
2009	122

Examination of Bills

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

Municipal Court

The Township of Little Egg Harbor entered into an Interlocal Municipal Court Agreement with the Township of Eagleswood effective January 1, 2009 in accordance with *N.J.S.A.2B:12-1*.

The Township of Little Egg Harbor assumed all administrative responsibility as well the responsibility of obtaining an audit of Eagleswood Township's Municipal Court.

A separate report of the Municipal Court transactions for both Little Egg Harbor and Eagleswood Township was filed in accordance with the requirements of the Local Finance Board.

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

Payroll Fund

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

Finding 2011-02:

It was noted during our audit that no attempt was made to analyze payroll taxes payable during all of 2011.

Recommendation:

That a formal analysis of payroll taxes payable be prepared and maintained to ensure proper reporting and payment of all payroll related liabilities.

Management Response:

The Township of Little Egg Harbor agrees with this finding, and will correct it accordingly.

Prior Year Findings

In accordance with government auditing standards, our procedures included a review of all prior year findings. All of the prior year's audit findings have been corrected.

Acknowledgment

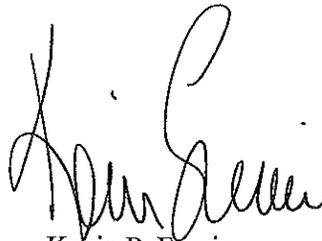
We received the complete cooperation of all the Township Officials and employees and we greatly appreciate the courtesies extended to the members of the audit team.

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

Should you have any questions concerning our comments or recommendations, or should you desire any assistance in implementing our recommendations, please call me.

Respectfully submitted,

HOLMAN & FRENIA, P. C.



Kevin P. Frenia
Certified Public Accountant
Registered Municipal Accountant
CR 435

Medford Office
May 25, 2012