

TOWNSHIP OF LITTLE EGG HARBOR

**AUDIT REPORT OR THE YEAR
ENDED DECEMBER 31, 2013**

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TOWNSHIP OF LITTLE EGG HARBOR
COUNTY OF OCEAN

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

PART I

**INDEPENDENT AUDITOR'S REPORTS
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in compliance with audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township Little Egg Harbor, County of Ocean, State of New Jersey, as of December 31, 2013 and 2012, or the results of its operations and changes in fund balance for the years then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, reserves and fund balance--regulatory basis of the various funds and account group of the Township of Little Egg Harbor, County of Ocean, State of New Jersey, as of December 31, 2013 and 2012, and the results of its operations and changes in fund balance --regulatory basis the years then ended, and the related statement of revenues--regulatory basis, statement of expenditures--regulatory basis, and the related notes to financial statements, for the year ended December 31, 2013 in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Report on Supplementary Information

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

generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements of each of the respective individual funds and account group taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 30, 2014, on our consideration of the Township of Little Egg Harbor's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township of Little Egg Harbor's internal control over financial reporting and compliance.

Respectfully submitted,

HOLMAN FRENIA ALLISON, P.C.

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

May 30, 2014
Medford, New Jersey

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BASIC FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

ANALYSIS OF REALIZED REVENUE

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Note 1. Summary of Significant Accounting Policies

A. Description of Financial Reporting Entity

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

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

Component Units

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

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

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

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

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

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

TOWNSHIP OF LITTLE EGG HARBOR

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

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

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

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

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

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

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

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

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

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

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

TOWNSHIP OF LITTLE EGG HARBOR

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

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

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

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

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

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

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

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

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

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

TOWNSHIP OF LITTLE EGG HARBOR

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

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

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

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

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

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

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

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

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

TOWNSHIP OF LITTLE EGG HARBOR

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

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

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

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

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

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

Note 2. Cash

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

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

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

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

TOWNSHIP OF LITTLE EGG HARBOR

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

Note 2. Cash (continued):

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

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

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

Note: 3: Property Taxes

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

Comparison of Tax Rate Information

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

Net Valuation Taxable:

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

TOWNSHIP OF LITTLE EGG HARBOR

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

Note 3: Property Taxes (continued):

Comparison of Tax Levies and Collection Currently

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

Delinquent Taxes and Tax Title Liens

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

Note 4. District School Taxes

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

The Township has elected to defer school taxes as follows:

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

TOWNSHIP OF LITTLE EGG HARBOR

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

Note 5. Pension

A. Plan Description

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

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

B. Vesting and Benefit Provisions

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

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

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

TOWNSHIP OF LITTLE EGG HARBOR

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

Note 5. Pension (continued):

C. Significant Legislation

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

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

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

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

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

D. Contribution Requirements

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

TOWNSHIP OF LITTLE EGG HARBOR

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

Note 5. Pension (continued):

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

Note: 6: Fund Balance Appropriated

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

YEAR	BALANCE DECEMBER 31,	UTILIZED IN BUDGET OF SUCCEEDING YEAR	PERCENTAGE OF FUND BALANCE USED
CURRENT FUND:			
2013	\$ 2,974,576	\$ 1,423,476	47.85%
2012	615,361	-	0.00%
2011	819,361	204,000	24.90%
2010	1,015,493	920,000	90.60%
2009	2,817,929	2,800,000	99.36%

Note 7. Accrued Sick and Vacation Benefits

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

Note 8. Deferred Compensation

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

TOWNSHIP OF LITTLE EGG HARBOR

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

Note 9. Interfund Receivables and Payables

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

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

The purpose of these interfunds is short-term borrowings.

Note 10. Capital Debt

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

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

TOWNSHIP OF LITTLE EGG HARBOR

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

Note 10. Capital Debt (continued):

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.769%

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

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

Borrowing Power Under 40A:2-6:

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

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

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

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

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

TOWNSHIP OF LITTLE EGG HARBOR

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

Note 10. Capital Debt (continued):

Green Acres Assistance Loan

Schedule of loan repayment as follows:

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

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

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

Note 11. Risk Management

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

Note 12. Pending Litigation

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

Note 13. Post-Retirement Health Benefits – GASB 45

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

TOWNSHIP OF LITTLE EGG HARBOR

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

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

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

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

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

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

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

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

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

TOWNSHIP OF LITTLE EGG HARBOR

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

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

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

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

Note. 14 Hurricane Sandy and FEMA Aid

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

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

Notes. 15 Community Disaster Loan

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

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

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SUPPLEMENTARY EXHIBITS

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CURRENT FUND

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TOWNSHIP OF LITTLE EGG HARBOR
CURRENT FUND
SCHEDULE OF CASH - TREASURER
FOR THE YEAR ENDED DECEMBER 31, 2013

	CURRENT FUND	STATE & FEDERAL GRANT FUND
Balance December 31, 2012	\$ 3,028,690	\$ 290,896
Increased by Receipts:		
Taxes Receivable	\$ 49,646,602	
Tax Title Liens Receivable	312,694	
Due From State - Senior Citizen & Veteran Deductions	375,972	
Miscellaneous Revenue Anticipated	7,464,937	
Miscellaneous Revenue Not Anticipated	156,568	
Prepaid Taxes	439,609	
Refunds of Current Year Appropriations	268,640	
Due Bass River	3,452	
Construction Fees Due State of New Jersey	55,088	
Special Emergency Notes	3,978,000	
Interfund Created/Liquidated	145,364	
Federal & State Grants Receivable		833,855
	62,846,926	833,855
Total Receipts		
Subtotal	65,875,616	1,124,751
Decreased by Disbursements:		
2013 Appropriations	17,435,087	
Appropriation Reserves	301,601	
Encumbrances Payable	254,719	
County Taxes Payable	9,335,920	
Due County for Added & Omitted Taxes	34,749	
Local District School Tax	11,674,517	
Regional High School Tax	14,012,839	
Special District Taxes	1,332,318	
Construction Fees Due State of NJ	40,483	
Refund Tax Overpayments	64,492	
Bass River Construction Fees	3,533	
Hurricane Sandy Special Emergency	2,566,214	
Due MUA	333,845	
Refunds	3,364	
Special Emergency Notes	3,000,000	
Federal & State Grants - Appropriated		470,992
Interfunds Created/Liquidated		37,374
	60,393,681	508,366
Total Disbursements		
Balance December 31, 2013	\$ 5,481,935	\$ 616,385

**TOWNSHIP OF LITTLE EGG HARBOR
CURRENT FUND
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY
FOR THE YEAR ENDED DECEMBER 31, 2013**

YEAR	BALANCE DECEMBER 31, 2012	2013 LEVY	ADDED TAXES	2012 COLLECTED	2013 COLLECTED	SENIOR CITIZENS & VETERANS	OVERPAYMENT APPLIED	OVERPAYMENT CREATED	CANCELED	TRANSFERRED TO TAX TITLE LIENS	BALANCE DECEMBER 31, 2013
2009	\$ 1,626	-	-	-	-	-	-	-	-	-	\$ 1,626
2010	1,761	-	-	-	-	-	-	-	-	-	1,761
2011	2,639	-	-	64	64	-	-	-	-	-	2,575
2012	12,486	-	-	6,305	6,305	(5,775)	698	(59,664)	58,590	-	12,332
Total 2013	18,512	51,859,411	270,611	473,081	49,640,233	(5,775)	698	(59,664)	58,590	199,943	18,294
Total	\$ 18,512	\$51,859,411	\$ 270,611	\$ 473,081	\$ 49,646,602	\$ 398,873	\$ 421,265	\$ (198,627)	\$1,171,075	\$ 199,943	\$ 36,322

ANALYSIS OF 2013 PROPERTY TAX LEVY:

Tax Yield:	
General Property Tax	\$ 50,527,093
Special District	1,332,318
Added Taxes (54-4-63.1 et. seq.)	270,611
	<u>\$ 52,130,022</u>
Total Tax Yield	<u>\$ 52,130,022</u>
Tax Levy:	
Local School District Tax (Abstract)	\$ 11,772,562
Regional High School Tax (Abstract)	14,007,980
Municipal Open Space (Abstract)	69,978
Municipal Open Space (Added)	358
County Taxes:	
County Tax (Abstract)	\$ 7,825,163
County Library Tax (Abstract)	898,280
County Health Services (Abstract)	324,487
County Open Space	287,990
Due County for Added Taxes (54-4-63.1 et. seq.)	<u>42,028</u>
Total County Taxes	9,377,948
Fire District #1 (Amount Certified)	484,718
Fire District #2 (Amount Certified)	554,645
Fire District #3 (Amount Certified)	<u>292,955</u>
Total Special District Taxes	1,332,318
Local Tax for Municipal Purposes	15,295,327
Add: Additional Tax Levied	<u>15,568,878</u>
Total Tax Levy	<u>\$ 52,130,022</u>

**TOWNSHIP OF LITTLE EGG HARBOR
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS
FOR THE YEAR ENDED DECEMBER 31, 2013**

Balance December 31, 2012		\$ 567,052
Increased by:		
Transfers from Taxes Receivable	\$ 199,943	
Adjustment to Liens	48,769	
Interest & Costs Accrued by Sale	20,015	268,727
		<hr/>
Subtotal		835,779
Decreased by:		
Collections		312,694
		<hr/>
Balance December 31, 2013		<u><u>\$ 523,085</u></u>

**SCHEDULE OF PROPERTY ACQUIRED FOR TAXES
(AT ASSESSED VALUATION)
FOR THE YEAR ENDED DECEMBER 31, 2013**

Balance December 31, 2013 and 2012	<u><u>\$ 5,757,700</u></u>
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**TOWNSHIP OF LITTLE EGG HARBOR
CURRENT FUND
STATEMENT OF REVENUE ACCOUNTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2013**

	BALANCE DECEMBER 31, 2012	ACCRUED IN 2013	TREASURER	BALANCE DECEMBER 31, 2013
Miscellaneous Revenue Anticipated:				
Licenses - Alcoholic Beverages	\$ -	\$ 10,564	\$ 10,564	\$ -
Fees & Permits	-	81,086	81,086	-
Municipal Court	11,991	235,984	235,390	12,585
Interest & Costs on Taxes	-	90,801	90,801	-
Interest on Investments & Deposits	-	11,043	11,043	-
Payments in Lieu of Taxes	-	74,663	74,663	-
Energy Receipts Tax	-	1,295,149	1,295,149	-
Garden State Trust	-	149,117	149,117	-
Consolidated Municipal Property				
Tax Relief	-	4,790	4,790	-
Uniform Construction Code Fees	-	1,159,013	1,159,013	-
Tower Rental	-	121,546	121,546	-
SRO Officer	-	200,091	200,091	-
Cable TV	-	78,562	78,562	-
FEMA Aid Received - Hurricane Sandy	-	2,146,905	2,146,905	-
Community Disaster Loan	-	1,750,000	1,750,000	-
Reserve for Debt Service	-	56,217	56,217	-
	<hr/>			
Total	\$ 11,991	\$ 7,465,531	\$ 7,464,937	\$ 12,585
	<hr/>			
			\$ 7,464,937	
			<hr/>	
			\$ 7,464,937	
			<hr/>	

TOWNSHIP OF LITTLE EGG HARBOR
CURRENT FUND
SCHEDULE OF STATE AND FEDERAL GRANTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2013

GRANT	BALANCE DECEMBER 31, 2012	ANTICIPATED REVENUE	RECEIVED	BALANCE DECEMBER 31, 2013
N.J.D.E.P. Recreation Trails	\$ 18,429	\$ -	\$ -	\$ 18,429
Safe & Secure Communities Program	9,763	60,000	60,000	9,763
Cops Rehire Program	432,154	-	258,582	173,572
966 Reimbursement Grant	-	27,217	-	27,217
Clean Communities Program	-	48,401	48,401	-
Recycling Tonnage Grant	-	82,420	82,420	-
Municipal Aid Road Program - Valley Forge Drive	-	250,000	187,500	62,500
Municipal Aid Road Program - Frog Pond Road Phase 2	200,000	-	150,000	50,000
Post Sandy Planning Assitance	-	28,000	-	28,000
CDBG	42,000	37,000	42,000	37,000
Body Armor Grant	-	4,952	4,952	-
Total	\$ 702,346	\$ 537,990	\$ 833,855	\$ 406,481
			<u>\$ 833,855</u>	
Cash Receipts			<u>\$ 833,855</u>	
Total			<u>\$ 833,855</u>	

**TOWNSHIP OF LITTLE EGG HARBOR
CURRENT FUND
SCHEDULE OF RESERVES FOR STATE AND FEDERAL GRANTS - APPROPRIATED
FOR THE YEAR ENDED DECEMBER 31, 2013**

APPROPRIATION	BALANCE DECEMBER 31, 2012	2013 BUDGET APPROPRIATION	EXPENDED	GRANT ENCUMBRANCES	ADJUSTED/ CANCELLED	BALANCE DECEMBER 31, 2013
State:						
Clean Communities - 2011	\$ 15,898	-	\$ 15,898	\$ -	-	\$ -
Gypsy Moth	8,427	-	-	-	-	8,427
Alcohol Education & Rehabilitation	9,255	-	-	-	-	9,255
Safe and Secure Communities	54,763	-	-	-	-	54,763
Bulletproof Vest Program	18	-	-	-	-	18
Click It or Ticket	200	-	-	-	-	200
Drunk Driving Enforcement Fund	6,654	-	-	-	-	6,654
Municipal Road Program-Frog Pond Rd Phase 2	200,000	-	-	-	-	200,000
Municipal Road Program-Valley Forge Drive	-	250,000	-	-	-	250,000
NJDEP - Recycling Tonnage	84,258	18,493	78,872	-	-	23,879
Body Armor Replacement Fund	14,351	4,952	-	-	-	19,303
Clean Communities - 2013	-	48,401	20,945	-	-	27,456
Safe and Secure Communities - 2013	-	60,000	-	-	-	60,000
GIS Rutgers Technical Assistance	250	-	-	-	-	250
Fire Safety Bureau Fees:						
1992 Grant	2,805	-	-	-	-	2,805
966 Reimbursement	24	27,217	13,645	-	-	13,596
Post Sandy Planning Assistance	-	28,000	-	-	-	28,000
Total State	396,903	437,063	129,360	-	-	704,606
Federal:						
Cops Rehire Grant	367,514	-	216,242	-	-	151,272
CDBG	2,615	-	-	-	-	2,615
CDBG 2013	-	37,000	-	-	-	37,000
Ed Byrne Justice Assistance Grant	17,592	-	-	-	-	17,592
Stormwater Management Regulation - Federal Grant	9,966	-	9,966	-	-	-
Total Federal	397,687	37,000	226,208	-	-	208,479
Local:						
Recycling Tonnage Grant - County	119,023	54,312	85,372	-	-	87,963
Ocean County Recycling Revenue Sharing	82,453	9,615	30,052	1,273	5,523	55,220
Total Local	201,476	63,927	115,424	1,273	5,523	143,183
Total	\$ 996,066	\$ 537,990	\$ 470,992	\$ 1,273	\$ 5,523	\$ 1,056,268
Cash Disbursements			\$ 470,992			\$ 470,992
Total			\$ 470,992			\$ 470,992

**TOWNSHIP OF LITTLE EGG HARBOR
CURRENT FUND
SCHEDULE OF 2012 APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	BALANCE DECEMBER 31, 2012	BALANCE AFTER TRANSFERS	PAID OR CHARGED	BALANCE LAPSED
General Government:				
General Administration:				
Other Expenses	\$ 19,576	\$ 19,576	\$ 843	\$ 18,733
Municipal Clerk:				
Other Expenses	1,389	1,389	652	737
Financial Administration (Treasury):				
Other Expenses	6,245	6,245	4,862	1,383
Revenue Administration (Tax Collection):				
Other Expenses:	5,045	5,045	2,123	2,922
Tax Assessment Administration:				
Other Expenses	2,114	2,114	348	1,766
Legal Services (Legal Department):				
Other Expenses	84,980	84,980	315	84,665
Engineering Services:				
Other Expenses	55,333	55,333	9,530	45,803
Land Use Administration:				
Planning Board:				
Other Expenses	1,044	1,044	552	492
Insurance:				
Group Insurance for Employees	473,193	473,193	188,320	284,873
Public Safety Functions:				
Police Department:				
Other Expenses	56,695	56,695	48,750	7,945
Office of Emergency Management:				
Other Expenses	3,000	3,000	200	2,800
Municipal Prosecutor:				
Other Expenses	8,900	8,900	3,750	5,150
Public Works Functions:				
Streets & Roads Maintenance:				
Other Expenses	62,189	62,189	49,945	12,244
Solid Waste Sanitation:				
Other Expenses	13,628	13,628	13,627	1
Solid Waste Recycling:				
Other Expenses	8,835	8,835	2,927	5,908
Buildings & Grounds:				
Other Expenses	14,602	14,602	10,053	4,549
Vehicle Maintenance:				
Other Expenses	17,136	17,136	16,937	199
Health & Human Services:				
Public Health Services (Board of Health):				
Other Expenses	7,209	7,209	843	6,366
Animal Control Services:				
Other Expenses	2,170	2,170	678	1,492
Park & Recreation Functions:				
Recreation Services & Programs:				
Other Expenses	6,678	6,678	2,542	4,136
Senior Center:				
Other Expenses	2,614	2,614	512	2,102
Utility Expenses & Bulk Purchases:				
Electricity	19,421	19,421	10,732	8,689
Street Lighting	31,664	31,664	31,664	-
Telephone	16,973	16,973	9,878	7,095
Gasoline	85,933	85,933	85,933	-
Natural Gas	12,425	12,425	6,550	5,875
Uniform Construction Code Enforcement Functions:				
Construction Code Official:				
Other Expenses	9,932	9,932	869	9,063
Municipal Court:				
Other Expenses	4,266	4,266	3,741	525
Public Defender:				
Other Expenses	6,275	6,275	5,313	962
Other Common Operating Functions (Unclassified):				
Municipal Alliance Council	35,000	35,000	18,500	16,500
Schedule "C":				
Other Expenses	24,831	24,831	24,831	-
All Others	684,077	684,077	-	684,077
Total	\$ 1,783,372	\$ 1,783,372	\$ 556,320	\$ 1,227,052
2012 Appropriation Reserves	\$ 1,528,653			
2012 Encumbrances	254,719			
Total	\$ 1,783,372			

**TOWNSHIP OF LITTLE EGG HARBOR
CURRENT FUND
SCHEDULE OF LOCAL DISTRICT TAX
FOR THE YEAR ENDED DECEMBER 31, 2013**

Balance December 31, 2012:		
School Tax Deferred	\$ 5,236,297	
School Tax Payable	<u>229,356</u>	5,465,653
Increased by Levy:		
School Year July 1, 2013 - June 30, 2014		<u>11,772,562</u>
Subtotal		17,238,215
Decreased by:		
Payments		<u>11,674,517</u>
Subtotal		5,563,698
Balance December 31, 2013:		
School Tax Deferred	5,236,297	
School Tax Payable	<u>327,401</u>	
Balance December 31, 2013		<u><u>\$ 5,563,698</u></u>

ANALYSIS OF AMOUNT CHARGED TO OPERATIONS

2013 Payments	\$ 11,674,517
Less School Taxes Payable at December 31, 2012	229,356
Plus School Taxes Payable at December 31, 2013	<u>327,401</u>
Amount Charged to 2013 Operations	<u><u>\$ 11,772,562</u></u>

**SCHEDULE OF REGIONAL HIGH SCHOOL TAX PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2013**

Balance December 31, 2012	\$ 97,307
Increased by:	
Levy - July 1, 2013 to June 30, 2014	<u>14,007,980</u>
Subtotal	14,105,287
Decreased by:	
Payments	<u>14,012,839</u>
Balance December 31, 2013	<u><u>\$ 92,448</u></u>

**TOWNSHIP OF LITTLE EGG HARBOR
CURRENT FUND
SCHEDULE OF SPECIAL EMERGENCY APPROPRIATIONS N.J.S. 40A:4-53
FOR THE YEAR ENDED DECEMBER 31, 2013**

DATE AUTHORIZED	PURPOSE	NET AMOUNT AUTHORIZED	1/5 OF NET AMOUNT AUTHORIZED	BALANCE DECEMBER 31, 2012	ADDED IN 2013	RAISED IN BUDGET	DECREASED BY INSURANCE PROCEEDS	CANCELLED BY RESOLUTION	BALANCE DECEMBER 31, 2013
11/19/2012 N/A	Superstorm Sandy Deficit in Current Year Operations	\$ 12,000,000 N/A	2,400,000 N/A	\$ 12,000,000 203,480	- -	1,954,173 203,480	67,827 -	6,000,000 -	\$ 3,978,000 -
Total				\$ 12,203,480	\$ -	2,157,653	67,827	6,000,000	\$ 3,978,000

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TRUST FUND

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**TOWNSHIP OF LITTLE EGG HARBOR
TRUST FUND
SCHEDULE OF CASH - TREASURER
FOR THE YEAR ENDED DECEMBER 31, 2013**

	TRUST OTHER	TRUST ASSESSMENT
Balance December 31, 2012	\$ 4,319,646	\$ 47,982
Increased by Receipts:		
Escrow Fees	\$ 788,612	
Planning Board	86,566	
Recreation	2	
Open Space	72,589	
Community Center	1,038	
Forfeited Funds	1,860	
COAH Fees	37,429	
Sick/Vacation Funds	106,223	
Federal Forfeiture	10,316	
Police Equipment	1,000	
Storm Relief	428,392	
Assessments Receivable		\$ 6,739
Interfunds Received	431,215	
	1,965,242	6,739
Subtotal	6,284,888	54,721
Decreased by Disbursements:		
Escrow Fees	1,224,254	
Planning Board	84,706	
Open Space	8,835	
Community Center	1,295	
Sick/Vacation Funds	176,242	
Federal Forfeiture	70,523	
Storm Relief	423,037	
Recreation		
Forfeited Funds	40,390	
Interfunds Paid	1,099,025	
	3,128,307	
Balance December 31, 2013	\$ 3,156,581	\$ 54,721

**SCHEDULE OF CASH - COLLECTOR - TAX TITLE LIEN REDEMPTION
FOR THE YEAR ENDED DECEMBER 31, 2013**

Balance December 31, 2012	\$ 374,396
Increased by Receipts:	
Deposits for Redemption of Tax Sale Certificates	\$ 3,843,798
Interest	789
	3,844,587
Subtotal	4,218,983
Decreased by Disbursements:	
Refunds - Tax Sale Certificates Redeemed	2,583,298
Balance December 31, 2013	\$ 1,635,685

**TOWNSHIP OF LITTLE EGG HARBOR
TRUST FUND
SCHEDULE OF CASH - DOG WARDEN
FOR THE YEAR ENDED DECEMBER 31, 2013**

Balance December 31, 2012	\$	-
Increased by Receipts:		
Dog License Fees	\$	6,989
State Dog License Fees		1,462
		<u>8,451</u>
Subtotal		8,451
Decreased by Disbursements:		
Disbursements to State of New Jersey		1,462
Disbursements for Dog License Expenses		6,989
		<u>8,451</u>
Balance December 31, 2013	<u>\$</u>	<u>-</u>

**SCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2013**

LICENSE FEES COLLECTED

YEAR	AMOUNT
2012	\$ 8,003
2011	<u>7,660</u>
Total	<u>\$ 15,663</u>

**SCHEDULE OF DEPOSITS FOR REDEMPTION OF TAX SALE CERTIFICATES
FOR THE YEAR ENDED DECEMBER 31, 2013**

Balance December 31, 2012	\$	377,675
Increased by Receipts:		
Deposits Received - Collector		<u>3,844,587</u>
Subtotal		4,222,262
Decreased by Disbursements:		
Refunds - Tax Sale Certificates		<u>2,583,298</u>
Balance December 31, 2013	<u>\$</u>	<u>1,638,964</u>

**TOWNSHIP OF LITTLE EGG HARBOR
TRUST FUND
SCHEDULE OF RESERVE FOR ESCROW DEPOSITS
FOR THE YEAR ENDED DECEMBER 31, 2013**

Balance December 31, 2012	\$ 2,065,098
Increased by:	
Escrow Deposits Received	<u>788,612</u>
Subtotal	2,853,710
Decreased by:	
Disbursements	<u>1,224,254</u>
Balance December 31, 2013	<u><u>\$ 1,629,456</u></u>

**SCHEDULE OF RESERVE FOR FORFEITED PROPERTY
FOR THE YEAR ENDED DECEMBER 31, 2013**

Balance December 31, 2012	\$ 50,242
Increased by:	
Additional Forfeited Property	\$ 1,819
Interest Earnings	<u>41</u> 1,860
Subtotal	52,102
Decreased by:	
Disbursements	<u>40,390</u>
Balance December 31, 2013	<u><u>\$ 11,712</u></u>

**TOWNSHIP OF LITTLE EGG HARBOR
TRUST FUND
SCHEDULE OF RESERVE FOR PLANNING BOARD
FOR THE YEAR ENDED DECEMBER 31, 2013**

Balance December 31, 2012	\$	35,953
Increased by:		
Planning Board Fees		86,566
Subtotal		122,519
Decreased by:		
Escrow Fees		84,706
Balance December 31, 2013	\$	37,813

**SCHEDULE OF RESERVE FOR RECREATION
FOR THE YEAR ENDED DECEMBER 31, 2013**

Balance December 31, 2012	\$	1,952
Increased by:		
Interest Earnings		2
Balance December 31, 2013	\$	1,954

**TOWNSHIP OF LITTLE EGG HARBOR
 SCHEDULE OF RESERVE FOR OPEN SPACE
 FOR THE YEAR ENDED DECEMBER 31, 2013**

Balance December 31, 2012		\$	1,667,596
Increased by:			
Tax Levy	\$	70,336	
Interest Earnings		2,611	72,947
			<hr/>
Subtotal			1,740,543
Decreased by:			
Disbursements			8,835
			<hr/>
Balance December 31, 2013		\$	<u>1,731,708</u>

**SCHEDULE OF RESERVE FOR COMMUNITY CENTER
 FOR THE YEAR ENDED DECEMBER 31, 2013**

Balance December 31, 2012		\$	3,782
Increased by:			
Donations	\$	1,035	
Interest Earnings		3	1,038
			<hr/>
Subtotal			4,820
Decreased by:			
Disbursements			1,295
			<hr/>
Balance December 31, 2013		\$	<u>3,525</u>

**TOWNSHIP OF LITTLE EGG HARBOR
TRUST ASSESSMENT FUND
STATEMENT OF ASSESSMENTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2013**

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	BALANCE DECEMBER 31, 2012	COLLECTIONS	CANCELLED	BALANCE DECEMBER 31, 2013	BALANCE PLEGGED TO ASSESSMENT BONDS
2000-5,6	Atlantis Water & Sewer Extension	\$ 520	\$ 348	\$ 172	\$ -	\$ -
2002-08	Cherrywood Drive	6,391	6,391	-	-	-
	Total	<u>\$ 6,911</u>	<u>\$ 6,739</u>	<u>\$ 172</u>	<u>\$ -</u>	<u>\$ -</u>

**SCHEDULE OF RESERVE FOR FEDERAL FORFEITURE LAW ENFORCEMENT FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013**

Balance December 31, 2012	\$ 69,418
Increased by:	
Interest	\$ 53
Receipts	10,263
Subtotal	<u>79,734</u>
Decreased by:	
Disbursements	<u>70,523</u>
Balance December 31, 2013	<u>\$ 9,211</u>

GENERAL CAPITAL FUND

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**TOWNSHIP OF LITTLE EGG HARBOR
GENERAL CAPITAL FUND
SCHEDULE OF FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2013**

Balance December 31, 2013 & 2012		<u>\$ 528</u>
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**SCHEDULE OF CASH - TREASURER
FOR THE YEAR ENDED DECEMBER 31, 2013**

Balance December 31, 2012		\$ 1,509,402
Increased by Receipts:		
Interest	\$ 687	
Interfunds Liquidated	900,000	
Road Aid Received	154,985	
Note Proceeds and Premiums	6,610,700	7,666,372
Subtotal		9,175,774
Decreased by Disbursements:		
Improvement Authorizations	2,369,107	
Note Interest	86,720	
Note Payments	5,095,700	7,551,527
Balance December 31, 2013		<u>\$ 1,624,247</u>

**TOWNSHIP OF LITTLE EGG HARBOR
GENERAL CAPITAL FUND
ANALYSIS OF CASH
AT DECEMBER 31, 2013**

	BALANCE (OVERDRAFT) DECEMBER 31, 2012	BOND ANTICIPATION NOTES/BONDS	RECEIPTS			DISBURSEMENTS			TRANSFERS		BALANCE (OVERDRAFT) DECEMBER 31, 2013
			\$	-	\$	-	\$	-	-	-	
Fund Balance	\$ 528	-	\$ -	-	\$ -	-	-	\$ -	-	\$ 528	
Reserve for Debt Service	56,217	-	17,783	-	-	-	-	56,216	-	17,784	
Capital Improvement Fund	198,384	-	-	-	-	-	-	107,490	-	90,894	
Due Current Fund	(50,000)	-	132,904	-	86,720	-	-	100,000	56,216	(47,600)	
Due Trust Fund	67,500	-	-	-	-	-	-	-	-	67,500	
Due Open Space	-	-	750,000	-	-	-	-	-	-	750,000	
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	(27,984)	-	-	-	-	-	-	-	(27,984)	
02-41	Construction of Municipal Complex	8,094	-	-	3,500	-	-	-	-	4,594	
03-04	Acquisition of Real Property	7,072	-	-	7,072	-	-	-	-	-	
03-06	Acquisition of Trash Trucks & Cans	51,053	-	-	521	-	-	-	-	50,532	
03-07	Acquisition of Sport Utility Vehicles	(730)	-	-	-	-	-	-	-	(730)	
Subtotal		240,891	-	900,687	11,093	86,720	-	263,706	56,216	836,275	

**TOWNSHIP OF LITTLE EGG HARBOR
GENERAL CAPITAL FUND
ANALYSIS OF CASH
AT DECEMBER 31, 2013**

ORDINANCE NUMBER	BALANCE (OVERDRAFT) DECEMBER 31, 2012	BOND ANTICIPATION NOTES/BONDS	RECEIPTS		DISBURSEMENTS		TRANSFERS		BALANCE (OVERDRAFT) DECEMBER 31, 2013
			MISCELLANEOUS	IMPROVEMENT	AUTHORIZATIONS	MISCELLANEOUS	FROM	TO	
04-04	13,236	-	-	-	-	-	-	-	13,236
04-15	50,296	-	-	15,369	-	-	-	-	34,927
04-19	1,247	-	-	1,247	-	-	-	-	-
05-05	13,837	-	-	-	-	-	-	-	13,837
05-16	925	-	-	-	-	-	-	-	925
05-19	(117,500)	-	-	-	-	-	-	-	(117,500)
05-22	1,221	-	-	-	-	-	-	-	1,221
05-33	5,805	-	-	-	-	-	-	-	5,805
06-07	243,048	576,797	-	-	-	576,797	-	-	243,048
06-14	165,204	-	-	165,204	-	-	-	-	-
06-15	131	225,853	-	-	225,853	-	-	-	131
07-04	(137,554)	-	-	-	-	-	-	-	(137,554)
07-10	(143,000)	-	-	-	-	-	-	-	(143,000)
07-25	67,500	-	-	-	-	-	-	-	67,500
08-03	(9,240)	-	-	-	-	-	-	-	(9,240)
08-04	(234,236)	-	-	-	-	-	-	-	(234,236)
09-05	(109,412)	-	-	-	-	-	-	-	(109,412)
09-06	77,289	-	74,173	295,732	-	-	-	-	(144,270)
09-13	367,875	1,258,500	80,812	-	1,358,500	-	100,000	-	448,687
10-20	417,555	1,324,300	-	414,011	1,324,300	-	-	-	3,544
11-15	884,284	1,610,250	-	706,940	1,610,250	-	-	-	177,344
12-12	(290,000)	1,615,000	-	629,680	-	-	-	-	695,320
13-14	-	-	-	129,831	-	-	-	107,490	(22,341)
Subtotal	1,268,511	6,610,700	154,985	2,358,014	5,095,700	-	207,490	-	787,972
Total Analysis of Cash	\$ 1,509,402	\$ 6,610,700	\$ 1,055,672	\$ 2,369,107	\$ 5,182,420	\$ 2,663,706	\$ 263,706	\$ 1,624,247	\$ 1,624,247

TOWNSHIP OF LITTLE EGG HARBOR
GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED
FOR THE YEAR ENDED DECEMBER 31, 2013

Balance December 31, 2012		\$ 9,158,254
Decreased by:		
2013 Budget Appropriation to Pay General Serial Bonds	\$ 755,000	
Green Trust Loan Bonds	68,523	823,523
		<hr/>
Balance December 31, 2013		<u>\$ 8,334,731</u>

**TOWNSHIP OF LITTLE EGG HARBOR
GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED
FOR THE YEAR ENDED DECEMBER 31, 2013**

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	ANALYSIS OF BALANCE DECEMBER 31, 2013							
		BALANCE DECEMBER 31, 2012	2013 AUTHORIZATIONS	REDUCTIONS	BALANCE DECEMBER 31, 2013	UNEXPENDED IMPROVEMENT AUTHORIZATION	EXPENDED	EXCESS FINANCING	BOND ANTICIPATION NOTES
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	-	-
05-19	Road Improvements - Various	117,500	-	-	117,500	-	117,500	-	-
06-07	Various Road Improvements	576,797	-	-	576,797	-	-	-	576,797
06-15	Construction of Softball Field & Tot Lot	225,853	-	-	225,853	-	-	-	225,853
07-04	Construction of North Bargee 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	-	74,172	434,828	89,322	345,506	-	-
09-13	Various Capital Improvements	1,409,353	-	180,813	1,228,540	-	-	(29,960)	1,258,500
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
12-12	Various Capital Improvements	1,615,000	-	-	1,615,000	-	-	-	1,615,000
13-14	Various Capital Improvements	-	2,042,360	-	2,042,360	2,020,019	22,341	-	-
Total		\$ 9,761,415	\$ 2,042,360	\$ 254,985	\$ 11,548,790	\$ 3,742,020	\$ 1,226,030	\$ (29,960)	\$ 6,610,700

Pay Down on Notes from Current Fund
Road Aid Received

Total

	\$ 100,000
	<u>154,985</u>
	<u>\$ 254,985</u>
Improvement Authorizations Unfunded	\$ 5,305,414
Less - Unexpended Proceeds of Bond Anticipation Notes Issued:	
Ordinance 2006-07	243,048
Ordinance 2006-15	131
Ordinance 2009-13	619,963
Ordinance 2010-20	3,544
Ordinance 2011-15	1,388
Ordinance 2012-12	695,320
	<u>\$ 3,742,020</u>

**TOWNSHIP OF LITTLE EGG HARBOR
GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

Balance December 31, 2012	\$ 198,384
Decreased By:	
Appropriated to Finance Improvement Authorizations	<u>107,490</u>
Balance December 31, 2013	<u><u>\$ 90,894</u></u>

TOWNSHIP OF LITTLE EGG HARBOR
GENERAL CAPITAL FUND
STATEMENT OF IMPROVEMENT AUTHORIZATIONS
FOR THE YEAR ENDED DECEMBER 31, 2013

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	ORDINANCE DATE	AMOUNT	BALANCE		2013		BALANCE	
				DECEMBER 31, 2012		AUTHORIZATIONS		DECEMBER 31, 2013	
				FUNDED	UNFUNDED	EXPENDED	UNFUNDED	FUNDED	UNFUNDED
00-06	Water Line Extension - Atlantis	5/11/00	\$ 177,800	\$ -	\$ -	\$ -	\$ -	\$ 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	-	-	-	3,500	4,594	-
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	51,053	-	-	521	50,532	-
04-04	Acquisition of Trash Trucks			13,236	-	-	-	13,236	-
04-15	Acquisition of Fuel Depot			50,296	-	-	15,369	34,927	-
04-19	Various Improvements Municipal Building			1,247	-	-	1,247	-	-
05-05	Bulkhead Construction at Parkertown Dock	2/24/05	225,150	13,837	-	-	-	13,837	-
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	165,204	-	-	165,204	-	-
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	-	32,446	-	-	-	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	-	94,838	-	-	-	94,838
09-06	Improvements for Frog Pond Road	4/9/09	520,000	-	385,054	-	295,732	-	89,322
09-13	Various Capital Improvements	12/10/09	1,730,000	-	619,963	-	-	-	619,963
10-20	Various Capital Improvements	1/13/11	1,394,000	-	417,555	-	414,011	-	3,544
11-15	Various Capital Improvements	12/22/11	1,820,000	-	884,284	-	882,896	-	1,388
12-12	Various Capital Improvements	12/13/12	1,700,000	-	1,325,000	-	629,680	-	695,320
13-14	Various Capital Improvements	9/12/13	2,149,850	-	-	2,149,850	-	-	2,020,019
Total			\$ 391,052	\$ 5,507,714	\$ 2,149,850	\$ 2,545,063	\$ 198,139	\$ 5,305,414	

Cash Disbursements	\$ 2,369,107
Encumbrances	175,956
Total	\$ 2,545,063

**TOWNSHIP OF LITTLE EGG HARBOR
GENERAL CAPITAL FUND
STATEMENT OF BOND ANTICIPATION NOTES
AT DECEMBER 31, 2013**

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	DATE OF ORIGINAL ISSUE	DATE OF ORIGINAL ISSUE	DATE OF ISSUE	DATE OF MATURITY	INTEREST RATE	AMOUNT		INCREASED	DECREASED	BALANCE DECEMBER 31, 2013
							DATE OF ORIGINAL ISSUE	DATE OF ORIGINAL ISSUE			
06-07	Various Road Improvements	4/5/07	2/10/12	2/10/12	2/08/13	1.25%	\$ 1,111,500	\$ 576,797	\$ -	\$ 576,797	\$ -
06-15	Construction of Softball Field & Tot Lot	4/5/07	2/10/12	2/08/13	2/07/14	1.25%	446,500	-	576,797	-	576,797
09-13	Various Capital Improvements	2/18/10	2/10/12	2/08/13	2/07/14	1.25%	1,358,500	225,853	-	225,853	-
10-20	Various Capital Improvements	6/14/11	2/10/12	2/08/13	2/07/14	1.25%	1,324,300	1,324,300	-	1,324,300	-
11-15	Various Capital Improvements	2/10/12	2/10/12	2/08/13	2/07/14	1.25%	1,610,250	1,610,250	-	1,610,250	-
12-12	Various Capital Improvements	2/08/13	2/10/12	2/08/13	2/07/14	1.25%	1,615,000	1,615,000	-	1,615,000	-
Total								\$ 5,095,700	\$ 6,610,700	\$ 5,095,700	\$ 6,610,700

**TOWNSHIP OF LITTLE EGG HARBOR
GENERAL CAPITAL FUND
SCHEDULE OF GENERAL SERIAL BONDS
AT DECEMBER 31, 2013**

PURPOSE	DATE OF ISSUE	AMOUNT OF ORIGINAL ISSUE	MATURITIES OF BONDS OUTSTANDING			INTEREST RATE	BALANCE DECEMBER 31, 2012	INCREASED	DECREASED	BALANCE DECEMBER 31, 2013
			DECEMBER 31, 2013	AMOUNT	DATE					
General Improvement Bonds	11/01/03	\$ 8,324,000				\$ 415,000	-	\$ 415,000	\$ -	
General Obligation Refunding Bonds	2/01/10	3,275,000	08/01/14	300,000	3.000%	2,710,000	-	300,000	2,410,000	
			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%					
General Obligation Refunding Bonds	5/02/12	5,260,000	11/15/14	475,000	2.000%	5,245,000	-	40,000	5,205,000	
			11/15/15	495,000	4.000%					
			11/15/16	520,000	2.000%					
			11/15/17	535,000	2.000%					
			11/15/18	545,000	4.000%					
			11/15/19	545,000	2.000%					
			11/15/20	535,000	2.250%					
			11/15/21	525,000	2.500%					
			11/15/22	520,000	3.000%					
			11/15/23	510,000	2.750%					
Totals							\$ 8,370,000	\$ -	\$ 755,000	\$ 7,615,000
Paid from Current Fund									755,000	
Total									\$ 755,000	

**TOWNSHIP OF LITTLE EGG HARBOR
GENERAL CAPITAL FUND
SCHEDULE OF GREEN TRUST LOAN PAYABLE
AT DECEMBER 31, 2013**

PURPOSE	DATE OF ISSUE	AMOUNT OF ORIGINAL ISSUE	MATUREITIES OF BONDS OUTSTANDING DECEMBER 31, 2013		INTEREST RATE	BALANCE DECEMBER 31, 2012	DECREASED	BALANCE DECEMBER 31, 2013
			DATE	AMOUNT				
Mystic Beach Acquisition	02/13/96	\$ 94,760	2014	5,691	2.00%	\$ 17,076	\$ 5,579	\$ 11,497
			2015	5,806				
Open Space Acquisition	10/22/02	255,220	2014	13,334	2.00%	143,196	13,071	130,125
			2015	13,602				
			2016	13,876				
			2017	14,154				
			2018	14,439				
			2019	14,729				
			2020	15,026				
			2021	15,327				
			2022	15,638				
			2023	15,949				
Recreation Complex	7/18/02	500,000	2014	26,384	2.00%	267,792	25,865	241,927
			2015	26,914				
			2016	27,455				
			2017	28,008				
			2018	28,570				
			2019	29,145				
			2020	29,730				
			2021	30,328				
			2022	30,937				
			2023	31,549				
Municipal Complex	9/7/05	250,000	2014	12,428	2.00%	171,182	12,183	158,999
			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				
Construction of Softball Field & Tot Lot	11/27/06	250,000	2014	12,062	2.00%	189,008	11,825	177,183
			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				
Total			2014	788,254			68,523	\$ 719,731
			2015	791,165				
			2016	794,117				
			2017	797,119				

**TOWNSHIP OF LITTLE EGG HARBOR
GENERAL CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
AT DECEMBER 31, 2013**

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	BALANCE DECEMBER 31, 2012	2013 AUTHORIZATIONS /INCREASES	2013 REDUCTIONS	NOTES ISSUED	BALANCE DECEMBER 31, 2013
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
12-12	Various Capital Improvements	1,615,000	-	-	1,615,000	-
13-14	Various Capital Improvements	-	2,042,360	-	-	2,042,360
	Total	\$ 4,314,862	\$ 2,042,360	\$ -	\$ 1,615,000	\$ 4,742,222

**TOWNSHIP OF LITTLE EGG HARBOR
GENERAL CAPITAL FUND
SCHEDULE OF STATE ROAD AID ALLOTMENTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2013**

Balance December 31, 2012	\$ 350,853
Decreased By:	
Road Aid Received	<u>154,985</u>
Balance December 31, 2013	<u><u>\$ 195,868</u></u>

ANALYSIS OF BALANCE

2009-06 Frog Pond Road - Safe Routes to School - Phase 2	\$ 24,593
2009-13 Various Capital Improvements - Frog Pond Road Phase 1	<u>171,275</u>
Total	<u><u>\$ 195,868</u></u>

PAYROLL FUND

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**TOWNSHIP OF LITTLE EGG HARBOR
PAYROLL FUND
STATEMENT OF PAYROLL FUND CASH
FOR THE YEAR ENDED DECEMBER 31, 2013**

Balance December 31, 2012		\$ 168,696
Increased by:		
Receipts		<u>10,959,531</u>
Subtotal		11,128,227
Decreased by:		
Disbursements:		
Net Pay	\$ 5,929,670	
Payment to Agencies	<u>4,935,270</u>	<u>10,864,940</u>
Balance December 31, 2013		<u><u>\$ 263,287</u></u>

**STATEMENT OF PAYROLL TAXES PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2013**

Balance December 31, 2012		\$ 169,696
Increased by:		
Due Current Fund	\$ 16,452	
Payroll Deductions	<u>5,029,861</u>	<u>5,046,313</u>
Subtotal		5,216,009
Decreased by:		
Disbursements		<u>4,935,270</u>
Balance December 31, 2013		<u><u>\$ 280,739</u></u>

ANALYSIS OF BALANCE

Police & Fireman's Retirement System	\$ 49,614
Public Employees Retirement System	26,529
Federal Tax Liability	179,409
State Tax Liability	<u>25,187</u>
Balance December 31, 2013	<u><u>\$ 280,739</u></u>

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SINGLE AUDIT SECTION

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the Township of Little Egg Harbor (herein referred to as “the Municipality”), as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Municipality’s basic financial statements, and have issued our report thereon dated May 30, 2014. That report indicated that the Township of Little Egg Harbor’s financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America, but were prepared on a regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,

HOLMAN FRENIA ALLISON, P.C.

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

May 30, 2014
Medford, New Jersey



**INDEPENDENT AUDITORS’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
OMB CIRCULAR A-133**

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

Report on Compliance for Each Major Federal Program

We have audited the Township of Little Egg Harbor’s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Township of Little Egg Harbor’s major federal programs for the year ended December 31, 2013. The Township of Little Egg Harbor’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the Township of Little Egg Harbor’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards, and OMB Circular A-133, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Township of Little Egg Harbor’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Township of Little Egg Harbor’s compliance with those requirements.

Opinion on Each Major Federal Program

In our opinion, the Township of Little Egg Harbor complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2013.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133.

Report on Internal Control Over Compliance

Management of the Township of Little Egg Harbor is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Township of Little Egg Harbor's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Township of Little Egg Harbor's internal control over compliance.

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

Our consideration of internal control over compliance 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 compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the Township of Little Egg Harbor as of and for the year ended December 31, 2013, and have issued our report thereon dated May 30, 2014, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Respectfully submitted,

HOLMAN FRENIA ALLISON, P.C.

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

May 30, 2014
Medford, New Jersey

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**TOWNSHIP OF LITTLE EGG HARBOR
 SCHEDULE OF FEDERAL AWARDS
 FOR YEAR ENDED DECEMBER 31, 2013**

<u>DEPARTMENT/PROGRAM TITLE</u>	<u>CFDA NUMBER</u>	<u>AWARD AMOUNT</u>	<u>GRANT PERIOD</u>	<u>CASH RECEIVED</u>	<u>EXPENDITURES</u>
U.S. Department of Homeland Security: Disaster Grants - Public Assistance (Presidentially Declared) Community Disaster Loans	97.036 97.030	\$ 5,001,839 \$ 4,319,506	Open Open	\$ 2,146,905 1,750,000	\$ 2,628,848 1,750,000
Total Department of Homeland Security				3,896,905	4,378,848
United States Environmental Protection Agency: Water Pollution Control State, Interstate, and Tribal Program Support	66.419	Ongoing	Open	-	9,966
Total Department of Housing and Urban Development				-	9,966
U.S. Department of Justice: COPS Hiring Program	16.710	Ongoing	Open	258,582	216,242
Total Department of Justice				258,582	216,242
Total Federal Financial Assistance				\$ 4,155,487	\$ 4,605,056

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

Note 1. General

The accompanying schedule of expenditures of federal financial assistance presents the activity of federal financial assistance of the Township of Little Egg Harbor, County of Ocean, State of New Jersey. The Township is defined in Note 1 to the Township's financial statements.

Note 2. Basis of Accounting

The accompanying schedule of expenditures of federal financial assistance are presented using the modified accrual basis of accounting as promulgated by the State of New Jersey, Department of Community Affairs, Division of Local Government Services, which is described in the Notes to the Financial Statements, Note 1.

Note 3. Relationship to Financial Statements – Statutory Basis

Amounts reported in the accompanying schedules agree with amounts reported in the Township's general-purpose financial statements. Expenditures from awards are reported in the Township's financial statement as follows:

	Federal
State & Federal Grant Fund	\$ 226,208
Current Fund	<u>4,378,848</u>
Total	<u>\$4,605,056</u>

Note 4. Relationship to Federal Financial Report

Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial report.

Note 5. Major Programs

The two major programs are identified in the Schedule of Findings and Questioned Costs section.

Note 6. Office of Inspector General – FEMA Audit

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

**TOWNSHIP OF LITTLE EGG HARBOR
SCHEDULE OF FINDINGS & QUESTIONED COSTS
For the Fiscal Year Ended December 31, 2013**

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
1) Material weakness(es) identified?	No
2) Significant deficiencies identified that are not considered to be material weaknesses?	No
Noncompliance material to basic financial Statements noted?	No

Federal Awards

Dollar threshold used to distinguish between type A programs:	\$300,000
Auditee qualified as low-risk auditee?	No
Internal Control over major programs:	
1) Material weakness(es) identified?	No
2) Significant deficiencies identified that are not considered to be material weaknesses?	None Reported
Type of auditor’s report issued on compliance for major programs	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133	No

Federal CFDA Number

Name of Federal Program

97.036	Disaster Grants-Public Assistance (Presidentially Declared Disasters)
97.030	Community Disaster Loans

TOWNSHIP OF LITTLE EGG HARBOR
SCHEDULE OF FINDINGS & QUESTIONED COSTS
For the Fiscal Year Ended December 31, 2013

Section II – Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with Chapter 5.18 through 5.20 of *Government Auditing Standards*.

No Current Year Findings

Section III – Federal Financial Assistance Finding & Questioned Costs

This section identifies audit findings required to be reported by section .510(a) of Circular A-133 and New Jersey OMB's Circular Letter 04-04.

No Current Year Findings

**TOWNSHIP OF LITTLE EGG HARBOR
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
For the Fiscal Year Ended December 31, 2013**

This section identifies the status of prior-year findings related to the basic financial statements and state awards that are required to be reported in accordance with Chapter 6.12 of Government Auditing Standards, U.S. OMB Circular A-133 (section .315 (a)(b)) and New Jersey OMB's Circular 04-04.

Finding 2012-01:

Condition:

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.

Current Status:

This condition has been corrected.

Finding 2012-02:

Condition:

During 2012 a fraud was uncovered in the tax collection office. The deputy tax collector's cash drawer was discovered to be short by \$74.07. Further investigation revealed that funds in the amount of \$41,419 were taken from the collector's office with \$36,100 being returned by the end of the year. The net loss to the Township amounted to \$5,319. Insurance claims have been filed in an attempt to recover the lost funds. The deputy tax collector was prosecuted, found guilty and sentenced.

Current Status:

This condition has been corrected.

Finding 2011-01:

Condition:

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.

Current Status:

This condition has been corrected.

**TOWNSHIP OF LITTLE EGG HARBOR
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT (continued):
For the Fiscal Year Ended December 31, 2013**

Finding 2011-02:

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

Current Status:

This condition has been corrected.

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

PART II

**COMMENTS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2013**

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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, 2013, 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 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*).

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, 2013 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.

Delinquent Taxes and Tax Title Liens

The delinquent taxes at December 31, 2013, included 2013, 2012, 2011, 2010 and 2009 real estate taxes only.

The last tax sale was held on December 17, 2013 and was complete.

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

YEAR	NUMBER OF LIENS
2013	159
2012	177
2011	142

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.

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.

Prior Year Findings

In accordance with Government Auditing Standards, our procedures included a review of all prior year findings. Corrective action was taken on all prior year findings except with those marked above with an asterisk (*).

OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office at December 31, 2013:

NAME	TITLE	AMOUNT OF BOND	NAME OF CORPORATE SURETY
John Kehm Jr.	Mayor		
Raymond Gormley	Deputy Mayor		
Edward Nuttall	Committeeman		
Eugene Kobryn	Committeeman		
Arthur Midgley	Committeeman		
Dayna Wilson	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.

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.

Respectfully submitted,

HOLMAN FRENIA ALLISON, P. C.

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

Medford Office
May 30, 2014