

**NEW ISSUE
BOOK-ENTRY ONLY****Rating: S&P “AA-/stable”
(See “RATING” herein)**

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

\$11,763,000*

**TOWNSHIP OF BARNEGAT
IN THE COUNTY OF OCEAN, NEW JERSEY
GENERAL OBLIGATION BONDS
consisting of:**

\$9,907,000* General Improvement Bonds, Series 2016A**\$1,856,000* Water/Sewer Utility Improvement Bonds, Series 2016B
(Callable)****\$1,091,000***

**TOWNSHIP OF BARNEGAT
IN THE COUNTY OF OCEAN, NEW JERSEY
GENERAL OBLIGATION BONDS (FEDERALLY TAXABLE)
consisting of:**

\$830,000* General Improvement Bonds, Series 2016C (Federally Taxable)**\$261,000* Water/Sewer Utility Improvement Bonds, Series 2016D (Federally Taxable)
(Non-Callable)****Dated: Date of Delivery****Due: August 1, as shown on the inside front cover**

The \$11,763,000* aggregate principal amount of General Obligation Bonds consisting of: (i) \$9,907,000* aggregate principal amount of General Improvement Bonds, Series 2016A (the “Tax Exempt General Improvement Bonds”) and (ii) \$1,856,000* aggregate principal amount of Water/Sewer Utility Improvement Bonds, Series 2016B (the “Tax-Exempt Water/Sewer Utility Bonds”) and, together with the Tax-Exempt General Improvement Bonds, the “Tax-Exempt Bonds”) and the \$1,091,000* aggregate principal amount of General Obligation Bonds (Federally Taxable) consisting of: (i) \$830,000* aggregate principal amount of General Improvement Bonds, Series 2016C (Federally Taxable) (the “Taxable General Improvement Bonds”); and (ii) \$261,000* aggregate principal amount of Water/Sewer Utility Improvement Bonds, Series 2016D (Federally Taxable) (the “Taxable Water/Sewer Utility Bonds”) and, together with the Taxable General Improvement Bonds, the “Taxable Bonds”; and, together with the Tax-Exempt Bonds, the “Bonds”) are general obligations of the Township of Barnegat, in the County of Ocean, State of New Jersey (the “Township”) for which the full faith and credit of the Township are pledged. The Township is authorized and required by law to levy ad valorem taxes on all taxable property within the Township without limitation as to rate or amount for the payment of the principal thereof and the interest thereon.

The Bonds will be issued in fully registered book-entry only form and, when issued, will be registered in the name of and held by Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC, an automated depository for securities and clearing house for securities transactions, will act as securities depository for the Bonds. Individual purchases of the Bonds will be made in book-entry only form in the principal amount of \$5,000 or any integral multiple thereof, except that any amount of Bonds maturing in any one year in excess of the largest principal amount thereof equaling a multiple of \$5,000 will be in denominations of \$1,000 or any integral multiple thereof.

The Bonds shall bear interest from the date of delivery thereof, payable semi-annually on February 1 and August 1 of each year, commencing February 1, 2017, at such rates of interest as shown on the inside front cover hereof until maturity or prior redemption. The Bonds will be payable as to principal upon presentation and surrender thereof at the offices of the Township or a duly designated paying agent. Interest on the Bonds will be paid by check, draft or wire transfer mailed, delivered or transmitted by the Township to the registered owner thereof as of the Record Dates (as defined herein).

The Bonds are authorized by, and are issued pursuant to, the provisions of the Local Bond Law, N.J.S.A. 40A:2-1 *et seq.*, as amended and supplemented (the “Local Bond Law”), various bond ordinances duly adopted by the Township Committee on the dates set forth herein and by resolutions duly adopted by the Township Committee on June 14, 2016.

The Tax-Exempt General Improvement Bonds, along with available funds of the Township, are being issued to: (i) refund, on a current basis, all or a portion of certain bond anticipation notes of the Township, as described herein; and (ii) pay the costs associated with the issuance of the Tax-Exempt General Improvement Bonds. (See “Purpose of the Bonds” herein)

The Tax-Exempt Water/Sewer Utility Bonds are being issued to: (i) refund, on a current basis, the bond anticipation notes of the Township, as described herein; and (ii) pay the costs associated with the issuance of the Tax-Exempt Water/Sewer Utility Bonds. (See “Purpose of the Bonds” herein)

The Taxable General Improvement Bonds, along with available funds of the Township, are being issued to: (i) refund, on a current basis, all or a portion of certain bond anticipation notes of the Township, as described herein; and (ii) pay the costs associated with the issuance of the Taxable General Improvement Bonds. (See “Purpose of the Bonds” herein)

The Taxable Water/Sewer Utility Bonds, along with available funds of the Township, are being issued to: (i) refund, on a current basis, all or a portion of certain bond anticipation notes of the Township, as described herein; and (ii) pay the costs associated with the issuance of the Taxable Water/Sewer Utility Bonds. (See “Purpose of the Bonds” herein)

The Tax-Exempt Bonds are subject to optional redemption prior to their stated maturities as set forth herein. The Taxable Bonds are not subject to optional redemption prior to their stated maturities. See “DESCRIPTION OF THE BONDS” under the subheading entitled “Optional Redemption”.

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

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

The Bonds are offered when, as and if issued and delivered subject to the approval of the legality thereof by GluckWalrath, LLP, Trenton, New Jersey, Bond Counsel, and certain other conditions. Phoenix Advisors, LLC, Bordentown, New Jersey has served as Financial Advisor to the Township in connection with the issuance of the Bonds. Certain legal matters will be passed upon for the Township by the Township Attorney, Dasti, Murphy, McGuckin, Ulaky, Koutsouris & Connors, Forked River, New Jersey. It is anticipated that the Bonds will be available for delivery through DTC on or about August 16, 2016.

All bids for the Bonds must be submitted in their entirety via BiDCOMP/PARITY Competitive Bidding System (“PARITY”) on August 2, 2016, and with respect to the Tax-Exempt Bonds, prior to 11:00 a.m., prevailing New Jersey time and with respect to the Taxable Bonds, prior to 11:15 a.m., prevailing New Jersey time. All Bids for the Bonds must be in conformance with the Full Notices of Sale for the Bonds which can be viewed in electronic format, along with this Preliminary Official Statement, on the website located at www.prospectushub.com.

\$11,763,000* GENERAL OBLIGATION BONDS

consisting of:

\$9,907,000* General Improvement Bonds, Series 2016A

\$1,856,000* Water/Sewer Utility Improvement Bonds, Series 2016B

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

<u>Year</u>	<u>General Improvement Amount*</u>	<u>Water/Sewer Utility Amount*</u>	<u>Combined Principal Amount*</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP**</u>
2017	\$550,000	\$75,000	\$625,000	%	%	
2018	575,000	75,000	650,000			
2019	575,000	75,000	650,000			
2020	600,000	125,000	725,000			
2021	1,015,000	135,000	1,150,000			
2022	1,095,000	135,000	1,230,000			
2023	1,100,000	135,000	1,235,000			
2024	1,100,000	135,000	1,235,000			
2025	1,100,000	135,000	1,235,000			
2026	1,100,000	135,000	1,235,000			
2027	1,097,000	140,000	1,237,000			
2028		140,000	140,000			
2029		140,000	140,000			
2030		140,000	140,000			
2031		136,000	136,000			

\$1,091,000* GENERAL OBLIGATION BONDS (FEDERALLY TAXABLE)

consisting of:

\$830,000* General Improvement Bonds, Series 2016C (Federally Taxable)

\$261,000* Water/Sewer Utility Improvement Bonds, Series 2016D (Federally Taxable)

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

<u>Year</u>	<u>General Improvement Amount*</u>	<u>Water/Sewer Utility Amount*</u>	<u>Combined Principal Amount*</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP**</u>
2017	\$75,000	\$25,000	\$100,000	%	%	
2018	75,000	25,000	100,000			
2019	75,000	25,000	100,000			
2020	75,000	35,000	110,000			
2021	130,000	35,000	165,000			
2022	130,000	40,000	170,000			
2023	130,000	40,000	170,000			
2024	140,000	36,000	176,000			

* Preliminary, subject to change

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

**TOWNSHIP OF BARNEGAT
IN THE COUNTY OF OCEAN, NEW JERSEY
900 West Bay Avenue
BARNEGAT, NEW JERSEY 08005-1298
(609) 698-0080**

MAYOR
John J. Novak

TOWNSHIP COMMITTEE
Albert Bille – Deputy Mayor
Susan McCabe
Alfonso Cirulli
Frank Caputo

TOWNSHIP ADMINISTRATOR
Martin J. Lisella

CHIEF FINANCIAL OFFICER
Thomas Lombarski

TAX COLLECTOR
Crystal Brinson

TOWNSHIP ATTORNEY
Dasti, Murphy, McGuckin, Ulaky, Koutsouris & Connors
Forked River, New Jersey

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

BOND COUNSEL
GluckWalrath LLP
Trenton, New Jersey

FINANCIAL ADVISOR
Phoenix Advisors, LLC
Bordentown, New Jersey

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

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

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

TABLE OF CONTENTS

	Page
INTRODUCTION	1
THE BONDS	1
General Description	1
Optional Redemption	2
Notice of Redemption	2
Authorization for the Issuance of the Bonds	2
Purpose of the Bonds	3
Payment of Bonds	5
Denominations and Place of Payment	5
SECURITY FOR THE BONDS	5
The Township	5
BOOK-ENTRY-ONLY SYSTEM	6
Discontinuance of Book-Entry Only System	8
MUNICIPAL FINANCE – FINANCIAL REGULATION OF COUNTIES AND MUNICIPALITIES	8
Local Bond Law (N.J.S.A. 40A:2-1 et seq.)	8
Debt Limits	8
Exceptions to Debt Limits - Extensions of Credit	8
Short Term Financing	9
The Local Budget Law (N.J.S.A. 40A:4-1 et seq.)	9
Appropriation "CAP"	10
Tax Appeals	11
The Local Fiscal Affairs Law (N.J.S.A. 40A:5-1 et seq.)	11
School Debt Subject to Voter Approval	12
TAX MATTERS	12
Federal Taxation	12
State Taxation	15
LEGALITY FOR INVESTMENT	15
CONTINUING DISCLOSURE	15
LITIGATION	16
MUNICIPAL BANKRUPTCY	16
CERTAIN REFERENCES	17
CERTIFICATION OF OFFICIAL STATEMENT	17
RATING	17
UNDERWRITING	18
FINANCIAL ADVISOR	18
APPROVAL OF LEGAL PROCEEDINGS	18
FINANCIAL STATEMENTS	18
ADDITIONAL INFORMATION	19
MISCELLANEOUS	19
APPENDIX A: GENERAL INFORMATION REGARDING THE TOWNSHIP	
APPENDIX B: FINANCIAL STATEMENTS OF THE TOWNSHIP	
APPENDIX C: FORMS OF CONTINUING DISCLOSURE CERTIFICATES	
APPENDIX D: FORMS OF BOND COUNSEL’S OPINIONS	

**OFFICIAL STATEMENT
OF THE
TOWNSHIP OF BARNEGAT
IN THE COUNTY OF OCEAN, STATE OF NEW JERSEY
RELATING TO**

\$11,763,000*
TOWNSHIP OF BARNEGAT
IN THE COUNTY OF OCEAN, NEW JERSEY
GENERAL OBLIGATION BONDS
consisting of:
\$9,907,000* General Improvement Bonds, Series 2016A
\$1,856,000* Water/Sewer Utility Improvement Bonds,
Series 2016B
(Callable)

\$1,091,000*
TOWNSHIP OF BARNEGAT
IN THE COUNTY OF OCEAN, NEW JERSEY
GENERAL OBLIGATION BONDS (FEDERALLY TAXABLE)
consisting of:
\$830,000* General Improvement Bonds, Series 2016C (Federally Taxable)
\$261,000* Water/Sewer Utility Improvement Bonds,
Series 2016D (Federally Taxable)
(Non-Callable)

INTRODUCTION

This Official Statement, which includes the cover page, inside cover page and the appendices attached hereto, has been prepared by the Township of Barnegat (the “Township”), in the County of Ocean (the “County”), New Jersey (the “State”) in connection with the sale and issuance of \$11,763,000* aggregate principal amount of General Obligation Bonds consisting of: (i) \$9,907,000* aggregate principal amount of General Improvement Bonds, Series 2016A (the “Tax Exempt General Improvement Bonds”) and (ii) \$1,856,000* aggregate principal amount of Water/Sewer Utility Improvement Bonds, Series 2016B (the “Tax-Exempt Water/Sewer Utility Bonds” and, together with the Tax-Exempt General Improvement Bonds, the “Tax-Exempt Bonds”) and the \$1,091,000* aggregate principal amount of General Obligation Bonds (Federally Taxable) consisting of: (i) \$830,000* aggregate principal amount of General Improvement Bonds, Series 2016C (Federally Taxable) (the “Taxable General Improvement Bonds”) and (ii) \$261,000* aggregate principal amount of Water/Sewer Utility Improvement Bonds, Series 2016D (Federally Taxable) (the “Taxable Water/Sewer Utility Bonds” and, together with the Taxable General Improvement Bonds, the “Taxable Bonds”; and, together with the Tax-Exempt Bonds, the “Bonds”) of the Township.

THE BONDS

General Description

The Bonds will be dated the date of delivery and will mature on August 1 in each of the years and in the principal amounts as shown on the inside cover page hereof. The interest on the Bonds will be payable semi-annually beginning February 1, 2017 and on each August 1 and February 1 thereafter. The record dates for the Bonds are each preceding January 15 and July 15, respectively (the “Record Dates”). The Bonds will be issued in book-entry form only.

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

* Preliminary, subject to change

Optional Redemption

Tax-Exempt Bonds

The Tax-Exempt Bonds maturing prior to August 1, 2025 are not subject to optional redemption. The Tax-Exempt Bonds maturing on or after August 1, 2025 shall be subject to redemption at the option of the Township, in whole or in part, on any date on or after August 1, 2024 at a price of 100% of the principal amount being redeemed (the "Redemption Price"), plus unpaid accrued interest to the date fixed for redemption.

Taxable Bonds

The Taxable Bonds are not subject to redemption prior to maturity.

Notice of Redemption

Notice of redemption shall be given by mailing by first class mail in a sealed envelope with postage prepaid to the registered owners of the Tax-Exempt Bonds not less than thirty (30) days, nor more than sixty (60) days prior to the date fixed for redemption. Such mailing shall be to the Owners of such Tax-Exempt Bonds at their respective addresses as they last appear on the registration books kept for that purpose by the Township or a duly appointed Bond Registrar. So long as DTC (the "Depository Trust Company") (or any successor thereto) acts as securities depository for the Tax-Exempt Bonds ("Securities Depository"), such Notice of Redemption shall be sent directly to such depository and not to the Beneficial Owners of the Tax-Exempt Bonds. Any failure of the depository to advise any of its participants or any failure of any participant to notify any beneficial owner of any Notice of Redemption shall not affect the validity of the redemption proceedings. If the Township determines to redeem a portion of the Tax-Exempt Bonds prior to maturity, the Tax-Exempt Bonds to be redeemed shall be selected by the Township; the Tax-Exempt Bonds to be redeemed having the same maturity shall be selected by the Securities Depository in accordance with its regulations.

If Notice of Redemption has been given as provided herein, the Tax-Exempt Bonds or the portion thereof called for redemption shall be due and payable on the date fixed for redemption at the respective Redemption Price, together with accrued interest to the date fixed for redemption. Interest shall cease to accrue on and after such redemption date.

Authorization for the Issuance of the Bonds

The Bonds are authorized by, and are issued pursuant to, the provisions of the Local Bond Law, N.J.S.A. 40A:2-1 et seq., as amended and supplemented (the "Local Bond Law"), and are authorized by various bond ordinances duly adopted by the Township Committee on the dates set forth in the charts on the following pages and published and approved as required by law, and by resolutions adopted by the Township Committee on June 14, 2016 (the "Resolution").

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

Purpose of the Bonds

Tax-Exempt General Improvement Bonds

The Tax-Exempt General Improvement Bonds are being issued to: (i) refund, on a current basis, a \$4,722,500 aggregate portion of the general improvement bond anticipation notes of the Township originally issued in the aggregate principal amount of \$5,272,500, dated September 24, 2015 and maturing September 23, 2016 (the "September 2015 General Improvement Prior Notes"); (ii) refund, on a current basis, the \$684,000 aggregate principal amount of the general improvement bond anticipation notes of the Township, dated March 10, 2016 and maturing August 17, 2016 (the "March 2016 General Improvement Prior Notes"); (iii) refund, on a current basis, a \$4,500,500 aggregate portion of the general improvement bond anticipation notes of the Township originally issued in the aggregate principal amount of \$4,500,666, dated June 16, 2016 and maturing August 17, 2016 (the "June 2016 General Improvement Prior Notes" and together with the September 2015 General Improvement Prior Notes and the March 2016 General Improvement Prior Notes, the "General Improvement Prior Notes"); and (iv) pay the costs associated with the issuance of the Tax-Exempt General Improvement Bonds. A portion of the September 2015 General Improvement Prior Notes, in the amount of \$550,000, is expected to be funded through a loan from the United States Department of Agriculture. A portion of the June 2016 General Improvement Prior Notes, in the amount of \$166, will be paid by available funds of the Township.

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

<u>Tax-Exempt General Improvement Bonds</u>		
Ordinance Number	Description and Date of Final Adoption	Amount of General Improvement Prior Notes Being Refunded with the Tax-Exempt General Improvement Bonds
2005-49	Various General Improvements, finally adopted September 6, 2005	\$516,610
2006-27	Various General Improvements, finally adopted December 18, 2006	1,590,040
2010-09	Various General Improvements, finally adopted May 3, 2010	400,000
2011-21	Various General Improvements, finally adopted December 20, 2011	1,993,850
2013-06	Various General Improvements, finally adopted June 6, 2013	684,000
2015-07	Various General Improvements, finally adopted July 20, 2015	<u>4,722,500</u>
TOTAL TAX-EXEMPT GENERAL IMPROVEMENT BONDS:		<u>\$9,907,000</u>

Tax-Exempt Water/Sewer Utility Bonds

The Tax-Exempt Water/Sewer Utility Bonds are being issued to: (i) refund, on a current basis, the \$1,856,000 aggregate principal amount of the water/sewer utility bond anticipation notes of the Township dated March 10, 2016 and maturing August 17, 2016 (the "Water/Sewer Utility Prior Notes"); and (ii) pay the costs associated with the issuance of the Tax-Exempt Water/Sewer Utility Bonds.

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

Tax-Exempt Water/Sewer Utility Bonds

Ordinance Number	Description and Date of Final Adoption	Amount of Water/Sewer Utility Prior Notes Being Refunded with the Tax-Exempt Water/Sewer Utility Bonds
2013-08	Various Water/Sewer Utility Improvements, finally adopted June 6, 2013	\$646,000
2014-34	Various Water/Sewer Utility Improvements, finally adopted December 14, 2014	<u>1,210,000</u>

TOTAL TAX-EXEMPT WATER/SEWER UTILITY BONDS: **\$1,856,000**

GRAND TOTAL TAX-EXEMPT BONDS: **\$11,763,000**

Taxable General Improvement Bonds

The Taxable General Improvement Bonds are being issued to: (i) refund, on a current basis, a \$830,000 aggregate portion of the general improvement bond anticipation notes (taxable) of the Township originally issued in the aggregate principal amount of \$830,448, dated June 16, 2016 and maturing August 17, 2016 (the "Taxable General Improvement Prior Notes") and (ii) pay the costs associated with the issuance of the Taxable General Improvement Bonds. A portion of the Taxable General Improvement Prior Notes, in the amount of \$448, will be paid by available funds of the Township.

The purpose for which the Taxable General Improvement Bonds are to be issued has been authorized by a duly adopted, approved and published bond ordinance of the Township, which bond ordinance is described in the following table by ordinance number, description and the amount of the Taxable General Improvement Prior Notes being refunded with the Taxable General Improvement Bonds. The bond ordinance is:

Taxable General Improvement Bonds

Ordinance Number	Description and Date of Final Adoption	Amount of Taxable General Improvement Prior Notes Being Refunded with the Taxable General Improvement Bonds
2005-49	Various General Improvements, finally adopted September 6, 2005	<u>\$830,000</u>

TOTAL TAXABLE GENERAL IMPROVEMENT BONDS: **\$830,000**

Taxable Water/Sewer Utility Bonds

The Taxable Water/Sewer Utility Bonds are being issued to: (i) refund, on a current basis, a \$261,000 aggregate portion of the water/sewer utility bond anticipation notes (taxable) of the Township originally issued in the aggregate principal amount of \$261,210, dated June 16, 2016 and maturing August 17, 2016 (the "Taxable Water/Sewer Utility Prior Notes") and (ii) pay the costs associated with the issuance of the Taxable Water/Sewer Utility Bonds. A portion of the Taxable Water/Sewer Utility Prior Notes, in the amount of \$210, will be paid by available funds of the Township.

The purpose for which the Taxable Water/Sewer Utility Bonds are to be issued has been authorized by a duly adopted, approved and published bond ordinance of the Township, which bond ordinance is described on the following table by ordinance number, description and the amount of the portion of Taxable Water/Sewer Utility Prior Notes being refunded with the Taxable Water/Sewer Utility Bonds. The bond ordinance is:

Taxable Water/Sewer Utility Bonds

Ordinance Number	Description and Date of Final Adoption	Amount of Taxable Water/Sewer Utility Prior Notes Being Refunded with the Taxable Water/Sewer Utility Bonds
2004-29	Various Water/Sewer Utility Improvements, finally adopted June 21, 2004	<u>\$261,000</u>

TOTAL TAXABLE WATER/SEWER UTILITY BONDS: **\$261,000**

GRAND TOTAL TAXABLE BONDS: **\$1,091,000**

Payment of Bonds

The Bonds are general obligations of the Township for which the full faith and credit of the Township will be pledged. The Township is authorized and required by law to levy *ad valorem* taxes on all taxable property within the Township for the payment of principal of and interest on Bonds without limitation as to rate or amount. See "SECURITY FOR THE BONDS AND NOTES."

Denominations and Place of Payment

The Bonds are issuable only as fully registered bonds without coupons, and when issued will be in the form of one certificate per maturity and will be registered in the name of Cede & Co., as registered owner and nominee for the Depository Trust Company ("DTC"), New York, New York. DTC will act as Securities Depository for the Bonds. Purchase of the Bonds will be made in book entry form, in the denomination of \$5,000 each or any integral multiple of \$1,000 in excess thereof. Purchasers will not receive certificates representing their interest in Bonds purchased. So long as Cede & Co. is the registered owner, as nominee of DTC, references herein to the registered owners shall mean Cede & Co. and shall not mean the Beneficial Owners of the Bonds. See "Book-Entry-Only System" herein.

SECURITY FOR THE BONDS

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

The Township

The Township is located in Ocean County, New Jersey. See Appendix "A" for demographic and statistical information concerning the Township.

BOOK-ENTRY-ONLY SYSTEM

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

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

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

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

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect

only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

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

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

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

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

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

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

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

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

Discontinuance of Book-Entry Only System

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

MUNICIPAL FINANCE – FINANCIAL REGULATION OF COUNTIES AND MUNICIPALITIES

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

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

Debt Limits

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

Exceptions to Debt Limits - Extensions of Credit

The Township may exceed its debt limit with the approval of the Local Finance Board, a State regulatory agency, and as permitted by other statutory exceptions. If all or any part of a proposed debt authorization would exceed its debt limit, the Township may apply to the Local Finance Board for an

extension of credit. If the Local Finance Board determines that a proposed debt authorization would not materially impair the credit of the Township or substantially reduce the ability of the Township to meet its obligations or to provide essential public improvements and services, or makes certain other statutory determinations, approval is granted. In addition, debt in excess of the statutory limit may be issued by the Township, without approval of the Local Finance Board, to fund certain notes, to provide for self-liquidating purposes, and, in each fiscal year, to provide for purposes in an amount not exceeding 2/3 of the amount budgeted in such fiscal year for the retirement of outstanding obligations (exclusive of utility and assessment obligations).

Short Term Financing

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

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

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

Tax Anticipation Notes are limited in amount by law and must be paid off in full within 120 days of the close of the fiscal year. The Township issued \$4,500,000 Tax Anticipation Notes on March 10, 2016 which mature on December 1, 2016.

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

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

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

No budget or budget amendment may be adopted unless the Director shall have previously certified his approval of such anticipated revenues except that categorical grants-in-aid contracts may be included for their face amount with an offsetting appropriation. The fiscal years for such grants rarely

coincide with the municipality's calendar year. However, grant revenue is generally not realized until received in cash.

The same general principle that revenue cannot be anticipated in a budget in excess of that realized in the preceding year applies to property taxes. The maximum amount of delinquent taxes that may be anticipated is limited by a statutory formula, which allows the unit to anticipate collection at the same rate realized for the collection of delinquent taxes in the previous year. Also the local unit is required to make an appropriation for a "reserve for uncollected taxes" in accordance with a statutory formula to provide for a tax collection in an amount that does not exceed the percentage of taxes levied and payable in the preceding fiscal year that was received in cash by December 31 of that year. The budget also must provide for any cash deficits of the prior year.

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

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

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

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

Appropriation "CAP"

A provision of law known as the New Jersey "Cap Law" (N.J.S.A. 40A:4-45.1 et seq.) imposes limitations on increases in municipal appropriations subject to various exceptions. The payment of debt service is an exception from this limitation. The Cap formula is somewhat complex, but basically, it permits a municipality to increase its overall appropriations by the lesser of 2.5% or the "Index Rate" if the index rate is greater than 2.5%. The "Index Rate" is the rate of annual percentage increase, rounded to the nearest one-half percent, in the Implicit Price Deflator for State and Local Government purchases of goods and services computed by the U.S. Department of Commerce. Exceptions to the limitations imposed by the Cap Law also exist for other things including capital expenditures; extraordinary expenses approved by the Local Finance Board for implementation of an interlocal services agreement; expenditures mandated as a result of certain emergencies; and certain expenditures for services mandated

by law. Counties are also prohibited from increasing their tax levies by more than the lesser of 2.5% or the Index Rate subject to certain exceptions. Municipalities by ordinance approved by a majority of the full membership of the governing body may increase appropriations up to 3.5% over the prior year's appropriation and counties by resolution approved by a majority of the full membership of the governing body may increase the tax levy up to 3.5% over the prior years' tax levy in years when the Index Rate is 2.4% or less.

Additionally, new legislation constituting P.L. 2010, c. 44, effective July 13, 2010, imposes a two percent (2%) cap on the tax levy of a municipality, county, fire district or solid waste collection district, with certain exceptions and subject to a number of adjustments. The exclusions from the limit include increases required to be raised for capital expenditures, including debt service, increases in pension contributions in excess of 2%, certain increases in health care over 2%, and extraordinary costs incurred by a local unit directly related to a declared emergency. The governing body of a local unit may request approval, through a public question submitted to the legal voters residing in its territory, to increase the amount to be raised by taxation, and voters may approve increases above 2% not otherwise permitted under the law by an affirmative vote of 50%.

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

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

Tax Appeals

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

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

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

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

School Debt Subject to Voter Approval

State law permits local school districts, upon approval of the voters in a Type II school district, to authorize school district debt, including debt in excess of its independent debt limitation by using the available borrowing capacity of the Township. If such debt is in excess of the school district's debt limit and the remaining borrowing capacity of the Township, the State Commissioner of Education and the Local Finance Board must approve the proposed debt authorization before it is submitted to the voters for approval.

TAX MATTERS

Federal Taxation

Tax-Exempt Bonds

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

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

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

[The Tax-Exempt Bonds maturing August 1, ____ to ____ (the "Premium Bonds") have been sold to the public at a premium. Section 171 of the Code provides rules under which a bond premium may be amortized and a deduction allowed for the amount of the amortizable bond premium for a taxable year. Under, Section 171(a)(2) of the Code, however, no deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excludable from gross income. Under Section 1016(a)(5) of the Code, the purchaser's basis in a Premium Bond will be reduced by the amount of the amortizable bond premium disallowable as a deduction under Section 171(2) of the Code. Proceeds received from the sale, exchange, redemption or payment of a Premium Bond in excess of the owner's adjusted basis (as reduced pursuant to Section 1016(a)(5) of the Code), will be treated as a gain from the sale or exchange of such Premium Bonds and not as interest.]

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

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

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

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

has no obligation to provide updated information concerning pending or future legislation. Each purchaser of the Tax-Exempt Bonds should consult his or her own tax advisor regarding any pending or proposed federal tax legislation.

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

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

Taxable Bonds

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

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

INTEREST ON THE TAXABLE BONDS IS NOT EXCLUDABLE FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES. The Township will report annually (or more frequently if required) to owners of record and to the Internal Revenue Service in respect of interest paid on the Taxable Bonds.

Under the Code, payments on the Taxable Bonds may under certain circumstances, be subject to "backup withholding" at a rate equal to the fourth lowest rate of tax applicable under Section 1(c) of the Code. This withholding generally applies if the owner (i) fails to furnish such owner's social security number or other taxpayer identification number ("TIN"), (ii) furnishes an incorrect TIN, (iii) fails to properly report interest, dividends or other "reportable payments" as defined in the Code, or (iv) under certain circumstances, fails to provide such owner's securities broker with a certified statement, signed under penalties of perjury, that the TIN is correct and that such Bondholder is not subject to backup withholding. Owners of the Taxable Bonds should consult their own tax advisors as to their qualification for exemption for backup withholding and the procedures for obtaining the exemption.

Generally, upon the sale, exchange, redemption, or other disposition (which would include a legal defeasance) of a Taxable Bond, a holder generally will recognize taxable gain or loss in an amount equal to the difference between the amount realized (other than amounts attributable to accrued interest not previously includable in income) and such holder's adjusted tax basis in the Taxable Bond.

The Township may cause the deposit of moneys or securities in escrow in such amount and manner as to cause the Taxable Bonds to be deemed to be no longer outstanding under the Resolutions (a "defeasance"). For Federal income tax purposes, such defeasance could result in a deemed exchange under Section 1001 of the Code and a recognition by such owner of taxable income or loss, without any corresponding receipt of moneys. In addition, the character and timing of receipt of payments on the Taxable Bonds subsequent to any such defeasance could also be affected.

State Taxation

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

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

LEGALITY FOR INVESTMENT

The State and all public officers, municipalities, counties, political subdivisions and public bodies, and agencies thereof, all banks, bankers, trust companies, savings and loan associations, savings banks and institutional building and loan associations, investment companies, and other persons carrying on banking business, all insurance companies, and all executors, administrators, guardians, trustees, and other fiduciaries may legally invest any sinking funds, moneys or other funds belonging to them or within their control in any bonds of the Township including the Bonds, and such Bonds are authorized security for any and all public deposits.

CONTINUING DISCLOSURE

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

Within the five years immediately preceding the date of this official statement, the Township previously failed to file, in accordance with the Rule, in a timely manner, under previous filing requirements: (i) audited financial information for the fiscal years ending December 31, 2010, 2011 and 2012; and (ii) operating data for the fiscal years ending December 31, 2010, 2011 and 2012. Additionally, the Township acknowledges that it previously failed to file material event notices and late filing notices in connection with its timely filings of (i) audited financial information; (ii) operating data; and (iii) bond insurer rating changes in 2012 and 2013. Such notices of material events and late filings have since been filed with EMMA. The Township appointed Phoenix Advisors, LLC in October of 2015 to serve as continuing disclosure agent.

LITIGATION

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

MUNICIPAL BANKRUPTCY

The undertakings of the Township should be considered with reference to Chapter IX of the Bankruptcy Act, 11 U.S.C. Section 401, et seq., as amended by Public Law 95-598, approved November 6, 1978, and as further amended on November 3, 1988, by an Act to Amend the Bankruptcy Law to Provide for Special Revenue Bonds, and for Other Purposes, and on October 22, 1994, by the Bankruptcy Reform Act of 1994, and by other bankruptcy laws affecting creditors' rights and municipalities in general. Chapter IX permits a state or any political subdivision, public agency or instrumentality that is insolvent or unable to meet its debts to file a petition in a bankruptcy court for the ultimate purpose of effecting a plan to adjust its debts. Chapter IX directs such a petitioner to file with the Bankruptcy Court a list of the petitioner's creditors; provides that a petition filed under this chapter shall operate as a stay of the commencement or continuation of any judicial or other proceeding against the petitioner, with the exception that such petition does not operate as a stay of application of pledged special revenues to the payment of indebtedness secured by such revenues; grants priority to administrative and operational expenses and to debts owed for services or material, up to \$4,000 per individual or corporation, actually provided within ninety (90) days of the filing of the petition; directs a petitioner to file a plan for the adjustment of its debts; provides that any securities issued under a reorganization plan will be exempt from the securities laws and, therefore, exempt from registration requirements; permits the petitioner, during bankruptcy proceedings, to continue to pay pre-petition debt without prior court approval; and provides that the plan must be accepted by a class of creditors, in writing, by or on behalf of creditors holding at least two-thirds in amount and more than one-half in number of the allowed claims of such class held by creditors. A plan shall not be approved by the Bankruptcy Court unless it is in the best interests of creditors and is feasible.

Reference should also be made to N.J.S.A. 52:27-40 through 52:27-45.11, which provides that any county, municipality, or other political subdivision of this State has the power to file a petition with any Bankruptcy Court, provided the approval of the municipal finance commission has been obtained, and such petition has been authorized by ordinance of the governing body of the political subdivision.

The powers of the municipal finance commission have been vested in the Local Finance Board. The Bankruptcy Act specifically provides that Chapter IX does not limit or impair the power of a state to control, by legislation or otherwise, the procedures that a municipality must follow in order to take advantage of the provisions of the Bankruptcy Act. However, the Bankruptcy Act does provide that a municipality must obtain any regulatory or electoral approval necessary under constitutional, statutory, or charter provisions, for actions taken under the reorganization plan.

CERTAIN REFERENCES

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

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

CERTIFICATION OF OFFICIAL STATEMENT

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

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

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

RATING

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

The inclusion of S&P's "stable outlook" (the "Outlook") has been provided herein for informational purposes only and is not a part of the "Rating" described in the preceding paragraph. The "Outlook" is only S&P's forward-looking view of the Township. The Township has no obligation to treat any change in the "Outlook" as a "Material Event", as defined and described under the Rule or under the

provisions of the Township's Continuing Disclosure Agreement, or to notify Bondholders as to any changes to the "Outlook" after the date hereof.

UNDERWRITING

Tax-Exempt Bonds

The Tax-Exempt Bonds have been purchased from the Township at a public sale by _____ (the "Tax-Exempt Bonds Underwriter") at a price of \$_____. The Tax-Exempt Bonds Underwriter has purchased the Tax-Exempt Bonds in accordance with the Notice of Sale. The Tax-Exempt Bonds are being offered for sale at the yields set forth on the inside front cover page of this Official Statement, which may be changed from time to time by the Tax-Exempt Bonds Underwriter without notice.

Taxable Bonds

The Taxable Bonds have been purchased from the Township at a public sale by _____ (the "Taxable Bonds Underwriter" and together with the Tax-Exempt Bonds Underwriter, the "Underwriters") at a price of \$_____. The Taxable Bonds Underwriter has purchased the Taxable Bonds in accordance with the Notice of Sale. The Taxable Bonds are being offered for sale at the yields set forth on the inside front cover page of this Official Statement, which may be changed from time to time by the Taxable Bonds Underwriter without notice.

FINANCIAL ADVISOR

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

APPROVAL OF LEGAL PROCEEDINGS

All legal matters incident to the authorization, the issuance, the sale and the delivery of the Bond are subject to the approval of GluckWalrath LLP, Trenton, New Jersey, Bond Counsel to the Township, whose approving legal opinions will be delivered with the Bonds substantially in the forms set forth as Appendix "D". Certain legal matters will be passed on for the Township by the Township Attorney.

FINANCIAL STATEMENTS

Appendix "B" contains certain audited financial data of the Township for the Township's fiscal year ending December 31, 2015. The audited financial data were provided by Holman Frenia Allison, P.C., Toms River, New Jersey, to the extent and for the period set forth in their report appearing in Appendix "B", and are included herein in reliance upon the authority of such firm.

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including any information additional to that contained herein, may be directed to the Township's Chief Financial Officer, 900 West Bay Avenue, Barnegat, New Jersey 08005-1298, telephone (609) 698-0080 or its Financial Advisor, Phoenix Advisors, LLC, 4 West Park Street, Bordentown, New Jersey, telephone (609) 291-0130.

MISCELLANEOUS

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

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

**TOWNSHIP OF BARNEGAT,
IN THE COUNTY OF OCEAN, NEW JERSEY**

By: /s/

Thomas Lombarski,
Chief Financial Officer

Dated: August __, 2016

APPENDIX A
GENERAL INFORMATION REGARDING THE TOWNSHIP

INFORMATION REGARDING THE TOWNSHIP¹

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

General Information

The Township is a community of approximately 33.62 square miles located in southern New Jersey, along the coast of Ocean County, adjoining Barnegat Bay. The Township borders the municipalities of Lacey, Ocean, Long Beach, Harvey Cedars, and Stafford in Ocean County and Woodland Township in Burlington County.

Form of Government

The Township is governed by a committee of five (5) persons elected at large. The Township Committee has responsibility for all legislative matter ranging from the enactment of all ordinances and resolutions to general citizen representation. Policy formulation by the Township Committee is assisted by a number of separate advisory boards and committees, and input from citizens who attend official committee meetings.

Public Safety

The Barnegat Township Police Department consists of police officers, a police clerk, and dispatchers. Members of the Department received ongoing training in law enforcement techniques. They patrol all roads in the Township. Fire protection is provided through two (2) volunteer companies.

The Township is also served by a paid and volunteer first aid company. The Southern Ocean County Hospital in neighboring Stafford Township provides medical services to the community.

Public Library

The Township is a participant in the Ocean County Library System. All of the circulation resources of the County are available to residents at the local branch.

Public Utilities

Water and sewer services are provided by the Ocean County Utilities Authority and by the Township’s own water and sewer utilities, which were acquired from private companies in 1985.

¹ Source: The Township, unless otherwise indicated.

Retirement Systems

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

Pension Information²

Employees, who are eligible to participate in a pension plan, are enrolled in PERS or PFRS, administered by the Division. The Division annually charges municipalities and other participating governmental units for their respective contributions to the plans based upon actuarial calculations. The employees contribute a portion of the cost. The Township's share of pension costs in 2016, which is based upon the annual billings received from the State, amount to \$481,109 for PERS and \$1,194,549 for PFRS.

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

Employment and Unemployment Comparisons

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

	<u>Total Labor Force</u>	<u>Employed Labor Force</u>	<u>Total Unemployed</u>	<u>Unemployment Rate</u>
<u>Township</u>				
2015	10,367	9,710	657	6.3%
2014	10,328	9,487	841	8.1%
2013	10,170	9,153	1,017	10.0%
2012	10,078	8,943	1,135	11.3%
2011	9,440	8,512	928	9.8%
<u>County</u>				
2015	268,585	252,465	16,120	6.0%
2014	266,273	246,687	19,586	7.4%
2013	265,783	241,266	24,517	9.2%
2012	268,491	240,035	28,456	10.6%
2011	266,169	238,461	27,708	10.4%
<u>State</u>				
2015	4,545,083	4,291,650	253,417	5.6%
2014	4,518,715	4,218,423	300,277	6.6%
2013	4,537,800	4,166,000	371,800	8.2%
2012	4,595,500	4,159,300	436,200	9.5%
2011	4,556,200	4,131,800	424,400	9.3%

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

Income (as of 2010)

	<u>Township</u>	<u>County</u>	<u>State</u>
Median Household Income	\$59,558	\$60,712	\$71,180
Median Family Income	68,106	75,276	86,779
Per Capita Income	29,183	30,257	35,768

Source: US Bureau of the Census 2010

Population

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

<u>Year</u>	<u>Township</u>		<u>County</u>		<u>State</u>	
	<u>Population</u>	<u>% Change</u>	<u>Population</u>	<u>% Change</u>	<u>Population</u>	<u>% Change</u>
2014 [^]	22,303	6.53%	586,301	1.69%	8,938,175	1.66%
2010	20,936	37.11	576,567	12.85	8,791,894	4.49
2000	15,270	24.81	510,916	17.94	8,414,350	8.85
1990	12,235	40.60	433,203	25.19	7,730,188	4.96
1980	8,702	465.43	346,038	65.99	7,365,001	2.75

[^]: Estimate

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

Largest Taxpayers

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

<u>Taxpayers</u>	<u>2015</u>	<u>% of Total</u>
	<u>Assessed Valuation</u>	<u>Assessed Valuation</u>
Atlantic Heights LLC	\$30,892,800	1.36%
Walters Development Co., LLC	16,186,200	0.71%
Barnegat Village Square	8,051,100	0.36%
Hometown Brighton @ Barnegat	10,041,400	0.44%
Pinewoods Estates	8,745,300	0.39%
Barnegat Real Property	8,051,100	0.36%
D&F Barnegat Developments	6,453,400	0.28%
Paramount Homes	6,348,000	0.28%
Heritage Point LLC	6,214,000	0.27%
Bayshore Plaza Shopping Center	<u>5,895,500</u>	<u>0.26%</u>
Total	<u>\$106,878,800</u>	<u>4.72%</u>

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

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Current Year Collection</u>	<u>Current Year % of Collection</u>
2015U	\$58,125,776	\$57,025,847	98.11%
2014	56,683,812	55,791,434	98.43%
2013	54,299,745	53,198,974	97.97%
2012	53,661,592	52,516,298	97.87%
2011	51,804,860	49,393,299	95.34%

U: Unaudited

Source: Annual Audit Reports of the Township

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Tax</u>	<u>Total Delinquent</u>	<u>% of Tax Levy</u>
2015U	\$631,227	\$748,480	\$1,379,708	2.37%
2014	502,700	770,206	1,272,906	2.25%
2013	559,856	696,431	1,256,286	2.31%
2012	535,043	815,341	1,350,384	2.52%
2011	400,418	1,497,385	1,897,803	3.66%

U: Unaudited

Source: Annual Audit Reports of the Township

Property Acquired by Tax Lien Liquidation

<u>Year</u>	<u>Amount</u>
2015U	\$2,427,340
2014	2,404,140
2013	2,404,140
2012	2,404,140
2011	2,404,140

U: Unaudited

Source: Annual Audit Reports of the Township

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

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

<u>Year</u>	<u>Municipal</u>	<u>Local School</u>	<u>County</u>	<u>Total Taxes</u>
2015	\$0.793	\$1.345	\$0.408	\$2.546
2014	0.764	1.31	0.407	2.481
2013	0.747	1.257	0.413	2.417
2012	0.727	1.252	0.395	2.374
2011R	0.732	1.284	0.381	2.397

R: Revaluation

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

Valuation of Property

<u>Year</u>	<u>Aggregate Assessed Valuation of Real Property</u>	<u>Aggregate True Value of Real Property</u>	<u>Ratio of Assessed to True Value</u>	<u>Assessed Value of Personal Property</u>	<u>Equalized Valuation</u>
2015	\$2,264,439,400	\$2,220,474,015	101.98%	\$0	\$2,220,474,015
2014	2,246,842,300	2,206,464,009	101.83	4,422,968	2,210,886,977
2013	2,241,390,400	2,247,458,538	99.73	4,959,197	2,252,417,735
2012	2,240,170,300	2,363,547,478	94.78	5,323,237	2,368,870,715
2011R	2,229,030,000	2,432,111,293	91.65	5,850,349	2,437,961,642

R: Revaluation

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

Classification of Ratables

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

<u>Year</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Farm</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartments</u>	<u>Total</u>
2015	\$91,882,700	\$1,995,757,600	\$4,369,400	\$136,781,200	\$3,189,400	\$32,459,100	\$2,264,439,400
2014	97,899,600	1,975,873,100	3,472,500	133,948,600	3,189,400	32,459,100	2,246,842,300
2013	99,117,000	1,964,235,300	3,117,400	136,842,200	5,619,400	32,459,100	2,241,390,400
2012	106,648,000	1,954,463,500	2,306,500	138,673,800	5,619,400	32,459,100	2,240,170,300
2011R	114,492,500	1,938,444,700	2,301,700	135,712,600	5,619,400	32,459,100	2,229,030,000

R: Revaluation

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

Financial Operations

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

Summary of Current Fund Budget

<u>Anticipated Revenues</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016*</u>
Fund Balance	\$500,000	\$1,565,444	\$1,250,000	\$567,666	\$700,000
Miscellaneous Revenues	2,911,707	3,309,385	4,096,150	4,239,506	3,320,751
Receipts from Delinquent Taxes	750,000	800,000	635,000	710,000	710,000
Amount to be Raised by Taxes for Support of Municipal Budget	<u>16,136,619</u>	<u>16,580,699</u>	<u>16,968,124</u>	<u>17,727,529</u>	<u>19,469,144</u>
Total Revenue:	<u>\$20,298,326</u>	<u>\$22,255,528</u>	<u>\$22,949,274</u>	<u>\$23,244,701</u>	<u>\$24,199,895</u>
<u>Appropriations</u>					
General Appropriations	\$17,565,180	\$18,376,825	\$19,158,824	\$19,461,497	\$20,890,204
Operations	304,313	450,221	366,821	362,801	366,789
Deferred Charges and Statutory Expenditures	265,000	890,000	905,000	905,000	775,000
Capital Improvement Fund	100	36,000	129,306	243,000	230,848
Municipal Debt Service	1,208,004	1,342,488	1,254,102	1,362,728	804,000
Reserve for Uncollected Taxes	<u>955,730</u>	<u>1,159,994</u>	<u>1,135,221</u>	<u>909,676</u>	<u>1,133,054</u>
Total Appropriations:	<u>\$20,298,326</u>	<u>\$22,255,528</u>	<u>\$22,949,274</u>	<u>\$23,244,701</u>	<u>\$24,199,895</u>

*: Introduced

Source: Annual Adopted Budgets of the Township

Fund Balance

Current Fund

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

<u>Fund Balance - Current Fund</u>		
<u>Year</u>	<u>Balance 12/31</u>	<u>Utilized in Budget of Succeeding Year</u>
2015U	\$1,003,471	\$700,000
2014	1,427,560	567,666
2013	1,461,092	1,250,000
2012	1,844,828	1,565,444
2011	628,508	500,000

U: Unaudited

Source: Annual Audit Reports of the Township

Water/Sewer Utility Operating Fund

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

<u>Fund Balance - Water/Sewer Utility Operating Fund</u>		
<u>Year</u>	<u>Balance 12/31</u>	<u>Utilized in Budget of Succeeding Year</u>
2015U	\$231,274	N/A
2014	46,385	N/A
2013	21,595	21,500
2012	2,164	0
2011	82,164	80,000

U= Unaudited

Source: Annual Audit Reports of the Township

Township Indebtedness as of December 31, 2015

General Purpose Debt

Serial Bonds	\$2,465,000
Bond Anticipation Notes	11,287,614
Bonds and Notes Authorized but Not Issued	161,768
Other Bonds, Notes and Loans	<u>162,438</u>
Total:	\$14,076,820

Local School District Debt

Serial Bonds	\$32,840,000
Temporary Notes Issued	0
Bonds and Notes Authorized but Not Issued	<u>0</u>
Total:	\$32,840,000

Self-Liquidating Debt

Serial Bonds	\$1,300,000
Bond Anticipation Notes	2,117,210
Bonds and Notes Authorized but Not Issued	2,588,009
Other Bonds, Notes and Loans	<u>3,183,019</u>
Total:	\$9,188,239

TOTAL GROSS DEBT

\$56,105,059

Less: Statutory Deductions	
General Purpose Debt	\$0
Local School District Debt	32,840,000
Self-Liquidating Debt	<u>7,164,300</u>
Total:	\$40,004,300

TOTAL NET DEBT

\$16,100,758

Source: Annual Debt Statement of the Township

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Overlapping Debt (as of December 31, 2015)³

<u>Name of Related Entity</u>	<u>Related Entity Debt Outstanding</u>	<u>Township Percentage</u>	<u>Township Share</u>
Local School District	\$32,840,000	100.00%	\$32,840,000
County	451,253,286	2.37%	10,681,286
Net Indirect Debt			\$43,521,286
Net Direct Debt			<u>16,100,758</u>
Total Net Direct and Indirect Debt			<u>\$59,622,044</u>

Debt Limit

Average Equalized Valuation Basis (2013, 2014, 2015)	\$2,224,798,854
Permitted Debt Limitation (3 1/2%)	77,867,960
Less: Net Debt	<u>16,100,758</u>
Remaining Borrowing Power	<u>\$61,767,202</u>
Percentage of Net Debt to Average Equalized Valuation	0.72%
Gross Debt Per Capita based on 2010 population of 20,936	\$2,516
Net Debt Per Capita based on 2010 population of 20,936	\$722

Source: Annual Debt Statement of the Township

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

APPENDIX B
FINANCIAL STATEMENTS OF THE TOWNSHIP



HOLMAN | FRENIA
ALLISON, P.C.

Certified Public Accountants & Consultants

680 Hooper Avenue, Bldg B, Suite 201, Toms River, NJ 08753 • Tel: 732.797.1333

618 Stokes Road, Medford, NJ 08055 • Tel: 609.953.0612

912 Highway 33, Suite 2, Freehold, NJ 07728 • Tel: 732.409.0800

6 E. Park Street, P.O. Box 614, Bordentown, NJ 08505 • Tel: 609.298.8639

795 Canton Street, Troy, PA 16947 • Tel: 570.297.5090

926 Main Street, Suite 103, Rome, PA 18837 • Tel: 570.297.5090

www.hfacpas.com

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the Township Council
Barnegat Township
County of Ocean
Barnegat, New Jersey 08005

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 Barnegat, County of Ocean, State of New Jersey as of December 31, 2015 and 2014, and the related comparative statements of operations and changes in fund balance--regulatory basis for the years then ended, the related statements of revenues--regulatory basis, statement of expenditures--regulatory basis, and the related notes to the financial statements for the year ended December 31, 2015.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 Barnegat 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 the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township of Barnegat, County of Ocean, State of New Jersey, as of December 31, 2015 and 2014, or the results of its operations and changes in fund balance for the years then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

As discussed in Note 1, the financial statements of the Length of Service Award Program Fund (“LOSAP”) Trust Fund have not been audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, to audit nor were we engaged to audit the LOSAP Trust Fund financial statements as part of our audit of the Township’s financial statements as of and for the years ended December 31, 2015 and 2014. The LOSAP Trust Fund financial activities are included in the Township’s Trust Fund, and represent 8.57% and 12.33% of the assets and liabilities, respectively, of the Township’s Trust Funds as of December 31, 2015 and 2014.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the LOSAP Trust Fund financial statements been audited as described in the “Basis for Qualified Opinion on Regulatory Basis of Accounting” paragraph, 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 Barnegat, County of Ocean, State of New Jersey, as of December 31, 2015 and 2014, and the results of its operations and changes in fund balance --regulatory basis of such funds for the years then ended, and the related statement of revenues--regulatory basis, statement of expenditures--regulatory basis of the various funds, and the related notes to financial statements, for the year ended December 31, 2015 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.

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 1 to the financial statements, during the fiscal year ended December 31, 2015 the Township of Barnegat adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No.27*. Our opinion on regulatory basis of accounting is not modified with respect to this matter.

Other Matters

Report on Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements referred to in the first paragraph as a whole. The supplemental data is 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.

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 June 20, 2016, on our consideration of the Township of Barnegat'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 Barnegat's internal control over financial reporting and compliance.

Respectfully submitted,

HOLMAN FRENIA ALLISON, P.C.



Rodney R. Haines
Certified Public Accountant
Registered Municipal Accountant
RMA #498

Toms River, New Jersey
June 20, 2016

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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***

The Honorable Mayor and Members of the
Township Council
Barnegat Township
Barnegat, New Jersey 08005

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 Barnegat (herein referred to as "the Township"), as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated . Our report on the financial statements-regulatory basis was modified to indicate that the financial statements were not prepared and presented in accordance with accounting principles generally accepted in the United States of America but rather prepared and presented in accordance with the regulatory basis of accounting prescribed by 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, to meet the requirements of the State of New Jersey for municipal government entities as described in Note 1. Further, our report on the financial statements - regulatory basis included a qualified opinion on the financial statements of the Length of Service Award Program Fund ("LOSAP") Trust Fund. The LOSAP Trust Fund financial statements were not audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, to audit nor were we engaged to audit the LOSAP Trust Fund financial statements as part of our audit of the Township's financial statements as of and for the year ended December 31, 2015. With the exception of the LOSAP Trust Fund our opinion on the financial statements- regulatory basis was unmodified.

Internal Control Over Financial Reporting

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

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 Township'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. We did identify a deficiency in internal control, described in the accompanying Comments and Recommendations that we consider to be a significant deficiency as Finding 2015-01.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* or audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and is noted in the accompanying Comments and Recommendations as Finding 2015-01.

Response to Findings

The Township's response to the findings identified in our audit is described in the accompanying Comments & Recommendations section. The Township's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Respectfully submitted,

HOLMAN FRENIA ALLISON, P. C.



Rodney R. Haines
Certified Public Accountant
Registered Municipal Accountant
RMA #498

Toms River, New Jersey
June 20, 2016

BASIC FINANCIAL STATEMENTS

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TOWNSHIP OF BARNEGAT - COUNTY OF OCEAN

CURRENT FUND

Exhibit A

COMPARATIVE STATEMENT OF ASSETS, LIABILITIES,

Sheet 1 of 2

RESERVES AND FUND BALANCE - REGULATORY BASIS

DECEMBER 31, 2015 AND 2014

	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
<u>Assets</u>			
Cash	A-4	\$ 1,961,383.60	\$ 3,736,355.27
Cash - Change Fund	A-4	700.00	700.00
		<u>1,962,083.60</u>	<u>3,737,055.27</u>
Due from State of New Jersey (P.L. 1971, Ch. 20)		3,116.61	
Federal Emergency Management Receivable	A-4, 7	674,344.94	859,894.23
		<u>2,639,545.15</u>	<u>4,596,949.50</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-5	748,480.43	770,206.23
Tax Title Liens Receivable	A-6	631,227.27	502,700.07
Property Acquired for Taxes		2,427,340.00	2,404,140.00
Mortgages Receivable		9,141.95	9,141.95
Revenue Accounts Receivable	A-7	12,723.00	14,943.88
Interfund Receivables	A-14		
General Capital Fund		357.62	
Water Sewer Operating Fund		284,049.73	
Payroll Fund		7,032.45	
		<u>4,120,352.45</u>	<u>3,701,132.13</u>
Deferred Charges:			
Overexpenditure of Appropriations	A-3	415,232.60	
Special Emergency Authorizations (40A:4-55)	A-8	1,587,000.00	2,492,000.00
		<u>2,002,232.60</u>	<u>2,492,000.00</u>
		<u>8,762,130.20</u>	<u>10,790,081.63</u>
<u>Grant Fund</u>			
Interfund - Current Fund	A-15	144,319.85	243,300.93
Grants Receivable	A-16	335,567.04	430,137.64
		<u>479,886.89</u>	<u>673,438.57</u>
		<u>\$ 9,242,017.09</u>	<u>\$ 11,463,520.20</u>

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

TOWNSHIP OF BARNEGAT - COUNTY OF OCEAN

CURRENT FUND

Exhibit A

COMPARATIVE STATEMENT OF ASSETS, LIABILITIES,

Sheet 2 of 2

RESERVES AND FUND BALANCE - REGULATORY BASIS

DECEMBER 31, 2015 AND 2014

	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Appropriation Reserves	A-3,9	\$ 458,821.34	\$ 918,322.98
Reserve for Encumbrances	A-3,9	230,762.65	251,605.30
Special Emergency Notes Payable	A-4	1,587,000.00	2,529,000.00
Tax Overpayments	A-4,5	108,950.01	112,589.92
Prepaid Taxes	A-4,5	517,578.56	460,558.29
Due to State of New Jersey (P.L. 1971, Ch. 20)	A-4,5		41,045.84
Revenue Reserves:			
Sale of Municipal Assets		15.00	15.00
Storm Damage	A-4		18,750.00
Payment of Debt	A-4		9,277.00
County Taxes Payable	A-10	67,105.62	138,371.20
School Taxes Payable	A-12	12,630.03	12,630.03
Spending Reserves:			
Revision and Codification of Ordinances	A-13		2,840.00
Master Plan Update	A-13	8,124.04	108,124.04
Hurricane Damage	A-13	41,281.51	507,172.68
Revaluation	A-13	24,203.83	34,642.99
Master Plan and Codification of Ordinances	A-13	.00	59.86
Due to State of N.J. DCA Fees		13,501.00	
Due to State of N.J. Marriage License Fees		2,000.00	
Interfunds:			
Water-Sewer Utility Operating Fund	A-14		28,986.33
Water-Sewer Utility Capital Fund	A-14		7,410.00
Payroll Fund	A-14		6,825.20
Other Trust Fund	A-14	397,098.92	207,402.36
General Capital Fund	A-14		13,554.60
Grant Fund	A-15	144,319.85	243,300.93
Accounts Payable	A-9	10,252.20	8,904.77
		<u>3,623,644.56</u>	<u>5,661,389.32</u>
Reserve for Receivables and Other Assets		4,120,352.45	3,701,132.13
Fund Balance	A-1	1,018,133.19	1,427,560.18
		<u>8,762,130.20</u>	<u>10,790,081.63</u>
<u>Grant Fund</u>			
Appropriated Reserves	A-17	435,760.31	614,736.77
Reserve for Encumbrances	A-17	33,749.35	18,216.00
Unappropriated Reserves	A-18	10,377.23	40,485.80
		<u>479,886.89</u>	<u>673,438.57</u>
		<u>\$ 9,242,017.09</u>	<u>\$ 11,463,520.20</u>

There were deferred school taxes of \$6,474,126.01 and \$6,474,126.01 on December 31, 2015 and 2014 , respectively (Schedule A-12).

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

TOWNSHIP OF BARNEGAT - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-1

COMPARATIVE STATEMENT OF OPERATIONS AND

Sheet 1 of 2

CHANGE IN FUND BALANCE - REGULATORY BASIS

FOR THE YEARS ENDED DECEMEBER 31, 2015 AND 2014

	<u>Ref.</u>	<u>Year 2015</u>	<u>Year 2014</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized	A-2	\$ 567,665.95	\$ 1,250,000.00
Miscellaneous Revenue Anticipated	A-2	3,692,901.34	4,024,840.53
Receipts from Delinquent Taxes	A-2	643,386.26	690,358.02
Receipts from Current Taxes	A-2	57,040,509.86	55,791,434.35
Non-Budget Revenues	A-2	428,942.05	78,377.31
Other Credits to Income:			
Cancellation of Payable	A-4	40,309.03	
Unexpended Balance of Appropriation Reserves	A-9	404,873.90	146,475.65
Total Income		<u>62,818,588.39</u>	<u>61,981,485.86</u>
<u>Expenditures</u>			
Budget Appropriations within Caps:			
Operations:			
Salaries and Wages		10,772,650.00	10,562,250.00
Other Expenses		6,702,504.60	6,174,525.00
Deferred Charges and Statutory Expenditures		2,391,575.00	2,272,049.00
Budget Appropriations excluded from Caps:			
Operations:			
Salaries and Wages		135,500.00	125,500.00
Other Expenses		280,721.02	250,238.84
Capital Improvements		243,000.00	676,805.91
Municipal Debt Service		1,343,128.18	1,295,414.56
Deferred Charges		905,000.00	905,000.00
	A-3	<u>22,774,078.80</u>	<u>22,261,783.31</u>
Prior Year Tax Appeals			41,125.12
Prior Year Senior Citizen Deductions Disallowed	A-5	5,014.38	8,530.14
Refund of Prior Year Revenue		13,608.84	
Interfund Advance		291,439.80	
County Taxes	A-10	9,299,023.21	9,292,831.72
Local Open Space Tax	A-11	226,443.00	225,126.00
Local District School Taxes	A-12	30,465,974.00	28,935,621.00
Total Expenditures		<u>63,075,582.03</u>	<u>60,765,017.29</u>

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

TOWNSHIP OF BARNEGAT - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-1

COMPARATIVE STATEMENT OF OPERATIONS AND

Sheet 2 of 2

CHANGE IN FUND BALANCE - REGULATORY BASIS

FOR THE YEARS ENDED DECEMEBER 31, 2015 AND 2014

	<u>Ref.</u>	<u>Year 2015</u>	<u>Year 2014</u>
Excess/(Deficit) in Revenue		\$ <u>(256,993.64)</u>	\$ <u>1,216,468.57</u>
Adjustments to Income Before Fund Balance:			
Expenditures Included Above Which are by			
Statute Deferred Charges to Budget of			
Succeeding Year		<u>415,232.60</u>	<u>1,216,468.57</u>
Statutory Excess to Fund Balance		<u>158,238.96</u>	<u>1,216,468.57</u>
Fund Balance January 1	A	<u>1,427,560.18</u>	<u>1,461,091.61</u>
		<u>1,585,799.14</u>	<u>2,677,560.18</u>
Decreased by:			
Certain Items Utilized as Anticipated Revenue:			
Fund Balance Anticipated	A-1	<u>567,665.95</u>	<u>1,250,000.00</u>
Fund Balance December 31	A	\$ <u><u>1,018,133.19</u></u>	\$ <u><u>1,427,560.18</u></u>

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

TOWNSHIP OF BARNEGAT - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-2

STATEMENT OF REVENUES - REGULATORY BASIS

Sheet 1 of 3

FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Ref.</u>	<u>Anticipated Budget</u>	<u>Special N.J.S. 40A:4-87</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
	\$	\$ 567,665.95	\$	\$ 567,665.95	\$
Fund Balance Anticipated					
<u>Miscellaneous Revenues</u>					
Licenses					
Alcoholic Beverages		21,000.00		21,816.00	816.00
Fees and Permits		250,000.00		276,799.71	26,799.71
Fines and Costs					
Municipal Court		190,000.00		196,717.61	6,717.61
Interest and Costs on Taxes		147,000.00		126,103.96	(20,896.04)
Interest on Investments and Deposits		3,000.00		4,205.64	1,205.64
Cable Television Franchise Fees		81,248.06		81,248.86	.80
Uniform Construction Code		450,000.00		613,754.00	163,754.00
State Aid:					
Consolidated Municipal Property Tax Relief		36,267.00		61,478.00	25,211.00
Energy Receipts Tax		985,221.00		960,010.00	(25,211.00)
Garden State Trust Fund		27,444.00		27,444.00	
Special Items of Revenue:					
Federal and State Revenues Off-Set with Appropriations:					
Alcohol Education and Rehabilitation Fund					
Body Armor Fund		1,296.53		1,296.53	
Bulletproof Vest Program		7,385.89	4,709.71	12,095.60	
Clean Communities Program		49,887.14	8,710.46	8,710.46	
Cops in Shops		1,400.00		49,887.14	
Driver Sober or Get Pulled Over			10,000.00	1,400.00	
Handicapped Recreation Opportunities Grant			20,000.00	10,000.00	
Municipal Alliance on Alcoholism and Drug Abuse		27,098.00		20,000.00	
Recycling Tonnage Grant		25,598.49		27,098.00	
Ocean County Recycling Program		16,034.80		25,598.49	
Ocean County Tourism Grant		1,300.00		16,034.80	
				1,300.00	

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

TOWNSHIP OF BARNEGAT - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-2

STATEMENT OF REVENUES - REGULATORY BASIS

Sheet 2 of 3

FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Ref.</u>	<u>Anticipated Budget</u>	<u>Special N.J.S. 40A:4-87</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Special Items of Revenue (Continued):					
Other Special Items:					
Township of Ocean - Administrator	A-7	52,000.00		25,000.00	(27,000.00)
Township of Ocean - UCC Inspections	A-7	100,000.00		38,750.80	(61,249.20)
Township of Ocean - Construction Official	A-7	52,000.00		54,829.27	2,829.27
Borough of Tuckerton-Vehicle Maintenance	A-7	15,000.00		1,592.50	(13,407.50)
Reserve for Debt Service	A-7	9,277.00		9,277.00	0.00
Liquidation of Federal Emergency Management Receivable	A-7	500,000.00		500,000.00	
Borough of Point Pleasant - Tax Collection	A-7	60,000.00		90,243.27	30,243.27
Federal Emergency Management Agency	A-7	700,000.00			(700,000.00)
Reserve for Storm Damage	A-7	18,750.00		18,750.00	0.00
General Capital Funded Cancelled Ordinance	A-7	250,000.00		250,000.00	0.00
General Capital Fund Balance	A-7	16,298.15		16,298.15	0.00
Open Space Trust Fund - Debt Service	A-7	38,000.00		38,000.00	0.00
Payment in Lieu of Taxes - Affordable Housing	A-7	107,000.00		107,161.55	161.55
Total Miscellaneous Revenues	A-1	4,239,506.06	43,420.17	3,692,901.34	(590,024.89)
Receipts from Delinquent Taxes	A-1,2	710,000.00		643,386.26	(66,613.74)
Subtotal General Revenues		5,517,172.01	43,420.17	4,903,953.55	(656,638.63)
Amount to be Raised by Taxes for Support of Municipal Budget	A-2	17,727,529.48		17,958,745.29	231,215.81
Total General Revenues		23,244,701.49	43,420.17	22,862,698.84	(425,422.82)
Non-Budget Revenues	A-2,4			428,942.05	428,942.05
		\$ 23,244,701.49	\$ 43,420.17	\$ 23,291,640.89	\$ 3,519.23
Ref.		A-3	A-3		

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

TOWNSHIP OF BARNEGAT - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-2

STATEMENT OF REVENUES - REGULATORY BASIS

Sheet 3 of 3

FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Ref.</u>	
<u>Analysis of Realized Revenues</u>		
Allocation of Current Tax Collections:		
Revenue from Collections	A-1,5	\$ 57,040,509.86
Allocated to:		
School, County Taxes and Municipal Open Space	A-10,11,12	39,991,440.21
Balance for Support of Municipal Budget		
Appropriations		17,049,069.65
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	909,675.64
Amount for Support of Municipal Budget		
Appropriations	A-2	\$ 17,958,745.29
Receipts from Delinquent Taxes:		
Delinquent Tax Collections	A-5	\$ 640,270.51
Tax Title Lien Collections	A-6	3,115.75
	A-2	\$ 643,386.26
<u>Analysis of Non-Budget Revenue</u>		
Miscellaneous Revenue not Anticipated:		
Tax Collector		26,786.85
Weed Removal		721.61
Township Rentals & Leases		19,340.75
Sandy Insurance Proceeds		336,843.24
NJ Fish and Wildlife		3,550.00
NJ DMV Inspection Fines		1,050.00
Senior and Vet Administration Fee		7,396.16
Insurance Reimbursements-Scibal		7,108.84
Miscellaneous		26,144.60
	A-1,2	\$ 428,942.05

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

TOWNSHIP OF BARNEGAT - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-3
Sheet 1 of 8

STATEMENT OF EXPENDITURES - REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2015

	Appropriated		Expended		Unexpended Balance Cancelled	Over- Expended
	Budget	Budget After Modification	Paid or Charged	Reserved		
<u>OPERATIONS WITHIN CAPS</u>						
<u>General Government Functions</u>						
Administrative and Executive						
Salaries and Wages:	\$	\$	\$	\$	\$	\$
Administrative and Executive	105,000.00	117,000.00	116,666.41	333.59		
Planning and Zoning	96,000.00	89,950.00	84,682.94	5,267.06		
Construction/Code Enforcement	30,000.00	43,400.00	35,111.36	8,288.64		
Contractual Compensation Buyback	685,000.00	689,065.00	689,063.27	1.73		
Other Expenses	28,500.00	27,500.00	27,219.35	280.65		
Mayor and Committee						
Salaries and Wages	13,000.00	13,000.00	12,798.37	201.63		
Municipal Clerk's Office						
Salaries and Wages	140,000.00	135,000.00	131,738.62	3,261.38		
Other Expenses	43,150.00	36,150.00	30,630.75	5,519.25		
Financial Administration						
Salaries and Wages	133,000.00	149,000.00	147,082.38	1,917.62		
Other Expenses	88,400.00	84,900.00	77,037.50	7,862.50		
Audit Services						
Other Expenses	60,000.00	53,000.00	51,300.00	1,700.00		
Assessment of Taxes						
Salaries and Wages	218,000.00	225,050.00	225,001.39	48.61		
Other Expenses	14,190.00	12,690.00	11,381.33	1,308.67		
Economic Development						
Salaries and Wages	400.00	400.00	150.00	250.00		
Other Expenses	200.00	200.00		200.00		
Collection of Taxes						
Salaries and Wages	61,500.00	62,150.00	59,043.46	3,106.54		
Other Expenses	44,100.00	41,900.00	38,362.21	3,537.79		
Legal Services and Costs						
Other Expenses	250,000.00	225,000.00	221,619.31	3,380.69		

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

TOWNSHIP OF BARNEGAT - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-3
Sheet 2 of 8

STATEMENT OF EXPENDITURES - REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2015

	Appropriated		Expended		Unexpended Balance Cancelled	Over- Expended
	Budget	Budget After Modification	Paid or Charged	Reserved		
\$	250.00	\$ 250.00	\$	250.00	\$	\$
Historic Preservation						
Salaries and Wages						
Engineering Services and Costs						
Other Expenses	180,000.00	186,000.00	185,169.79	830.21		
<u>Land Use Administration</u>						
Planning Board						
Other Expenses	16,000.00	16,000.00	12,962.70	3,037.30		
Zoning Board of Adjustment						
Other Expenses	8,800.00	8,800.00	4,671.85	4,128.15		
Rent Leveling Board						
Salaries and Wages	200.00	200.00		200.00		
Other Expenses	1,000.00					
<u>Insurance</u>						
General Liability	162,500.00	162,500.00	161,857.70	642.30		
Workers' Compensation	287,000.00	287,000.00	286,572.70	427.30		
Employee Group Insurance	1,354,557.00	1,374,557.00	1,789,789.60			
Health Benefit Waiver Costs	50,000.00	66,500.00	53,750.10	12,749.90		415,232.60
<u>Public Safety Functions</u>						
Homeland Security						
Emergency Management						
Other Expenses	900.00	900.00	393.15	506.85		
Police Salaries and Wages	245,000.00	211,500.00	210,551.31	948.69		
Police Department						
Salaries and Wages	6,343,000.00	6,021,435.00	6,012,564.04	8,870.96		
Other Expenses	290,000.00	290,000.00	278,935.25	11,064.75		
Police Dispatch						
Salaries and Wages	655,000.00	692,000.00	685,853.37	6,146.63		
Municipal Court						
Salaries and Wages	233,000.00	246,200.00	243,904.80	2,295.20		
Other Expenses	14,900.00	14,900.00	12,668.39	2,231.61		

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

TOWNSHIP OF BARNEGAT - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-3
Sheet 3 of 8

STATEMENT OF EXPENDITURES - REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2015

	Appropriated		Expended		Unexpended Balance Cancelled	Over- Expended
	Budget	Budget After Modification	Paid or Charged	Reserved		
\$	\$	\$	\$	\$	\$	\$
Aid to Volunteer Fire Companies	40,400.00	40,400.00	40,400.00			
Barnegat Fire Company No. 1						
Fire Services Program						
Other Expenses	3,800.00	3,800.00	3,800.00			
Aid to Volunteer Ambulance Companies	22,000.00	22,000.00	22,000.00			
Occupational Safety and Health Act						
Other Expenses	18,000.00	18,000.00	11,903.05	6,096.95		
Municipal Prosecutor						
Other Expenses	25,000.00	25,000.00	23,600.00	1,400.00		
Public Defender						
Other Expenses	2,500.00	2,500.00		2,500.00		
Public Works Functions						
Streets and Roads Maintenance						
Salaries and Wages	290,000.00	331,050.00	325,000.00	6,050.00		
Other Expenses	215,100.00	235,100.00	210,778.86	24,321.14		
Vehicle Maintenance						
Salaries and Wages	148,000.00	175,800.00	172,339.73	3,460.27		
Other Expenses	181,500.00	181,500.00	173,732.29	7,767.71		
Solid Waste Collection						
Salaries and Wages	140,000.00	148,000.00	148,000.00			
Other Expenses	115,600.00	144,600.00	143,557.91	1,042.09		
Contractual	600,000.00	625,000.00	624,640.35	359.65		
Buildings and Grounds						
Salaries and Wages	218,000.00	243,000.00	243,000.00			
Other Expenses	116,000.00	141,000.00	130,959.19	10,040.81		
Shade Tree Commission						
Other Expenses	4,175.00	4,175.00	4,175.00			
Condominium Services Act						
Other Expenses	190,000.00	150,000.00	132,379.00	17,621.00		

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

TOWNSHIP OF BARNEGAT - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-3
Sheet 4 of 8

STATEMENT OF EXPENDITURES - REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2015

	Appropriated		Budget After Modification	Paid or Charged	Expended		Unexpended Balance Cancelled	Over- Expended
	Budget					Reserved		
<u>Health and Human Services</u>								
Environmental Services								
Salaries and Wages	\$ 400.00	\$	400.00	\$	\$	400.00	\$	\$
Other Expenses	200.00		300.00		290.00	10.00		
Animal Control Services								
Salaries and Wages	8,500.00		8,500.00		8,500.00			
Other Expenses	40,000.00		40,000.00		35,546.84	4,453.16		
Aid to Health Care Facility								
Other Expenses	500.00		500.00			500.00		
<u>Park and Recreation Functions</u>								
Recreation								
Salaries and Wages	298,000.00		323,000.00		321,461.96	1,538.04		
Other Expenses	88,850.00		84,850.00		84,512.41	337.59		
Docks and Beaches								
Salaries and Wages	50,000.00		50,000.00		50,000.00			
Other Expenses	4,500.00		4,500.00		4,202.91	297.09		
Aid to Museums (40:23-6.2)								
Cox House Museum	250.00		250.00			250.00		
Salaries and Wages	300.00		300.00			300.00		
Other Expenses								
<u>Other Common Operating Functions</u>								
Celebration of Public Events								
Other Expenses	30,400.00		30,400.00		29,574.10	825.90		
Accumulated Leave Compensation								
Salaries and Wages	105,000.00		125,500.00		125,000.00	500.00		
<u>Uniform Construction Code - Appropriations Offset by Dedicated Revenues (N.J.A.C. 5:23-4.17)</u>								
Construction Official								
Salaries and Wages	616,000.00		671,500.00		662,274.41	9,225.59		
Other Expenses	276,400.00		276,400.00		275,826.07	573.93		

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

TOWNSHIP OF BARNEGAT - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-3
Sheet 5 of 8

STATEMENT OF EXPENDITURES - REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balance Cancelled</u>	<u>Over- Expended</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>		
<u>Unclassified</u>						
Utilities:						
Gasoline	\$ 220,000.00	\$ 190,000.00	\$ 156,013.33	\$ 33,986.67	\$	
Electricity	85,000.00	108,500.00	77,871.84	30,628.16		
Telephone and Telegraph	58,000.00	58,000.00	51,620.08	6,379.92		
Natural Gas	37,000.00	37,000.00	35,816.06	1,183.94		
Street Lighting	360,000.00	340,000.00	289,577.93	50,422.07		
Landfill Disposal Costs	620,000.00	635,000.00	575,618.19	59,381.81		
Total Operations within Caps	<u>17,081,922.00</u>	<u>17,059,922.00</u>	<u>17,092,504.91</u>	<u>382,649.69</u>		<u>415,232.60</u>
Detail:						
Salaries and Wages	10,832,550.00	10,772,650.00	10,709,787.82	62,862.18		415,232.60
Other Expenses	6,249,372.00	6,287,272.00	6,382,717.09	319,787.51		
<u>Statutory Expenditures</u>						
Contribution to:						
Public Employee Retirement System	463,000.00	463,000.00	461,757.45	1,242.55		
Social Security System	672,000.00	684,000.00	684,000.00			
Police and Firemen's Retirement System of NJ	1,206,475.00	1,206,475.00	1,206,459.00	16.00		
Unemployment Compensation Insurance	38,000.00	38,000.00	37,907.39	92.61		
Defined Contribution Benefit Plan (DCRP)	100.00	100.00		100.00		
Total Statutory Expenditures within Caps	<u>2,379,575.00</u>	<u>2,391,575.00</u>	<u>2,390,123.84</u>	<u>1,451.16</u>		
Total Appropriations within Caps	<u>19,461,497.00</u>	<u>19,451,497.00</u>	<u>19,482,628.75</u>	<u>384,100.85</u>		<u>415,232.60</u>
<u>OPERATIONS EXCLUDED FROM CAPS</u>						
LOSAP	47,000.00	47,000.00		47,000.00		
Recycling Tax						
Other Expenses	40,000.00	40,000.00	40,000.00			

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

TOWNSHIP OF BARNEGAT - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-3
Sheet 6 of 8

STATEMENT OF EXPENDITURES - REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balance Cancelled</u>	<u>Over- Expended</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>		
Shared Service Agreements:						
Township of Ocean - Construction Code						
Salaries and Wages	\$ 55,000.00	\$ 55,000.00	\$ 40,971.35	\$ 14,028.65	\$	\$
Township of Ocean - Recreation Director						
Salaries and Wages	50,000.00	56,000.00	42,308.16	13,691.84		
Township of Ocean - Administrator						
Salaries and Wages	12,500.00	12,500.00	12,500.00			
Township of Ocean - Tax Collector						
Salaries and Wages	15,000.00	15,000.00	15,000.00			
Borough of Point Pleasant - Tax Collector						
Salaries and Wages	12,000.00	12,000.00	12,000.00			
Body Armor Replacement Fund	7,385.89	12,095.60	12,095.60			
Bulletproof Vest Program		8,710.46	8,710.46			
Driver Sober or Get Pulled Over		10,000.00	10,000.00			
Alcohol Education and Rehabilitation Program	1,296.53	1,296.53	1,296.53			
Handicapped Recreation Opportunities Grant						
Grant Share		20,000.00	20,000.00			
Local Share		4,000.00	4,000.00			
Clean Communities Program	49,887.14	49,887.14	49,887.14			
Ocean County Tourism Grant						
Grant Share	1,300.00	1,300.00	1,300.00			
Local Share	1,300.00	1,300.00	1,300.00			
Cops in Shops	1,400.00	1,400.00	1,400.00			
Ocean County Recycling Program	16,034.80	16,034.80	16,034.80			
Municipal Alliance	27,098.00	27,098.00	27,098.00			
Recycling Tonnage Grant	25,598.49	25,598.49	25,598.49			
Total Operations excluded from Caps	362,800.85	416,221.02	341,500.55	74,720.49		
Detail:						
Salaries and Wages	129,500.00	135,500.00	107,779.51	27,720.49		
Other Expenses	233,300.85	280,721.02	233,721.02	47,000.00		

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

TOWNSHIP OF BARNEGAT - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-3
Sheet 7 of 8

STATEMENT OF EXPENDITURES - REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2015

	Appropriated		Expended		Unexpended Balance Cancelled	Over- Expended
		Budget After Modification	Paid or Charged	Reserved		
<u>CAPITAL IMPROVEMENTS EXCLUDED</u>						
<u>FROM CAPS</u>						
Capital Improvement Fund	\$ 243,000.00	\$ 243,000.00	\$ 243,000.00		\$	
Total Capital Improvements excluded from Caps	243,000.00	243,000.00	243,000.00			
<u>MUNICIPAL DEBT SERVICE EXCLUDED</u>						
<u>FROM CAPS</u>						
Payment of Bond Principal	838,000.00	838,000.00	838,000.00			
Payment of Bond Anticipation Note and Capital Notes	279,763.00	279,763.00	274,767.00		4,996.00	
Interest on Bonds	103,265.00	103,265.00	97,878.27		5,386.73	
Interest on Notes	103,700.00	103,700.00	94,556.79		9,143.21	
Green Trust Loan Program						
Loan Payments for Principal and Interest	38,000.00	38,000.00	37,926.12		73.88	
Total Municipal Debt Service excluded from Caps	1,362,728.00	1,362,728.00	1,343,128.18		19,599.82	
<u>DEFERRED CHARGES EXCLUDED FROM CAPS</u>						
Special Emergency Authorizations - 5 Years (N.J.S. 40A:4-55)	905,000.00	905,000.00	905,000.00			
Total General Appropriations excluded from Caps	2,873,528.85	2,926,949.02	2,832,628.71	74,720.49	19,599.82	
Subtotal General Appropriations Reserve for Uncollected Taxes	22,335,025.85	22,378,446.02	22,315,257.46	458,821.34	19,599.82	415,232.60
	909,675.64	909,675.64	909,675.64			
Total General Appropriations	\$ 23,244,701.49	\$ 23,288,121.66	\$ 23,224,933.10	\$ 458,821.34	\$ 19,599.82	\$ 415,232.60
Ref.		A-1,3	A-3	A	A-1	A, A-1

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

BOROUGH OF BARNEGAT - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 8 of 8

FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Ref.</u>	<u>Budget After Modification</u>
Budget	A-2	\$ 23,244,701.49
Appropriation by 40A:4-87	A-2	43,420.17
	A-3	<u>\$ 23,288,121.66</u>
	<u>Ref.</u>	<u>Paid or Charged</u>
Reserve for:		
Encumbrances	A	\$ 230,762.65
Uncollected Taxes	A-2	909,675.64
Disbursements	A-4	21,000,773.79
Deferred Charges Raised:		
Special Emergency Appropriations	A-8	905,000.00
Interfund - Grant Fund	A-15	<u>178,721.02</u>
	A-3	<u>\$ 23,224,933.10</u>

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

TOWNSHIP OF BARNEGAT - COUNTY OF OCEAN

TRUST FUNDS

Exhibit B

COMPARATIVE STATEMENT OF ASSETS, LIABILITIES,

RESERVES AND FUND BALANCE - REGULATORY BASIS

DECEMBER 31, 2015 AND 2014

	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
<u>Assets</u>			
<u>Animal Control Trust Fund</u>			
Cash	B-1	\$ <u>3,755.59</u>	\$ <u>6,864.12</u>
<u>Other Trust</u>			
Cash	B-1	4,427,793.15	3,515,123.61
Interfund- Due from Water Sewer Operating		125,000.00	
Interfund - Due from Current Fund	B-4	397,098.92	207,402.36
Outside Police Receivable		696.56	
Due from County of Ocean - Community Development Block Grant	B-6	<u>10,758.70</u>	<u>14,591.30</u>
		<u>4,961,347.33</u>	<u>3,737,117.27</u>
<u>Length of Service Awards Program Fund</u>			
<u>(LOSAP) - Unaudited</u>			
Funds Held by Trustee		<u>465,514.97</u>	<u>526,615.06</u>
		<u>\$ 5,430,617.89</u>	<u>\$ 4,270,596.45</u>
<u>Liabilities and Reserves</u>			
<u>Animal Control Trust Fund</u>			
Due State of New Jersey	B-2	\$ 1.20	\$ 1.20
Reserve for Animal Control Fund Expenditures	B-3	<u>3,754.39</u>	<u>6,862.92</u>
		<u>3,755.59</u>	<u>6,864.12</u>
<u>Other Trust</u>			
Miscellaneous Reserves	B-5	<u>4,961,347.33</u>	<u>3,737,117.27</u>
<u>Length of Service Awards Program Fund</u>			
<u>(LOSAP) - Unaudited</u>			
Reserve for Length of Service Awards Program (LOSAP)		<u>465,514.97</u>	<u>526,615.06</u>
		<u>\$ 5,430,617.89</u>	<u>\$ 4,270,596.45</u>

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

TOWNSHIP OF BARNEGAT - COUNTY OF OCEAN

BALANCE SHEET - GENERAL CAPITAL FUND

Exhibit C

REGULATORY BASIS

DECEMBER 31, 2015 AND 2014

	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
<u>Assets</u>			
Cash	C-2	\$ 5,505,939.38	\$ 803,731.82
Grants Receivable		50,492.97	50,492.97
Deferred Charges to Future Taxation:			
Funded	C-4	2,562,473.81	3,434,637.86
Unfunded	C-5	11,449,382.07	6,476,545.07
Interfunds:			
Current Fund	A, C-6		13,554.60
		<u>\$ 19,568,288.23</u>	<u>\$ 10,778,962.32</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Improvement Authorizations:			
Funded	C-7	\$ 284,503.15	\$ 879,076.46
Unfunded	C-7	4,898,269.16	16,623.09
Reserve for Encumbrances	C-7	443,350.90	17,485.76
Bond Anticipation Notes	C-10	11,287,614.00	6,314,777.00
Serial Bonds	C-8	2,465,000.00	3,303,000.00
Green Trust Loan Payable	C-9	162,437.81	196,601.86
Due to Current Fund		357.62	
Capital Improvement Fund	C-3	600.00	35,100.00
Fund Balance	C-1	<u>26,155.59</u>	<u>16,298.15</u>
		<u>\$ 19,568,288.23</u>	<u>\$ 10,778,962.32</u>

There were bonds and notes authorized but not issued on December 31, 2015 of \$161,768.07 (Schedule C-11).

STATEMENT OF FUND BALANCE

REGULATORY BASIS

Exhibit C-1

	<u>Ref.</u>	
Balance December 31, 2014	C	\$ 16,298.15
Increased by:		
Premiums on Note Sale	C-2	<u>26,155.59</u>
		42,453.74
Decreased by:		
Utilized as Current Fund Revenue	C-2	<u>16,298.15</u>
Balance December 31, 2015	C	<u>\$ 26,155.59</u>

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

TOWNSHIP OF BARNEGAT - COUNTY OF OCEAN

BALANCE SHEET - WATER-SEWER UTILITY FUND

Exhibit D

REGULATORY BASIS

Sheet 1 of 2

DECEMBER 31, 2015 AND 2014

	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
<u>Assets</u>			
Operating Fund:			
Cash	D-5	\$ 187,089.17	\$ 211,486.84
Cash - Change Fund		200.00	200.00
Interfunds:			
Current Fund	D-12		28,986.33
Water-Sewer Utility Capital Fund	D-12	334,708.48	51,167.49
		<u>521,997.65</u>	<u>291,840.66</u>
Receivables with Full Reserves:			
Pinelands Commission - Escrow Reimbursement		190,000.00	190,000.00
Consumer Accounts Receivable	D-7	372,707.98	273,904.56
		<u>562,707.98</u>	<u>463,904.56</u>
Deferred Charges			
Overexpenditure of Appropriations	D-3	288,134.84	
Total Operating Fund		<u>1,372,840.47</u>	<u>755,745.22</u>
Capital Fund:			
Cash	D-5	460,994.97	7,668.44
Fixed Capital	D-8	17,819,520.54	17,819,520.54
Fixed Capital Authorized and Uncompleted	D-9	7,028,722.39	6,578,722.39
Due from NJEIT		33,934.00	
Interfund - Current Fund	D-13		7,410.00
Total Capital Fund		<u>25,343,171.90</u>	<u>24,413,321.37</u>
		<u>\$ 26,716,012.37</u>	<u>\$ 25,169,066.59</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Operating Fund:			
Appropriation Reserves	D-4,10	\$ 7,434.09	\$ 25,774.12
Reserve for:			
Encumbrances	D-4,10	34,691.78	18,622.51
Software Upgrades		2,500.00	2,500.00
Water-Sewer Connection Fees	D-3,5	51.75	84,251.75
Due to Trust Fund Other		125,000.00	
Due to Current Fund		284,049.73	
Utility Overpayments	D-5,7	60,467.79	62,809.66
Accrued Interest on Bonds, Loans and Notes	D-11	64,663.32	51,498.00
		<u>578,858.46</u>	<u>245,456.04</u>
Reserve for Receivables		562,707.98	463,904.56
Operating Fund Balance	D-1	231,274.03	46,384.62
Total Operating Fund		<u>1,372,840.47</u>	<u>755,745.22</u>

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

TOWNSHIP OF BARNEGAT - COUNTY OF OCEAN

BALANCE SHEET - WATER-SEWER UTILITY FUND

Exhibit D

REGULATORY BASIS

Sheet 2 of 2

DECEMBER 31, 2015 AND 2014

<u>Liabilities, Reserves and Fund Balance (Continued)</u>	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
Capital Fund:			
Interfunds:			
Water-Sewer Utility Operating Fund	D-13	\$ 334,708.48	\$ 51,167.49
Improvement Authorizations:			
Funded	D-14	380,639.10	34,441.39
Unfunded	D-14	2,374,439.20	2,991,524.37
Reserve for Encumbrances	D-14	261,904.00	424,669.00
Reserve for Amortization	D-15	13,356,776.17	12,825,555.44
Reserve for Deferred Amortization	D-16	2,002,462.13	2,002,462.13
Serial Bonds	D-17	1,300,000.00	1,632,000.00
Bond Anticipation Notes	D-18	2,117,210.00	1,263,740.00
Pinelands Infrastructure Loan	D-19	249,145.36	284,216.26
NJ Environmental Infrastructure Trust Loan	D-20	809,469.59	708,124.07
USDA Loan	D-21	2,124,404.40	2,163,407.75
Capital Improvement Fund	D-6	875.00	875.00
Fund Balance	D-2	31,138.47	31,138.47
Total Capital Fund		<u>25,343,171.90</u>	<u>24,413,321.37</u>
		\$ <u>26,716,012.37</u>	\$ <u>25,169,066.59</u>

There were bonds and notes authorized but not issued on December 31, 2015 of \$2,888,775.28 (Schedule D-22) and \$3,518,737.88 on December 31, 2014.

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

TOWNSHIP OF BARNEGAT - COUNTY OF OCEAN

WATER-SEWER UTILITY OPERATING FUND

Exhibit D-1

STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE

REGULATORY BASIS

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>Ref.</u>	<u>Year 2015</u>	<u>Year 2014</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized	D-3	\$ 46,000.00	\$ 21,500.00
Water-Sewer Rents	D-3	4,697,810.93	4,728,801.95
Miscellaneous Revenue Anticipated	D-3	152,478.91	57,396.25
Reserve for Connection Fees	D-3	84,200.00	60,000.00
Other Credits to Income:			
Refund of Prior Year Expense		38,744.16	
Unexpended Balance of Appropriation Reserves	D-10	8,214.21	17,051.98
Cancellation of Accrued Interest			13,930.81
Total Income		<u>5,027,448.21</u>	<u>4,898,680.99</u>
<u>Expenditures</u>			
Operating	D-4	4,279,240.84	4,040,000.00
Debt Service	D-4	716,315.91	723,164.95
Deferred Charges and Statutory Expenditures	D-4	86,130.00	84,000.00
Refunds	D-5	3,006.87	5,226.91
Total Expenditures		<u>5,084,693.62</u>	<u>4,852,391.86</u>
Excess(Deficit) in Revenue		(57,245.41)	46,289.13
Overexpenditure to be Raised in Budget of Succeeding Year	D	288,134.84	
Fund Balance January 1	D	<u>46,384.62</u>	<u>21,595.49</u>
		<u>46,384.62</u>	<u>67,884.62</u>
Decreased by:			
Utilization by Utility Operating Budget	D-1	<u>46,000.00</u>	<u>21,500.00</u>
		<u>46,000.00</u>	<u>21,500.00</u>
Fund Balance December 31	D	<u>\$ 231,274.03</u>	<u>\$ 46,384.62</u>

STATEMENT OF WATER-SEWER UTILITY CAPITAL FUND BALANCE

REGULATORY BASIS

Exhibit D-2

	<u>Ref.</u>	
Balance December 31, 2014	D	\$ 31,138.47
Increased by:		
None	D-5	\$ <u> </u>
Balance December 31, 2015	D	<u>\$ 31,138.47</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

TOWNSHIP OF BARNEGAT - COUNTY OF OCEAN

WATER-SEWER UTILITY OPERATING FUND

Exhibit D-3

STATEMENT OF REVENUES - REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER, 2015

	<u>Ref.</u>	<u>Anticipated Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance Anticipated		\$ <u>46,000.00</u>	\$ <u>46,000.00</u>	\$ <u></u>
Other Anticipated Revenues:				
User Fees	D-7	4,647,000.00	4,697,810.93	50,810.93
Miscellaneous	D-5	37,212.00	152,478.91	115,266.91
Reserve for Connection Fees	D	84,200.00	84,200.00	0.00
		<u>4,768,412.00</u>	<u>4,934,489.84</u>	<u>166,077.84</u>
		\$ <u>4,814,412.00</u>	\$ <u>4,980,489.84</u>	\$ <u>166,077.84</u>
	<u>Ref.</u>	D-4		

Analysis of Other Anticipated Revenues

Connection Fees	\$ 73,776.23
Interest on Delinquent Users	34,915.98
Interest Earned	335.24
Miscellaneous	<u>43,451.46</u>
	\$ <u>152,478.91</u>

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

TOWNSHIP OF BARNEGAT - COUNTY OF OCEAN

WATER-SEWER OPERATING UTILITY FUND

Exhibit D-4

STATEMENT OF EXPENDITURES - REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2015

	Appropriated		Expended		Unexpended Balance Cancelled	Over- expended
	Budget	Budget After Modification	Paid or Charged	Reserved		
Operating:						
Salaries and Wages	\$ 1,091,106.00	\$ 1,091,106.00	\$ 1,088,204.16	\$ 2,901.84	\$	\$ 288,134.84
Other Expenses	2,900,000.00	2,900,000.00	3,188,134.84			
Debt Service:						
Payment of Bond Principal	332,000.00	332,000.00	332,000.00			
Payment of Bond Anticipation Notes	42,530.00	42,530.00	21,830.00		20,700.00	
Interest on Bonds	50,479.00	50,479.00	50,479.00			
Interest on Notes	16,045.00	21,915.00	21,914.18		.82	
U.S.D.A. Loan - Principal	39,100.00	39,100.00	39,003.35		96.65	
U.S.D.A. Loan - Interest	92,102.00	92,102.00	92,102.00			
NJ Environmental Infrastructure Trust Loan - Principal	103,350.00	103,350.00	103,316.48		33.52	
NJ Environmental Infrastructure Trust Loan - Interest	13,500.00	13,500.00	13,500.00			
Pinelands Infrastructure Loan - Principal	35,100.00	35,100.00	35,070.90		29.10	
Pinelands Infrastructure Loan - Interest	7,100.00	7,100.00	7,100.00			
Statutory Expenditures:						
Contribution to:						
Social Security System	88,000.00	82,130.00	77,597.75	4,532.25		
Unemployment Compensation Insurance	4,000.00	4,000.00	4,000.00			
	\$ 4,814,412.00	\$ 4,814,412.00	\$ 5,074,252.66	\$ 7,434.09	\$ 20,860.09	\$ 288,134.84
Ref.		D-1,3		D	D-1	
Reserve for Encumbrances			\$ 34,691.78			
Disbursements			4,854,465.70			
Accrued Interest on Bonds, Loans and Notes			185,095.18			
			\$ 5,074,252.66			

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

TOWNSHIP OF BARNEGAT - COUNTY OF OCEAN

PAYROLL FUND

Exhibit G

COMPARATIVE STATEMENT OF ASSETS AND LIABILITIES

REGULATORY BASIS

DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
<u>Assets</u>		
Cash	\$ 57,497.73	\$ 3,596.29
Interfund Receivable		6,825.20
	<u>57,497.73</u>	<u>\$ 10,421.49</u>
<u>Liabilities</u>		
Interfund Payable	\$ 7,032.45	
Payroll Deductions Payable	<u>50,465.28</u>	<u>\$ 10,421.49</u>
	<u>\$ 57,497.73</u>	<u>\$ 10,421.49</u>

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

TOWNSHIP OF BARNEGAT - COUNTY OF OCEAN

GENERAL FIXED ASSETS ACCOUNT GROUP

Exhibit H

COMPARATIVE STATEMENT OF ASSETS AND LIABILITIES

REGULATORY BASIS

DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
<u>Assets</u>		
General Fixed Assets:		
Land	\$ 1,778,000.00	\$ 1,757,900.00
Building	4,253,703.01	4,193,000.00
Furniture, Fixtures and Equipment	<u>11,232,444.60</u>	<u>11,039,194.97</u>
	<u>\$ 17,264,147.61</u>	<u>\$ 16,990,094.97</u>
<u>Liabilities</u>		
Investment in General Fixed Assets	<u>\$ 17,264,147.61</u>	<u>\$ 16,990,094.97</u>

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

**TOWNSHIP OF BARNEGAT
COUNTY OF OCEAN**

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

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TOWNSHIP OF BARNEGAT - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The financial statements of the Township of Barnegat, County of Ocean, New Jersey (the "Township"), include every board, body, office or commission supported and maintained wholly or in part by funds appropriated by the Township as required by N.J.S. 40A:5-5. The financial statements of the Township do not include the operations of the Board of Education, first aid organization or volunteer fire companies which are subject to separate audits.

The Governmental Accounting Standards Board ("GASB") Statement 14, as amended by GASB Statements 39 and 61, established criteria to be used to determine which component units should be included in the financial statements of the oversight entity. The criteria differ from the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") requirements where certain boards, commissions, and agencies of the Township, by statute or other directive, report separately on their financial statements. The Township had no component units in 2015.

B. Descriptions of Funds

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

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

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

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

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Description of Funds (Continued)

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

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

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

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

C. Basis of Accounting

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

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

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

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

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

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Deferred Charges - the regulatory basis of accounting utilized by the Township requires that certain expenditures be deferred, and raised as items of appropriation in budgets of succeeding years. These deferred charges include the two general categories, overexpenditures and emergency appropriations. Overexpenditures occur when expenditures recorded as "paid or charged" exceed available appropriation balances. Emergency appropriations occur when, subsequent to the adoption of a balanced budget, the governing body authorizes the establishment of additional appropriations based on unforeseen circumstances or for other special purposes as defined by statute. Overexpenditures and emergency appropriations are deducted from total expenditures in the calculation of operating results and are established as assets for Deferred Charges on the respective balance sheets. GAAP does not permit the deferral of overexpenditures to succeeding budgets. In addition, GAAP does not recognize expenditures based on the authorization of an appropriation. Instead, the authorization of special purpose expenditures, such as the preparation of tax maps or revaluation of assessable real property, would represent the designation of fund balance. The status of deferred charges at December 31, 2015 is set forth in Note 9.

Compensated Absences - expenditures relating to obligations for unused vested accumulated vacation and sick pay are not recorded until paid. GAAP requires that the amount which would normally be liquidated with expendable available financial resources be recorded as an expenditure in the Current Fund and the remaining obligations be recorded as a long-term obligation. The expenditures in the Water-Sewer Utility Operating Fund would be on a full accrual basis. The compensated absence liability at December 31, 2015 is set forth in Note 4.

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

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

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

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

General Fixed Assets (Continued)

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

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

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

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

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

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

Utility Fixed Assets - Accounting for utility fund “fixed capital” remains unchanged.

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

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

During 2015 and 2014 the following changes occurred in the fixed assets of the Township:

	<u>Balance</u> <u>Jan. 1, 2015</u>	<u>Increase</u> <u>(Net)</u>	<u>Balance</u> <u>Dec. 31, 2015</u>
General Fixed Assets Account Group:			
Land	\$ 1,757,900	\$ 20,100	\$ 1,778,000
Buildings	4,193,000	60,703	4,253,703
Furniture, Fixtures and Equipment	11,039,195	193,250	11,232,445
Water-Sewer Utility Fund:			
Fixed Capital	17,819,521		17,819,521
Fixed Capital Authorized and Uncompleted	<u>6,578,722</u>	<u>450,000</u>	<u>7,028,722</u>
	\$ <u>41,388,338</u>	\$ <u>724,053</u>	\$ <u>42,112,391</u>

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Utility Fixed Assets (Continued)

	<u>Balance</u> <u>Jan. 1, 2014</u>	<u>Increase</u> <u>(Net)</u>	<u>Balance</u> <u>Dec. 31, 2014</u>
General Fixed Assets Account Group:			
Land	\$ 1,757,900	\$	\$ 1,757,900
Buildings	4,193,000		4,193,000
Furniture, Fixtures and Equipment	10,676,744	362,451	11,039,195
Water-Sewer Utility Fund:			
Fixed Capital	17,819,521		17,819,521
Fixed Capital Authorized and Uncompleted	<u>5,018,722</u>	<u>1,560,000</u>	<u>6,578,722</u>
	\$ <u>39,465,887</u>	\$ <u>1,922,451</u>	\$ <u>41,388,338</u>

D. Financial Statements

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

E. Budgets and Budgetary Accounting

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

F. Subsequent Events

The Township has evaluated subsequent events through June 20, 2016, the date the financial statements were made available to be issued.

G. Impact of Recently Issued Accounting Principles

Adopted Accounting Pronouncements

For the year ended December 31, 2015, the Township implemented GASB Statement No. 68 *Accounting and Financial Reporting for Pensions* – (Amendment to GASB Statement No. 27). The implementation of the Statement requires the Township to disclose its portion of the collective net pension liability of the New Jersey Public Employees' Retirement System (PERS) and the New Jersey Police Firemen's Retirement System (PFRS).

NOTE 2. CASH AND CASH EQUIVALENTS

A. Deposits

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

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

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

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

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

At year-end the carrying amount of the Township's deposits was \$12,604,654 and the bank balance amount was \$12,734,021. Of this amount \$250,000 was covered by federal depository insurance and a collateral pool under New Jersey’s Governmental Unit Deposit Protection Act covered \$9,325,959. An amount of \$3,157,680 was on deposit in the name of various developers for escrow and is insured by federal depository insurance or uninsured depending on the deposits of the individual developer in the depository. The remaining \$382 was the carrying value of the Township’s investment in the New Jersey Cash Management Fund.

B. Investments

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

- (1) Bonds or other obligations of the United States or obligations guaranteed by the United States.
- (2) Government money market mutual funds.
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor.
- (4) Bonds or other obligations of the Township, or bonds or other obligations of school districts of which the Township is a part or within which the school district is located.

NOTE 2. CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments (Continued)

- a. (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investments, New Jersey Department of the Treasury.
- (6) Municipal investment pools.
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c. 281; or
- (8) Agreements for the repurchase of fully collateralized securities, if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this section;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41);
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

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

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

The State of New Jersey Cash Management Fund is authorized by statute and regulations of the State Investment Council to invest in fixed income and debt securities which mature within one year. Collateralization of Fund investments is generally not required. "Other Than State" participants contribute up to one twentieth of one percent per year of the value of the aggregate units owned by them to establish a Reserve Fund, which is supplemented by the proportional interest of "Other Than State" participants in gains on investment transactions realized. The Reserve Fund is available to cover losses of "Other Than State" participants occasioned by the bankruptcy of an issuer of an investment held by the Fund and losses on sales of securities.

At year-end, the carrying value of the Township's investment in the New Jersey Cash Management Fund was \$382.

NOTE 2. CASH AND CASH EQUIVALENTS (CONTINUED)

C. Cash Management Plan

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

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

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

D. Credit Risk Categories

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

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>2015</u>	<u>2014</u>
Insured:		
FDIC	\$ 250,000	\$ 250,000
GUDPA	9,325,959	5,321,954
Uninsured	382	382
Various Escrows	<u>3,157,680</u>	<u>2,836,969</u>
	<u>\$12,734,021</u>	<u>\$ 8,409,305</u>

Custodial Credit Risk - Deposits

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

State law limits investments as noted above.

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

NOTE 3. DEBT

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

A. Long-Term Debt

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

General Capital Fund

3.00% to 4.00% General Improvement Refunding Bonds issued for \$2,465,000 on 15, 2015, installment maturities to May 15, 2020	\$ 2,465,000
	<hr/>
	\$ <u>2,465,000</u>

The bonds mature serially in installments to the year 2020. Debt service requirements during the next six fiscal years are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2016	\$500,000	\$76,250
2017	495,000	61,325
2018	490,000	46,550
2019	490,000	29,400
2020	<u>490,000</u>	<u>9,800</u>
	\$ <u>2,465,000</u>	\$ <u>223,325</u>

NOTE 3. DEBT (CONTINUED)

A. Long-Term Debt (Continued)

Green Trust Loan Programs

The Township has low interest loans (2%) from the State Department of Environmental Protection and Energy under the provisions of the New Jersey Green Acres Bond Act of 1983 and the Green Acres Bond Act of 1978 as follows:

2% \$489,393 Loan for Municipal Boat Complex, Pavilion Rehabilitation
finalized May 2005. Loan payments are due December and June
commencing December 2005 to June 2020. \$ 162,438

Debt service requirements during the next six fiscal years are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2016	\$34,851	\$3,075
2017	35,551	2,375
2018	36,266	1,660
2019	36,995	931
2020	<u>18,775</u>	<u>189</u>
	\$ <u>162,438</u>	\$ <u>8,230</u>

Water-Sewer Utility Capital Fund

3.00% to 4.00% Water-Sewer Utility Refunding Bonds issued
for \$1,330,000 on May 15, 2015, installment maturities to
May 15, 2020 \$ 1,300,000

\$ 1,300,000

NOTE 3. DEBT (CONTINUED)

A. Long-Term Debt (Continued)

Water-Sewer Utility Capital Fund (Continued)

The bonds mature serially to the year 2020. Aggregate debt service requirements during the next six fiscal years are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2016	\$250,000	\$40,600
2017	245,000	33,175
2018	270,000	25,450
2018	270,000	16,000
2020	<u>265,000</u>	<u>5,300</u>
	\$ <u>1,300,000</u>	\$ <u>120,525</u>

Loans

New Jersey Environmental Infrastructure Trust

The Township, during 2015, entered into a loan agreement with the State of New Jersey Department of Environmental Protection, pursuant to the 2015 New Jersey Environmental Infrastructure Trust Financing Program. The Trust Loan Agreement of \$204,662 is to be repaid over a nineteen year period at interest rates ranging from 2.00% to 3.0% for the \$52,862 Trust Loan portion and 0% for the \$151,800 Fund Loan portion. The proceeds of the loans were to fund the acquisition of an emergency generator for well water #4. .

During 2006, the Township received a 2005 NJ Environmental Infrastructure Trust Loan. The loan consists of two agreements, a trust loan agreement of \$1,180,000 to be repaid over a fifteen year period at fixed interest rates ranging from 4% to 5% and an interest free fund loan agreement of \$811,805 to be repaid over a 19 year period. The loans are being utilized for a sewer extension project on Route 9.

In 2009 the State of New Jersey Department of Environmental Protection (“DEP”) with approval of the Township de-obligated unused portions of the 2001 and 2005 loans. Consequently, revised repayment schedules were issued by the DEP lowering the Township’s loan obligations by \$729,881 for the 2001 and 2005 Fund Loans and the 2005 Trust Loan.

NOTE 3. DEBT (CONTINUED)

A. Long-Term Debt (Continued)

Loans (Continued)

Pinelands Infrastructure Trust Loan

The Township, during 2002, entered into a loan agreement with the State of New Jersey Department of Environmental Protection, pursuant to the New Jersey Pinelands Infrastructure Trust Financing Program. The loan was in the amount of \$594,274 and is to be repaid over a twenty year period at an interest rate of 2.70%. As of December 31, 2015, the balance was \$249,145.

U.S.D.A. Loan

The Township, in 2004, closed on a \$2,500,000 Rural Development Loan with the United States Department of Agriculture. The loan is to be repaid over forty years at an annual interest rate of 4.25%. The proceeds of the loan were utilized to refund existing outstanding bond anticipation notes for the Windward Sewer Project.

Schedule of annual debt service for principal and interest for the New Jersey Environmental Trust Loans, the Pinelands Infrastructure Trust Loan and the U.S.D.A. Loan over the next five years and five year increments thereafter are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 189,272	\$ 109,704
2017	198,201	104,570
2018	199,852	99,124
2019	208,838	93,423
2020	170,545	87,354
2021-2025	487,173	386,030
2026-2030	392,023	318,804
2031-2035	461,819	237,392
2036-2040	513,943	138,807
2041-2043	<u>361,353</u>	<u>27,223</u>
	\$ <u>3,183,019</u>	\$ <u>1,602,431</u>

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

On December 31, 2015, the Township's outstanding bond anticipation notes were as follows:

General Capital Fund

<u>Ordinance Number</u>	<u>Description</u>	<u>Amount</u>	<u>Interest Rate</u>
06-27	Various Capital Improvements	\$ 1,590,040	.600%
05-49	Various Capital Improvements	516,776	.600%
05-49	Various Capital Improvements	830,448	1.750%
10-09	Construction of Sidewalks	400,000	.600%
11-21, 12-23	Various Capital Improvements	1,993,850	.600%
13-06	Various Capital Improvements	684,000	1.500%
15-07	Various Capital Improvements	<u>5,272,500</u>	1.000%
		<u>\$11,287,614</u>	

Water-Sewer Utility Capital Fund

<u>Ordinance Number</u>	<u>Description</u>	<u>Amount</u>	<u>Interest Rate</u>
14-34	Various Capital Improvements	\$ 1,210,000	1.50%
04-29	Various Capital Improvements	261,210	1.75%
13-08	Various Capital Improvements	<u>646,000</u>	1.50%
		<u>\$ 2,117,210</u>	

C. Bonds and Notes Authorized but not Issued

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

	<u>2015</u>	<u>2014</u>
General Capital Fund	\$ 161,768	\$ 161,768
Water-Sewer Utility Capital Fund	2,888,775	3,518,737

D. Borrowing Power

New Jersey statutes limit the debt of a municipality to 3.5% of the average of the last three preceding years equalized valuations of the taxable real estate and improvements. The Township's statutory net debt at December 31, 2015 was .724%. The Township's remaining borrowing power is 2.776% or \$61,767,202.

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

NOTE 3. DEBT (CONTINUED)**E. Summary of Long-Term Obligations**

During 2015 and 2014 the following changes occurred in the outstanding debt of the Township:

	December 31, 2013	Accrued/ Increases	Retired/ Decreases	December 31, 2014	Due Within One Year
General Capital Fund:					
Serial Bonds	\$ 4,183,000	\$ 2,465,000	\$ (3,345,000)	\$ 3,303,000	\$ 838,000
Bond Anticipation Notes	5,810,540	684,000	(179,763)	6,314,777	-
Loan Payable	239,129	-	(42,527)	196,602	34,164
Water-Sewer Utility Fund Debt:					
Serial Bonds	1,992,000	1,300,000	(1,660,000)	1,632,000	332,000
Bond Anticipation Notes	646,980	646,000	(29,240)	1,263,740	-
Loan Payable	3,324,593	-	(168,845)	3,155,748	35,071
Other:					
Compensated Absences	1,763,275	20,385	-	1,783,660	-
Total	\$ 17,959,517	\$ 5,115,385	\$ (5,425,375)	\$ 17,649,527	\$ 1,239,235
	December 31, 2014	Retired/ Decreases	December 31, 2015	Due Within One Year	
General Capital Fund:					
Serial Bonds	\$ 3,303,000	\$ (838,000)	\$ 2,465,000	\$ 500,000	
Bond Anticipation Notes	6,314,777	4,972,837	11,287,614	-	
Loan Payable	196,602	(34,164)	162,438	34,851	
Water-Sewer Utility Fund Debt:					
Serial Bonds	1,632,000	(332,000)	1,300,000	250,000	
Bond Anticipation Notes	1,263,740	853,470	2,117,210	-	
Loan Payable	3,155,748	27,272	3,183,020	189,272	
Other:					
Compensated Absences	1,783,660	(28,503)	1,755,157	-	
Total	\$ 17,649,527	\$ 4,620,912	\$ 22,270,439	\$ 974,123	

NOTE 4. ACCRUED SICK AND VACATION BENEFITS

As discussed in Note 1 and in accordance with accounting principles prescribed by the State of New Jersey, the cash basis of accounting is followed for recording the Township's liability related to unused vacation and sick pay. The Township permits certain employees within limits to accumulate unused vacation and sick pay, which may be taken as time off or paid at a later date at an agreed upon rate. The estimated current cost of such unpaid compensation approximates \$1,755,157 and \$1,783,660 at December 31, 2015 and 2014, respectively. In accordance with New Jersey accounting principles, this amount is not reported as an expenditure or liability in the accompanying financial statements.

NOTE 5. FUND BALANCES APPROPRIATED

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

	<u>2015</u>	<u>2014</u>
Current Fund	\$ 510,000	\$ 567,666
Water-Sewer Utility Fund	-0-	46,000

NOTE 6. TAXES COLLECTED IN ADVANCE

Taxes collected in advance set forth as cash liabilities in the financial statements, are as follows:

	<u>Balance December 31</u>	
	<u>2015</u>	<u>2014</u>
Prepaid Taxes	\$ 517,579	\$ 460,558

NOTE 7. ASSESSMENT AND COLLECTION OF PROPERTY TAXES

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

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

NOTE 8. DEFERRED CHARGES TO FUTURE TAXATION FUNDED AND UNFUNDED

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

NOTE 9. DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

As noted in Note 1, certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2015, the following deferred charges are shown on the balance sheet of the various funds:

	Balance Dec. 31, 2015	2016 Budget Appropriation	Balance to Succeeding Budgets
Current Fund:			
Over-expenditure of Appropriation	\$ 415,233.60	\$ 415,232.60	\$ 0
Special Emergency Authorizations: (N.J.S. 40A:4-55):			
2012 Hurricane Damage	1,400,000.00	700,000.00	700,000.00
2012 Master Plan	76,000.00	38,000.00	38,000.00
2013 Master Plan	111,000.00	37,000.00	74,000.00
	<u>\$ 2,002,232.60</u>	<u>\$ 1,190,232.60</u>	<u>\$ 812,000.00</u>
Water-Sewer Utility Fund:			
Over-expenditure of Appropriation	\$ 288,134.84	\$ 288,134.84	\$ 0

The current fund has the following special emergency notes outstanding at December 31, 2015:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>Balance Dec. 31, 2015</u>
2012 Master Plan	.600%	6/19/2016	\$ 76,000
2012 Hurricane Damage	1.0399%	12/15/2016	1,400,000
2013 Master Plan	1.500%	3/11/2016	111,000

The notes are required to be repaid at a minimum amount of 20% of the original special emergency per year for a maximum of five years.

NOTE 10. PENSION OBLIGATIONS**A. Public Employees' Retirement System (PERS)**

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

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

The following represents the membership tiers for PERS:

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

Service retirement benefits of 1/5 5th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th

NOTE 10. PENSION OBLIGATIONS (CONTINUED)

of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to

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

the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions - The contribution policy for PERS is set by *N.J.S.A. 15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2015, the State's pension contribution was less than the actuarial determined amount. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. Township contributions to PERS amounted to \$442,169 for 2015.

The employee contribution rate was 6.92% effective July 1, 2014 and increased to 7.06% effective July 1, 2015. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

Net Pension Liability and Pension Expense - At December 31, 2015, the Township's proportionate share of the PERS net pension liability is valued to be \$12,561,979. The net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2014, to the measurement date of June 30, 2015. The Township's proportion of the net pension liability was based on the Township's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2015. The Township's proportion measured as of June 30, 2015, was .05596%, which was an increase of .00232% from its proportion measured as of June 30, 2014.

Balances at December 31, 2015 and December 31, 2014

	<u>12/31/15</u>	<u>12/31/14</u>
Acturial valuation date	July 1, 2015	July 1, 2014
Net Pension Liability	12,561,979	10,042,161
Township's portion of the Plan's total net pension Liability	0.05596%	0.05364%

For the year ended December 31, 2015, the Township had an allocated pension expense of \$481,109.

NOTE 10. PENSION OBLIGATIONS (CONTINUED)

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

Actuarial Assumptions – The collective total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions:

	<u>PERS</u>
Measurement date	June 30, 2015
Actuarial valuation date	July 1, 2014
Investment rate of return	7.90%
Salary scale	2012-2021 - 2.15-4.40% Based on Age Thereafter - 3.15-5.40% Based on Age
Inflation rate	3.04%

Mortality rates were based on the RP-2000 Combined Health Male and Female Mortality Tables (setback 1 year for males and females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback 1 year for females) are used to value disabled retirees.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2015 are summarized in the following table:

NOTE 10. PENSION OBLIGATIONS (CONTINUED)**A. Public Employees' Retirement System (PERS) (continued)**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad US Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	-0.40%
REIT	4.25%	5.12%
Total	100.00%	

Discount Rate - The discount rate used to measure the total pension liability was 4.90% as of June 30, 2015. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% as of June 30, 2015, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Township's proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Township's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the Township's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.90%) or 1-percentage-point higher (5.90%) than the current rate:

	<u>Decrease</u> <u>(3.90%)</u>	<u>Discount</u> <u>(4.90%)</u>	<u>Increase</u> <u>(5.90%)</u>
Township's proportionate share of the net pension liability	\$ 15,613,003	\$ 12,561,979	\$ 10,004,023

NOTE 10. PENSION OBLIGATIONS (CONTINUED)

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

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial statements.

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

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

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

The following represents the membership tiers for PFRS:

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

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

Contributions - The contribution policy for PFRS is set by *N.J.S.A. 43:16A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. For fiscal year 2015, the State contributed an amount less than the actuarially determined amount. The Local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PFRS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. Township contributions to PFRS amounted to \$2,060,962 for 2015.

NOTE 10. PENSION OBLIGATIONS (CONTINUED)**B. Police and Firemen's Retirement System (PFRS) (continued)**

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

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

Net Pension Liability and Pension Expense - At December 31, 2015, the Township's proportionate share of the PFRS net pension liability is valued to be \$24,478,073. The net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2014, to the measurement date of June 30, 2015. The Township's proportion of the net pension liability was based on the Township's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2015. The Township's proportion measured as of June 30, 2015, was .14696%, which was a decrease of .00519% from its proportion measured as of June 30, 2014.

Balances at December 31, 2015 and December 31, 2014

	<u>12/31/15</u>	<u>12/31/14</u>
Acturial valuation date	July 1, 2015	July 1, 2014
Net Pension Liability	\$ 24,748,073	\$ 19,139,123
Township's portion of the Plan's total net pension Liability	0.146958%	0.152151%

For the year ended December 31, 2015, the Township had an allocated pension expense of \$1,194,549.

Additionally, the State's proportionate share of the net pension liability attributable to the Township is \$2,146,645 as of December 31, 2015. The net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2014, to the measurement date of June 30, 2015. The State's proportion of the net pension liability associated with the Township was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. The State's proportion measured as of June 30, 2015 was .14696%, which was a decrease of .00519% from its proportion measured as of June 30, 2014, which is the same proportion as the Township's.

NOTE 10. PENSION OBLIGATIONS (CONTINUED)**B. Police and Firemen's Retirement System (PFRS) (continued)**

Township's Proportionate Share of the Net Pension Liability	\$ 24,478,073
State's Proportionate Share of the Net Pension Liability Associated with the Township	<u>2,146,645</u>
Total Net Pension Liability	<u><u>\$ 26,624,718</u></u>

For the year ended December 31, 2015, the Township's total allocated pension expense was \$1,194,549.

Actuarial Assumptions – The collective total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions:

	<u>PFRS</u>
Measurement date	June 30, 2015
Actuarial valuation date	July 1, 2014
Investment rate of return	7.90%
Salary scale	2012-2021 - 2.60-9.48% Based on Age Thereafter - 3.60-10.48% Based on Age
Inflation rate	3.04%

Mortality rates were based on the RP-2000 Combined Healthy Mortality Tables projected one year using Projection Scale AA and one year using Projection Scale BB for male service retirements with adjustments for mortality improvements from the base year based on Projection Scale BB. Mortality rates were based on the RP-2000 Combined Health Mortality Tables projected fourteen years using Projection Scale BB for female service retirements and beneficiaries with adjustments for mortality improvements from the base year of 2014 based on Projection Scale BB.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2015 are summarized in the following table:

NOTE 10. PENSION OBLIGATIONS (CONTINUED)**B. Police and Firemen's Retirement System (PFRS) (continued)**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad US Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	-0.40%
REIT	4.25%	5.12%
Total	100.00%	

Discount Rate - The discount rate used to measure the total pension liability was 5.79% as of June 30, 2015. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% as of June 30, 2015, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be made on the average of the last five years of contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2045. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2045, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Township's proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Township's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the Township's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.79%) or 1-percentage-point higher (6.79%) than the current rate:

NOTE 10. PENSION OBLIGATIONS (CONTINUED)**B. Police and Firemen's Retirement System (PFRS) (continued):**

	Decrease (4.79%)	Discount Rate (5.79%)	Increase (6.79%)
Township's proportionate share of the Net Pension Liability and the State's proportionate share of the Net Pension Liability associated with the Township	\$ 35,099,831	\$ 26,624,718	\$ 19,714,021

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial statements.

C. Defined Contribution Retirement Program

The Defined Contribution Retirement Program (DCRP) is a cost-sharing multiple-employer defined contribution pension fund which was established in 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et. seq.) and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010. The DCRP provides eligible members, and their beneficiaries, with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by *N.J.S.A. 43:15C-1 et. seq.*

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the Township's contribution amounts for each pay period are transmitted to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

There were no Township employees enrolled in the DCRP for the years ended December 31, 2015, 2014 and 2013.

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

NOTE 11. RISK MANAGEMENT

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

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

NOTE 12. CONTINGENT LIABILITIES

State and Federal Financial Assistance

The Township receives financial assistance from the State of New Jersey and the U.S. government in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the financial assistance agreements and applicable regulations, including the expenditure of the funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by grantors. As a result of these audits, costs previously reimbursed could be disallowed and require repayment to the grantor agency. As of December 31, 2015, the Township estimates that no material liabilities will result from such audits.

Major Tax Assessments

Taxpayers in 2015 with assessments in excess of 1% of the total assessed valuation were as follows:

<u>Owner</u>	<u>Assessed Value</u>	<u>% of Value</u>
Atlantic Heights LLC	\$ 30,892,800	1.37%
Paramount Homes at Wall LLC	29,555,600	1.31%

Pending Litigation

There are actions which have been instituted against the Township which are either in the discovery stage or whose final outcome cannot be determined at the present time. In the opinion of the administration, the amount of ultimate liability with respect to these actions will not materially affect the financial position of the Township.

It is the opinion of the Township officials that there is no litigation threatened or pending that would materially affect the financial position of the Township or adversely affect the Township's ability to levy, collect and enforce the collection of taxes or other revenue for the payment of its bonds or other obligations.

The Township officials believe that negligence and other types of liability suits, of which the Township is aware, appear to be within the stated policy limits and would be deferred by the respective carriers.

NOTE 13. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheets at December 31, 2015:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Grant Fund	\$ 144,320	\$
Other Trust Fund	522,099	
Current Fund	291,440	541,419
General Capital Fund		358
Water-Sewer Utility Operating Fund	334,708	409,050
Water-Sewer Utility Capital Fund		334,708
Payroll Fund		7,032
	<u>\$1,292,567</u>	<u>\$1,292,567</u>

Interfund balances remaining at year-end were primarily caused by the Grant Fund not having a separate bank account and temporary short-term advances between funds.

NOTE 14. LENGTH OF SERVICE AWARD PROGRAM (“LOSAP”) - UNAUDITED

The Township has established a Volunteer Length of Service Award Plan (“LOSAP”) (“Plan”) to ensure retention of the Township’s volunteer firefighters and volunteer members of emergency service squads. The Plan shall be construed under the laws of the State of New Jersey and is established with the intent that it meets the requirements of a length of service award plan under Section 457(e)11 of the Internal Revenue Code”.

Annual Contributions - The annual contribution to be made by the Township for each active volunteer member shall be \$1,150 per year of active emergency service, commencing with the year 2002.

Appropriations - Appropriations for the purpose of funding the Township’s LOSAP shall be included as a separate line item in the Township’s budget, commencing with the year 2002.

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

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

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

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

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

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

NOTE 14. LENGTH OF SERVICE AWARD PROGRAM (“LOSAP”) - UNAUDITED
(CONTINUED)

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

NOTE 15. ACCOUNTS RECEIVABLE

Accounts receivable at December 31, 2015 consisted of intergovernmental grants, taxes, utility rents and other accounts receivable. All receivables are considered collectible in full due to the stable condition of state programs and the current fiscal year guarantee of federal funds. Accounts receivable as of fiscal year end for the Township’s individual major and fiduciary funds, in the aggregate, are as follows:

	Current Fund	State & Federal Grant Fund	Trust Fund	Utility Operating Fund	Total
Federal & State A \$	677,461.55	\$ 335,567.04	\$ 10,758.70	\$ 190,000.00	\$ 1,213,787.29
Taxes	1,379,707.70	-	-	-	1,379,707.70
Utility Rents	-	-	-	372,707.98	372,707.98
Other	21,864.95	-	696.56	-	22,561.51
Total	<u>\$ 2,079,034.20</u>	<u>\$ 335,567.04</u>	<u>\$ 11,455.26</u>	<u>\$ 562,707.98</u>	<u>\$ 2,988,764.48</u>

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TOWNSHIP OF BARNEGAT

COUNTY OF OCEAN

PART II

SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2015

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COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Tax Rate	\$ <u>2.546</u>	\$ <u>2.481</u>	\$ <u>2.417</u>
Apportionment of Tax Rate			
Municipal	.783	.754	.738
County	.408	.407	.413
Local School District	1.345	1.310	1.257
Municipal Open Space	.010	.010	.009
Assessed Valuation			
2015	\$ 2,264,439,400		
2014		\$ 2,251,265,268	
2013			\$ 2,246,349,597

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

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

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Cash Collection</u>	<u>Percentage of Collection</u>
2015	\$58,125,776	\$57,025,847	98.11%
2014	56,683,812	55,791,434	98.42%
2013	54,299,745	53,198,974	97.97%

DELINQUENT TAXES AND TAX TITLE LIENS

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

<u>Year Ended December 31</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2015	\$631,227	\$748,480	\$1,379,707	2.37%
2014	502,700	770,206	1,272,906	2.25%
2013	559,856	696,431	1,256,287	2.31%

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

The value of property acquired by liquidation of tax title liens on December 31, on the basis of the last assessed valuation of such properties in the year of acquisition, is summarized as follows:

<u>Year</u>	<u>Amount</u>
2015	\$2,427,340
2014	2,404,140
2013	2,404,140

COMPARISON OF WATER-SEWER UTILITY RENTS

<u>Year</u>	<u>Rents</u>	<u>Prior Year Delinquents</u>	<u>Cash Collections</u>
2015	\$4,796,614	\$273,904	\$4,697,811
2014	4,653,119	349,587	4,728,802
2013	4,536,418	391,047	4,577,878

COMPARATIVE SCHEDULE OF FUND BALANCES

<u>Year</u>	<u>Balance December 31</u>	<u>Utilized in Budget of Succeeding Year</u>
<u>Current Fund</u>		
2015	\$1,018,133	\$700,000
2014	1,427,560	567,666
2013	1,461,092	1,250,000
2012	1,844,828	1,565,444
2011	628,508	500,000
 <u>Water-Sewer Utility Operating Fund</u>		
2015	\$231,274	\$100,000
2014	46,385	46,000
2013	21,595	21,500
2012	2,164	-0-
2011	82,164	80,000

SUMMARY OF MUNICIPAL DEBT

	<u>Year 2015</u>	<u>Year 2014</u>	<u>Year 2013</u>
<u>Issued</u>			
General:			
Bonds, Notes and Loans	\$ 13,915,052	\$ 9,814,379	\$ 10,232,669
Water-Sewer Utility:			
Bonds, Notes and Loans	<u>6,600,229</u>	<u>6,051,488</u>	<u>5,963,573</u>
Net Debt Issued	<u>20,515,281</u>	<u>15,865,867</u>	<u>16,196,242</u>
<u>Authorized but not Issued</u>			
General:			
Bonds and Notes	161,768	161,768	845,768
Water-Sewer Utility:			
Bonds and Notes	<u>2,588,009</u>	<u>3,518,737</u>	<u>2,604,737</u>
Total Authorized but not Issued	<u>2,749,777</u>	<u>3,680,505</u>	<u>3,450,505</u>
Net Bonds and Notes Issued and Authorized but not Issued	<u>\$ 23,265,058</u>	<u>\$ 19,546,372</u>	<u>\$ 19,646,747</u>

SUMMARY OF STATUTORY DEBT CONDITION - ANNUAL DEBT STATEMENT

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a Statutory Net Debt of .724%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 32,840,000	\$ 32,840,000	\$ -0-
Water-Sewer Utility Debt	9,188,239	7,164,300	2,023,938
General Debt	<u>14,076,820</u>	<u> </u>	<u>14,076,820</u>
	<u>\$ 56,105,059</u>	<u>\$ 43,795,225</u>	<u>\$ 16,100,758</u>

Net Debt \$16,100,758 divided by Equalized Valuation basis per N.J.S.A. 40A:2-6 as amended \$2,224,798,854 = .724%.

BORROWING POWER UNDER N.J.S.A. 40A:2-6

3.5% of Equalized Valuation Basis (Municipal)	\$ 77,867,960
Net Debt	<u>16,100,758</u>
Remaining Borrowing Power	<u>\$ 61,767,202</u>

**CALCULATION OF “SELF-LIQUIDATING PURPOSE” WATER-SEWER UTILITY PER N.J.S.
40A:2-45**

Cash Receipts from Fees, Rents or Other		
Charges for Year		\$ 4,980,490
Deductions:		
Operating and Maintenance Cost	\$ 4,365,371	
Debt Service per Water Account	<u>716,316</u>	
Total Deductions		<u>5,081,687</u>
Deficit in Revenues		\$ <u>101,197</u>

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TOWNSHIP OF BARNEGAT - COUNTY OF OCEAN

OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office at December 31, 2015:

<u>Name</u>	<u>Position</u>	<u>Amount of Bond</u>
Susan McCabe	Mayor	
Martin Lisella	Deputy Mayor (until 11/15/15)	
Albert Bille	Committeeman	
John J. Novak	Committeeman	
Elaine Taylor	Committeewoman	
Alfonso Cirulli	Committeeman (as of 12/01/15)	
David Breeden	Administrator (until 11/15/15)	
Martin Lisella	Administrator (as of 11/16/15)	
Thomas Lombarski	Chief Financial Officer (as of 10/01/15)	\$ 1,000,000
Kathleen Janeski	Chief Financial Officer (until 09/30/15)	1,000,000
Michele Rivers	Municipal Clerk	
Donna Manno	Deputy Municipal Clerk	
Crystal Brinson	Tax Collector,	
	Water-Sewer Collector	1,000,000
Jennifer Burr	Tax Search Officer	
Joy Nacion	Court Administrator	1,000,000
Philip M. Miller	Judge	1,000,000
Ellen Kelleher	Tax Assessor	
Sean Kean	Township Attorney	
Jerry Dasti	Water/Sewer Attorney	
Gluck, Walrath	Bonding Attorney	
CME Associates	Township Engineer	
CME Associates	Water-Sewer Engineer	

All employees not covered by specific bonds listed above are covered by a Public Employee Dishonesty Bond by the Ocean County Municipal Joint Insurance Fund.

APPENDIX C
FORMS OF CONTINUING DISCLOSURE CERTIFICATES

FORM OF CONTINUING DISCLOSURE CERTIFICATE FOR TAX-EXEMPT BONDS

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Township of Barnegat, in the County of Ocean, New Jersey (the "Issuer") in connection with the issuance by the Issuer of \$_____ principal amount of its General Improvement Bonds, Series 2016A (the "Series A Bonds") and \$_____ principal amount of its Water-Sewer Utility Improvement Bonds, Series 2016B (the "Series B Bonds" and together with the Series A Bonds, the "Bonds"). The Bonds are being issued pursuant to various bond ordinances (the "Ordinances") duly adopted by the Township Committee of the Issuer (the "Council") and a resolution duly adopted by the Township Committee on _____, 2016 (the "Resolution"). The Bonds are dated their date of delivery and shall mature on August 1 in the years 2017 through 2031, inclusive. The Issuer covenants and agrees as follows:

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

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

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

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

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

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

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

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

in complying with the Rule and to provide the general public with access to such Continuing Disclosure Information.

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

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

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

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

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

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

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

"State" shall mean the State of New Jersey.

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

Section 3. Provision of Annual Reports.

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than nine (9) months after the end of its fiscal year, commencing with the report for the fiscal year ending December 31, 2016, provide to the MSRB in an electronic format as prescribed by the MSRB, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Issuer's fiscal year changes, it shall give notice of such change to MSRB. Any and all items that must be included in the Annual Report may be incorporated by reference from other information that is available to the public on the MSRB's Internet Web site, or that has been filed with the SEC.

(b) Not later than fifteen (15) Business Days prior to the date specified in subsection (a) for making available or providing the Annual Report, the Issuer shall

provide the Annual Report to the Dissemination Agent (if other than the Issuer). If the Issuer is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the Issuer shall, in a timely manner, send a notice to the MSRB in substantially the form attached as Exhibit A, in an electronic format as prescribed by the MSRB. All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

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

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

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

2. The financial information and operating data set forth in "APPENDIX A – GENERAL INFORMATION REGARDING THE TOWNSHIP" contained in the Official Statement, dated _____, 2016 prepared in connection with the sale of the Bonds.

Section 5. Reporting of Significant Events.

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

1. principal and interest payment delinquencies;
2. non-payment related defaults, if material;
3. unscheduled draws on debt service reserves reflecting financial difficulties;
4. unscheduled draws on credit enhancements reflecting financial difficulties;
5. substitution of credit or liquidity providers, or their failure to perform;
6. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability. Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with

respect to the tax status of the security, or others material events affecting the tax status of the Bonds;

7. modifications to rights of Bondholders, if material;
8. Bond Calls, if material and tender offers;
9. defeasances;
10. release, substitution, or sale of property securing repayment of the Bonds, if material;
11. rating changes.
12. bankruptcy, insolvency, receivership or similar events of the Issuer, which shall be considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer;
13. the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
14. appointment of a successor or additional trustee or the change of name of a trustee, if material.

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

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

Section 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be the Issuer.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Section 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

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

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

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

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any notice of occurrence of a Listed Event, in addition to that

which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any Bondholder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default on the Bonds, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including reasonable attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The obligations of the Issuer under this Section 11 shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

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

Dated: _____, 2016

TOWNSHIP OF BARNEGAT, IN THE
COUNTY OF OCEAN, NEW JERSEY

By: _____
Chief Financial Officer

EXHIBIT A

NOTICE TO OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Township of Barnegat, in the County of Ocean, New Jersey

Name of Bond Issue: \$_____ General Improvement Bonds, Series 2016A
\$_____ Water-Sewer Utility Improvement Bonds, Series 2016B

Date of Issuance: August 16, 2016

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by Section 3(a) of the Continuing Disclosure Certificate dated August 16, 2016. The Issuer anticipates that the Annual Report will be filed by _____, 20__.

Dated: _____, 20__

TOWNSHIP OF BARNEGAT, IN THE COUNTY OF OCEAN,
NEW JERSEY

By: _____
Name:
Title:

FORM OF CONTINUING DISCLOSURE CERTIFICATE FOR TAXABLE BONDS

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Township of Barnegat, in the County of Ocean, New Jersey (the "Issuer") in connection with the issuance by the Issuer of \$_____ principal amount of its General Improvement Bonds, Series 2016C (Federally Taxable) (the "Series C Bonds") and \$_____ principal amount of its Water-Sewer Utility Improvement Bonds, Series 2016D (Federally Taxable) (the "Series D Bonds" and together with the Series C Bonds, the "Bonds"). The Bonds are being issued pursuant to various bond ordinances (the "Ordinances") duly adopted by the Township Committee of the Issuer (the "Council") and a resolution duly adopted by the Township Committee on _____, 2016 (the "Resolution"). The Bonds are dated their date of delivery and shall mature on August 1 in the years 2017 through 2024, inclusive. The Issuer covenants and agrees as follows:

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

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

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

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

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

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

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

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

in complying with the Rule and to provide the general public with access to such Continuing Disclosure Information.

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

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

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

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

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

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

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

"State" shall mean the State of New Jersey.

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

Section 3. Provision of Annual Reports.

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than nine (9) months after the end of its fiscal year, commencing with the report for the fiscal year ending December 31, 2016, provide to the MSRB in an electronic format as prescribed by the MSRB, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Issuer's fiscal year changes, it shall give notice of such change to MSRB. Any and all items that must be included in the Annual Report may be incorporated by reference from other information that is available to the public on the MSRB's Internet Web site, or that has been filed with the SEC.

(b) Not later than fifteen (15) Business Days prior to the date specified in subsection (a) for making available or providing the Annual Report, the Issuer shall

provide the Annual Report to the Dissemination Agent (if other than the Issuer). If the Issuer is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the Issuer shall, in a timely manner, send a notice to the MSRB in substantially the form attached as Exhibit A, in an electronic format as prescribed by the MSRB. All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

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

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

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

2. The financial information and operating data set forth in "APPENDIX A – GENERAL INFORMATION REGARDING THE TOWNSHIP" contained in the Official Statement, dated _____, 2016 prepared in connection with the sale of the Bonds.

Section 5. Reporting of Significant Events.

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

1. principal and interest payment delinquencies;
2. non-payment related defaults, if material;
3. unscheduled draws on debt service reserves reflecting financial difficulties;
4. unscheduled draws on credit enhancements reflecting financial difficulties;
5. substitution of credit or liquidity providers, or their failure to perform;
6. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability. Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with

respect to the tax status of the security, or others material events affecting the tax status of the Bonds;

7. modifications to rights of Bondholders, if material;
8. Bond Calls, if material and tender offers;
9. defeasances;
10. release, substitution, or sale of property securing repayment of the Bonds, if material;
11. rating changes.
12. bankruptcy, insolvency, receivership or similar events of the Issuer, which shall be considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer;
13. the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
14. appointment of a successor or additional trustee or the change of name of a trustee, if material.

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

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

Section 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be the Issuer.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Section 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

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

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

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

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any notice of occurrence of a Listed Event, in addition to that

which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any Bondholder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default on the Bonds, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including reasonable attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The obligations of the Issuer under this Section 11 shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

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

Dated: _____, 2016

TOWNSHIP OF BARNEGAT, IN THE
COUNTY OF OCEAN, NEW JERSEY

By: _____
Chief Financial Officer

EXHIBIT A

NOTICE TO OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Township of Barnegat, in the County of Ocean, New Jersey

Name of Bond Issue: \$_____ General Improvement Bonds, Series 2016C (Federally Taxable)
\$_____ Water-Sewer Utility Improvement Bonds, Series 2016D (Federally Taxable)

Date of Issuance: August 16, 2016

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by Section 3(a) of the Continuing Disclosure Certificate dated August 16, 2016. The Issuer anticipates that the Annual Report will be filed by _____, 20__.

Dated: _____, 20__

TOWNSHIP OF BARNEGAT, IN THE COUNTY OF OCEAN,
NEW JERSEY

By: _____
Name:
Title:

APPENDIX D
FORMS OF BOND COUNSEL'S OPINIONS

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

_____, 2016

Township Committee of the
Township of Barnegat, in the
County of Ocean, New Jersey

Re: Township of Barnegat, in the County of Ocean, New Jersey
\$_____ General Improvement Bonds, Series 2016A
\$_____ Water/Sewer Utility Improvement Bonds, Series 2016B

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance by the Township of Barnegat, in the County of Ocean, New Jersey (the "Township") of its \$_____ General Improvement Bonds, Series 2016A (the "Series A Bonds") and its \$_____ Water/Sewer Utility Improvement Bonds, Series 2016B (the "Series B Bonds" and, collectively with the Series A Bonds, the "Bonds"). The Bonds are general obligations of the Township and the full faith, credit and taxing power of the Township is available to pay the principal of and interest on the Bonds. The Bonds are registered as to principal and interest, are issued in fully registered form, are dated their date of delivery, and mature on August 1, in the amounts and in each of the years, and bear interest at the rates set forth in the tables below:

Township Committee of the
Township of Barnegat, in the
County of Ocean, New Jersey
_____, 2016

Page

<u>Year</u>	<u>General Improvement Bonds, Series 2016A</u>	<u>Water/Sewer Utility Improvement Bonds, Series 2016B</u>	<u>Total</u>
2017			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
2025	-		
2026	-		
2027	-		
2028	-		
2029	-		
2030	-		
2031	-		

The Bonds are subject to redemption prior to maturity as provided in the Resolution (as hereinafter defined).

The Bonds will be initially issued in fully registered book-entry form only in the form of one certificate in the aggregate amount of the Bonds of each series and maturity, registered in the name of and held by Cede & Co., as nominee of The Depository Trust Company ("DTC"), which will act as securities depository for the Bonds. DTC will be responsible for maintaining the book-entry system for recording the interests of its participants and transfers of such interests among such participants. Such participants shall be responsible for maintaining records regarding the beneficial ownership interests in the Bonds on behalf of individual purchasers. Individual purchases may be made in the principal amount of \$5,000 or any integral multiple thereof, through book-entries on the books and records of DTC and its participants.

The Bonds are issued under the provisions of the Local Bond Law, Chapter 169 of the Laws of 1960 of the State of New Jersey, effective January 1, 1962, and the acts amendatory thereof and supplemental thereto (the "Act"), a resolution adopted by the Township Committee on June 14, 2016 (the "Resolution") and (i) in the case of the Series A Bonds, Bond Ordinances numbered 2005-49, 2006-27, 2010-09, 2011-21, 2013-06 and 2015-07 (collectively, the "General Improvement Ordinances") and, (ii) in the case of the Series B Bonds, Bond Ordinances numbered 2013-08 and 2014-34 (the "Water/Sewer Utility Ordinances", and together with the General Improvement Ordinances, the "Ordinances"). The Series A Bonds are issued for the purpose of

financing general improvements and purposes as set forth in the General Improvement Ordinances and to pay a portion of the costs of issuing the Bonds. The Series B Bonds are issued for the purpose of financing general Water/Sewer utility improvements as set forth in the Water/Sewer Utility Ordinances, and to pay a portion of the costs of issuing the Bonds.

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

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

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

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

2. Assuming continuing compliance by the Issuer with the provisions of the Code applicable to the Bonds, and subject to certain provisions of the Code, under laws, regulations, rulings and judicial decisions existing on the date of original delivery of the Bonds, interest received by a holder of the Bonds will be excludable from gross income for federal income tax purposes and will not be treated as a tax preference item for purposes of the alternative minimum tax imposed on individuals or corporations. However, interest on the Bonds may become taxable retroactively if certain requirements under the Code are not complied with. Interest on the Bonds is included in the

adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax on such corporations.

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

4. The power and obligation of the Township to pay the Bonds is unlimited, and the Township shall be required to levy *ad valorem* taxes upon all taxable real property within the Township for the payment of the principal of and interest on the Bonds without limitation as to rate or amount.

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

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

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

GLUCKWALRATH LLP

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

_____, 2016

Township Committee of the
Township of Barnegat, in the
County of Ocean, New Jersey

Re: Township of Barnegat, in the County of Ocean, New Jersey
\$_____ General Improvement Bonds, Series 2016C (Federally Taxable)
\$_____ Water/Sewer Utility Improvement Bonds, Series 2016D (Federally
Taxable)

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance by the Township of Barnegat, in the County of Ocean, New Jersey (the "Township") of its \$_____ General Improvement Bonds, Series 2016C (Federally Taxable) (the "Series C Bonds") and its \$_____ Water/Sewer Utility Improvement Bonds, Series 2016D (Federally Taxable) (the "Series D Bonds" and, collectively with the Series C Bonds, the "Taxable Bonds"). The Taxable Bonds are general obligations of the Township and the full faith, credit and taxing power of the Township is available to pay the principal of and interest on the Taxable Bonds. The Taxable Bonds are registered as to principal and interest, are issued in fully registered form, are dated their date of delivery, and mature on August 1, in the amounts and in each of the years, and bear interest at the rates set forth in the tables below:

Township Committee of the Township of Barnegat,
in the County of Ocean, New Jersey
_____, 2016

Page

<u>Year</u>	<u>General Improvement Bonds, Series 2016C</u>	<u>Water/Sewer Utility Improvement Bonds, Series 2016D</u>	<u>Total</u>
2017			
2018			
2019			
2020			
2021			
2022			
2023			
2024			

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

The Taxable Bonds will be initially issued in fully registered book-entry form only in the form of one certificate in the aggregate amount of the Taxable Bonds of each series and maturity, registered in the name of and held by Cede & Co., as nominee of The Depository Trust Company ("DTC"), which will act as securities depository for the Taxable Bonds. DTC will be responsible for maintaining the book-entry system for recording the interests of its participants and transfers of such interests among such participants. Such participants shall be responsible for maintaining records regarding the beneficial ownership interests in the Taxable Bonds on behalf of individual purchasers. Individual purchases may be made in the principal amount of \$5,000 or any integral multiple thereof, through book-entries on the books and records of DTC and its participants.

The Taxable Bonds are issued under the provisions of the Local Bond Law, Chapter 169 of the Laws of 1960 of the State of New Jersey, effective January 1, 1962, and the acts amendatory thereof and supplemental thereto (the "Act"), a resolution adopted by the Township Committee on June 14, 2016 (the "Resolution") and (i) in the case of the Series C Bonds, a Bond Ordinance numbered 2005-49 (the "General Improvement Ordinance") and, (ii) in the case of the Series D Bonds, a Bond Ordinance numbered 2004-29 (the "Water/Sewer Utility Ordinance", and together with the General Improvement Ordinance, the "Ordinances"). The Series C Bonds are issued for the purpose of financing general improvements and purposes as set forth in the General Improvement Ordinance and to pay a portion of the costs of issuing the Taxable Bonds. The Series D Bonds are issued for the purpose of financing general Water/Sewer utility improvements as set forth in the Water/Sewer Utility Ordinance, and to pay a portion of the costs of issuing the Taxable Bonds.

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

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

1. The Taxable Bonds have been duly authorized, issued, executed and sold by the Township; the Resolution and the Ordinances have been duly authorized and adopted by the Township; and the Taxable Bonds, the Resolution and the Ordinances are legal, valid and binding obligations of the Township enforceable in accordance with their respective terms.
2. Interest on the Taxable Bonds is not excluded from gross income for federal income tax purposes.
3. Under the laws of the State of New Jersey as enacted and construed on the date of original issuance of the Taxable Bonds, interest on the Taxable Bonds and gain from the sale thereof are excludable from gross income under the New Jersey Gross Income Tax Act.
4. The power and obligation of the Township to pay the Taxable Bonds is unlimited, and the Township shall be required to levy *ad valorem* taxes upon all taxable real property within the Township for the payment of the principal of and interest on the Taxable Bonds without limitation as to rate or amount.

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

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

Township Committee of the Township of Barnegat,
in the County of Ocean, New Jersey
_____, 2016

Page

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

GLUCKWALRATH LLP