

**BOROUGH OF EATONTOWN**  
**COUNTY OF MONMOUTH**  
**STATE OF NEW JERSEY**

**FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY INFORMATION**  
**AND**  
**INDEPENDENT AUDITOR'S REPORTS**

**YEAR ENDED**

**DECEMBER 31, 2012**

*Oliwa & Company*  
Certified Public Accountants

**BOROUGH OF EATONTOWN**  
**COUNTY OF MONMOUTH**  
**STATE OF NEW JERSEY**

**FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY INFORMATION**  
**AND**  
**INDEPENDENT AUDITOR'S REPORTS**

**Year Ended December 31, 2012**

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**COUNTY OF MONMOUTH**  
**STATE OF NEW JERSEY**

**FINANCIAL STATEMENTS**  
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**AND**  
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**Year Ended December 31, 2012**

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**BOROUGH OF EATONTOWN**  
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**FINANCIAL STATEMENTS**  
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**BOROUGH OF EATONTOWN**  
**COUNTY OF MONMOUTH**  
**STATE OF NEW JERSEY**

**PART I**

**INDEPENDENT AUDITOR'S REPORTS**

**FINANCIAL STATEMENTS**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2012**

# *Oliwa & Company*

Certified Public Accountants

## **INDEPENDENT AUDITOR'S REPORT**

To the Honorable Mayor and  
Members of the Council  
Borough of Eatontown  
County of Monmouth  
Eatontown, New Jersey

### **Report on the Financial Statements**

We have audited the accompanying balance sheets - regulatory basis of the various funds and the account group of the Borough of Eatontown, County of Monmouth, State of New Jersey (the "Borough") as of December 31, 2012 and 2011, the related statement of operations and change in fund balance - regulatory basis for the years then ended, the related statements of fund balance - regulatory basis for the years then ended, the statement of revenues - regulatory basis and the statement of expenditures - regulatory basis for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements listed as financial statement exhibits in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of 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 an opinion 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, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit 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.

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

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 described in Note 1, the Borough prepares its financial statements in accordance with the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America. 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 Borough as of December 31, 2012 and 2011, or changes in its financial position for the years then ended.

### **Basis for Qualified Opinion on the General Fixed Assets Account Group**

The Borough does not comply with the general fixed assets capitalization policies as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Borough has not valued all fixed assets acquired after December 31, 1985 at actual cost. It was not practicable to determine the effects of capitalizing all fixed assets acquired after December 31, 1985 at actual cost.

### **Basis for Disclaimer of Opinion on Length of Service Award Program Fund**

The financial statements of the Length of Service Award Program ("LOSAP") 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 the LOSAP Fund financial statements as part of our audit of the Borough's financial statements. The LOSAP Fund financial activities are included in the Borough's Trust Fund, and represent 8.61% and 8.68% of the assets and liabilities, reserves and net assets of the Borough's Trust Fund as of December 31, 2012 and 2011, respectively.

### **Disclaimer of Opinion on Length of Service Award Program Fund**

Since the financial statements of the Length of Service Award Program ("LOSAP") 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 the LOSAP Fund financial statements as part of our audit of the Borough's financial statements, we do not express an opinion on the LOSAP Fund financial statements.

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

In our opinion, except for the effects of such adjustments had all fixed assets acquired after December 31, 1985 been recorded at actual cost, the regulatory basis financial statements referred to above present fairly, in all material respects, the balance sheets - regulatory basis of the various funds and the account group of the Borough as of December 31, 2012 and 2011, the statement of operations and change in fund balance - regulatory basis for the years then ended, the statements of fund balance - regulatory basis for the years then ended, the statement of revenues - regulatory basis and the statement of expenditures - regulatory basis for the year ended December 31, 2012 in accordance with the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

## **Other Matters**

Our audit was conducted for the purpose of forming opinions on the financial statements, which collectively comprise the Borough's basic financial statements. The supplementary schedules and comments section listed in the table of contents are presented for purposes of additional analysis as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and are not a part of the basic financial statements. Except for the LOSAP Fund supplementary schedules, such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 basic financial statements taken as a whole.

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

In accordance with Government Auditing Standards, we have also issued our report dated October 25, 2013 on our consideration of the Borough'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 Borough's internal control over financial reporting and compliance.



Robert S. Oliwa  
Certified Public Accountant  
Registered Municipal Accountant #414

*Oliwa & Company*

Freehold, New Jersey  
October 25, 2013

# *Oliwa & Company*

Certified Public Accountants

**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**

To the Honorable Mayor and  
Members of the Council  
Borough of Eatontown  
County of Monmouth  
Eatontown, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the regulatory basis financial statements of the Borough of Eatontown, County of Monmouth, State of New Jersey (the "Borough") as of and for the year ended December 31, 2012, and the related notes to the regulatory basis financial statements, which collectively comprise the Borough's basic financial statements and have issued our report thereon dated October 25, 2013, in which we expressed an adverse opinion on the conformity of the regulatory basis financial statements with accounting principles generally accepted in the United States of America, due to the differences between those principles and the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey. In addition, we expressed a qualified opinion on the regulatory basis financial statements since the Division of Local Government Services, Department of Community Affairs, State of New Jersey does not require the Length of Service Award Program Fund to be audited, and due to the effect of any adjustments that might have been determined to be necessary had all fixed assets acquired after December 31, 1985 been recorded at actual cost.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the regulatory basis financial statements, we considered the Borough'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 regulatory basis financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Borough's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Borough's internal control.

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

## **Internal Control Over Financial Reporting (Continued)**

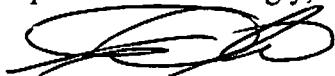
deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Borough's regulatory basis financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain matters that we have reported to the management of the Borough in a separate letter dated October 25, 2013.

## **Purpose of this Report**

This purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Robert S. Oliwa  
Certified Public Accountant  
Registered Municipal Accountant #414

*Oliwa & Company*

Freehold, New Jersey  
October 25, 2013

**BOROUGH OF EATONTOWN**  
**COUNTY OF MONMOUTH**  
**STATE OF NEW JERSEY**

**CURRENT FUND**  
**COMPARATIVE BALANCE SHEET**  
**REGULATORY BASIS**  
December 31, 2012 and 2011

	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
<b>Assets</b>			
Cash and Cash Equivalents:			
Cash - Treasurer	A-4	\$5,451,769	\$5,740,375
Change Funds		500	500
		<u>5,452,269</u>	<u>5,740,875</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-6	544,084	652,937
Tax Title Liens Receivable	A-7	74,970	68,532
Property Acquired for Taxes - Assessed Valuation		201,300	201,300
Revenue Accounts Receivable	A-8	36,366	36,969
Other Receivables		1,338	442
Due from Animal Control Fund		6,236	6,048
Due from General Capital Fund		239	342
Due from Other Trust Fund			14,234
Due from Federal and State Grant Fund			114,719
	A	<u>864,533</u>	<u>1,095,523</u>
Deferred Charges:			
Special Emergency Authorization (40A:4-53)		61,320	91,980
Emergency Authorization (40A:4-55)		<u>177,272</u>	
		<u>238,592</u>	<u>91,980</u>
		<u>6,555,394</u>	<u>6,928,378</u>
Federal and State Grant Fund:			
Due from Current Fund		90,469	
Grants Receivable	A-13	<u>471,706</u>	<u>302,948</u>
		<u>562,175</u>	<u>302,948</u>
		<u><u>\$7,117,569</u></u>	<u><u>\$7,231,326</u></u>

See Accompanying Notes

**BOROUGH OF EATONTOWN**  
**COUNTY OF MONMOUTH**  
**STATE OF NEW JERSEY**

**CURRENT FUND**  
**COMPARATIVE BALANCE SHEET**  
**REGULATORY BASIS**  
**December 31, 2012 and 2011**

	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
<b><u>Liabilities, Reserves and Fund Balance</u></b>			
Appropriation Reserves	A-3:A-9	\$1,198,528	\$1,206,451
Reserve for Encumbrances	A-12	245,745	122,228
Prepaid Licenses			22,560
Reserve for Tax Appeals		142,774	122,896
Reserve for Garden State Trust Fund			2
Reserve for Hurricane Sandy		18,333	
Reserve for Outside Liens		119,641	
Due State - Uniform Construction Code Fees		6,352	5,723
Due State - Marriage Licenses		650	275
Due State - Elevator Inspection Fees		9,912	
Due State - Elevator Permit Fees		396	
Local District School Tax Payable	A-10	80,076	57,457
Regional High School Tax Payable	A-11	1	1
Prepaid Taxes		94,012	139,225
Tax Overpayments		19,477	17,110
Due to Federal and State Grant Fund		90,469	
Due County for Added and Omitted Taxes		8,000	7,632
Due to State of New Jersey (PL 1971, Ch.20)		44,728	45,473
		<u>2,079,094</u>	<u>1,747,033</u>
Reserve for Receivables and Other Assets	A	864,533	1,095,523
Fund Balance	A-1	<u>3,611,767</u>	<u>4,085,822</u>
		<u>6,555,394</u>	<u>6,928,378</u>
 Federal and State Grant Fund:			
Appropriated Reserves	A-14	358,044	188,227
Due to Current Fund			114,719
Reserve for Encumbrances	A-14	200,911	
Unappropriated Reserves	A-15	3,220	2
		<u>562,175</u>	<u>302,948</u>
		<u><b>\$7,117,569</b></u>	<u><b>\$7,231,326</b></u>

See Accompanying Notes

**BOROUGH OF EATONTOWN**  
**COUNTY OF MONMOUTH**  
**STATE OF NEW JERSEY**

**CURRENT FUND**  
**COMPARATIVE STATEMENT OF OPERATIONS**  
**AND CHANGE IN FUND BALANCE**  
**REGULATORY BASIS**  
**Years Ended December 31, 2012 and 2011**

	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
<b><u>Revenue and Other Income Realized</u></b>			
Fund Balance Anticipated	A-2	\$3,225,000	\$2,900,000
Miscellaneous Revenue Anticipated	A-2	4,302,010	4,209,394
Receipts from Delinquent Taxes	A-2	592,827	1,061,720
Receipts from Current Taxes	A-2	42,396,400	43,327,299
Non-Budget Revenues	A-2	1,378,634	713,585
Unexpended Balance of Appropriation Reserves	A-9	815,417	793,223
Other Credits to Income:			
Other Reserves Canceled		899	10,892
Statutory Excess in Animal Control Fund	A-4	6,236	6,048
Interfunds Returned		135,343	
Canceled Appropriated Grant Reserves	A-14	404	149,031
Total Revenue		<u>52,853,170</u>	<u>53,171,192</u>

**Expenditures**

Budget and Emergency Appropriations:

Operations:			
Salaries and Wages	A-3	9,002,253	8,905,296
Other Expenses	A-3	8,016,657	7,555,740
Capital Improvements	A-3	282,500	30,000
Municipal Debt Service	A-3	1,930,311	1,744,881
Deferred Charges and Statutory Expenditures	A-3	1,888,239	1,941,558
County Taxes		6,301,998	6,718,557
Local District School Tax	A-10	14,476,086	14,133,620
Regional High School Tax	A-11	8,373,051	8,679,870
Refunds	A-4	627	212
Reserve for Other Receivables		896	442
Interfunds Advanced	A-4	6,475	118,977
Canceled Grant Receivables	A-13	404	69,082
Total Expenditures		<u>50,279,497</u>	<u>49,898,235</u>

See Accompanying Notes

**BOROUGH OF EATONTOWN**  
**COUNTY OF MONMOUTH**  
**STATE OF NEW JERSEY**

**CURRENT FUND**  
**COMPARATIVE STATEMENT OF OPERATIONS**  
**AND CHANGE IN FUND BALANCE**  
**REGULATORY BASIS**  
**Years Ended Decembers 31, 2012 and 2011**

	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
Excess in Revenue		\$2,573,673	\$3,272,957
Adjustments to Income Before Fund Balance:			
Expenditures Included Above Which Are by Statute			
Deferred Charges to Budget of Succeeding Year		<u>177,272</u>	<u>          </u>
Statutory Excess to Fund Balance		2,750,945	3,272,957
Fund Balance January 1	A	<u>4,085,822</u>	<u>3,712,865</u>
		<u>6,836,767</u>	<u>6,985,822</u>
Decreased by:			
Utilized as Anticipated Revenue	A-1:A-2	<u>3,225,000</u>	<u>2,900,000</u>
Fund Balance December 31	A	<u>\$3,611,767</u>	<u>\$4,085,822</u>

See Accompanying Notes

**BOROUGH OF EATONTOWN**  
**COUNTY OF MONMOUTH**  
**STATE OF NEW JERSEY**

**CURRENT FUND**  
**STATEMENT OF REVENUES**  
**REGULATORY BASIS**  
**Year Ended December 31, 2012**

	<b>Ref.</b>	<b>Anticipated</b>			<b>Excess or (Deficit)</b>
		<b>Budget</b>	<b>Special</b>	<b>N.J.S. 40A:4-87</b>	
Fund Balance Anticipated	A-1	\$3,225,000		\$3,225,000	
Miscellaneous Revenues:					
Alcoholic Beverage Licenses	A-8	30,000		37,688	\$7,688
Other Licenses	A-8	18,000		20,327	2,327
Fees and Permits	A-8	212,000		303,857	91,857
Municipal Court Fines and Costs	A-8	494,700		455,763	(38,937)
Interest and Costs on Taxes	A-8	125,002		100,618	(24,384)
Interest on Investments	A-8	11,571		7,621	(3,950)
Consolidated Municipal Property Tax Relief Act	A-8	107,169		107,169	
Energy Receipts Tax	A-8	1,357,446		1,357,446	
Uniform Construction Code Fees	A-8	300,000		289,517	(10,483)
Mechanical Garage - Eatontown Board of Education	A-8	4,000		6,067	2,067
Municipal Court - Monmouth Beach	A-8	37,500		37,500	
Clean Communities Program	A-13	20,913		20,913	
Municipal Alliance on Alcoholism and Drug Abuse	A-13	25,983		25,983	
Safe and Secure Communities Program	A-13	53,307	\$6,693	60,000	
Community Development Block Grant	A-13	182,500		182,500	
Handicapped Recreation Opportunities Fund	A-13		5,000	5,000	
New Jersey Transportation Trust Fund	A-13		175,000	175,000	
Body Armor Fund	A-13		3,740	3,740	
Over the Limit Under Arrest	A-13		5,200	5,200	
Drunk Driving Enforcement Fund	A-13		4,400	4,400	
Click It or Ticket It	A-13		4,000	4,000	

See Accompanying Notes

**BOROUGH OF EATONTOWN**  
**COUNTY OF MONMOUTH**  
**STATE OF NEW JERSEY**

**CURRENT FUND**  
**STATEMENT OF REVENUES**  
**REGULATORY BASIS**  
**Year Ended December 31, 2012**

	<u>Ref.</u>	<u>Anticipated</u>			<u>Excess or (Deficit)</u>
		<u>Budget</u>	<u>Special</u>	<u>N.J.S. 40A:4-87</u>	
Miscellaneous Revenues (continued):					
Cooperative Housing Inspection Grant	A-8	\$3,500		\$4,299	\$799
Senior Citizens Housing (In Lieu of Taxes)	A-8	136,536		188,400	51,864
Borough Community Center Programs	A-8	238,700		224,438	(14,262)
Uniform Fire Safety Act	A-8	53,358		71,261	17,903
General Capital Fund Surplus	A-8	14,626		14,626	
Hotel Tax	A-8	273,960		263,347	(10,613)
Cell Tower Agreements	A-8	236,000		251,330	15,330
Reserve for Payment of Bonds	A-8	74,000		74,000	
Receipts from Delinquent Taxes	A-1	4,010,771	\$204,033	4,302,010	87,206
	A-1:A-2	640,000		592,827	(47,173)
Amount to be Raised by Taxes for Support of Municipal Budget:					
Local Tax for Municipal Purposes	A-2:A-6	14,727,423		15,259,823	532,400
Budget Totals					
Non-Budget Revenues	A-2	22,603,194	204,033	23,379,660	\$572,433
				1,378,634	
	<u>Ref.</u>	<u>\$22,603,194</u>	<u>\$204,033</u>	<u>\$24,758,294</u>	
		A-3	A-3		

See Accompanying Notes

**BOROUGH OF EATONTOWN**  
**COUNTY OF MONMOUTH**  
**STATE OF NEW JERSEY**

**CURRENT FUND**  
**STATEMENT OF REVENUES**  
**REGULATORY BASIS**  
**Year Ended December 31, 2012**

	<u>Ref.</u>
<b><u>Analysis of Realized Revenues</u></b>	
Allocation of Current Tax Collections:	
Revenue from Collections	A-1:A-6
	<b>\$42,396,400</b>
Allocated to School and County Taxes	<u>28,998,057</u>
Balance for Support of Municipal Budget Appropriations	13,398,343
Add:	
Appropriation "Reserve for Uncollected Taxes"	A-3
	<u>1,861,480</u>
Amount for Support of Municipal Budget Appropriations	A-2
	<u><b>\$15,259,823</b></u>

**Receipts from Delinquent Taxes**

Delinquent Tax Collections	A-2:A-6
	<u><b>\$592,827</b></u>

**BOROUGH OF EATONTOWN**  
**COUNTY OF MONMOUTH**  
**STATE OF NEW JERSEY**

**CURRENT FUND**  
**STATEMENT OF REVENUES**  
**REGULATORY BASIS**  
**Year Ended December 31, 2012**

**Analysis of Non-Budget Revenues**

FEMA Reimbursements	\$834,804
Recycling	95,259
Cable TV	94,932
Insurance Refund	85,102
Recreation Fees	53,179
Payment in Lieu of Taxes	50,000
Trailer Tax	24,935
Police Fees	22,510
Administrative Fees	17,637
Police Auction	15,023
Police Impound Fees	14,700
Construction Code	10,634
Advertising	9,784
Senior Citizen Trips	8,872
Other Refunds and Reimbursements	8,633
Calendar Sales	6,582
Cancelled Outstanding Checks	5,268
Community Center	4,449
Inspection Fines	3,990
Tax Collector	3,695
Planning Board	2,521
Celebration of Public Events	2,436
Senior Citizens and Veterans Administrative Fee	1,919
Election Polling Rental Reimbursement	800
Returned Check Fees	595
Mayor Marriage Fees	375
	<b><u>\$1,378,634</u></b>

**Ref.** A-1:A-2:A-4

**BOROUGH OF EATONTOWN**  
**COUNTY OF MONMOUTH**  
**STATE OF NEW JERSEY**

**CURRENT FUND**  
**STATEMENT OF EXPENDITURES**  
**REGULATORY BASIS**  
**Year Ended December 31, 2012**

	<b>APPROPRIATIONS</b>		<b>EXPENDED</b>		<b>Unexpended Balance Canceled</b>	
	<b>Budget</b>	<b>Budget After Modification</b>	<b>Paid or Charged</b>	<b>Reserved</b>		
<b><u>Operations Within "CAPS"</u></b>						
<b>General Government:</b>						
Administrative and Executive:						
Salaries and Wages	\$220,700	\$220,700	\$209,869	\$10,831		
Other Expenses	22,950	22,950	12,128	10,822		
Labor Attorney:	15,000	15,000	15,000			
Mayor and Council:						
Salaries and Wages	64,456	64,456	60,242	4,214		
Other Expenses	6,400	6,400	6,160	240		
Advertising:						
Other Expenses	26,400	26,400	15,883	10,517		
Elections:						
Salaries and Wages	1,825	1,825	1,759	66		
Other Expenses	4,140	4,140	2,474	1,666		
Municipal Clerk:						
Salaries and Wages	143,235	146,702	146,702			
Other Expenses	11,900	11,900	7,450	4,450		
Information Technology:						
Salaries and Wages	84,350	87,576	87,436	140		
Other Expenses	19,630	19,630	13,409	6,221		

See Accompanying Notes

**BOROUGH OF EATONTOWN**  
**COUNTY OF MONMOUTH**  
**STATE OF NEW JERSEY**

**CURRENT FUND**  
**STATEMENT OF EXPENDITURES**  
**REGULATORY BASIS**  
**Year Ended December 31, 2012**

<u>Operations Within "CAPS"</u>	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Balance Canceled</u>
Purchasing Department:					
Salaries and Wages	\$33,500	\$33,500	\$33,495	\$5	
Other Expenses	28,350	28,350	24,154	4,196	
Financial Administration:					
Salaries and Wages	179,785	186,723	186,670	53	
Other Expenses	43,350	43,350	32,467	10,883	
Bond Registration Fees	3,000	3,000	1,589	1,411	
Audit Services	48,000	48,000	7,300	40,700	
Assessment of Taxes:					
Salaries and Wages	79,470	79,470	77,220	2,250	
Other Expenses	9,925	11,925	9,922	2,003	
Collection of Taxes:					
Salaries and Wages	83,750	83,750	83,750		
Other Expenses	6,170	6,170	5,310	860	
Legal Services and Costs:					
Other Expenses	165,000	165,000	142,361	22,639	
Special Counsel	85,000	110,000	90,123	19,877	

See Accompanying Notes

**BOROUGH OF EATONTOWN**  
**COUNTY OF MONMOUTH**  
**STATE OF NEW JERSEY**

**CURRENT FUND**  
**STATEMENT OF EXPENDITURES**  
**REGULATORY BASIS**  
**Year Ended December 31, 2012**

	<b>APPROPRIATIONS</b>		<b>EXPENDED</b>		<b>Unexpended Balance Canceled</b>
	<b>Budget</b>	<b>Budget After Modification</b>	<b>Paid or Charged</b>	<b>Reserved</b>	
<b><u>Operations Within "CAPS"</u></b>					
Municipal Prosecutor:					
Salaries and Wages	\$36,720	\$36,720	\$36,000	\$720	
Engineering Service and Costs:					
Miscellaneous Other Expenses	70,500	90,500	75,283	15,217	
Public Buildings and Grounds:					
Salaries and Wages	173,465	173,325	165,110	8,215	
Other Expenses	114,600	124,600	118,732	5,868	
Municipal Land Use Law (NJSA 40:55D-1)					
Planning Board:					
Salaries and Wages	17,870	18,551	17,163	1,388	
Other Expenses	22,925	22,925	13,760	9,165	
Board of Adjustment:					
Salaries and Wages	30,290	30,971	29,882	1,089	
Other Expenses	12,600	12,600	4,614	7,986	
Zoning Officer:					
Salaries and Wages	64,533	64,533	64,533		
Other Expenses	2,315	2,315	673	1,642	
Hurricane Sandy					
Other Expenses (Emergency \$177,272)		177,272	177,272		

See Accompanying Notes

**BOROUGH OF EATONTOWN**  
**COUNTY OF MONMOUTH**  
**STATE OF NEW JERSEY**

**CURRENT FUND**  
**STATEMENT OF EXPENDITURES**  
**REGULATORY BASIS**  
**Year Ended December 31, 2012**

	<b>APPROPRIATIONS</b>		<b>EXPENDED</b>		<b>Unexpended Balance Canceled</b>
	<b>Budget</b>	<b>Budget After Modification</b>	<b>Paid or Charged</b>	<b>Reserved</b>	
<b><u>Operations Within "CAPS"</u></b>					
Shade Tree Commission:					
Salaries and Wages	\$70,400	\$70,400	\$70,400		
Other Expenses	14,500	14,500	12,885	\$1,615	
Environmental Program:					
Salaries and Wages	800				
Other Expenses	1,000	1,800	1,098	702	
Gypsy Moth Program:					
Other Expenses	100	100		100	
Public Safety:					
Fire:					
Salaries and Wages	5,478	5,478	5,476	2	
Fire Hydrant Service	130,000	130,000	121,450	8,550	
Miscellaneous Other Expenses	77,500	77,500	64,046	13,454	
Insurance:					
Group Insurance	3,031,865	3,031,865	2,900,674	131,191	
Health Benefit Waiver	70,000	70,000	70,000		
Other Insurance	361,827	361,827	319,584	42,243	
Workman's Compensation	435,215	435,215	434,154	1,061	

See Accompanying Notes

**BOROUGH OF EATONTOWN**  
**COUNTY OF MONMOUTH**  
**STATE OF NEW JERSEY**

**CURRENT FUND**  
**STATEMENT OF EXPENDITURES**  
**REGULATORY BASIS**  
**Year Ended December 31, 2012**

	<b>APPROPRIATIONS</b>		<b>EXPENDED</b>		<b>Unexpended Balance Canceled</b>
	<b>Budget</b>	<b>Budget After Modification</b>	<b>Paid or Charged</b>	<b>Reserved</b>	
<b><u>Operations Within "CAPS"</u></b>					
Uniform Fire Safety Act (P.L. 1983, Ch. 383):					
Salaries and Wages	\$68,995	\$68,995	\$58,324	\$10,671	
Other Expenses	8,509	8,509	4,919	3,590	
Police:					
Salaries and Wages	4,784,372	4,789,176	4,568,175	221,001	
Other Expenses	258,250	264,250	252,148	12,102	
First Aid Organization Contribution:	31,771	31,771	29,752	2,019	
Demolition of Condemned and Unsafe Structures:					
Other Expenses	1,000	1,000		1,000	
Emergency Management Services:					
Salaries and Wages	890	890	890		
Other Expenses	6,300	6,300	6,062	238	
Road Repair and Maintenance:					
Salaries and Wages	950,060	967,478	967,462	16	
Other Expenses	74,000	74,000	63,702	10,298	
Municipal Court:					
Salaries and Wages	211,485	195,341	162,236	33,105	
Other Expenses	9,500	9,500	6,162	3,338	

See Accompanying Notes

**BOROUGH OF EATONTOWN**  
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**STATEMENT OF EXPENDITURES**  
**REGULATORY BASIS**  
**Year Ended December 31, 2012**

	<b>APPROPRIATIONS</b>		<b>EXPENDED</b>		<b>Unexpended Balance Canceled</b>
	<b>Budget</b>	<b>Budget After Modification</b>	<b>Paid or Charged</b>	<b>Reserved</b>	
<b><u>Operations Within "CAPS"</u></b>					
Maintaining of Borough Equipment:					
Salaries and Wages	\$323,440	\$332,009	\$332,009		
Other Expenses	162,600	162,600	121,903	\$40,697	
Street Lighting:	145,000	135,000	96,592	38,408	
Monmouth County Reclamation Fees:	350,000	340,000	289,613	50,387	
Recycling - Contractual:					
Salaries and Wages	48,900	38,900	38,900		
Other Expenses	120,100	102,100	75,758	26,342	
Sanitation - Apartment Collection	250,000	250,000	247,400	2,600	
Health and Welfare:					
Monmouth Cty. Rcg. Health Com. (NJSA 40:13)					
Salaries and Wages	8,064	8,064	8,064		
Administration of Public Assistance:					
Other Expenses	1,750	1,750		1,750	

See Accompanying Notes

**BOROUGH OF EATONTOWN**  
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**STATE OF NEW JERSEY**

**CURRENT FUND**  
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**REGULATORY BASIS**  
**Year Ended December 31, 2012**

	<b>APPROPRIATIONS</b>		<b>EXPENDED</b>		<b>Unexpended Balance Canceled</b>
	<b>Budget</b>	<b>Budget After Modification</b>	<b>Paid or Charged</b>	<b>Reserved</b>	
<b><u>Operations Within "CAPS"</u></b>					
Relocation:					
Other Expenses	\$1,500	\$1,500			\$1,500
Housing Inspection:					
Salaries and Wages	72,395	76,395	\$76,395		
Other Expenses	600	600	270		330
Animal Control:					
Other Expenses	2,500	2,500	2,500		
Recreation and Education:					
Parks:					
Salaries and Wages	429,800	435,800	435,663		137
Other Expenses	51,650	51,650	49,497		2,153
Recreation:					
Salaries and Wages	136,305	136,305	135,443		862
Other Expenses	53,220	53,220	44,370		8,850
Celebration of Public Events:					
Other Expenses	13,750	13,750	8,536		5,214

See Accompanying Notes

**BOROUGH OF EATONTOWN**  
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**Year Ended December 31, 2012**

	<b>APPROPRIATIONS</b>		<b>EXPENDED</b>		<b>Unexpended Balance Canceled</b>
	<b>Budget</b>	<b>Budget After Modification</b>	<b>Paid or Charged</b>	<b>Reserved</b>	
<b><u>Operations Within "CAPS"</u></b>					
Borough Community Center:					
Salaries and Wages	\$255,430	\$220,430	\$212,543	\$7,887	
Other Expenses	22,600	22,600	14,830	7,770	
Miscellaneous Other Expenses:					
Youth Committee	2,800	2,800	2,596	204	
Tenant's Rights Committee	1,000	1,000	68	932	
Senior Citizen Programs:					
Salaries and Wages	49,500	39,500	26,018	13,482	
Other Expenses	15,560	15,560	12,174	3,386	
Uniform Construction Code -					
Appropriations Offset by Dedicated					
Revenues (N.J.A.C. 5:23-4.17)					
Inspection of Buildings:					
Salaries and Wages	282,390	291,890	291,890		
Other Expenses	13,300	9,300	5,961	3,339	

See Accompanying Notes

**BOROUGH OF EATONTOWN**  
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**Year Ended December 31, 2012**

	<b>APPROPRIATIONS</b>		<b>EXPENDED</b>		<b>Unexpended Balance Canceled</b>
	<b>Budget</b>	<b>Budget After Modification</b>	<b>Paid or Charged</b>	<b>Reserved</b>	
<b><u>Operations Within "CAPS"</u></b>					
Unclassified:					
Fuel for Motor Vehicles	\$210,000	\$260,000	\$233,058	\$26,942	
Salaries and Wages - Adjustment Program	55,000				
Business Advisory Committee	1,000	1,000		1,000	
Employee Sick Time Buy - Back	85,000	85,000	24,905	60,095	
Accumulated Absences	10,000	10,000	10,000		
Electricity	152,000	142,000	112,156	29,844	
Telephone	120,000	120,000	97,833	22,167	
Water	20,100	20,100	12,673	7,427	
Natural Gas	78,000	78,000	42,314	35,686	
Total Operations within "CAPS"	<u>16,081,175</u>	<u>16,258,447</u>	<u>15,157,426</u>	<u>1,101,021</u>	
Contingent	4,000	4,000	568	3,432	
Total Operations Including Contingent within "CAPS"	<u>16,085,175</u>	<u>16,262,447</u>	<u>15,157,994</u>	<u>1,104,453</u>	
Detail:					
Salaries and Wages	8,912,653	8,905,853	8,589,719	316,134	
Other Expenses (Including Contingent)	<u>7,172,522</u>	<u>7,356,594</u>	<u>6,568,275</u>	<u>788,319</u>	

See Accompanying Notes

**BOROUGH OF EATONTOWN**  
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**CURRENT FUND**  
**STATEMENT OF EXPENDITURES**  
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**Year Ended December 31, 2012**

	<b>APPROPRIATIONS</b>		<b>EXPENDED</b>		<b>Unexpended Balance Canceled</b>
	<b>Budget</b>	<b>Budget After Modification</b>	<b>Paid or Charged</b>	<b>Reserved</b>	
<b><u>Deferred Charges and Statutory Expenditures Within "CAPS"</u></b>					
Prior Year Bills:					
Greater Media Newspapers - 2008	<u>\$2,171</u>	<u>\$2,171</u>	<u>\$2,170</u>	<u>\$1</u>	
<b><u>Statutory Expenditures:</u></b>					
Contribution to:					
Public Employees' Retirement System of N.J.	454,288	454,288	454,288		
Social Security System (O.A.S.I.)	428,281	428,281	420,215	8,066	
Police and Firemen's Retirement System of N.J.	929,241	929,241	929,241		
Defined Contribution Retirement Program	4,100	4,100	4,100		
Early Retirement Incentive Program	28,998	28,998	28,998		
Unemployment Compensation Insurance	<u>10,500</u>	<u>10,500</u>	<u>10,500</u>		
Total Deferred Charges and Statutory Expenditures Within "CAPS"	<u>1,857,579</u>	<u>1,857,579</u>	<u>1,849,512</u>	<u>8,067</u>	
Total General Appropriations for Municipal Purposes Within "CAPS"	<u>17,942,754</u>	<u>18,120,026</u>	<u>17,007,506</u>	<u>1,112,520</u>	

See Accompanying Notes

**BOROUGH OF EATONTOWN**  
**COUNTY OF MONMOUTH**  
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**CURRENT FUND**  
**STATEMENT OF EXPENDITURES**  
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**Year Ended December 31, 2012**

	<b>APPROPRIATIONS</b>		<b>EXPENDED</b>		<b>Unexpended Balance Canceled</b>
	<b>Budget</b>	<b>Budget After Modification</b>	<b>Paid or Charged</b>	<b>Reserved</b>	
<b><u>Operations Excluded from "CAPS"</u></b>					
Aid to Privately Owned Library 40:54-35:					
Salaries and Wages	\$58,900	\$58,900	\$57,094	\$1,806	
Other Expenses	9,404	9,404	6,043	3,361	
Telephone	2,500	2,500		2,500	
9-1-1 System (40A:4-45.3cc)					
Other Expenses	16,500	16,500	16,000	500	
Tax Appeal Reserve	50,000	50,000	50,000		
State Recycling Tax (C.311, P.L. 2007)	14,800	14,800	11,959	2,841	
Employee Group Health Insurance	125,435	125,435	125,435		
NJDEP/Storm Water Mgt. (40A:4-45.3cc)	15,000	15,000	3,000	12,000	
Length of Service Award Program - Fire	39,000	39,000		39,000	
Length of Service Award Program - First Aid	18,000	18,000		18,000	
Total Other Operations Excluded from "CAPS"	349,539	349,539	269,531	80,008	

See Accompanying Notes

**BOROUGH OF EATONTOWN**  
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**STATE OF NEW JERSEY**

**CURRENT FUND**  
**STATEMENT OF EXPENDITURES**  
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**Year Ended December 31, 2012**

	<b>APPROPRIATIONS</b>		<b>EXPENDED</b>		<b>Unexpended Balance Canceled</b>
	<b>Budget</b>	<b>Budget After Modification</b>	<b>Paid or Charged</b>	<b>Reserved</b>	
<b><u>Operations Excluded from "CAPS"</u></b>					
Shared Service Agreements:					
Mechanical Garage - Eatontown					
Board of Education:					
Salaries and Wages	\$4,000	\$4,000	\$4,000		
Municipal Court - Monmouth Beach					
Salaries and Wages	30,000	30,000	30,000		
Other Expenses	7,500	7,500	7,500		
Total Shared Service Agreements	<u>41,500</u>	<u>41,500</u>	<u>41,500</u>		
Public and Private Programs Offset by Revenues:					
Clean Communities Program	20,913	20,913	20,913		
Inspection of Buildings:					
Salaries and Wages	3,500	3,500	3,500		
Safe and Secure Communities					
Program (40A:4-87, \$6,693+)	90,000	96,693	96,693		
Municipal Alliance on Alcoholism					
and Drug Abuse	32,478	32,478	32,478		
Community Development Block Grant	182,500	182,500	182,500		
Handicapped Person's Recreational					
Opportunities Fund (40A:4-87, \$5,000+)		5,000	5,000		

See Accompanying Notes

**BOROUGH OF EATONTOWN  
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STATE OF NEW JERSEY**

**CURRENT FUND  
STATEMENT OF EXPENDITURES  
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Year Ended December 31, 2012**

	<b>APPROPRIATIONS</b>		<b>EXPENDED</b>		<b>Unexpended Balance Canceled</b>
	<b>Budget</b>	<b>Budget After Modification</b>	<b>Paid or Charged</b>	<b>Reserved</b>	
<b><u>Operations Excluded from "CAPS"</u></b>					
Public and Private Programs Offset by Revenues (continued):					
Drunk Driving Enforcement (40A:4-87, \$4,400+)		\$4,400	\$4,400		
Body Armor Fund (40A:4-87, \$3,740+)		3,740	3,740		
Over the Limit Under Arrest (40A:4-87, \$5,200+)		5,200	5,200		
Click It or Ticket (40A:4-87, \$4,000+)		4,000	4,000		
Matching Funds for Grants	\$7,000	7,000	1,000	\$6,000	
Total Public and Private Programs Offset by Revenues	<u>336,391</u>	<u>365,424</u>	<u>359,424</u>	<u>6,000</u>	
Total Operations Excluded from "CAPS"	<u>727,430</u>	<u>756,463</u>	<u>670,455</u>	<u>86,008</u>	
Detail:					
Salaries and Wages	96,400	96,400	94,594	1,806	
Other Expenses	<u>631,030</u>	<u>660,063</u>	<u>575,861</u>	<u>84,202</u>	

See Accompanying Notes

**BOROUGH OF EATONTOWN  
COUNTY OF MONMOUTH  
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**CURRENT FUND  
STATEMENT OF EXPENDITURES  
REGULATORY BASIS  
Year Ended December 31, 2012**

	<b>APPROPRIATIONS</b>		<b>EXPENDED</b>		<b>Unexpended Balance Canceled</b>
	<b>Budget</b>	<b>Budget After Modification</b>	<b>Paid or Charged</b>	<b>Reserved</b>	
<b><u>Capital Improvements Excluded from "CAPS"</u></b>					
Capital Improvement Fund	\$107,500	\$107,500	\$107,500		
New Jersey DOT Trust Fund					
Authority Act (40A:4-87, \$175,000+)		175,000	175,000		
<b>Total Capital Improvements Excluded from "CAPS"</b>	<b>107,500</b>	<b>282,500</b>	<b>282,500</b>		
<b><u>Municipal Debt Service Excluded from "CAPS"</u></b>					
Payment of Bond Principal	890,000	890,000	890,000		
Interest on Bonds	475,000	475,000	473,985		\$1,015
Interest on Notes	22,500	22,500	22,281		219
Loan Repayments for Principal and Interest	51,370	51,370	51,352		18
Capital Lease Obligations					
Principal	408,700	408,700	408,700		
Interest	85,800	85,800	83,993		1,807
<b>Total Municipal Debt Service Excluded from "CAPS"</b>	<b>1,933,370</b>	<b>1,933,370</b>	<b>1,930,311</b>		<b>3,059</b>

See Accompanying Notes

**BOROUGH OF EATONTOWN**  
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**CURRENT FUND**  
**STATEMENT OF EXPENDITURES**  
**REGULATORY BASIS**  
**Year Ended December 31, 2012**

	<b>APPROPRIATIONS</b>		<b>EXPENDED</b>		<b>Unexpended Balance Canceled</b>
	<b>Budget</b>	<b>Budget After Modification</b>	<b>Paid or Charged</b>	<b>Reserved</b>	
<b><u>Deferred Charges Excluded from "CAPS"</u></b>					
Deferred Charges:					
Special Emergency Authorizations	<u>\$30,660</u>	<u>\$30,660</u>	<u>\$30,660</u>		
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>2,798,960</u>	<u>3,002,993</u>	<u>2,913,926</u>	<u>\$86,008</u>	<u>\$3,059</u>
Subtotal General Appropriations	20,741,714	21,123,019	19,921,432	1,198,528	3,059
Reserve for Uncollected Taxes	<u>1,861,480</u>	<u>1,861,480</u>	<u>1,861,480</u>		
Total General Appropriations	<u><u>\$22,603,194</u></u>	<u><u>\$22,984,499</u></u>	<u><u>\$21,782,912</u></u>	<u><u>\$1,198,528</u></u>	<u><u>\$3,059</u></u>
	<b>Ref.</b>	A-2		A-1	A:A-1
Budget	A-3		\$22,603,194		
Appropriation by 40A:4-87	A-2		204,033		
Emergency Appropriation 40A:4-55			177,272		
			<u><u>\$22,984,499</u></u>		

See Accompanying Notes

**BOROUGH OF EATONTOWN**  
**COUNTY OF MONMOUTH**  
**STATE OF NEW JERSEY**

**CURRENT FUND**  
**STATEMENT OF EXPENDITURES**  
**REGULATORY BASIS**  
**Year Ended December 31, 2012**

	<u>Ref.</u>	<u>Paid or Charged</u>
Reserve for Uncollected Taxes	A-2	\$1,861,480
Disbursed	A-4	18,902,664
Reserve for Encumbrances	A-12	229,912
Reserve for Grants Appropriated	A-14	530,924
Reserve for Tax Appeals		50,000
Special Emergency Authorization (40A:4-53)		30,660
Reserve for Hurricane Sandy		177,272
		<u><u>\$21,782,912</u></u>

**BOROUGH OF EATONTOWN**  
**COUNTY OF MONMOUTH**  
**STATE OF NEW JERSEY**

**TRUST FUND**  
**COMPARATIVE BALANCE SHEET**  
**REGULATORY BASIS**  
**December 31, 2012 and 2011**

<b><u>Assets</u></b>	<b><u>Ref.</u></b>	<b><u>2012</u></b>	<b><u>2011</u></b>
Animal Control Fund:			
Cash and Cash Equivalents	B-2	<u>\$25,333</u>	<u>\$25,204</u>
Other Trust Fund:			
Cash and Cash Equivalents	B-2	<u>3,294,662</u>	<u>2,806,390</u>
Length of Service Award			
Program Fund:			
(LOSAP) - Unaudited			
Investments	B-5	<u>312,599</u>	<u>269,139</u>
		<u><b>\$3,632,594</b></u>	<u><b>\$3,100,733</b></u>

See Accompanying Notes

**BOROUGH OF EATONTOWN**  
**COUNTY OF MONMOUTH**  
**STATE OF NEW JERSEY**

**TRUST FUND**  
**COMPARATIVE BALANCE SHEET**  
**REGULATORY BASIS**  
**December 31, 2012 and 2011**

	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
<b><u>Liabilities, Reserves and Fund Balance</u></b>			
Animal Control Fund:			
Due to State of New Jersey		\$107	\$173
Reserve for Animal Control Fund Expenditures	B-3	15,430	15,518
Due to Current Fund		6,236	6,048
Prepaid Licenses		<u>3,560</u>	<u>3,465</u>
		<u>25,333</u>	<u>25,204</u>
Other Trust Fund:			
Reserve for Other Trust Fund Deposits	B-4	3,294,599	2,792,093
Due to Current Fund			14,234
Fund Balance	B-1	<u>63</u>	<u>63</u>
		<u>3,294,662</u>	<u>2,806,390</u>
Length of Service Award			
Program Fund:			
(LOSAP) - Unaudited			
Reserve for Length of Service Award			
Program Fund	B-6	<u>312,599</u>	<u>269,139</u>
		<u><u>\$3,632,594</u></u>	<u><u>\$3,100,733</u></u>

See Accompanying Notes

**BOROUGH OF EATONTOWN**  
**COUNTY OF MONMOUTH**  
**STATE OF NEW JERSEY**

B-1

**TRUST FUND**  
**COMPARATIVE STATEMENT OF FUND BALANCE**  
**REGULATORY BASIS**  
**Years Ended December 31, 2012 and 2011**

	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
Other Trust Fund:			
Balance, January 1	B	\$63	\$6,107
Decreased by:			
Payment to Current Fund as Anticipated Revenue		<u>-</u>	<u>6,044</u>
Balance, December 31	B	<u><u>\$63</u></u>	<u><u>\$63</u></u>

See Accompanying Notes

**BOROUGH OF EATONTOWN**  
**COUNTY OF MONMOUTH**  
**STATE OF NEW JERSEY**

**GENERAL CAPITAL FUND**  
**COMPARATIVE BALANCE SHEET**  
**REGULATORY BASIS**  
**December 31, 2012 and 2011**

	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
<b><u>Assets</u></b>			
Cash and Cash Equivalents	C-2	\$3,492,573	\$8,494,701
Deferred Charges to Future Taxation:			
Funded	C-9	9,397,187	10,384,805
Unfunded	C-11	1,855,350	
Leased Assets under Capital Lease		1,331,000	1,739,700
Other		1	1
		<b><u>\$16,076,111</u></b>	<b><u>\$20,619,207</u></b>
<b><u>Liabilities, Reserves and Fund Balance</u></b>			
General Serial Bonds	C-6	\$9,297,000	\$10,236,000
Green Trust Loans Payable	C-10	100,187	148,805
Bond Anticipation Notes	C-7	1,047,850	4,774,435
Improvement Authorizations:			
Funded	C-5	1,614,526	3,337,615
Unfunded	C-5	1,195,885	
Lease Obligations Payable	C-8	1,331,000	1,739,700
Reserve for Payment of Bonds		288,500	362,500
Reserve for Encumbrances	C-5	1,175,038	
Capital Improvement Fund	C-4	15,034	5,184
Due to Current Fund		239	342
Fund Balance	C-1	10,852	14,626
		<b><u>\$16,076,111</u></b>	<b><u>\$20,619,207</u></b>

There were bonds and notes authorized but not issued on December 31, 2012 of \$807,500 and there were no bonds and notes authorized but not issued on December 31, 2011 (Schedule C-12).

See Accompanying Notes

**BOROUGH OF EATONTOWN**  
**COUNTY OF MONMOUTH**  
**STATE OF NEW JERSEY**

**GENERAL CAPITAL FUND**  
**COMPARATIVE STATEMENT OF FUND BALANCE**  
**REGULATORY BASIS**  
**Years Ended December 31, 2012 and 2011**

	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
Balance, January 1	C	\$14,626	\$112,587
Increased by:			
Premium on Serial Bonds Issued	C-2	10,519	14,001
Premium on Notes Issued	C-2	333	625
		<u>25,478</u>	<u>127,213</u>
Decreased by:			
Payment to Current Fund as Anticipated Revenue	C-2	<u>14,626</u>	<u>112,587</u>
Balance, December 31	C	<u>\$10,852</u>	<u>\$14,626</u>

See Accompanying Notes

**BOROUGH OF EATONTOWN**  
**COUNTY OF MONMOUTH**  
**STATE OF NEW JERSEY**

**GENERAL FIXED ASSETS ACCOUNT GROUP**  
**COMPARATIVE BALANCE SHEET**  
**REGULATORY BASIS**  
**December 31, 2012 and 2011**

	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
<b><u>Assets</u></b>			
General Fixed Assets:			
Land, Buildings and Improvements		\$11,219,955	\$11,102,637
Machinery and Equipment		<u>10,155,193</u>	<u>9,819,414</u>
Total General Fixed Assets		<u><u>\$21,375,148</u></u>	<u><u>\$20,922,051</u></u>
<b><u>Liabilities and Reserves</u></b>			
Investment in General Fixed Assets	D-1	<u><u>\$21,375,148</u></u>	<u><u>\$20,922,051</u></u>

See Accompanying Notes

**BOROUGH OF EATONTOWN**  
**COUNTY OF MONMOUTH**  
**STATE OF NEW JERSEY**

**PAYROLL FUND**  
**COMPARATIVE BALANCE SHEET**  
**REGULATORY BASIS**  
**December 31, 2012 and 2011**

	<u>2012</u>	<u>2011</u>
<b><u>Assets</u></b>		
Cash and Cash Equivalents	<u>\$20,716</u>	<u>\$1,979</u>
<b><u>Reserves</u></b>		
Reserve for Expenditures	<u>\$20,716</u>	<u>\$1,979</u>

See Accompanying Notes

**BOROUGH OF EATONTOWN**  
**COUNTY OF MONMOUTH**  
**STATE OF NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2012**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The financial statements of the Borough of Eatontown, County of Monmouth, State of New Jersey (the “Borough”), include every board, body, office or commission supported and maintained wholly or in part by funds appropriated by the Borough as required by N.J.S. 40A:5-5. The financial statements of the Borough do not include the operations of the school boards, first aid squad, volunteer fire department or the Eatontown Sewerage Authority (a component unit of the Borough), which are subject to separate audits.

The Governmental Accounting Standards Board (“GASB”) established criteria to be used to determine if component units should be included in the financial statements of the oversight entity. These 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 Borough, by statute or other directive, report separately on their financial statements.

**B. Description of Funds**

The GASB is the recognized standard setting body for establishing governmental accounting and financial reporting principles generally accepted in the United States of America. The GASB codification establishes certain fund types to be used by general purpose governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

The accounting policies of the Borough conform to the accounting principles and practices 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 Borough accounts for its financial transactions through the following separate funds which differ from the fund structure required by GAAP.

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

**Animal Control Fund** - used to record animal license revenues and expenditures.

## 1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

### B. **Description of Funds (continued)**

**Payroll Fund** - used to record payroll related transactions.

**Other Trust Fund** - used to record assets held by the Borough in a trustee capacity or as an agent for individuals and other governmental agencies.

**Length of Service Award Program Fund** - used to record Borough contributions, changes in market value and administrative charges for program-eligible volunteers.

**General Capital Fund** - used to record 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.

**General Fixed Assets Account Group** - used to record fixed assets utilized 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. A modified accrual basis of accounting is followed with minor exceptions. The more significant differences are as follows:

**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 Borough'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 Borough'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 appropriations 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.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### C. Basis of Accounting (continued)

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

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

**Deferred Charges** - The regulatory basis of accounting utilized by the Borough 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.

**Compensated Absences** - Expenditures relating to obligations for unused vested accumulated vacation and sick pay are not recorded until paid. GAAP requires that the amount that 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.

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

**Sale of Municipal Assets** - Cash proceeds from the sale of Borough 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 when the terms of the sales contract become legally enforceable.

**Inventories of Supplies** - The costs of inventories of supplies for all funds are recorded as expenditures at the time of purchase. The costs of inventories are not included on the various balance sheets.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### C. Basis of Accounting (continued)

**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.

**General Fixed Assets** - In accordance with N.J.A.C. 5:30-5.6, Accounting for Governmental Fixed Assets, as promulgated by the Division, which differs in certain respects from GAAP, the Borough is required to develop a fixed assets accounting and reporting system.

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

For fixed assets acquired through December 31, 1985, valuation is required at historical cost or estimated historical cost if actual historical cost is not available. For assets acquired beginning on January 1, 1986, the required basis for valuation is historical cost. Depreciation is not required. GAAP requires fixed assets to be valued at cost and be depreciated. The Borough has not valued all fixed assets acquired after December 31, 1985 at actual cost.

### D. Financial Statements

The GASB Codification also defines the financial statements of a governmental unit to be presented in general purpose financial statements in accordance with GAAP. The Borough presents its financial statements, as listed in the table of contents, as required by the Division, which differ 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 Borough and approved by the Division in accordance with applicable statutes.

## **2. CASH AND CASH EQUIVALENTS AND INVESTMENTS**

Cash and cash equivalents include cash on hand, change funds, amounts on deposit and short-term investments with original maturities of three months or less.

### **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 insures deposits or the State of New Jersey Cash Management Fund.

The Governmental Unit Deposit Protection Act ("GUDPA") requires public depositories to maintain collateral for deposit of public funds that exceed insurance limits. GUDPA requires that 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 seventy five percent of the capital funds of the depository, the depository must provide collateral having a market value equal to one hundred percent of the amount exceeding seventy five 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.

**Custodial Credit Risk** - The custodial credit risk for deposits is the risk that in the event of a bank failure, a government's deposits may not be returned to it. Although the Borough does not have a formal deposit policy for custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of GUDPA. Public funds owned by the municipality in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds, or funds that may pass to the municipality relative to the happening of a future condition. As of December 31, 2012 and 2011 the Borough's bank balances were exposed to custodial credit risk as follows:

	<u>December 31, 2012</u>	<u>December 31, 2011</u>
Uninsured and Uncollateralized	\$1,643,260	\$1,644,845
Uninsured and Collateralized with		
Securities Held by Pledging		
Financial Institutions	<u>4,822,475</u>	<u>10,065,843</u>
	<u><u>\$6,465,735</u></u>	<u><u>\$11,710,688</u></u>

In addition, as of December 31, 2012 and 2011, the Borough had \$4,180,139 and \$4,177,785, respectively, on deposit in the New Jersey Cash Management Fund (the "Fund"). These deposits are subject to custodial credit risk as described in this section. The operations of this Fund are governed by the provisions of the State Investment Council Regulations for the purpose of determining authorized investments for the Fund.

## 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS (continued)

### Investments

a. When authorized by a cash management plan approved pursuant to N.J.S. 40A: 5-14, the Borough 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 Borough:

- (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 Borough, or bonds or other obligations of school districts of which the Borough is a part or within which the school district is located.
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investments, New Jersey Department of the Treasury.
- (6) Local Government investment pools, subject to certain requirements.
- (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 GUDPA bank;
  - (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 Borough shall be covered by a third party custodial agreement, which shall provide for the designation of such investments in the name of the Borough and prevent unauthorized use of such investments.

## **2. CASH AND CASH EQUIVALENTS AND INVESTMENTS (continued)**

### **Investments (continued)**

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

**Custodial Credit Risk** - The custodial credit risk for investments is the risk that in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The Borough does not have a formal investment policy for custodial credit risk for investments. Length of Service Award Program Fund investments were exposed to custodial credit risk and are invested at the discretion of each individual participant and not the Borough. The fair value and book value of the Borough's Length of Service Award Program Fund investments at December 31, 2012 and 2011 were \$312,599 and \$269,139, respectively.

**Credit Risk** - State law limits investments as described in prior sections of this note to the financial statements. As of December 31, 2012 and 2011 no such investments were held by the Borough.

**Interest Rate Risk** - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Borough does not have a formal investment policy for interest rate risk.

## **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 Borough are general obligation bonds, backed by the full faith and credit of the Borough. Bond anticipation notes (the "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 notes, including renewals, shall mature and be paid not later than the first day of the fifth month following the close of the tenth fiscal year next following the date of the original notes. No notes shall be renewed beyond the third anniversary date of the original notes unless an amount of such notes, at least equal to the first legally payable installment of the bonds in anticipation of which the notes are issued, is paid and retired on or before each subsequent anniversary date beyond which such notes are renewed from funds other than the proceeds of obligations. 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.

### 3. DEBT (continued)

#### Long-Term Debt

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

Purpose	Date of Issue	Original Issue	Interest Rate	Balance Dec. 31, 2012
General Improvement	12/4/02	\$1,553,000	5.00%	\$14,000
General Improvement	12/29/05	1,327,000	4.00-5.00%	640,000
General Improvement	12/4/08	4,549,000	4.00-5.25%	3,818,000
General Improvement	12/29/11	4,150,000	4.00-5.00%	3,795,000
General Improvement	5/22/12	1,180,000	2.00-4.00%	<u>1,030,000</u>
				<u><u>\$9,297,000</u></u>

Long-term bonded debt service requirements are as follows:

Year	Principal	Interest	Total
2013	\$917,000	\$435,844	\$1,352,844
2014	949,000	400,944	1,349,944
2015	826,000	359,744	1,185,744
2016	862,000	319,394	1,181,394
2017	902,000	279,594	1,181,594
2018-2022	3,486,000	807,899	4,293,899
2023-2026	1,355,000	175,233	1,530,233
	<u>\$9,297,000</u>	<u>\$2,778,652</u>	<u>\$12,075,652</u>

#### Green Trust Loans

The Borough's Green Trust Loans are summarized as follows:

Purpose	Year of Issue	Original Loan	Interest Rate	Balance Dec. 31, 2012
Eighty Acre Park Development	1994	\$150,000	2.00%	\$18,198
Wampum Lake Additions	1994	675,820	2.00%	81,989
				<u>\$100,187</u>

Green Trust Loans debt service requirements are as follows:

Year	Principal	Interest	Total
2013	\$49,595	\$1,757	\$51,352
2014	50,592	760	51,352
	<u>\$100,187</u>	<u>\$2,517</u>	<u>\$102,704</u>

### 3. DEBT (continued)

#### Long-Term Debt (continued)

Long-term debt transactions for the years ended December 31, 2012 and 2011 are summarized as follows:

	Balance		Balance	
	Dec. 31, 2011	Additions	Deductions	Dec. 31, 2012
General Capital Fund:				
General Serial Bonds	\$10,236,000	\$1,180,000	\$2,119,000	\$9,297,000
Green Trust Loans	148,805		48,618	100,187
	<u>\$10,384,805</u>	<u>\$1,180,000</u>	<u>\$2,167,618</u>	<u>\$9,397,187</u>
General Capital Fund:				
General Serial Bonds	\$6,740,000	\$4,150,000	\$654,000	\$10,236,000
Green Trust Loans	208,315		59,510	148,805
	<u>\$6,948,315</u>	<u>\$4,150,000</u>	<u>\$713,510</u>	<u>\$10,384,805</u>

#### Short-Term Debt

At December 31, 2012 and 2011 the Borough's outstanding bond anticipation notes were as follows:

Purpose	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2012
Various Improvements	12/13/12	12/12/13	1.50%	\$1,047,850
Purpose	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2011
Various Improvements and Equipment Acquisition	10/19/11	1/25/12	1.75%	\$4,774,435

Bond anticipation note transactions for the years ended December 31, 2012 and 2011 are summarized as follows:

	Balance		Balance	
	Dec. 31, 2011	Additions	Deductions	Dec. 31, 2012
General Capital Fund:				
Bond Anticipation Notes	\$4,774,435	\$1,047,850	\$4,774,435	\$1,047,850
General Capital Fund:				
Bond Anticipation Notes	\$3,484,715	\$4,774,435	\$3,484,715	\$4,774,435

#### **4. FUND BALANCES APPROPRIATED**

Fund balances at December 31, 2012 and 2011, which were appropriated and included as anticipated revenue in the current fund budget for the years ended December 31, 2013 and 2012 were as follows:

For the year ended December 31, 2013,

Current Fund	\$2,900,000
General Capital Fund	10,852
Other Trust Fund	63

For the year ended December 31, 2012,

Current Fund	\$3,225,000
General Capital Fund	14,626

#### **5. TAXES COLLECTED IN ADVANCE**

Taxes collected in advance and set forth as cash liabilities in the financial statements were as follows:

	<u>Balance December 31,</u>	
	<u>2012</u>	<u>2011</u>
Prepaid Taxes	\$94,012	\$139,225

#### **6. SCHOOL TAXES**

Regulations provide for the deferral of not more than fifty percent of the annual levy when school taxes are raised for a school year and have not been requisitioned by the school district.

The Borough raises its share of local and regional school taxes on a school year basis and has elected to defer these taxes at December 31, 2012 and 2011 as follows:

	<u>Local District</u>		<u>Regional High</u>	
	<u>School Tax</u>		<u>School Tax</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Balance of Tax	\$7,352,120	\$7,260,500	\$4,074,987	\$4,298,066
Deferred	7,272,044	7,203,043	4,074,986	4,298,065
Tax Payable	<u>\$80,076</u>	<u>\$57,457</u>	<u>\$1</u>	<u>\$1</u>

#### **7. ACCRUED UNPAID SICK AND VACATION BENEFITS - UNAUDITED**

As discussed in Note 1 and in accordance with accounting principles prescribed by the Division, the cash basis of accounting is followed for recording the Borough's liability related to unused sick and vacation pay. The Borough permits its employees to accumulate unused sick and vacation pay, which may be taken as time off or paid at a later date at an agreed upon rate. The estimated current costs of such unpaid compensation at December 31, 2012 and 2011 were \$801,022 and \$947,870, respectively. In accordance with accounting principles and practices prescribed by the Division, this amount is not reported as an expenditure or liability in the accompanying financial statements.

## **8. ASSESSMENT AND COLLECTION OF PROPERTY TAXES**

New Jersey statutes require that taxable valuation of real property be prepared by the local unit tax assessor as of October 1 in each year and filed with the County Board of Taxation by January 10 of the following year. Upon the filing of certified adopted budgets by the Borough, School Districts and County, the tax rate is struck by the County Tax 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 Borough tax collector on or before May 13. New Jersey statutes require that each local unit provide for sufficient anticipated cash receipts equal to the "lawful yearly expenditure" which includes the total amount of property taxes to be raised by the local unit.

Taxes are levied on an annual basis and are due quarterly on February 1, May 1, August 1, and November 1. Any taxes not paid as of December 31 are subject to tax sale and lien in the subsequent year, with the exception of bankruptcies. The date of tax sale is at the discretion of the tax collector.

The Borough is responsible for remitting one hundred percent of school and county taxes to the respective agency. The loss for delinquent or uncollectible accounts is borne by the Borough and not the school districts or county.

## **9. FIXED ASSETS**

Fixed assets activity for the years ended December 31, 2012 and 2011 was as follows:

	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Balance</u> <u>Dec. 31, 2012</u>
Land, Buildings and Improvements	\$11,102,637	\$117,318		\$11,219,955
Machinery and Equipment	9,819,414	342,779	\$7,000	10,155,193
	<u>\$20,922,051</u>	<u>\$460,097</u>	<u>\$7,000</u>	<u>\$21,375,148</u>

	<u>Balance</u> <u>Dec. 31, 2010</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Balance</u> <u>Dec. 31, 2011</u>
Land, Buildings and Improvements	\$11,045,881	\$56,756		\$11,102,637
Machinery and Equipment	9,495,025	732,889	\$408,500	9,819,414
	<u>\$20,540,906</u>	<u>\$789,645</u>	<u>\$408,500</u>	<u>\$20,922,051</u>

## **10. LEASE OBLIGATIONS PAYABLE**

The Borough participates in the Capital Equipment Lease Program of the Monmouth County Improvement Authority (the “Authority”). The Authority has issued revenue bonds in which the Borough pays the debt service as part of the lease agreements. The minimum lease payments are raised annually in the Borough’s current fund budget.

The Borough’s lease obligations payable are summarized as follows:

Purpose	Date of Issue	Original Issue	Interest Rates	Balance Dec. 31, 2012
Capital Equipment	8/1/03	\$944,500	5.00%	\$101,100
Capital Equipment	8/18/05	1,846,000	5.00%	638,900
Capital Equipment	10/4/07	1,131,900	5.00%	591,000
				<u>\$1,331,000</u>

Minimum future lease payments due to the Authority are as follows:

Year	General Capital Fund		
	Principal	Interest	Total
2013	\$410,800	\$66,550	\$477,350
2014	325,100	46,010	371,110
2015	341,300	29,755	371,055
2016	123,800	12,690	136,490
2017	130,000	6,500	136,500
	<u>\$1,331,000</u>	<u>\$161,505</u>	<u>\$1,492,505</u>

## **11. RISK MANAGEMENT**

The Borough is exposed to various risks of loss related to torts, theft and damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Borough is a member of the Monmouth Municipal Joint Insurance Fund (the “Fund”). The Fund is both an insured and self-administered group of public entities established for the purpose of insuring against property damage, general liability, motor vehicles and equipment liability and workmen’s compensation, and is sustained through member premiums. In addition, the Fund participates in the Municipal Excess Liability Program Joint Insurance Fund, which has a contract for excess liability insurance for property. There were no settlements in excess of insurance coverage in the past three years.

## **12. UNEMPLOYMENT COMPENSATION INSURANCE**

Effective January 1, 1978, most municipal employees were eligible for unemployment compensation insurance (N.J.S.A. 43:21-3 et. seq.). The Borough has elected to fund a self-insured plan whereby the municipal cost and employee contributions are deposited in a trust fund from which claims, if any, will be paid. The reserves for unemployment compensation insurance at December 31, 2012, 2011 and 2010 were \$24,014, \$35,404 and \$21,758, respectively.

## **13. PENSION PLANS**

### Description of Systems

The Borough contributes to the Public Employees' Retirement System ("PERS"), and the Police and Firemen's Retirement System ("PFRS"), cost-sharing multiple employer defined benefit pension plans administered by the Division of Pensions and Benefits in the Department of the Treasury, State of New Jersey. The plans provide retirement, death, disability benefits and medical benefits to certain qualifying members and beneficiaries. PERS was established on January 1, 1955 under the provisions of N.J.S.A. 43:15A. PFRS was established on July 1, 1944, under the provisions of N.J.S.A. 43:16A. PERS and PFRS issue publicly available financial reports that include financial statements and required supplementary information. These reports may be obtained by writing to the State of New Jersey, Division of Pensions and Benefits.

### Funding Policy

PERS employee contributions were 6.50% of base wages through June 30, 2012. Effective July 1, 2012 PERS employee contributions were 6.64% of base wages. PERS prosecutor employee contributions were 10.00% of base wages. PFRS employee contributions were 10.00% of base wages. The Division of Pensions actuarially determines employer's contributions annually. Contributions to the plans for the past three years were as follows:

<b>PERS</b>		<b>PFRS</b>	
<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2012	\$454,288	2012	\$929,241
2011	441,816	2011	936,800
2010	370,536	2010	903,419

All contributions by the Borough were equal to the required contributions for each of the three years.

### 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. DCRP provides eligible members with a tax sheltered, defined contribution retirement benefit, along with life insurance and disability coverage.

Employee contributions to DCRP are five and one-half percent (5.50%) of base wages. Member contributions are matched by a three percent (3.00%) employer contribution.

**14. DEFERRED CHARGES TO FUTURE TAXATION FUNDED AND UNFUNDED**

Upon the authorization of capital projects, the Borough 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. In accordance with New Jersey Statutes the Borough may levy taxes on all taxable property within the local unit to repay the debt. Annually, the Borough raises the debt requirements for the particular year in the current budget. As funds are raised, the deferred charges are reduced.

**15. DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS**

At December 31, 2012 the following deferred charges were reflected on the balance sheet of the current fund:

	<u>Balance Dec. 31, 2012</u>	<u>2013 Budget Appropriation</u>	<u>Balance to Succeeding Budget</u>
Special Emergency Authorization (40A:4-53)	\$61,320	\$30,660	\$30,660
Emergency Authorization (40A:4-55)	177,272	177,272	-

The appropriations in the 2013 budget are not less than required by statute.

**16. INTERFUND BALANCES**

The balances of interfund receivables and payables at December 31, 2012 and 2011 are presented below:

	<u>December 31, 2012</u>	<u>December 31, 2011</u>
<b>Receivables</b>		
Current Fund	\$6,475	\$135,343
Federal and State Grant Fund	90,469	
	<u>\$96,944</u>	<u>\$135,343</u>
<b>Payables</b>		
Current Fund	\$90,469	
General Capital Fund	239	\$342
Animal Control Fund	6,236	6,048
Other Trust Fund		14,234
Federal and State Grant Fund		114,719
	<u>\$96,944</u>	<u>\$135,343</u>

## **17. POSTEMPLOYMENT BENEFITS**

In addition to the pension benefits described in Note 13, the Borough provides postemployment health and dental coverage for employees that meet certain service requirements.

### Plan Description

The Borough has an agent multiple-employer defined benefit healthcare plan with Central Jersey Health Insurance Fund (the “Fund”). The Borough provides medical, prescription and dental benefits to retirees and their spouses that meet certain eligibility requirements.

### Funding Policy

The Borough’s funding policy is to pay as you go.

### Annual OPEB Cost and Net OPEB Obligation

The Borough’s annual other postemployment benefits (OPEB) cost is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period of thirty years. The following summarizes the Borough’s annual OPEB cost for the year, the amount actually contributed to the Fund, and changes in the Borough’s net OPEB obligation:

January 1, 2012 Net OPEB Obligation	\$12,164,832
Plus: Annual OPEB Cost	<u>4,677,120</u>
	16,841,952
Less: Borough contributions	<u>(1,366,964)</u>
December 31, 2012 Net OPEB Obligation	<u><u>\$15,474,988</u></u> *

\*In accordance with accounting principles and practices prescribed by the Division, the net OPEB obligation amount is not reported as an expenditure or liability in the accompanying financial statements.

### Funding Status and Funding Progress

The funded status of the Fund was as follows:

Actuarial accrued liability**	\$59,946,169
Actuarial value of plan assets	-
Unfunded actuarial accrued liability	<u><u>\$59,946,169</u></u>
Funded ratio	0%

\*\* represents accrued liability at December 31, 2011; In accordance with GASB Statement 45, the accrued liability is to be actuarially recalculated at least triennially.

## **17. POSTEMPLOYMENT BENEFITS (continued)**

### **Funding Status and Funding Progress (continued)**

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

### **Actuarial Methods and Assumptions**

Projections of benefits for financial reporting purposes are based on the substantive Fund (the Fund as understood by the employer and plan members) and include types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The actuarial valuation utilized the projected unit credit cost method. The 2011 actuarial assumptions included an initial annual medical cost trend rate of 9.0%, reduced by decrements to an ultimate rate of 5.0% in 2020. The initial trend rate for prescription benefits is 9.0%, reduced by decrements to an ultimate rate of 5.0% in 2020. The initial trend rate for dental benefits is 9.0%, reduced by decrements to an ultimate rate of 5.0% in 2020. The amortization cost for the unfunded actuarial accrued liability is on a straight line basis, for a period of thirty years.

## **18. LENGTH OF SERVICE AWARD PROGRAM**

The Borough has established a Length of Service Award Program to recruit and retain the Borough's volunteer fire department and first aid squad members. The Length of Service Award Program has been established under the laws of the State of New Jersey with the intent that it meets requirements under Section 457(e)(11)(B) of the Internal Revenue Code.

Annual Contribution - The annual contribution to be made by the Borough for each active volunteer member that meets certain eligibility criteria shall not exceed \$1,150 annually.

Appropriations - Appropriations for the purpose of funding the Borough's Length of Service Award Program are included as a separate line item in the Borough's budget.

## **19. DEFERRED COMPENSATION**

The Borough has adopted a Deferred Compensation Plan (the "Plan") in accordance with Section 457 of the Internal Revenue Code and P.L. 1977, C.381; P.L. 1978, C.39; P.L. 1980, C.78; and P.L. 1997, C.116 of the statutes of the State of New Jersey.

The Plan enables the Borough's employees to voluntarily authorize a portion of their salary to be withheld and invested in certain investments permitted under applicable regulations.

## **20. COMMITMENTS AND CONTINGENCIES**

### **Grant Financial Assistance**

The Borough receives certain financial assistance 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. The Borough's administration anticipates that no material liabilities will result from such audits.

### **Legal Proceedings**

The Borough is party to certain legal proceedings, the resolution and impact of which, individually or in the aggregate, in the opinion of the Borough's administration, are not likely to have a material adverse impact on the Borough's financial position or adversely affect the Borough's ability to levy, collect, and enforce the collection of taxes or other revenue for the repayment of its bonds or other obligations.

## **21. SUBSEQUENT EVENTS**

In June 2013 the Borough adopted an ordinance to authorize the issuance of bonds and notes of \$1,094,604 for various improvements.

**BOROUGH OF EATONTOWN**  
**COUNTY OF MONMOUTH**  
**STATE OF NEW JERSEY**

**PART II**

**SUPPLEMENTARY SCHEDULES**

**YEAR ENDED DECEMBER 31, 2012**

**BOROUGH OF EATONTOWN**  
**COUNTY OF MONMOUTH**  
**STATE OF NEW JERSEY**

**CURRENT FUND**  
**SCHEDULE OF CASH - TREASURER**  
**Year Ended December 31, 2012**

	<u>Ref.</u>	
Balance, December 31, 2011	A	<u>\$5,740,375</u>
Increased by Receipts:		
Collector	A-5	\$42,963,207
Revenue Accounts Receivable	A-8	3,692,096
State of New Jersey (PL 1971, Ch.20)		97,845
Miscellaneous Revenue Not Anticipated	A-2	1,378,634
Grants Receivable	A-13	317,574
Unappropriated Reserves	A-15	3,218
Amount Due from Animal Control Fund	A-1	6,236
Reserves for:		
Marriage License Fees		1,725
Training Fees		18,698
Elevator Inspections		45,197
Elevator Permits		940
Outside Liens		119,641
Interfunds Returned		20,624
		<u>48,665,635</u>
		<u>54,406,010</u>
Decreased by Disbursements:		
Budget Appropriations	A-3	18,902,664
Appropriation Reserves	A-9	513,262
Local District School Tax	A-10	14,453,467
Regional High School Tax	A-11	8,373,051
Appropriated Reserves	A-14	159,792
County Taxes		6,301,630
Refund of Tax Overpayments		7,325
Reserve for Hurricane Sandy		143,106
Due to Eatontown Sewerage Authority		7,473
Operations - Refunds	A-1	627
Interfunds Advanced	A-1	6,475
Reserves for:		
Training Fees		18,069
Marriage Licenses		1,350
Elevator Inspections		35,285
Elevator Permits		544
Tax Appeals		30,121
		<u>48,954,241</u>
Balance, December 31, 2012	A	<u>\$5,451,769</u>

**BOROUGH OF EATONTOWN**  
**COUNTY OF MONMOUTH**  
**STATE OF NEW JERSEY**

**CURRENT FUND**  
**SCHEDULE OF CURRENT CASH - COLLECTOR**  
**Year Ended December 31, 2012**

	<u>Ref.</u>	
<b>Increased by Receipts:</b>		
Taxes Receivable	A-6	\$42,719,762
Prepaid Taxes		94,012
Revenue Accounts Receivable -		
Interest and Costs on Taxes	A-8	100,618
Tax Overpayments		41,342
Due to Eatontown Sewerage Authority		<u>7,473</u>
		<u><u>\$42,963,207</u></u>
<b>Decreased by Disbursements:</b>		
Payment to Treasurer - Current Fund	A-4	<u><u>\$42,963,207</u></u>

**BOROUGH OF EATONTOWN**  
**COUNTY OF MONMOUTH**  
**STATE OF NEW JERSEY**

**CURRENT FUND**  
**SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY**  
Year Ended December 31, 2012

Year	Balance	2012 Levy	Collection by Cash		Senior Citizens and Veterans Deductions	Canceled and Adjustments	Overpayments Applied	Transferred to Tax Title Liens	Balance
	Dec. 31, 2011		2011	2012					Dec. 31, 2012
Prior	\$41,432								\$41,432
2011	611,505			\$592,827					18,678
	652,937			592,827					60,110
2012	\$43,777,654	\$139,225	42,126,935	\$98,590	\$890,842	\$31,650	\$6,438	483,974	
	<u>\$652,937</u>	<u>\$43,777,654</u>	<u>\$139,225</u>	<u>\$42,719,762</u>	<u>\$98,590</u>	<u>\$890,842</u>	<u>\$31,650</u>	<u>\$6,438</u>	<u>\$544,084</u>

Ref.      A

A-5

A-7

A

**Analysis of 2012 Property Tax Levy**

**Tax Yield:**

General Purpose Tax	\$43,722,560
Added Taxes (54:4-63.1 Et Seq.)	47,734
Omitted Taxes (54:4-63.12 Et Seq.)	7,360
	<u>\$43,777,654</u>

**BOROUGH OF EATONTOWN**  
**COUNTY OF MONMOUTH**  
**STATE OF NEW JERSEY**

**CURRENT FUND**  
**SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY**  
**Year Ended December 31, 2012**

**Analysis of 2012 Property Tax Levy (continued)**

	<u>Ref.</u>	
Tax Levy:		
Regional High School Tax	A-11	\$8,149,972
Local District School Tax	A-10	14,546,087
County Taxes:		
County Tax		5,539,368
County Library Tax		322,232
County Open Space Tax		321,031
County Health Tax		111,367
Due to County for Added and Omitted Taxes		8,000
Total County Taxes		<u>6,301,998</u>
Local Tax for Municipal Purposes	A-2	14,727,423
Add: Additional Tax Levied		<u>52,174</u>
Local Tax for Municipal Purposes Levied		<u>14,779,597</u>
		<u><u>\$43,777,654</u></u>

**BOROUGH OF EATONTOWN**  
**COUNTY OF MONMOUTH**  
**STATE OF NEW JERSEY**

**CURRENT FUND**  
**SCHEDULE OF TAX TITLE LIENS**  
**Year Ended December 31, 2012**

	<u>Ref.</u>	
Balance, December 31, 2011	A	\$68,532
Increased by:		
Transfers from Taxes Receivable	A-6	<u>6,438</u>
Balance, December 31, 2012	A	<u><u>\$74,970</u></u>

**BOROUGH OF EATONTOWN**  
**COUNTY OF MONMOUTH**  
**STATE OF NEW JERSEY**

**CURRENT FUND**  
**SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**  
**Year Ended December 31, 2012**

	<u>Ref.</u>	<u>Balance Dec. 31, 2011</u>	<u>Accrued in 2012</u>	<u>Realized / Collected</u>	<u>Balance Dec. 31, 2012</u>
Alcoholic Beverage Licenses	A-2		\$37,688	\$37,688	
Other Licenses	A-2		20,327	20,327	
Fees and Permits	A-2		303,857	303,857	
Municipal Court Fines and Costs	A-2	\$36,969	455,160	455,763	\$36,366
Interest and Costs on Taxes	A-2		100,618	100,618	
Interest on Investments	A-2		7,621	7,621	
Consolidated Municipal Property					
Tax Relief Act	A-2		107,169	107,169	
Energy Receipts Tax	A-2		1,357,446	1,357,446	
Uniform Construction Code Fees	A-2		289,517	289,517	
Mechanical Garage - Eatontown Board of Education	A-2		6,067	6,067	
Municipal Court - Monmouth Beach	A-2		37,500	37,500	
Cooperative Housing Inspection Grant	A-2		4,299	4,299	
Senior Citizen Housing (In Lieu of Taxes)	A-2		188,400	188,400	
Borough Community Center Programs	A-2		224,438	224,438	
Uniform Fire Safety Act	A-2		71,261	71,261	
General Capital Fund Surplus	A-2		14,626	14,626	
Hotel Tax	A-2		263,347	263,347	
Cell Tower Agreements	A-2		251,330	251,330	
Reserve for Payment of Bonds	A-2		74,000	74,000	
		<u>\$36,969</u>	<u>\$3,814,671</u>	<u>\$3,815,274</u>	<u>\$36,366</u>

	<u>Ref.</u>	<u>A</u>	<u>A</u>
Collected by:			
Treasurer	A-4		\$3,692,096
Tax Collector:			
Interest and Costs on Taxes	A-5		100,618
Prepaid Revenue Realized			22,560
			<u>\$3,815,274</u>

**BOROUGH OF EATONTOWN**  
**COUNTY OF MONMOUTH**  
**STATE OF NEW JERSEY**

**CURRENT FUND**  
**SCHEDULE OF APPROPRIATION RESERVES**  
**Year Ended December 31, 2012**

	<b>Balance Dec. 31, 2011</b>	<b>Reserve for Encumbrances</b>	<b>Balance After Transfers</b>	<b>Paid or Charged</b>	<b>Balance Lapsed</b>
<b>Salaries and Wages:</b>					
Administrative and Executive	\$3,639		\$3,639		\$3,639
Mayor and Council	4		4		4
Elections	249		249		249
Municipal Clerk	2,493		2,493		2,493
Information Technology	56		56		56
Purchasing	9		9		9
Financial Administration	123		123		123
Public Buildings and Grounds	3,612		3,612		3,612
Planning Board	17		17		17
Zoning Officer	8,867		8,867		8,867
Shade Tree Commission	44		44		44
Environmental Program	800		800		800
Uniform Fire Safety Act	9,965	\$700	10,665	\$700	9,965
Police	73,665		73,665	20,720	52,945
Municipal Court	6,106		6,106		6,106
Recycling - Contractual	355		355		355
Housing Inspection	798		798		798
Parks	40,459		40,459		40,459
Borough Community Center	7,202		7,202		7,202
Senior Citizens Programs	8,962		8,962		8,962
Inspection of Buildings	1,235		1,235		1,235
Adjustment Program	3,153		3,153		3,153
Aid to Privately Owned Library	14,991		14,991		14,991
<b>Other Expenses:</b>					
Administrative and Executive	5,426	1,215	6,641	3,425	3,216
Mayor and Council	1,710	110	1,820	60	1,760
Advertising	16,397	431	16,828	6,683	10,145
Elections	2,548	800	3,348		3,348
Municipal Clerk	1,950	410	2,360	457	1,903
Information Technology	8,075		8,075	1,588	6,487
Purchasing	8,171		8,171	1,722	6,449
Financial Administration	14,678	889	15,567	11,285	4,282
Bond Registration Fees	1,129		1,129		1,129
Audit Services	35,600		35,600	35,600	
Assessment of Taxes	2,966	700	7,666	6,873	793
Collection of Taxes	221		221	70	151

**BOROUGH OF EATONTOWN**  
**COUNTY OF MONMOUTH**  
**STATE OF NEW JERSEY**

**CURRENT FUND**  
**SCHEDULE OF APPROPRIATION RESERVES**  
**Year Ended December 31, 2012**

	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Reserve</u> <u>for</u> <u>Encumbrances</u>	<u>Balance</u> <u>After</u> <u>Transfers</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
<b>Other Expenses (continued):</b>					
Legal Services and Costs	\$17,616		\$17,616	\$17,613	\$3
Special Counsel	24,834	\$1,834	26,668	15,849	10,819
<b>Engineering Services and Costs:</b>					
Miscellaneous Other Expenses	35,992	5,965	41,957	17,350	24,607
Public Buildings and Grounds	12,847	8,518	21,365	19,830	1,535
Planning Board	9,981	450	10,431	1,677	8,754
Board of Adjustment	6,759		6,759	982	5,777
Zoning Officer	909	61	970	490	480
Shade Tree Commission	2,399	49	2,448	39	2,409
Environmental Program	506		506		506
Gypsy Moth Program	100		100		100
<b>Fire:</b>					
Fire Hydrant Service	10,400		11,150	10,879	271
Miscellaneous Other Expenses	8,207	4,189	12,396	7,077	5,319
Group Insurance	297,281	750	298,031	3,445	294,586
Other Insurance	18,533	1,500	21,533		21,533
Workman's Compensation Insurance	1,126		1,126		1,126
Uniform Fire Safety Act	3,187	278	3,465	310	3,155
Police	5,513	24,347	34,360	33,091	1,269
First Aid	5,226		5,226	325	4,901
Demolition of Structures	1,000		1,000		1,000
Emergency Management Services	232		232		232
Road Repair and Maintenance	15,914	2,269	18,183	2,890	15,293
Municipal Court	864		1,064	890	174
Maintaining of Borough Equipment	14,865	4,266	19,131	12,950	6,181
Street Lighting	35,101	36	35,137	25,747	9,390
Monmouth County					
Reclamation Fees	22,817	29,202	55,019	52,371	2,648
Recycling	55,183	5,155	60,338	11,154	49,184
Sanitation - Apartment Collection	2,600	20,617	23,217	21,474	1,743
Monmouth County Reg. Health Com	33,246		3,296		3,296
Administration of Public Assistance	1,750		1,750		1,750
Relocation	1,500		1,500		1,500
Housing Inspection	264		264		264

**BOROUGH OF EATONTOWN**  
**COUNTY OF MONMOUTH**  
**STATE OF NEW JERSEY**

**CURRENT FUND**  
**SCHEDULE OF APPROPRIATION RESERVES**  
**Year Ended December 31, 2012**

	<b>Balance Dec. 31, 2011</b>	<b>Reserve for Encumbrances</b>	<b>Balance After Transfers</b>	<b>Paid or Charged</b>	<b>Balance Lapsed</b>
Other Expenses (continued):					
Parks	\$6,992	\$1,002	\$7,994	\$751	\$7,243
Recreation	2,963	994	3,957	1,146	2,811
Celebration of Public Events	5,421		5,421		5,421
Community Center	2,015	3,689	5,704	3,624	2,080
Youth Committee	860		860		860
Tenant's Rights Committee	1,000		1,000		1,000
Senior Citizen's Program	4,601	75	4,676	74	4,602
Inspection of Buildings	9,596		9,596	1,464	8,132
Fuel for Motor Vehicles	33,026		49,026	48,076	950
Business Advisory Committee	1,000		1,000		1,000
Employee Sick Time Buy - Back	22,454		22,454	20,284	2,170
Electricity	20,216		20,216	9,952	10,264
Telephone	23,300	462	23,762	11,082	12,680
Water	5,773		5,773	1,509	4,264
Natural Gas	22,670		22,670	8,186	14,484
Contingent	1,071	73	1,144	161	983
Social Security System (O.A.S.I.)	8,140		8,140		8,140
Aid to Privately Owned Library	7,347		7,347	1,300	6,047
Telephone	2,500		2,500		2,500
9-1-1 Systems	15,500		15,500	15,000	500
State Recycling Tax	2,579	1,192	3,771	1,337	2,434
NJDEP/Storm Water Mgt.	17,000		17,000		17,000
Length of Service Award Program - Fire	37,000		37,000	36,800	200
Length of Service Award Program - First Aid	16,000		16,000	6,900	9,100
Matching Funds for Grants	5,000		5,000		5,000
	<b><u>\$1,206,451</u></b>	<b><u>\$122,228</u></b>	<b><u>\$1,328,679</u></b>	<b><u>\$513,262</u></b>	<b><u>\$815,417</u></b>

**Ref.**                    **A**                    **A-12**                    **A-4**                    **A-1**

**BOROUGH OF EATONTOWN**  
**COUNTY OF MONMOUTH**  
**STATE OF NEW JERSEY**

**CURRENT FUND**  
**SCHEDULE OF LOCAL DISTRICT SCHOOL TAX PAYABLE**  
**Year Ended December 31, 2012**

	<u>Ref.</u>	
Balance, December 31, 2011:		
School Tax Payable	A	\$57,457
School Tax Deferred		<u>7,203,043</u>
		\$7,260,500
Increased by:		
Levy - School Year July 1, 2012 to June 30, 2013	A-6	<u>14,546,087</u>
		<u>21,806,587</u>
Decreased by:		
Payments	A-4	<u>14,453,467</u>
Balance, December 31, 2012:		
School Tax Payable	A	80,076
School Tax Deferred		<u>7,273,044</u>
		<u>\$7,353,120</u>
<b><u>2012 Liability for Local District School Tax:</u></b>		
Tax Paid	A-10	\$14,453,467
Taxes Payable, December 31, 2012	A-10	<u>80,076</u>
		\$14,533,543
Less: Taxes Payable, December 31, 2011	A-10	<u>57,457</u>
Amount Charged to 2012 Operations	A-1	<u>\$14,476,086</u>

**BOROUGH OF EATONTOWN**  
**COUNTY OF MONMOUTH**  
**STATE OF NEW JERSEY**

**CURRENT FUND**  
**SCHEDULE OF REGIONAL HIGH SCHOOL TAX PAYABLE**  
**Year Ended December 31, 2012**

	<u>Ref.</u>	
Balance, December 31, 2011:		
School Tax Payable	A	\$1
School Tax Deferred		<u>4,298,065</u>
		\$4,298,066
Increased by:		
Levy - School Year July 1, 2012 to June 30, 2013	A-6	<u>8,149,972</u>
		<u>12,448,038</u>
Decreased by:		
Payments	A-4	<u>8,373,051</u>
Balance, December 31, 2012:		
School Tax Payable	A	1
School Tax Deferred		<u>4,074,986</u>
		<u>\$4,074,987</u>
<b><u>2012 Liability for Regional High School Tax:</u></b>		
Tax Paid and Charged to 2012 Operations	A-11:A-1	<u>\$8,373,051</u>

**BOROUGH OF EATONTOWN**  
**COUNTY OF MONMOUTH**  
**STATE OF NEW JERSEY**

**CURRENT FUND**  
**SCHEDULE OF RESERVE FOR ENCUMBRANCES**  
**Year Ended December 31, 2012**

	<u>Ref.</u>	
Balance, December 31, 2011	A	\$122,228
Increased by:		
Transferred from 2012 Appropriations	A-3	\$229,912
Reserve for Hurricane Sandy		<u>15,833</u>
		<u>245,745</u>
		367,973
Decreased by:		
Transfer to Appropriation Reserves	A-9	<u>122,228</u>
Balance, December 31, 2012	A	<u>\$245,745</u>

**BOROUGH OF EATONTOWN**  
**COUNTY OF MONMOUTH**  
**STATE OF NEW JERSEY**

**FEDERAL AND STATE GRANT FUND**  
**SCHEDULE OF GRANTS RECEIVABLE**  
**Year Ended December 31, 2012**

<b>Grant</b>	<b>Balance Dec. 31, 2011</b>	<b>2012 Anticipated Revenue</b>	<b>Canceled</b>	<b>Cash Receipts</b>	<b>Balance Dec. 31, 2012</b>
Municipal Alliance on Alcoholism and Drug Abuse	\$8,113	\$25,983		\$16,756	\$17,340
Handicapped Recreation Opportunities Fund	1,499	5,000		1,499	5,000
New Jersey Transportation Trust Fund	80,423	175,000		35,017	220,406
Clean Communities Program		20,913	\$404	20,509	
Safe and Secure Communities Program	11,653	60,000		56,653	15,000
Body Armor Fund		3,740		3,740	
Over the Limit Under Arrest		5,200			5,200
Drunk Driving Enforcement		4,400		4,400	
Click It or Ticket		4,000		4,000	
Community Development Block Grant		182,500			182,500
Cars - E Grant	26,260				26,260
County of Monmouth - Open Space	175,000			175,000	
	<b><u>\$302,948</u></b>	<b><u>\$486,736</u></b>	<b><u>\$404</u></b>	<b><u>\$317,574</u></b>	<b><u>\$471,706</u></b>

**Ref.****A****A-2****A-1****A-4****A**

**BOROUGH OF EATONTOWN**  
**COUNTY OF MONMOUTH**  
**STATE OF NEW JERSEY**

**FEDERAL AND STATE GRANT FUND**  
**SCHEDULE OF APPROPRIATED RESERVES**  
**Year Ended December 31, 2012**

<b>Grant</b>	<b>Balance Dec. 31, 2011</b>	<b>Transfer from 2012</b>			<b>Balance Dec. 31, 2012</b>
		<b>Budget Appropriation</b>	<b>Canceled</b>	<b>Expended</b>	
<b>Municipal Alcohol</b>					
Education/Rehabilitation Program	\$4,613				\$4,613
Drunk Driving Enforcement	6,275	\$4,400		\$4,731	5,944
Comcast Technology	50,000				50,000
<b>New Jersey Transportation</b>					
Trust Fund	53,897	175,000		175,000	53,897
Over the Limit Under Arrest		5,200			5,200
<b>Handicapped Person's Recreational</b>					
Opportunities Fund		6,000		5,633	367
Clean Communities Program		20,913	\$404	20,509	
Body Armor Fund	6,238	3,740		6,238	3,740
Bulletproof Vest	2,860			2,860	
<b>Safe and Secure Communities</b>					
Program		96,693		90,000	6,693
Click It or Ticket		4,000		4,000	
Open Space	30,000				30,000
<b>Municipal Alliance on Alcoholism and</b>					
Drug Abuse	7,084	32,478		25,953	13,609
Community Development Block Grant		182,500			182,500
Cars - E Grant	26,260			25,779	481
Sustainable Jersey Small Program	1,000				1,000
	<b>\$188,227</b>	<b>\$530,924</b>	<b>\$404</b>	<b>\$360,703</b>	<b>\$358,044</b>

<b><u>Ref.</u></b>	<b>A</b>	<b>A-3</b>	<b>A-1</b>	<b>A</b>
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<b><u>Ref.</u></b>	
Cash Disbursements	A-4
Reserve for Encumbrances	A
	<b><u>\$360,703</u></b>

**BOROUGH OF EATONTOWN**  
**COUNTY OF MONMOUTH**  
**STATE OF NEW JERSEY**

**FEDERAL AND STATE GRANT FUND**  
**SCHEDULE OF UNAPPROPRIATED RESERVES**  
**Year Ended December 31, 2012**

<b>Grant</b>	<b>Balance Dec. 31, 2011</b>	<b>Cash Receipts</b>	<b>Balance Dec. 31, 2012</b>
Clean Communities	\$1		\$1
Body Armor Fund	1		1
Federal Body Armor		\$3,218	3,218
	<b><u>\$2</u></b>	<b><u>\$3,218</u></b>	<b><u>\$3,220</u></b>

**Ref.**

**A**

**A-4**

**A**

**BOROUGH OF EATONTOWN**  
**COUNTY OF MONMOUTH**  
**STATE OF NEW JERSEY**

**TRUST FUND**  
**SCHEDULE OF CASH - TREASURER**  
**Year Ended December 31, 2012**

	<u>Ref.</u>	<u>Animal Control</u>	<u>Other</u>
Balance, December 31, 2011	B	<u>\$25,204</u>	<u>\$2,806,390</u>
<b>Increased by Receipts:</b>			
Due from Current Fund			
2012 Budget Appropriation	B-3	2,500	
Dog License Fees	B-3	4,877	
State Dog License Fees		837	
Prepaid Licenses		2,456	
Various Deposits	B-4		<u>1,440,062</u>
		<u>10,670</u>	<u>1,440,062</u>
<b>Decreased by Disbursements:</b>			
Due to Current Fund		6,048	14,234
State Dog License Fees		903	
Expenditures Under			
R.S. 4:19-15.11	B-3	3,590	
Various Deposits	B-4		<u>937,556</u>
		<u>10,541</u>	<u>951,790</u>
Balance, December 31, 2012	B	<u>\$25,333</u>	<u>\$3,294.662</u>

**BOROUGH OF EATONTOWN**  
**COUNTY OF MONMOUTH**  
**STATE OF NEW JERSEY**

**TRUST FUND**  
**SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES**  
**Year Ended December 31, 2012**

	<u>Ref.</u>	
Balance, December 31, 2011	B	\$15,518
Increased by:		
2012 Budget Appropriation	B-2	\$2,500
Dog License Fees Collected in 2012	B-2	4,877
Prepaid Revenue Realized		<u>2,361</u>
		<u>9,738</u>
		<u>25,256</u>
Decreased by:		
Expenditures Under R.S. 4:19-15.11:		
Cash	B-2	3,590
Statutory Excess Due to Current Fund		<u>6,236</u>
		<u>9,826</u>
Balance, December 31, 2012	B	<u><u>\$15,430</u></u>

License Fees Collected:	<u>Year</u>	<u>Amount</u>
	2011	\$7,404
	2010	8,026
		<u><u>\$15,430</u></u>

**BOROUGH OF EATONTOWN**  
**COUNTY OF MONMOUTH**  
**STATE OF NEW JERSEY**

**TRUST FUND**  
**SCHEDULE OF RESERVE FOR OTHER TRUST FUND DEPOSITS**  
**Year Ended December 31, 2012**

<b>Purpose</b>	<b>Balance Dec. 31, 2011</b>	<b>Increased</b>	<b>Decreased</b>	<b>Balance Dec. 31, 2012</b>
Developer's Escrow	\$686,937	\$810,683	\$149,085	\$1,348,535
Security Deposits	119,430	53	12	119,471
Law Enforcement	6,165	2,578	271	8,472
Unemployment	35,404	21,519	32,909	24,014
Agency	7,373	7,241	8,130	6,484
Municipal Alliance	3,065	2,532	2,136	3,461
Public Defender	17,716	11,324	8,500	20,540
Police Outside Employment	96,144	375,691	362,694	109,141
Recreation Contributions	16,149	11,488	14,988	12,649
Uniform Fire Safety Penalties	66,531	4,142	2,473	68,200
Premium on Tax Sale	110,900	121,000	51,750	180,150
POAA	3,501	408		3,909
Fire Contributions	4,927	2		4,929
Affordable Housing	1,410,932	32,331	274,701	1,168,562
Other Contributions	4,582	1,425	701	5,306
Accumulated Absences	125,000	10,000		135,000
Historical Museum Donations	4,945	200	179	4,966
Eatontown Economic Development Advisory Committee Donations	275			275
Recycling	72,117	27,445	29,027	70,535
	<u>\$2,792,093</u>	<u>\$1,440,062</u>	<u>\$937,556</u>	<u>\$3,294,599</u>

**Ref.**      **B**      **B-2**      **B-2**      **B**

**BOROUGH OF EATONTOWN**  
**COUNTY OF MONMOUTH**  
**STATE OF NEW JERSEY**

**TRUST FUND**  
**SCHEDULE OF LENGTH OF SERVICE AWARD**  
**PROGRAM FUND INVESTMENTS**  
**Year Ended December 31, 2012**

	<u>Ref.</u>	
Balance, December 31, 2011	B	\$269,139
Increased by:		
Borough Contributions	B-6	\$43,700
Change in Market Value	B-6	<u>16,627</u>
		<u>60,327</u>
		329,466
Decreased by:		
Distributions	B-6	14,729
Administrative Charges	B-6	<u>2,138</u>
		<u>16,867</u>
Balance, December 31, 2012	B	<u><u>\$312,599</u></u>

**BOROUGH OF EATONTOWN**  
**COUNTY OF MONMOUTH**  
**STATE OF NEW JERSEY**

**TRUST FUND**  
**SCHEDULE OF RESERVE FOR LENGTH OF SERVICE AWARD**  
**PROGRAM FUND**  
**Year Ended December 31, 2012**

	<u>Ref.</u>	
Balance, December 31, 2011	B	\$269,139
Increased by:		
Borough Contributions	B-5	\$43,700
Change in Market Value	B-5	<u>16,627</u>
		<u>60,327</u>
		329,466
Decreased by:		
Distributions	B-5	14,729
Administrative Charges	B-5	<u>2,138</u>
		<u>16,867</u>
Balance, December 31, 2012	B	<u><u>\$312,599</u></u>

**BOROUGH OF EATONTOWN**  
**COUNTY OF MONMOUTH**  
**STATE OF NEW JERSEY**

**GENERAL CAPITAL FUND**  
**SCHEDULE OF CASH - TREASURER**  
**Year Ended December 31, 2012**

	<u>Ref.</u>	
Balance, December 31, 2011	C	\$8,494,701
Increased by Receipts:		
Budget Appropriations:		
Capital Improvement Fund	C-4	\$107,500
Due to Current Fund		239
Premium on Notes Issued	C-1	333
Premium on Serial Bonds Issued:		
Fund Balance	C-1	10,519
Bond Anticipation Notes	C-7	<u>1,047,850</u>
		<u>1,166,441</u>
		<u>9,661,142</u>
Decreased by Disbursements:		
Bond Anticipation Notes	C-7	4,774,435
Due from Current Fund		342
Capital Surplus to Current Fund	C-1	14,626
Reserve for Payment of Bonds		74,000
Improvement Authorizations	C-5	<u>1,305,166</u>
		<u>6,168,569</u>
Balance, December 31, 2012	C	<u>\$3,492,573</u>

**BOROUGH OF EATONTOWN**  
**COUNTY OF MONMOUTH**  
**STATE OF NEW JERSEY**

**GENERAL CAPITAL FUND**  
**ANALYSIS OF GENERAL CAPITAL FUND CASH**  
**December 31, 2012**

	<b><u>Balance</u></b>
	<b><u>Dec. 31, 2012</u></b>
Capital Improvement Fund	\$15,034
Miscellaneous	(1)
Due to Current Fund	239
Fund Balance	10,852
Reserve for Payment of Bonds	288,500
Reserve for Encumbrances	1,175,038

Improvement Authorizations:

Ordinance Number	Improvement Description	
11-2002	Various Capital Improvements	1,206
21-2002	Phase I Acquisition of Real Property	462
20-2004	Various Improvements	63,722
11-2005	Various Capital Improvements	275,488
26-2006	Various Improvements	252,599
19-2007	Various Improvements	292,685
15-2008	Various Improvements	193,237
07-2009	Various Improvements	125,995
15-2010	Various General Improvements	130,979
07-2011	Acquisition of Various Pieces of Equipment and Completion of Various Capital Improvements	235,653
17-2012	Various Improvements	388,385
23-2012	Acquisition of a Fire Truck	<u>42,500</u> <u>\$3,492,573</u>

Ref.

C

**BOROUGH OF EATONTOWN**  
**COUNTY OF MONMOUTH**  
**STATE OF NEW JERSEY**

**GENERAL CAPITAL FUND**  
**SCHEDULE OF CAPITAL IMPROVEMENT FUND**  
**Year Ended December 31, 2012**

	<u>Ref.</u>
Balance, December 31, 2011	C \$5,184
Increased by:	
2012 Budget Appropriation	C-2 <u>107,500</u>
	<u>112,684</u>
Decreased by:	
Appropriated to Finance Improvement Authorizations	C-5 <u>97,650</u>
Balance, December 31, 2012	<u><u>\$15,034</u></u>

**BOROUGH OF EATONTOWN**  
**COUNTY OF MONMOUTH**  
**STATE OF NEW JERSEY**

**GENERAL CAPITAL FUND**  
**SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

**Year Ended December 31, 2012**

Ref. C C-4 C-11 C C

<u>Cash Disbursements</u>	<u>C-2</u>	<u>\$1,305,166</u>
<u>Reserve for Encumbrances</u>	<u>C</u>	<u>1,175,038</u>
		<u><u>\$2,480,204</u></u>

**BOROUGH OF EATONTOWN**  
**COUNTY OF MONMOUTH**  
**STATE OF NEW JERSEY**

**GENERAL CAPITAL FUND**  
**SCHEDULE OF GENERAL SERIAL BONDS**  
**Year Ended December 31, 2012**

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding			Balance Dec. 31, 2011	Increased	Decreased	Balance Dec. 31, 2012
			Dec. 31, 2012	Date	Amount				
General Improvement	12/1/95	\$2,075,000				\$460,000			\$460,000
General Improvement	12/4/02	1,553,000	12/1/13		\$3,000	5.00%	869,000		855,000
			12/1/15		4,000	5.00%			
			12/1/16		3,000	5.00%			
			12/1/17		2,000	5.00%			
			12/1/18		1,000	5.00%			
			12/1/19		1,000	5.00%			
General Improvement	12/29/05	1,327,000	12/1/13		116,000	5.00%	750,000		110,000
			12/1/14		121,000	5.00%			
			12/1/15		128,000	5.00%			
			12/1/16		134,000	5.00%			
			12/1/17		141,000	4.00%			
General Improvement	12/4/08	4,549,000	12/1/13		198,000	5.00%	4,007,000		189,000
			12/1/14		208,000	5.00%			
			12/1/15		219,000	5.00%			
			12/1/16		230,000	4.00%			
			12/1/17		239,000	4.00%			
			12/1/18		248,000	5.25%			
			12/1/19		262,000	4.50%			
			12/1/20		273,000	4.50%			
			12/1/21		286,000	5.00%			
			12/1/22		300,000	5.25%			
			12/1/23		316,000	5.00%			
			12/1/24		331,000	5.125%			
			12/1/25		348,000	5.125%			
			12/1/26		360,000	5.00%			

**BOROUGH OF EATONTOWN**  
**COUNTY OF MONMOUTH**  
**STATE OF NEW JERSEY**

**GENERAL CAPITAL FUND**  
**SCHEDULE OF GENERAL SERIAL BONDS**  
**Year Ended December 31, 2012**

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding			Interest Rate	Balance Dec. 31, 2011	Increased	Decreased	Balance Dec. 31, 2012
			Dec. 31, 2012	Date	Amount					
General Improvement	12/29/11	\$4,150,000	12/1/13	\$350,000	4.00%		\$4,150,000		\$355,000	\$3,795,000
			12/1/14	365,000	4.00%					
			12/1/15	380,000	5.00%					
			12/1/16	395,000	5.00%					
			12/1/17	415,000	5.00%					
			12/1/18	440,000	5.00%					
			12/1/19	460,000	5.00%					
			12/1/20	485,000	5.00%					
			12/1/21	505,000	5.00%					
General Improvement	5/22/12	1,180,000	12/1/13	250,000	2.00%		\$1,180,000		150,000	1,030,000
			12/1/14	255,000	4.00%					
			12/1/15	95,000	4.00%					
			12/1/16	100,000	4.00%					
			12/1/17	105,000	4.00%					
			12/1/18	110,000	4.00%					
			12/1/19	115,000	4.00%					
							\$10,236,000	\$1,180,000	\$2,119,000	\$9,297,000
						Ref.	C	C-9		C

Budget Appropriation to Pay Bonds	Ref.	C-9	\$890,000
Refunding Bonds	Ref.	C-9	1,229,000
			<u>\$2,119,000</u>

**BOROUGH OF EATONTOWN**  
**COUNTY OF MONMOUTH**  
**STATE OF NEW JERSEY**

**GENERAL CAPITAL FUND**  
**SCHEDULE OF BOND ANTICIPATION NOTES**  
**Year Ended December 31, 2012**

<b>Ordinance Number</b>	<b>Improvement Description</b>	<b>Date of Issue of Original Note</b>	<b>Date of Issue</b>	<b>Date of Maturity</b>	<b>Interest Rate</b>	<b>Balance Dec. 31, 2011</b>	<b>Increased</b>	<b>Decreased</b>	<b>Balance Dec. 31, 2012</b>
15-2008	Various Improvements	10/22/08	10/19/11	1/25/12	1.75%	\$871,725		\$871,725	
07-2009	Various Improvements	10/21/09	10/19/11	1/25/12	1.75%	1,329,240		1,329,240	
15-2010	Various General Improvements	10/21/10	10/19/11	1/25/12	1.75%	1,283,750		1,283,750	
07-2011	Acquisition of Various Pieces of Equipment and Completion of Various Capital Improvements	10/19/11	10/19/11	1/25/12	1.75%	1,289,720		1,289,720	
17-2012	Various Improvements	12/13/12	12/13/12	12/12/13	1.50%		\$1,047,850	\$1,047,850	\$1,047,850
						<b><u>\$4,774,435</u></b>	<b><u>\$1,047,850</u></b>	<b><u>\$4,774,435</u></b>	<b><u>\$1,047,850</u></b>

**Ref.**      **C**      **C-2**      **C-2**      **C**

**BOROUGH OF EATONTOWN**  
**COUNTY OF MONMOUTH**  
**STATE OF NEW JERSEY**

**GENERAL CAPITAL FUND**  
**SCHEDULE OF LEASE OBLIGATIONS PAYABLE**  
**Year Ended December 31, 2012**

	<u>Ref.</u>	
Balance, December 31, 2011	C	\$1,739,700
Decreased by:		
Paid by Budget Appropriation		<u>408,700</u>
Balance, December 31, 2012	C	<u><u>\$1,331,000</u></u>

**BOROUGH OF EATONTOWN**  
**COUNTY OF MONMOUTH**  
**STATE OF NEW JERSEY**

**GENERAL CAPITAL FUND**  
**SCHEDULE OF DEFERRED CHARGES TO FUTURE**  
**TAXATION - FUNDED**  
**Year Ended December 31, 2012**

	<u>Ref.</u>	
Balance, December 31, 2011	C	\$10,384,805
Increased by:		
Refunding Bonds Issued	C-6	<u>1,180,000</u>
		<u>11,564,805</u>
Decreased by:		
Budget Appropriation to Pay General Serial Bonds	C-6	\$890,000
Budget Appropriation to Pay Green Trust Loans	C-10	48,618
Refunding Bonds	C-6	<u>1,229,000</u>
		<u>2,167,618</u>
Balance, December 31, 2012	C	<u><u>\$9,397,187</u></u>

**BOROUGH OF EATONTOWN**  
**COUNTY OF MONMOUTH**  
**STATE OF NEW JERSEY**

**GENERAL CAPITAL FUND**  
**SCHEDULE OF GREEN TRUST LOANS PAYABLE**  
**Year Ended December 31, 2012**

	<u>Ref.</u>	
Balance, December 31, 2011	C	\$148,805
Decreased by:		
Budget Appropriation to Pay Green Trust Loans	C-9	<u>48,618</u>
Balance, December 31, 2012	C	<u><u>\$100,187</u></u>

**BOROUGH OF EATONTOWN**  
**COUNTY OF MONMOUTH**  
**STATE OF NEW JERSEY**

**GENERAL CAPITAL FUND**  
**SCHEDULE OF DEFERRED CHARGES TO**  
**FUTURE TAXATION - UNFUNDDED**  
**December 31, 2012**

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2012</u>
17-2012	Various Improvements	\$1,047,850
23-2012	Acquisition of a Fire Truck	807,500
		<u><u>\$1,855,350</u></u>

Ref. C:C-5

**BOROUGH OF EATONTOWN**  
**COUNTY OF MONMOUTH**  
**STATE OF NEW JERSEY**

**GENERAL CAPITAL FUND**  
**SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED**  
**Year Ended December 31, 2012**

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2011</u>	<u>2012 Authorizations</u>	<u>Balance Dec. 31, 2012</u>
General Improvements:				
23-2012	Acquisition of a Fire Truck	\$0.00	\$807,500.00	\$807,500.00

Ref. (Footnote C) (Footnote C)

**BOROUGH OF EATONTOWN**  
**COUNTY OF MONMOUTH**  
**STATE OF NEW JERSEY**

**GENERAL FIXED ASSETS ACCOUNT GROUP**  
**SCHEDULE OF INVESTMENT IN GENERAL FIXED ASSETS**  
**Year Ended December 31, 2012**

	<b><u>Balance</u></b> <b><u>Dec. 31, 2011</u></b>	<b><u>Additions</u></b>	<b><u>Dispositions</u></b>	<b><u>Balance</u></b> <b><u>Dec. 31, 2012</u></b>
General Fixed Assets:				
Land, Buildings and Improvements	\$11,102,637	\$117,318		\$11,219,955
Machinery and Equipment	<u>9,819,414</u>	<u>342,779</u>	<u>\$7,000</u>	<u>10,155,193</u>
	<b><u>\$20,922,051</u></b>	<b><u>\$460,097</u></b>	<b><u>\$7,000</u></b>	<b><u>\$21,375,148</u></b>

**Ref.**

**D**

**D**

**BOROUGH OF EATONTOWN**  
**COUNTY OF MONMOUTH**  
**STATE OF NEW JERSEY**

**PART III**

**COMMENTS**

**YEAR ENDED DECEMBER 31, 2012**

**BOROUGH OF EATONTOWN**  
**COUNTY OF MONMOUTH**  
**STATE OF NEW JERSEY**

**COMMENTS**

**YEAR ENDED DECEMBER 31, 2012**

**Contracts and Agreements Required to be advertised per N.J.S. 40A:11-4**

N.J.S. 40A:11-4 states "Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefor, except as is provided otherwise in this act or specifically by any other law."

The governing body of the municipality has the responsibility of determining whether the expenditures in any category will exceed the statutory limit within the fiscal year. Where questions arise as to whether any contract or agreement might result in violation of the statute, the municipal attorney's opinion should be sought before a commitment is made.

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

Electric Energy Services

Husky Brook Park Improvements

Police Uniforms

ADA Upgrades at the Broad Street Firehouse

Repairs to the Borough Library Building and Architectural Services

Road Paving on Lewis Street, Eaton Place, Farm Lane, Lake Avenue, Valley Forge Road, Mindy Lane, First Avenue, Second Avenue, Parker Village, Tinton Woods, and Industrial Way  
Wall Street Sidewalk Improvements, Phase III

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

Our audit of expenditures did not reveal any individual payments in excess of the statutory limit for the performance of any work or the furnishing of any goods or services other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of N.J.S. 40A:11-6.

## **Purchases, Contracts or Agreements Not Required to be Advertised by N.J.S.**

### **40A:11-6.1**

N.J.S. 40A:11-6.1 states, "For all contracts that in the aggregate are less than the bid threshold but exceed 15 percent or more of that amount, and for those contracts that are for subject matter enumerated in subsection (1) of section 5 of P.L. 1971, c. 198 (C.40A:11-5), except for paragraph (a) of that subsection concerning professional services and paragraph (b) of that subsection concerning work by employees of the contracting unit, the contracting agent shall award the contract after soliciting at least two competitive quotations, if practicable. The award shall be made to a vendor whose response is most advantageous, price and other factors considered."

## **Collection of Interest on Delinquent Taxes and Assessments**

N.J.S. 54:4-67 provides the method for authorizing interest and the maximum rates to be charged for nonpayment of taxes or assessments on or before the date when they would become delinquent.

The governing body adopted the following resolution on January 1, 2012 authorizing interest and the maximum rates to be charged for the nonpayment of taxes on or before the date when they would become delinquent.

"Be it resolved that the interest to be charged on delinquent taxes during the year 2012 be and the same is hereby fixed at eight (8) per centum annum on the first \$1,500.00 of delinquency and eighteen (18) per centum on any amount in excess of \$1,500.00, to be calculated from the date the tax was payable until the date of actual payment, provided, however, no interest shall be charged if the payment of the taxes due is made within the tenth (10) calendar day following the date upon which the same became payable."

Based upon our audit of the tax collector's records, interest on delinquent taxes was charged in accordance with the foregoing resolution.

## **Tax Title Liens**

The last tax sale was held on June 5, 2012 and was complete.

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

2012	10
2011	10
2010	6

## SUMMARY OF MUNICIPAL DEBT

	<u>2012</u>	<u>2011</u>	<u>2010</u>
<b><u>Issued</u></b>			
General bonds and notes	\$10,445,037	\$15,159,240	\$10,433,030
Less:			
Funds on hand to pay bonds and notes	<u>288,500</u>	<u>5,136,935</u>	<u>287,500</u>
Net debt issued	10,156,537	10,022,305	10,145,530
<b><u>Authorized but not Issued</u></b>			
General bonds and notes	<u>807,500</u>	-	-
Net bonds and notes issued and authorized but not issued	<u>\$10,964,037</u>	<u>\$10,022,305</u>	<u>\$10,145,530</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 0.495%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School	\$26,298,707	\$26,298,707	-
General Debt	<u>15,244,202</u>	<u>4,280,165</u>	<u>\$10,964,037</u>
	<u>\$41,542,909</u>	<u>\$30,578,872</u>	<u>\$10,964,037</u>

Net Debt \$10,964,037 divided by Equalized Valuation basis per N.J.S. 40A:2-2 as amended, \$2,217,032,379 equals 0.495%.

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

3½% of Equalized Valuation Basis	\$77,596,133
Net Debt	<u>10,964,037</u>
Remaining Borrowing Power	<u>\$66,632,096</u>

**COMPARATIVE SCHEDULE OF TAX RATE INFORMATION AND APPORTIONMENT**

	<b>2012</b>	<b>2011</b>	<b>2010</b>
Municipal	\$ .706	\$ .681	\$ .655
Local School	.697	.681	.676
Regional School	.391	.406	.411
County	.302	.317	.318
Total tax rate	<b>\$2.096</b>	<b>\$2.085</b>	<b>\$2.060</b>

**ASSESSED VALUATIONS**

2012	\$2,086,000,009
2011	2,117,215,554
2010	2,129,764,241

**COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY**

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

<b>Year</b>	<b>CURRENTLY</b>		
	<b>Tax Levy</b>	<b>Cash Collections</b>	<b>Percentage of Collections</b>
2012	\$43,777,654	\$42,396,400	96.84%
2011	44,194,126	43,327,299	98.04%
2010	43,949,964	42,807,546	97.40%

**DELINQUENT TAXES AND TAX 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.

	<b>2012</b>	<b>2011</b>	<b>2010</b>
Tax title liens	\$74,970	\$68,532	\$154,755
Delinquent taxes	<b>544,084</b>	<b>652,937</b>	<b>1,011,343</b>
Total delinquent	<b>\$619,054</b>	<b>\$721,469</b>	<b>\$1,166,098</b>
% of tax levy	1.41%	1.63%	2.65%

### **PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION**

The value of property acquired by tax title lien liquidation, on the basis of the last assessed valuation of such properties, was as follows:

<b>Year</b>	<b>Amount</b>
2012	\$201,300
2011	201,300
2010	201,300

### **COMPARATIVE SCHEDULE OF FUND BALANCE AT DECEMBER 31**

<b>Year</b>	<b>Current</b>	<b>Utilized in</b>
	<b>Fund</b>	<b>Succeeding</b>
	<b>Balance</b>	<b>Budget</b>
2012	\$3,611,767	\$2,900,000
2011	4,085,822	3,225,000
2010	3,712,865	2,900,000

## **OFFICIALS IN OFFICE AND SURETY BONDS**

The following officials were in office during the period under audit:

<u>Name</u>	<u>Title</u>	<u>Amount of Bond *</u>
Gerald J. Tarantolo	Mayor	
Dennis J. Connelly	Councilman	
Mark W. Regan	Councilman	
Anthony Talerico, Jr.	Councilman	
Kevin L. Gonzalez	Councilman	
Meir Araman	Councilman	
Jennifer L. Piazza	Councilwoman	
George Jackson	Administrator	
John Gillooly	Tax Assessor	
Karen Siano	Clerk and Assessment Searcher	
Patricia De Ponti	Tax Collector and Tax Searcher	
Lesley Connolly	Chief Financial Officer and Treasurer	
George Cieri	Magistrate	
Suzann Lorusso	Court Administrator	
Valerie Sapienza	Deputy Clerk	
Patricia Campbell	Deputy Court Administrator	

\*Borough employees are covered by a faithful performance and employee dishonesty bond in the amount of \$1,000,000. This insurance coverage is provided to the Borough through its participation in the Monmouth Municipal Joint Insurance Fund.

**BOROUGH OF EATONTOWN**  
**COUNTY OF MONMOUTH**  
**STATE OF NEW JERSEY**

**PART IV**

**COMMENTS AND RECOMMENDATIONS**

**YEAR ENDED DECEMBER 31, 2012**

**BOROUGH OF EATONTOWN**  
**COUNTY OF MONMOUTH**  
**STATE OF NEW JERSEY**

**COMMENTS AND RECOMMENDATIONS**

**YEAR ENDED DECEMBER 31, 2012**

The results of our tests disclosed no instances of noncompliance or other matters related to the financial statements that are required to be reported under Government Auditing Standards and with audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.