

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
AND
INDEPENDENT AUDITOR'S REPORTS

YEAR ENDED

DECEMBER 31, 2018

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
AND
INDEPENDENT AUDITOR'S REPORTS

Year Ended December 31, 2018

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BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

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AND SUPPLEMENTARY INFORMATION
AND
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Year Ended December 31, 2018

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COUNTY OF MONMOUTH
STATE OF NEW JERSEY

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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, 2018

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, 2018 and 2017, the related statements 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, 2018, 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

Auditor's Responsibility (continued)

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, 2018 and 2017, or changes in its financial position for the years then ended.

Basis for Qualified Opinion on the Regulatory Basis of Accounting

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.

Qualified Opinion on the General Fixed Assets Account Group

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion on the General Fixed Assets Account Group paragraph, the financial statements referred to above present fairly, in all material respects, the balance sheet - regulatory basis of the General Fixed Assets Account Group of the Borough as of December 31, 2018 and 2017 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.

Basis for Qualified Opinion on the Trust 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 10.25% and 10.39% of the assets, and the liabilities and reserves of the Borough's Trust Fund as of December 31, 2018 and 2017, respectively.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion on the Trust Fund paragraph, the financial statements referred to above present fairly, in all material respects, the balance sheet - regulatory basis of the Trust Fund of the Borough as of December 31, 2018 and 2017 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.

Unmodified Opinions on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the balance sheets - regulatory basis of the Current Fund, General Capital Fund and the Payroll Fund of the Borough as of December 31, 2018 and 2017, the statements 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 for the year ended December 31, 2018 and the statement of expenditures - regulatory basis for the year ended December 31, 2018 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 audits were conducted for the purpose of forming opinions on the financial statements, which collectively comprise the Borough's financial statements. The supplementary schedules and comments section as 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.

The supplementary schedules and comments section are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The 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, except for the LOSAP Fund and General Fixed Assets Account Group supplementary schedules, the information is fairly stated, in all material respects in relation to the basic financial statements as a whole, based on the accounting principles and practices of the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated August 16, 2019 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
August 16, 2019

**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 "Division"), 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, 2018, 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 August 16, 2019, 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. We expressed unmodified opinions on the regulatory basis financial statements of the Current Fund, General Capital Fund and the Payroll Fund as to conformity with the financial reporting provisions of the Division, and a qualified opinion on the regulatory basis financial statements of the General Fixed Assets Account Group as to conformity with the financial reporting provisions of the Division, and a qualified opinion on the regulatory basis financial basis financial statements of the Trust Fund because the Length of Service Award Program Fund was not audited.

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. 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 other internal control and compliance matters that we have reported to the management of the Borough in the accompanying comments and recommendations section.

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
August 16, 2019

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
COMPARATIVE BALANCE SHEET
REGULATORY BASIS
December 31, 2018 and 2017

<u>Assets</u>	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
Cash and Cash Equivalents:			
Cash - Treasurer	A-4	\$9,549,128	\$8,781,254
Change Funds		300	300
		<u>9,549,428</u>	<u>8,781,554</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-6	256,421	278,500
Tax Title Liens Receivable	A-7	136,066	123,350
Property Acquired for Taxes - Assessed Valuation		201,300	201,300
Revenue Accounts Receivable	A-8	34,116	31,591
Due from Animal Control Fund		117	18
Due from Federal and State Grant Fund		145,433	125,360
	A	<u>773,453</u>	<u>760,119</u>
Deferred Charges:			
Special Emergency Authorization (40A:4-53)		44,000	88,000
Emergency Authorizations (40A:4-47)		15,600	365,641
		<u>59,600</u>	<u>453,641</u>
		<u>10,382,481</u>	<u>9,995,314</u>
Federal and State Grant Fund:			
Grants Receivable	A-13	<u>443,154</u>	<u>413,338</u>
		<u>\$10,825,635</u>	<u>\$10,408,652</u>

See Accompanying Notes

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
COMPARATIVE BALANCE SHEET
REGULATORY BASIS
December 31, 2018 and 2017

	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Appropriation Reserves	A-3:A-9	\$2,546,201	\$2,172,450
Reserve for Encumbrances	A-12	659,512	320,160
Reserve for Tax Appeals		197,022	147,022
Reserve for Outside Liens		1,323	1,438
Reserve for FEMA		215,292	193,659
Accounts Payable		5,848	20,548
Due State - Uniform Construction Code Fees		5,958	6,571
Due State - Marriage Licenses		350	
Regional High School Tax Payable	A-11	1	1
Prepaid Taxes		252,033	1,200,279
Tax Overpayments		65,727	28,921
Due to General Capital Fund			305,641
Due County for Added and Omitted Taxes		8,434	41,543
Due to State of New Jersey (PL 1971, Ch.20)		40,857	41,652
		<u>3,998,558</u>	<u>4,479,885</u>
Reserves for Receivables and Other Assets	A	773,453	760,119
Fund Balance	A-1	<u>5,610,470</u>	<u>4,755,310</u>
		<u>10,382,481</u>	<u>9,995,314</u>
Federal and State Grant Fund:			
Appropriated Reserves	A-14	293,881	264,065
Due to Current Fund		145,433	125,360
Unappropriated Reserves	A-15	3,840	23,913
		<u>443,154</u>	<u>413,338</u>
		<u>\$10,825,635</u>	<u>\$10,408,652</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, 2018 and 2017

	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance Anticipated	A-2	\$3,600,000	\$2,750,000
Miscellaneous Revenue Anticipated	A-2	4,379,174	4,286,932
Receipts from Delinquent Taxes	A-2	232,382	339,277
Receipts from Current Taxes	A-2	50,625,673	48,437,266
Non-Budget Revenues	A-2	660,314	609,980
Unexpended Balance of Appropriation Reserves	A-9	1,953,494	1,780,258
Other Credits to Income:			
Outstanding Checks Voided	A-4	2,335	
Interfunds Returned		125,359	348,406
Total Revenue		<u>61,578,731</u>	<u>58,552,119</u>
<u>Expenditures</u>			
Budget and Emergency Appropriations:			
Operations:			
Salaries and Wages	A-3	10,170,363	10,202,716
Other Expenses	A-3	9,796,420	8,937,861
Capital Improvements	A-3	97,000	450,641
Municipal Debt Service	A-3	1,680,595	1,892,674
Deferred Charges and Statutory Expenditures	A-3	2,475,529	2,275,706
County Taxes		6,936,713	6,042,629
Local District School Tax	A-10	16,508,886	15,972,839
Regional High School Tax	A-11	9,328,082	8,749,509
Refunds	A-4	150	
Cancellation of Grants Receivable	A-13		4,000
Interfunds Advanced		145,433	125,360
Total Expenditures		<u>57,139,171</u>	<u>54,653,935</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, 2018 and 2017

	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
Excess in Revenue		\$4,439,560	\$3,898,184
Adjustments to Income Before Fund Balance:			
Expenditures Included Above Which Are by Statute			
Deferred Charges to Budget of Succeeding Year		<u>15,600</u>	<u>365,641</u>
Statutory Excess to Fund Balance		4,455,160	4,263,825
Fund Balance January 1	A	<u>4,755,310</u>	<u>3,241,485</u>
		9,210,470	7,505,310
Decreased by:			
Utilized as Anticipated Revenue	A-1:A-2	<u>3,600,000</u>	<u>2,750,000</u>
Fund Balance December 31	A	<u><u>\$5,610,470</u></u>	<u><u>\$4,755,310</u></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, 2018

	<u>Ref.</u>	<u>Anticipated</u>		<u>Realized</u>	<u>Excess or (Deficit)</u>
		<u>Budget</u>	<u>Special N.J.S. 40A:4-87</u>		
Fund Balance Anticipated	A-1	\$3,600,000		\$3,600,000	
Miscellaneous Revenues:					
Alcoholic Beverage Licenses	A-8	38,000		38,688	\$688
Other Licenses	A-8	22,000		21,839	(161)
Fees and Permits	A-8	162,000		185,676	23,676
Municipal Court Fines and Costs	A-8	509,000		399,634	(109,366)
Interest and Costs on Taxes	A-8	63,000		55,846	(7,154)
Interest on Investments	A-8	99,000		242,809	143,809
Consolidated Municipal Property Tax Relief Act	A-8	4,877		4,877	
Energy Receipts Tax	A-8	1,459,738		1,459,738	
Uniform Construction Code Fees	A-8	396,000		439,908	43,908
Mechanical Garage - Eatontown Board of Education	A-8	4,000		11,711	7,711
Drunk Driving Enforcement	A-13	5,205		5,205	
Clean Communities Program	A-13		\$25,511	25,511	
Municipal Alliance on Alcoholism and Drug Abuse	A-13	26,186		26,186	
Safe and Secure Communities Program	A-13	60,000		60,000	
Drive Sober or Get Pulled Over	A-13	3,300	5,500	8,800	
Distracted Driving Statewide Crackdown	A-13	6,600		6,600	
DCA/REC Individuals with Disabilities	A-13	20,000		20,000	
Recycling Tonnage	A-13	18,708		18,708	
Click It or Ticket	A-13		5,500	5,500	
New Jersey Prevention Network	A-13		3,000	3,000	

See Accompanying Notes

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
STATEMENT OF REVENUES
REGULATORY BASIS
Year Ended December 31, 2018

	<u>Ref.</u>	<u>Anticipated</u>		<u>Realized</u>	<u>Excess or (Deficit)</u>
		<u>Budget</u>	<u>Special N.J.S. 40A:4-87</u>		
Miscellaneous Revenues (continued):					
Senior Citizens Housing (In Lieu of Taxes)	A-8	\$195,000		\$195,750	\$750
Borough Community Center Programs	A-8	261,000		260,378	(622)
Uniform Fire Safety Act	A-8	68,000		93,613	25,613
Hotel Tax	A-8	246,000		282,377	36,377
Cell Tower Agreements	A-8	378,000		398,594	20,594
CATV Franchise Fees	A-8	96,000		108,226	12,226
	A-1	4,141,614	\$39,511	4,379,174	198,049
Receipts from Delinquent Taxes	A-1:A-2	274,000		232,382	(41,618)
Amount to be Raised by Taxes for Support of Municipal Budget:					
Local Tax for Municipal Purposes	A-2:A-6	17,747,676		18,848,819	1,101,143
Budget Totals		25,763,290	39,511	27,060,375	\$1,257,574
Non-Budget Revenues	A-2			660,314	
		<u>\$25,763,290</u>	<u>\$39,511</u>	<u>\$27,720,689</u>	
	<u>Ref.</u>	<u>A-3</u>	<u>A-3</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, 2018

Ref.

Analysis of Realized Revenues

Allocation of Current Tax Collections:

Revenue from Collections	A-1:A-6	\$50,625,673
Allocated to School and County Taxes		<u>33,317,854</u>
Balance for Support of Municipal Budget Appropriations		17,307,819
Add:		
Appropriation "Reserve for Uncollected Taxes"	A-3	<u>1,541,000</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u><u>\$18,848,819</u></u>

Receipts from Delinquent Taxes

Delinquent Tax Collections	A-6	\$232,246
Tax Title Lien Collections	A-7	<u>136</u>
	A-2	<u><u>\$232,382</u></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, 2018

Analysis of Non-Budget Revenues

Insurance Refunds	\$449,457
Recreation Fees	62,505
Other Police Fees	29,824
Recycling	29,473
Trailer Tax	26,774
Police Outside Employment Administrative Fees	19,780
Senior Citizen Trips	10,444
Public Storage Refund	7,350
Other Refunds and Reimbursements	5,358
Payment in Lieu of Taxes - Devereux	4,000
Coop Housing	3,853
Return of Non-Vested LOSAP Funds	2,431
Inspection of Buildings	1,619
Polling Place Rentals	1,600
Police Uniforms	1,222
Senior Citizens and Veterans Administrative Fee	1,214
Municipal Court Checks Canceled	1,128
Planning Board	600
Calendar Advertising	575
Community Center	400
Restitution	357
Returned Check Fees	350
	<u>\$660,314</u>

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, 2018

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>		<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
<u>Operations Within "CAPS"</u>					
General Government:					
Administrative and Executive:					
Salaries and Wages	\$249,900	\$229,900	\$182,441	\$17,459	\$30,000
Other Expenses	26,610	71,610	63,740	7,870	
Labor Attorney:	23,000	23,000	17,507	5,493	
Mayor and Council:					
Salaries and Wages	54,000	54,000	53,854	146	
Other Expenses	7,750	7,750	2,927	4,823	
Advertising:					
Other Expenses	35,000	32,690	13,080	19,610	
Pride in Eatontown	2,642	2,642	2,010	632	
Elections:					
Salaries and Wages	1,000	1,000		1,000	
Other Expenses	5,500	5,500	4,727	773	
Municipal Clerk:					
Salaries and Wages	171,742	171,742	170,617	1,125	
Other Expenses	24,900	18,900	13,200	5,700	
Information Technology:					
Other Expenses	88,000	90,310	67,786	22,524	

See Accompanying Notes

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
Year Ended December 31, 2018

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>		<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
<u>Operations Within "CAPS"</u>					
Purchasing Department:					
Salaries and Wages	\$45,576	\$46,076	\$45,924	\$152	
Other Expenses	34,200	31,200	19,140	12,060	
Historical Association:					
Other Expenses	1,600	1,600	1,575	25	
Financial Administration:					
Salaries and Wages	192,143	192,143	168,599	18,544	\$5,000
Other Expenses	52,000	36,000	21,208	14,792	
Tuition Reimbursements					
Bond Registration Fees	4,500	4,500	1,435	3,065	
Audit Services	48,000	48,000	35,900	12,100	
Assessment of Taxes:					
Salaries and Wages	91,250	91,250	90,533	717	
Other Expenses	64,400	64,400	34,324	30,076	
Collection of Taxes:					
Salaries and Wages	88,440	88,440	76,097	7,343	5,000
Other Expenses (Emergency \$15,600)	11,285	26,885	23,225	3,660	

See Accompanying Notes

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
Year Ended December 31, 2018

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>		<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
<u>Operations Within "CAPS"</u>					
Legal Services and Costs:					
Other Expenses	\$269,000	\$269,000	\$219,005	\$49,995	
Municipal Prosecutor					
Salaries and Wages	38,760	38,760	36,000	2,760	
Engineering Service and Costs:					
Miscellaneous Other Expenses	110,000	110,000	42,751	67,249	
Public Buildings and Grounds:					
Salaries and Wages	199,594	199,594	197,841	1,753	
Other Expenses	142,500	145,500	143,222	2,278	
Municipal Land Use Law (NJSA 40:55D-1)					
Planning Board:					
Salaries and Wages	8,000	8,000	5,200	2,800	
Other Expenses	89,700	89,700	85,317	4,383	
Board of Adjustment:					
Salaries and Wages	1,200	1,200	900	300	
Other Expenses	16,000	16,000	5,942	10,058	
Zoning Officer:					
Salaries and Wages	141,710	141,710	130,590	11,120	
Other Expenses	10,020	10,020	4,796	5,224	

See Accompanying Notes

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
Year Ended December 31, 2018

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>		<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
<u>Operations Within "CAPS"</u>					
Environmental Program:					
Salaries and Wages	\$200	\$200			\$200
Other Expenses	3,300	3,300	\$1,213	\$2,087	
Green Team	1,750	1,750	1,347	403	
Fire:					
Salaries and Wages	6,212	6,212	6,212		
Fire Hydrant Service	148,320	148,320	129,819	18,501	
Miscellaneous Other Expenses	86,950	86,950	78,977	7,973	
Insurance:					
Group Insurance	3,574,500	3,574,500	3,355,179	219,321	
Health Benefit Waiver	40,000	40,000	23,624	16,376	
Other Insurance	411,700	411,700	304,943	106,757	
Workman's Compensation	445,000	445,000	436,584	8,416	

See Accompanying Notes

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY
CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
Year Ended December 31, 2018

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>		<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
<u>Operations Within "CAPS"</u>					
Uniform Fire Safety Act (P.L. 1983, Ch. 383):					
Salaries and Wages	\$92,821	\$92,821	\$84,507	\$8,314	
Other Expenses	7,500	7,500	7,428	72	
Police:					
Salaries and Wages	5,630,463	5,638,463	5,353,730	284,733	
Other Expenses	266,400	266,400	258,872	7,528	
First Aid Organization Contribution:	34,113	34,113	25,903	8,210	
Demolition of Condemned and Unsafe Structures:					
Other Expenses	1,000				
Emergency Management Services:					
Salaries and Wages	3,470	3,470	3,470		
Other Expenses	11,700	11,700	7,476	4,224	
Road Repair and Maintenance:					
Salaries and Wages	2,160,971	2,160,971	1,810,031	350,940	
Other Expenses	955,300	955,300	729,787	225,513	
Snow Removal					
Other Expenses	14,000	29,000	29,000		
Municipal Court:					
Salaries and Wages	46,000	46,000	42,840	3,160	
Other Expenses	34,000	34,000	19,830	14,170	

See Accompanying Notes

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
Year Ended December 31, 2018

	APPROPRIATIONS		EXPENDED		Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS"					
Public Defender:					
Salaries and Wages	\$20,000	\$20,000	\$19,075	\$925	
Street Lighting:	140,000	140,000	98,415	41,585	
Monmouth County Reclamation Fees:	386,800	386,800	234,220	152,580	
Solid Waste Collection:					
Sanitation - Apartment Collection	255,000	255,000	247,273	7,727	
Sanitation - Residential Collection	270,000	270,000	269,582	418	
Health and Welfare:					
Monmouth City. Reg. Health Com. (NJSA 40:13)					
Salaries and Wages	1,425	1,425	1,424	1	
Other Expenses	7,000	7,000			\$7,000
Administration of Public Assistance:					
Other Expenses	1,750				

See Accompanying Notes

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
Year Ended December 31, 2018

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>		<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
<u>Operations Within "CAPS"</u>					
Relocation:					
Other Expenses	\$1,500				
Housing Inspection:					
Salaries and Wages	88,088	\$88,088	\$86,402	\$1,686	
Other Expenses	1,575	1,575	644	931	
Animal Control:					
Other Expenses	20,000	20,000	17,631	2,369	
Recreation:					
Salaries and Wages	144,497	144,497	139,330	5,167	
Other Expenses	73,425	73,425	67,673	5,752	
Celebration of Public Events:					
Other Expenses	13,650	13,650	13,260	390	

See Accompanying Notes

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
Year Ended December 31, 2018

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>		<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
<u>Operations Within "CAPS"</u>					
Borough Community Center:					
Salaries and Wages	\$232,000	\$222,000	\$183,354	\$35,646	\$3,000
Other Expenses	34,500	34,500	26,421	8,079	
Miscellaneous Other Expenses:					
Youth Committee	2,800	2,800	456	2,344	
Senior Citizen Programs:					
Salaries and Wages	56,702	53,702	38,865	11,837	3,000
Other Expenses	18,200	18,200	15,506	2,694	
Inspection of Buildings:					
Salaries and Wages	394,651	394,651	369,166	25,485	
Other Expenses	35,900	35,900	21,084	14,816	

See Accompanying Notes

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
Year Ended December 31, 2018

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Reserved</u>	<u>Balance</u> <u>Canceled</u>
<u>Operations Within "CAPS"</u>					
Unclassified:					
Salaries and Wages - Adjustment Program	\$80,000	\$77,750	\$34,531	\$43,219	
Business Advisory Committee	1,000				
Tuition Reimbursement	50,500	29,500	7,898	21,602	
Employee Sick Time Buy - Back	75,000	75,000		75,000	
Accumulated Absences	90,000	90,000	90,000		
Electricity	148,000	148,000	90,672	57,328	
Telephone	122,719	122,719	101,635	21,084	
Water	32,000	32,000	14,897	17,103	
Natural Gas	81,000	81,000	47,951	33,049	
Total Operations within "CAPS"	19,205,274	19,205,874	16,929,550	2,223,124	\$53,200
Contingent	4,000	4,000	1,008	2,992	
Total Operations Including Contingent within "CAPS"	19,209,274	19,209,874	16,930,558	2,226,116	53,200
Detail:					
Salaries and Wages	10,160,815	10,136,315	9,297,002	793,113	46,200
Other Expenses (Including Contingent)	9,048,459	9,073,559	7,633,556	1,433,003	7,000

See Accompanying Notes

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
Year Ended December 31, 2018

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>		<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
<u>Deferred Charges and Statutory Expenditures Within "CAPS"</u>					
Prior Year Bills:					
Mill Pond at Eatontown, 2014 - 2016, Snow Removal	\$3,000	\$3,000	\$2,186	\$814	
Statutory Expenditures:					
Contribution to:					
Public Employees' Retirement System of N.J.	510,000	510,000	506,915		\$3,085
Social Security System (O.A.S.I.)	492,000	492,000	435,308	56,692	
Police and Firemen's Retirement System of N.J.	1,201,000	1,201,000	1,200,897		103
Defined Contribution Retirement Program	23,000	23,000	14,258	8,742	
Early Retirement Incentive Program	36,500	36,500	36,399		101
Unemployment Compensation Insurance	40,000	55,000	10,686	44,314	
 Total Deferred Charges and Statutory Expenditures Within "CAPS"	 <u>2,305,500</u>	 <u>2,320,500</u>	 <u>2,206,649</u>	 <u>110,562</u>	 <u>3,289</u>
 Total General Appropriations for Municipal Purposes Within "CAPS"	 <u>21,514,774</u>	 <u>21,530,374</u>	 <u>19,137,207</u>	 <u>2,336,678</u>	 <u>56,489</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, 2018

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>		<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
<u>Operations Excluded from "CAPS"</u>					
Aid to Privately Owned Library 40:54-35:					
Salaries and Wages	\$76,248	\$76,248	\$74,190	\$2,058	
Other Expenses	12,504	12,504	7,436	5,068	
Telephone	2,500	2,500		2,500	
9-1-1 System (40A:4-45.3cc)					
Other Expenses	25,000	25,000		25,000	
State Recycling Tax (C.311, P.L. 2007)	14,800	14,800	101	14,699	
Tax Appeal Reserve	50,000	50,000	50,000		
NJDEP/Storm Water Mgt. (40A:4-45.3cc)	10,000	10,000	3,802	6,198	
Length of Service Award Program - Fire	50,000	50,000		50,000	
Length of Service Award Program - First Aid	20,000	20,000		20,000	
Total Other Operations Excluded from "CAPS"	<u>261,052</u>	<u>261,052</u>	<u>135,529</u>	<u>125,523</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, 2018

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>		<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
<u>Operations Excluded from "CAPS"</u>					
Shared Service Agreements:					
Mechanical Garage - Eatontown					
Board of Education:					
Salaries and Wages	\$4,000	\$4,000		\$4,000	
Municipal Court - Tinton Falls					
Salaries and Wages	275,000	275,000	\$275,000		
Total Shared Service Agreements	279,000	279,000	275,000	4,000	
Public and Private Programs Offset by Revenues:					
Clean Communities Program (40A:4-87, \$25,511+)		25,511	25,511		
Drunk Driving Enforcement	5,205	5,205	5,205		
Distracted Driving Crackdown	6,600	6,600	6,600		
Click It or Ticket (40A:4-87, \$5,500+)		5,500	5,500		
Safe and Secure Communities Program	60,000	60,000	60,000		
Municipal Alliance on Alcoholism and Drug Abuse	32,733	32,733	32,733		
DCA/REC Individuals with Disabilities	24,000	24,000	24,000		
Recycling Tonnage	18,708	18,708	18,708		
New Jersey Prevention Network (40A:4-87, \$3,000+)		3,000	3,000		

See Accompanying Notes

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
Year Ended December 31, 2018

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Reserved</u>	<u>Balance</u> <u>Canceled</u>
<u>Operations Excluded from "CAPS"</u>					
Public and Private Programs Offset by Revenues (Continued):					
Drive Sober or get Pulled Over (40A:4-87, \$5,500+)	\$3,300	\$8,800	\$8,800		
Matching Funds for Grants	<u>80,000</u>	<u>80,000</u>		<u>\$80,000</u>	
Total Public and Private Programs Offset by Revenues	<u>230,546</u>	<u>270,057</u>	<u>190,057</u>	<u>80,000</u>	
Total Operations Excluded from "CAPS"	<u>770,598</u>	<u>810,109</u>	<u>600,586</u>	<u>209,523</u>	
Detail:					
Salaries and Wages	80,248	80,248	74,190	6,058	
Other Expenses	<u>690,350</u>	<u>729,861</u>	<u>526,396</u>	<u>203,465</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, 2018

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>		<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
<u>Capital Improvements Excluded from "CAPS"</u>					
Capital Improvement Fund	<u>\$97,000</u>	<u>\$97,000</u>	<u>\$97,000</u>		
Total Capital Improvements Excluded from "CAPS"	<u>97,000</u>	<u>97,000</u>	<u>97,000</u>		
<u>Municipal Debt Service Excluded from "CAPS"</u>					
Payment of Bond Principal	1,194,000	1,194,000	1,194,000		
Interest on Bonds	432,000	432,000	431,791		\$209
Interest on Notes	22,000	22,000	21,209		791
Capital Lease Obligations					
Principal	29,000	29,000	29,000		
Interest	<u>4,600</u>	<u>4,600</u>	<u>4,595</u>		<u>5</u>
Total Municipal Debt Service Excluded from "CAPS"	<u>1,681,600</u>	<u>1,681,600</u>	<u>1,680,595</u>		<u>1,005</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, 2018

	<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>
<u>Deferred Charges Excluded from "CAPS"</u>					
Deferred Charges:					
Emergency Authorizations	\$114,318	\$114,318	\$114,318		
Special Emergency Authorizations	44,000	44,000	44,000		
Total Deferred Charges Excluded from "CAPS"	158,318	158,318	158,318		
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	2,707,516	2,747,027	2,536,499	\$209,523	\$1,005
Subtotal General Appropriations	24,222,290	24,277,401	21,673,706	2,546,201	57,494
Reserve for Uncollected Taxes	1,541,000	1,541,000	1,541,000		
Total General Appropriations	<u>\$25,763,290</u>	<u>\$25,818,401</u>	<u>\$23,214,706</u>	<u>\$2,546,201</u>	<u>\$57,494</u>
<u>Ref.</u>	A-2		A-1	A:A-1	
Budget	A-3	\$25,763,290			
Appropriation by 40A:4-87	A-2	39,511			
Emergency Appropriation 40A:4-47		15,600			
		<u>\$25,818,401</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, 2018

	<u>Ref.</u>	<u>Paid or Charged</u>
Reserve for Uncollected Taxes	A-2	\$1,541,000
Disbursed	A-4	20,615,819
Reserve for Encumbrances	A-12	659,512
Reserve for Grants Appropriated	A-14	190,057
Reserve for Tax Appeals		50,000
Deferred Charge - Authorization (40A:4-47)		114,318
Deferred Charge - Special Emergency Authorization (40A:4-53)		44,000
		<u>\$23,214,706</u>

See Accompanying Notes

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

TRUST FUND
COMPARATIVE BALANCE SHEET
REGULATORY BASIS
December 31, 2018 and 2017

<u>Assets</u>	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
Animal Control Fund:			
Cash and Cash Equivalents	B-1	<u>\$8,681</u>	<u>\$2,461</u>
Other Trust Fund:			
Cash and Cash Equivalents	B-1	<u>4,102,399</u>	<u>3,850,865</u>
Length of Service Award Program Fund:			
(LOSAP) - Unaudited Investments	B-4	<u>469,745</u>	<u>446,714</u>
		<u>\$4,580,825</u>	<u>\$4,300,040</u>

See Accompanying Notes

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

TRUST FUND
COMPARATIVE BALANCE SHEET
REGULATORY BASIS
December 31, 2018 and 2017

	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
<u>Liabilities and Reserves</u>			
Animal Control Fund:			
Due to State of New Jersey		\$81	\$51
Reserve for Animal Control Fund Expenditures	B-2	5,613	391
Due to Current Fund		117	18
Prepaid Licenses		2,870	2,001
		<u>8,681</u>	<u>2,461</u>
Other Trust Fund:			
Reserve for Other Trust Fund Deposits	B-3	<u>4,102,399</u>	<u>3,850,865</u>
Length of Service Award			
Program Fund:			
(LOSAP) - Unaudited			
Reserve for Length of Service Award			
Program Fund	B-5	<u>469,745</u>	<u>446,714</u>
		<u>\$4,580,825</u>	<u>\$4,300,040</u>

See Accompanying Notes

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET
REGULATORY BASIS
December 31, 2018 and 2017

	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
<u>Assets</u>			
Cash and Cash Equivalents	C-2	\$5,583,647	\$3,695,892
Deferred Charges to Future Taxation:			
Funded	C-9	9,776,000	7,330,000
Unfunded	C-10	5,110,202	4,160,502
Grants Receivable	C-11	60,000	60,000
Due from Current Fund			305,641
Leased Assets under Capital Lease		63,000	92,000
		<u>\$20,592,849</u>	<u>\$15,644,035</u>
<u>Liabilities, Reserves and Fund Balance</u>			
General Serial Bonds	C-6	\$9,776,000	\$7,330,000
Bond Anticipation Notes	C-7	5,110,202	4,160,501
Improvement Authorizations:			
Funded	C-5	2,338,484	1,372,529
Unfunded	C-5	2,219,178	1,608,777
Lease Obligations Payable	C-8	63,000	92,000
Reserve for Encumbrances	C-5	1,036,490	655,155
Capital Improvement Fund	C-4	1,792	59,432
Down Payments on Improvements	C-12		365,641
Fund Balance	C-1	47,703	
		<u>\$20,592,849</u>	<u>\$15,644,035</u>

There were no bonds and notes authorized but not issued on December 31, 2018, and \$1 of bonds and notes were authorized but not issued on December 31, 2017. (Schedule C-13)

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, 2018 and 2017

	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
Balance, January 1	C	\$0	\$36,518
Increased by:			
Premium on Bond Anticipation Notes Issued	C-2	36,183	
Premium on Serial Bonds Issued	C-2	11,520	
		<u>47,703</u>	<u>-</u>
Decreased by:			
Payment to Current Fund as Anticipated Revenue		<u>-</u>	<u>36,518</u>
Balance, December 31	C	<u><u>\$47,703</u></u>	<u><u>\$0</u></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, 2018 and 2017

	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
<u>Assets</u>			
General Fixed Assets:			
Land, Buildings and Improvements		\$11,264,386	\$11,264,386
Machinery and Equipment		<u>14,838,228</u>	<u>12,280,708</u>
Total General Fixed Assets		<u><u>\$26,102,614</u></u>	<u><u>\$23,545,094</u></u>
<u>Liabilities and Reserves</u>			
Investment in General Fixed Assets	D-1	<u><u>\$26,102,614</u></u>	<u><u>\$23,545,094</u></u>

See Accompanying Notes

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

PAYROLL FUND
COMPARATIVE BALANCE SHEET
REGULATORY BASIS
December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<u>Assets</u>		
Cash and Cash Equivalents	<u>\$37,384</u>	<u>\$30,569</u>
<u>Reserves</u>		
Reserve for Expenditures	<u>\$37,384</u>	<u>\$30,569</u>

See Accompanying Notes

BOROUGH OF EATONTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

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.

Payroll Fund - used to record payroll related transactions.

BOROUGH OF EATONTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Description of Funds (continued)

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.

BOROUGH OF EATONTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

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.

BOROUGH OF EATONTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

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.

F. Reclassification

Certain prior year amounts have been reclassified to conform to the current year financial statements presentation.

BOROUGH OF EATONTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

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") is a supplemental insurance program set forth by the New Jersey Legislature to protect deposits of municipalities and local government agencies. The program is administered by the Commissioner of the New Jersey Department of Banking and Insurance. GUDPA requires public depositories to pledge 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, 2018 and 2017 the Borough's bank balances were exposed to custodial credit risk as follows:

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Uninsured and Uncollateralized	\$2,057,397	\$1,843,805
GUDPA Insured and Collateralized with Securities Held by Pledging Financial Institutions	<u>13,858,674</u> <u>\$15,916,071</u>	<u>11,277,825</u> <u>\$13,121,630</u>

In addition, as of December 31, 2018 and 2017, the Borough had \$1,841,048 and \$1,807,831 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.

BOROUGH OF EATONTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

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.

BOROUGH OF EATONTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

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, 2018 and 2017 were \$469,745 and \$446,714, respectively.

Credit Risk - State law limits investments as described in prior sections of this note to the financial statements. As of December 31, 2018 and 2017 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.

BOROUGH OF EATONTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

3. DEBT (continued)

Long-Term Debt

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

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Interest Rate(s)</u>	<u>Balance Dec. 31, 2018</u>
General Improvement	12/4/02	\$1,553,000	5.00%	\$1,000
General Improvement	12/29/11	4,150,000	5.00%	1,450,000
General Improvement	5/22/12	1,180,000	4.00%	115,000
General Improvement	12/9/14	3,775,000	4.00-5.00%	2,270,000
General Improvement	3/2/16	2,325,000	4.00-5.00%	2,300,000
General Improvement	1/9/18	3,640,000	4.00-5.00%	3,640,000
				<u><u>\$9,776,000</u></u>

Long-term bonded debt service requirements are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$1,486,000	\$469,250	\$1,955,250
2020	1,420,000	403,950	1,823,950
2021	1,470,000	337,250	1,807,250
2022	1,025,000	263,250	1,288,250
2023	1,065,000	212,000	1,277,000
2024-2028	2,810,000	473,750	3,283,750
2029	500,000	12,500	512,500
	<u><u>\$9,776,000</u></u>	<u><u>\$2,171,950</u></u>	<u><u>\$11,947,950</u></u>

Long-term debt transactions for the years ended December 31, 2018 and 2017 are summarized as follows:

	<u>Balance Dec. 31, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance Dec. 31, 2018</u>
General Capital Fund:				
General Serial Bonds	<u>\$7,330,000</u>	<u>\$3,640,000</u>	<u>\$1,194,000</u>	<u>\$9,776,000</u>
	<u>Balance Dec. 31, 2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance Dec. 31, 2017</u>
General Capital Fund:				
General Serial Bonds	<u>\$8,612,000</u>	<u>-</u>	<u>\$1,282,000</u>	<u>\$7,330,000</u>

BOROUGH OF EATONTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

3. DEBT (continued)

Short-Term Debt

At December 31, 2018 and 2017 the Borough's outstanding bond anticipation notes were as follows:

<u>Purpose</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2018</u>
Various Capital Improvements and the Acquisition of Various Capital Equipment	9/27/18	9/27/19	3.00%	<u>\$5,110,202</u>
<u>Purpose</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2017</u>
Various Capital Improvements and the Acquisition of Various Capital Equipment	9/28/17	1/30/18	1.48%	<u>\$4,160,501</u>

Bond anticipation note transactions for the years ended December 31, 2018 and 2017 are summarized as follows:

	<u>Balance Dec. 31, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance Dec. 31, 2018</u>
General Capital Fund: Bond Anticipation Notes	<u>\$4,160,501</u>	<u>\$5,110,202</u>	<u>\$4,160,501</u>	<u>\$5,110,202</u>
	<u>Balance Dec. 31, 2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance Dec. 31, 2017</u>
General Capital Fund: Bond Anticipation Notes	<u>\$2,789,501</u>	<u>\$4,160,501</u>	<u>\$2,789,501</u>	<u>\$4,160,501</u>

Bonds and Notes Authorized but not Issued

As of December 31, 2018, the Borough had no bonds and notes authorized but not issued. On December 31, 2017, the Borough had \$1 of bonds and notes authorized but not issued.

Borrowing Power

New Jersey statutes limit the debt of a municipality to 3.500% of the equalized valuation basis. The Borough's net debt expressed as a percentage of the equalized valuation basis was 0.675% at December 31, 2018. The net debt of the Borough at December 31, 2018 was \$14,886,202 and the Borough's remaining borrowing power at December 31, 2087 was \$62,264,947.

A summary of the Borough's debt for the last three years and a summary of statutory net debt is presented in the accompanying comments section.

4. FUND BALANCES APPROPRIATED

Current Fund	\$3,600,000
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Current Fund	\$3,600,000
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	Balance December 31,	
	2018	2017
Prepaid Taxes	\$252,033	\$1,200,279

	Local District School Tax		Regional High School Tax	
	2018	2017	2018	2017
Balance of Tax	\$7,723,452	\$7,496,092	\$4,822,447	\$4,505,634
Deferred	7,723,452	7,496,092	4,822,446	4,505,633
Tax Payable	\$0	\$0	\$1	\$1

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BOROUGH OF EATONTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

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 20, with a completed duplicate of the tax rolls to be delivered to the Borough tax collector on or before June 3. 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, 2018 and 2017 was as follows:

	<u>Balance</u> <u>Dec. 31, 2017</u>	<u>Additions</u>	<u>Adjustments/ Dispositions</u>	<u>Balance</u> <u>Dec. 31, 2018</u>
Land, Buildings and Improvements	\$11,264,386			\$11,264,386
Machinery and Equipment	12,280,708	\$2,938,218	\$380,698	14,838,228
	<u>\$23,545,094</u>	<u>\$2,938,218</u>	<u>\$380,698</u>	<u>\$26,102,614</u>
	<u>Balance</u> <u>Dec. 31, 2016</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Balance</u> <u>Dec. 31, 2017</u>
Land, Buildings and Improvements	\$11,264,386			\$11,264,386
Machinery and Equipment	12,279,364	\$16,238	\$14,894	12,280,708
	<u>\$23,543,750</u>	<u>\$16,238</u>	<u>\$14,894</u>	<u>\$23,545,094</u>

BOROUGH OF EATONTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

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:

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2018</u>
Capital Equipment	10/8/15	\$146,000	5.00%	<u>\$63,000</u>

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

<u>Year</u>	<u>General Capital Fund</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$31,000	\$3,150	\$34,150
2020	32,000	1,600	33,600
	<u>\$63,000</u>	<u>\$4,750</u>	<u>\$67,750</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, 2018, 2017 and 2016 were \$44,165, \$43,906, and \$64,643, respectively.

BOROUGH OF EATONTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

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 7.34% of base wages through June 30, 2018. Effective July 1, 2018 PERS employee contributions were 7.50% 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.

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.

Unfunded Pension Liability

Under accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, any unfunded net pension liability of the municipality, allocated by the State of New Jersey, is not required to be reported in the financial statements as presented and any pension contributions required to be paid are raised in that year's budget and no liability is accrued at December 31, 2018.

BOROUGH OF EATONTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

13. PENSION PLANS (continued)

Public Employees Retirement System (PERS)

At June 30, 2018, the State reported a net pension liability of \$10,132,243 for the Borough's proportionate share of the total net pension liability. The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2018, the Borough's proportion was 0.051460130 percent, which was a decrease of 0.0028695002 percent from its proportion measured as of June 30, 2017. The pension expense recognized in the Borough's financial statements based on the April 1, 2018 billing was \$543,314.

Actuarial Assumptions

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which rolled forward to June 30, 2018. The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016. These actuarial valuations used the following assumptions:

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Inflation Rate	2.25%	2.25%
Salary Increases		
Through 2026	1.65% - 4.15%	1.65% - 4.15%
Thereafter	2.65% - 5.15%	2.65% - 5.15%
Investment Rate of Return	7.00%	7.00%

Preretirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. Employee mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the Conduent modified 2014 projection scale. Postretirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012-2013 using a Projection Scale AA generational approach based on the Conduent modified 2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

BOROUGH OF EATONTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

13. PENSION PLANS (continued)

Public Employees Retirement System (PERS) (Continued)

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2018 and June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>June 30, 2018</u>		<u>June 30, 2017</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash Equivalents	5.50%	1.00%	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%	10.00%	3.78%
U.S. Equities	30.00%	8.19%	30.00%	8.19%
Emerging Markets Equity	6.50%	11.64%	6.50%	11.64%
Risk Mitigation Strategies	5.00%	5.51%	5.00%	5.51%
High Yield	2.50%	6.82%	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%	1.00%	6.61%
Private Real Asset	2.50%	11.83%	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%	6.25%	9.23%
Non-U.S. Developed Markets Equity	11.50%	9.00%	11.50%	9.00%
Buyouts/Venture Capital	8.25%	13.08%	8.25%	13.08%
	<u>100.00%</u>		<u>100.00%</u>	

BOROUGH OF EATONTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

13. PENSION PLANS (continued)

Public Employees Retirement System (PERS) (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 5.66% and 5.00% as of June 30, 2018 and 2017, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.87% and 3.58% as of June 30, 2018 and 2017, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2046, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the collective net pension liability to changes in the discount rate.

The following presents the collective net pension liability of the participating employers as of June 30, 2018 respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 percentage point lower (4.66%) or 1 percentage point higher (6.66%) than the current rate:

	June 30, 2018		
	1%	At Current	1%
	Decrease	Discount Rate	Increase
	<u>4.66%</u>	<u>5.66%</u>	<u>6.66%</u>
Borough's proportionate share of the pension liability	\$12,740,128	\$10,132,243	\$7,944,394

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS).

BOROUGH OF EATONTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

13. PENSION PLANS (continued)

Public Employees Retirement System (PERS) (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2018 and 2017, the State reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>June 30, 2018</u>		<u>June 30, 2017</u>	
	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Difference between expected and actual experience	\$52,245	\$193,223		\$297,795
Changes of assumptions	3,239,752	1,669,626	\$2,538,607	2,547,949
Net difference between projected and actual earnings on pension plan investments	95,041			86,118
Changes in proportion and differences between Borough's contributions and proportionate share of contributions	1,245,517	217,038	994,091	301,489
	<u>\$4,632,555</u>	<u>\$2,079,887</u>	<u>\$3,532,698</u>	<u>\$3,233,351</u>

BOROUGH OF EATONTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

13. PENSION PLANS (continued)

Police and Firemen's Retirement System (PFRS)

At June 30, 2018, the State reported a net pension liability of \$17,718,030 for the Borough's proportionate share of the total PFRS net pension liability. The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2018, the Borough's proportion was 0.1309377070 percent, which was a decrease of 0.0047540392 percent from its proportion measured as of June 30, 2017.

The pension expense recognized in the Borough's financial statements based on the April 1, 2018 billing was \$1,200,897.

Actuarial Assumptions

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which rolled forward to June 30, 2018. The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016. This actuarial valuation used the following assumptions:

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Inflation Rate	2.25%	2.25%
Salary Increases		
Through 2026	2.10% - 8.98%	2.10% - 8.98%
Thereafter	3.10% - 9.98%	3.10% - 9.98%
Investment Rate of Return	7.00%	7.00%

Preretirement mortality rates on the RP-2000 Combined Healthy Mortality tables projected on a generational basis from the base year of 2000 to 2013 using Projection Scale BB and the Conduent modified 2014 projection scale thereafter. For preretirement accidental mortality, a custom table with representative rates was used and there is no mortality improvement assumed. Post-retirement mortality rates for male service retirements area based on the RP-2000 Combined Healthy Mortality tables projected on a generational basis using Projection Scale AA from the base year of 2012 to 2013 and the Conduent modified 2014 projection scale thereafter. Postretirement mortality rates for female retirements and beneficiaries were based on the RP-2000 Combined Healthy Mortality tables projected on a generational basis from the base year of 2000 to 2013 using Projection Scale BB and then the Conduent modified 2014 projection scales thereafter. Disability mortality rates were based on a custom table with representative rates and no mortality improvement assumed.

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

BOROUGH OF EATONTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

13. PENSION PLANS (continued)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2018 and June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>June 30, 2018</u>		<u>June 30, 2017</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash Equivalents	5.50%	1.00%	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%	10.00%	3.78%
U.S. Equities	30.00%	8.19%	30.00%	8.19%
Emerging Markets Equity	6.50%	11.64%	6.50%	11.64%
Risk Mitigation Strategies	5.00%	5.51%	5.00%	5.51%
High Yield	2.50%	6.82%	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%	1.00%	6.61%
Private Real Asset	2.50%	11.83%	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%	6.25%	9.23%
Non-U.S. Developed Markets Equity	11.50%	9.00%	11.50%	9.00%
Buyouts/Venture Capital	8.25%	13.08%	8.25%	13.08%
	<u>100.00%</u>		<u>100.00%</u>	

BOROUGH OF EATONTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

13. PENSION PLANS (continued)

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

Discount Rate

The discount rate used to measure the total pension liability was 6.51% and 6.14% as of June 30, 2018 and 2017, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.87% and 3.58% as of June 30, 2018 and 2017, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contribution rate in the most recent fiscal year. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2062. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2062, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the collective net pension liability to changes in the discount rate

The following presents the collective net pension liability of the participating employers as of June 30, 2018, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 percentage point lower (5.51) or 1 percentage point higher (7.51%) than the current rate:

	June 30, 2018		
	1%	At Current	1%
	Decrease	Discount Rate	Increase
	<u>5.51%</u>	<u>6.51%</u>	<u>7.51%</u>
Borough's proportionate share of the pension liability	\$23,713,385	\$17,718,030	\$12,772,955

BOROUGH OF EATONTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

13. PENSION PLANS (continued)

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

Special Funding Situation

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

At June 30, 2018, the State's proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$2,406,701.

Borough's Proportionate Share of Net
Pension Liability

\$17,718,030

State of New Jersey Proportionate Share
of Net Pension Liability Associated with
the Borough

2,406,701

\$20,124,731

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Police and Firemen's Retirement System.

BOROUGH OF EATONTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

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, 2018, the following deferred charges were reflected on the balance sheet of the current fund:

	Balance Dec. 31, 2018	2019 Budget Appropriation	Balance to Succeeding Budgets
Special Emergency Authorization (40A:4-53)	\$44,000	\$44,000	-
Emergency Authorization (40A:4-47)	15,600	15,600	-

The appropriations in the 2019 budget were not less than required by statute.

At December 31, 2017, the following deferred charges were reflected on the balance sheet of the current fund:

	Balance Dec. 31, 2017	2018 Budget Appropriation	Balance to Succeeding Budgets
Special Emergency Authorization (40A:4-53)	\$88,000	\$44,000	\$44,000
Emergency Authorizations (40A:4-47)*	365,641	114,318	-
	<u>\$453,641</u>	<u>\$158,318</u>	<u>\$44,000</u>

The appropriations in the 2018 budget were not less than required by statute.

* On February 28, 2018, the Borough cancelled the remaining emergency authorization balance of \$251,323.

BOROUGH OF EATONTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

16. INTERFUND BALANCES

The balances of interfund receivables and payables at December 31, 2018 and 2017 are presented below:

	<u>December 31,</u> 2018	<u>December 31,</u> 2017
<u>Receivables</u>		
Current Fund	\$145,550	\$125,378
General Capital Fund		305,641
	<u>\$145,550</u>	<u>\$431,019</u>
<u>Payables</u>		
Current Fund		\$305,641
Animal Control Fund	\$117	18
Federal and State Grant Fund	145,433	125,360
	<u>\$145,550</u>	<u>\$431,019</u>

Interfund balances resulted either from the time lag between the dates that reimbursable expenditures occurred, revenues/receipts were collected or when payments were made between funds.

17. 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.

18. 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.

BOROUGH OF EATONTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

19. POSTEMPLOYMENT BENEFITS

Plan Description

The Borough participates in the State Health Benefit Local Government Retired Employees Plan (the "Plan"), a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. The Plan meets the definition of an equivalent arrangement as defined in paragraph 4 of GASB Statement No. 75, Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions; therefore, assets are accumulated to pay associated benefits. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) Comprehensive Annual Financial Report (CAFR), which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

Benefits Provided

The Plan provides medical and prescription drug coverage to retirees and their dependents of the employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for paid health benefit coverage for retired employees. Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

In accordance with Chapter 330, P.L. 1997, which is codified in N.J.S.A. 52:14-17.13i, the State provides medical and prescription coverage to local police officers and firefighters, who retire with 25 years of service or on a disability from an employer who does not provide postretirement medical coverage. Local employers were required to file a resolution with the Division in order for their employees to qualify for State-paid retiree health benefits coverage under Chapter 330. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L. 1989.

BOROUGH OF EATONTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

19. POSTEMPLOYMENT BENEFITS (continued)

Contributions

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit level of coverage.

Allocation Methodology

GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective inflows of resources, and collective OPEB expense. The special funding situation's and nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are based on separately calculated total OPEB liabilities. The nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are further allocated to employers based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2017 through June 30, 2018.

Special Funding Situation

Under Chapter 330, P.L. 1997, the State shall pay the premium or periodic charges for the qualified local police and firefighters retirees and dependents equal to 80 percent of the premium or periodic charge for the category of coverage elected by the qualified retiree under the State managed care plan or a health maintenance organization participating in the program providing the lowest premium or periodic charge. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L. 1989. Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan, there is no net OPEB liability, deferred outflows of resources, or deferred inflows of resources to report in the financial statements of the local participating employers related to this legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net OPEB liability that is associated with the local participating employer. As actuarially determined, the State's proportionate share of the net OPEB liability attributable to the Borough as of June 30, 2018 was \$7,872,257. The State's proportionate share of the OPEB expense attributable to the Borough for the year ended June 30, 2018 was \$238,302. For additional information, please refer to the State of New Jersey, Division of Pensions and Benefits' Comprehensive Annual Financial Report, which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

BOROUGH OF EATONTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

19. POSTEMPLOYMENT BENEFITS (continued)

Net OPEB Liability and Total OPEB Expense

As of June 30, 2018, the Plan reported a net OPEB liability of \$19,968,358 as the Borough's proportionate share of the collective total of the net OPEB liability of participating employers in the Plan. As of June 30, 2018, the Borough's proportionate share of the total net OPEB liability was .127458%. The Borough's net OPEB liability as of June 30, 2018, was determined by an actuarial valuation of the total OPEB liability amount as of June 30, 2017, as rolled forward to June 30, 2018, less the amount of the Borough's proportionate share of the Plan's Fiduciary Net Position. As reported by the Plan, the Borough's total OPEB expense for the year ended June 30, 2018 was \$265,819.

Employer Contributions to the Plan

The Plan's annual required employer contribution amount is based on a pay-as-you-go basis, rather than an annual contribution amount that is actuarially determined. The Borough's contributions to the Plan for the years ended December 31, 2018, 2017 and 2016 were \$1,408,975, \$1,504,777 and \$1,368,398, respectively, which equaled the Borough's required contribution amount for each year.

Actuarial Assumptions

The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>June 30, 2018</u>
Inflation Rate	2.50%
Salary Increases*:	
Through 2026	1.65% - 8.98%
Thereafter	2.65% - 9.98%

*Salary increases are based on the defined benefit plan that the member is enrolled in and his or her age.

Preretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using MP-2017 scale. Postretirement mortality rates were based on the RP-2006 Headcount-Weighted Health Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

BOROUGH OF EATONTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

19. POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions (continued)

Certain actuarial assumptions used in the June 30, 2017 valuation were based on the results of the pensions plans' experience studies for which the members are eligible for coverage under the Plan - the Police and Fireman Retirement System (PFRS) and the Public Employees' Retirement System (PERS). The PFRS and PERS experience studies were prepared for the periods July 1, 2010 to June 30, 2013 and July 1, 2011 to June 30, 2014, respectively.

100% of active members are considered to participate in the Plan upon retirement.

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) and health maintenance organization (HMO) medical benefits, the trend rate is initially is 5.8% and decreases to a 5.0% long-term trend rate after eight years. For self-insured post 65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long-term trend rate after seven years. The Medicare Advantage trend rate 4.5% and will continue in all future years.

Discount Rate

The discount rate for June 30, 2018 was 3.87%. This represents the municipal bond rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather than the discount rate is set at the municipal bond rate.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the Borough, as well as what the Borough's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	June 30, 2018		
	1% Decrease 2.87%	At Current Discount Rate 3.87%	1% Increase 4.87%
Net OPEB Liability	\$23,428,163	\$19,968,358	\$17,204,757

BOROUGH OF EATONTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

19. POSTEMPLOYMENT BENEFITS (continued)

Sensitivity of the Net OPEB Liability to Changes in Healthcare Cost Trend Rates

The following presents the net OPEB liability of the Borough, as well as what the Borough's net OPEB liability would be if they were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rate:

	June 30, 2018		
	1%	Healthcare	1%
	Decrease	Cost Trend Rate	Increase
Net OPEB Liability	\$16,656,812	\$19,968,358	\$24,253,991

Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2018, the State reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	June 30, 2018	
	Deferred Inflows of Resources	Deferred Outflows of Resources
Difference between expected and actual experience	\$4,054,289	-
Changes of assumptions	5,065,236	-
Net difference between projected and actual earnings on OPEB plan investments	-	\$10,553
Changes in proportion and differences between Borough's contributions and proportionate share of contributions	3,204,777	137,456
	<u>\$12,324,302</u>	<u>\$148,009</u>

BOROUGH OF EATONTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

19. POSTEMPLOYMENT BENEFITS (continued)

Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2018, the amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended June 30,</u>	<u>Amount</u>
2019	(\$1,787,927)
2020	(1,787,927)
2021	(1,787,927)
2022	(1,789,417)
2023	(1,791,826)
Thereafter	(3,231,269)
	<u>(\$12,176,293)</u>

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.

Tax Appeals

There are tax appeal cases pending against the Borough before the New Jersey Tax Court. The Borough intends to vigorously defend its assessments in each case. Under accounting principles prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the Borough does not recognize liability, if any, until a case has been adjudicated.

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 EVENT

On July 10, 2019, the Borough adopted an ordinance to authorize the issuance of bonds and notes of \$2,658,822 for various capital improvements and the acquisition of various capital equipment.

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

PART II

SUPPLEMENTARY SCHEDULES

YEAR ENDED DECEMBER 31, 2018

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
SCHEDULE OF CASH - TREASURER
Year Ended December 31, 2018

Balance, December 31, 2017	<u>Ref.</u> A		\$8,781,254
Increased by Receipts:			
Collector	A-5	\$49,984,129	
Revenue Accounts Receivable	A-8	4,143,818	
State of New Jersey (PL 1971, Ch.20)		73,205	
Miscellaneous Revenue not Anticipated	A-2	660,314	
Grants Receivable	A-13	125,781	
Unappropriated Reserves	A-15	3,840	
Outstanding Checks Voided	A-1	2,335	
Reserves for:			
Marriage License Fees		2,325	
Training Fees		23,385	
Outside Liens		161,882	
FEMA		21,633	
			<u>55,202,647</u>
			63,983,901
Decreased by Disbursements:			
Budget Appropriations	A-3	20,615,819	
Appropriation Reserves	A-9	539,116	
Local District School Tax	A-10	16,508,886	
Regional High School Tax	A-11	9,328,082	
Appropriated Reserves	A-14	160,241	
County Taxes		6,969,822	
Refunds	A-1	150	
Accounts Payable		14,700	
Due to General Capital Fund		54,318	
Refund of Tax Overpayments		55,669	
Reserves for:			
Training Fees		23,998	
Marriage Licenses		1,975	
Outside Liens		161,997	
			<u>54,434,773</u>
Balance, December 31, 2018	A		<u>\$9,549,128</u>

See Independent Auditor's Report

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
SCHEDULE OF CURRENT CASH - COLLECTOR
Year Ended December 31, 2018

	<u>Ref.</u>		
Increased by Receipts:			
Taxes Receivable	A-6	\$49,441,310	
Tax Title Liens	A-7	136	
Prepaid Taxes		252,033	
Revenue Accounts Receivable -			
Interest and Costs on Taxes	A-8	55,846	
Tax Overpayments		<u>234,804</u>	
			<u><u>\$49,984,129</u></u>
Decreased by Disbursements:			
Payment to Treasurer - Current Fund	A-4		<u><u>\$49,984,129</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, 2018

<u>Year</u>	<u>Balance Dec. 31, 2017</u>	<u>2018 Levy</u>	<u>Added Taxes</u>	<u>Collection by Cash</u>		<u>Senior Citizens and Veterans Deductions</u>	<u>Canceled and Adjustments</u>	<u>Overpayments Applied</u>	<u>Transferred to Tax Title Liens</u>	<u>Balance Dec. 31, 2018</u>
				<u>2017</u>	<u>2018</u>					
Prior	\$42,939									\$42,939
2016	2,526									2,526
2017	233,035		\$1,764		\$232,246					2,553
	278,500		1,764		232,246					48,018
2018		\$51,139,198		\$1,200,279	49,209,064	\$74,000	\$292,270	\$142,330	\$12,852	208,403
	<u>\$278,500</u>	<u>\$51,139,198</u>	<u>\$1,764</u>	<u>\$1,200,279</u>	<u>\$49,441,310</u>	<u>\$74,000</u>	<u>\$292,270</u>	<u>\$142,330</u>	<u>\$12,852</u>	<u>\$256,421</u>
<u>Ref.</u>	A				A-5				A-7	A

Analysis of 2018 Property Tax Levy

Tax Yield:

General Purpose Tax	\$51,077,098
Added Taxes (54:4-63.1 Et Seq.)	55,331
Omitted Taxes (54:4-63.12 Et Seq.)	6,769
	<u>\$51,139,198</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, 2018

Analysis of 2018 Property Tax Levy (continued)

	<u>Ref.</u>	
Tax Levy:		
Local District School Tax	A-10	\$16,736,246
Regional High School Tax	A-11	9,644,895
County Taxes:		
County Tax		5,764,798
County Library Tax		408,643
County Open Space Tax		114,358
County Health Tax		640,480
Due to County for Added and Omitted Taxes		8,434
Total County Taxes		<u>6,936,713</u>
Local Tax for Municipal Purposes	A-2	17,747,676
Add: Additional Tax Levied		73,668
Local Tax for Municipal Purposes Levied		<u>17,821,344</u>
		<u>\$51,139,198</u>

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
SCHEDULE OF TAX TITLE LIENS
Year Ended December 31, 2018

	<u>Ref.</u>	
Balance, December 31, 2017	A	\$123,350
Increased by:		
Transfers from Taxes Receivable	A-6	12,852
		<u>136,202</u>
Decreased by:		
Cash Receipts	A-2:A-5	<u>136</u>
Balance, December 31, 2018	A	<u><u>\$136,066</u></u>

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE
Year Ended December 31, 2018

	<u>Ref.</u>	<u>Balance Dec. 31, 2017</u>	<u>Accrued in 2018</u>	<u>Realized / Collected</u>	<u>Balance Dec. 31, 2018</u>
Alcoholic Beverage Licenses	A-2		\$38,688	\$38,688	
Other Licenses	A-2		21,839	21,839	
Fees and Permits	A-2		185,676	185,676	
Municipal Court Fines and Costs	A-2	\$31,591	402,159	399,634	\$34,116
Interest and Costs on Taxes	A-2		55,846	55,846	
Interest on Investments	A-2		242,809	242,809	
Consolidated Municipal Property					
Tax Relief Act	A-2		4,877	4,877	
Energy Receipts Tax	A-2		1,459,738	1,459,738	
Uniform Construction Code Fees	A-2		439,908	439,908	
Mechanical Garage - Eatontown Board of					
Education	A-2		11,711	11,711	
Senior Citizen Housing (In Lieu of Taxes)	A-2		195,750	195,750	
Borough Community Center Programs	A-2		260,378	260,378	
Uniform Fire Safety Act	A-2		93,613	93,613	
Hotel Tax	A-2		282,377	282,377	
Cell Tower Agreements	A-2		398,594	398,594	
CATV Franchise Fees	A-2		108,226	108,226	
		<u>\$31,591</u>	<u>\$4,202,189</u>	<u>\$4,199,664</u>	<u>\$34,116</u>
	<u>Ref.</u>	A			A
Collected by:					
Treasurer	A-4			\$4,143,818	
Tax Collector:					
Interest and Costs on Taxes	A-5			55,846	
				<u>\$4,199,664</u>	

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY
CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES
Year Ended December 31, 2018

	Balance Dec. 31, 2017	Reserve for Encumbrances	Balance After Transfers	Paid or Charged	Balance Lapsed
Salaries and Wages:					
Administrative and Executive	\$16,345		\$6,345		\$6,345
Mayor and Council	1,446		1,446		1,446
Municipal Clerk	11,521		8,021		8,021
Purchasing	1,619		1,619		1,619
Financial Administration	8,828		5,328		5,328
Assessment of Taxes	683		683		683
Collection of Taxes	2,333		2,333		2,333
Municipal Prosecutor	2,000		2,000		2,000
Public Buildings and Grounds	8,454		8,454		8,454
Planning Board	6,300				
Board of Adjustment	500		500		500
Zoning Officer	6,173		173		173
Environmental Program	200		200		200
Uniform Fire Safe	811	\$700	1,511	\$700	811
Police	171,455		171,455		171,455
Road Repair and Maintenance	295,416		295,416		295,416
Municipal Court	25,000		25,000		25,000
Public Defender	5,941	1,506	7,447	2,006	5,441
Health and Welfare	8,900		8,900		8,900
Housing Inspection	5,434		5,434		5,434
Recreation	24,297		24,297		24,297
Borough Community Center	28,579		28,579		28,579
Miscellaneous Other Expense	32,986		32,986		32,986
Inspection of Buildings	32,073		32,073		32,073
Salaries and Wages -					
Adjustment Program	10,810		10,810		10,810
Aid to Privately Owned Library	10,604		10,604		10,604
Mechanical Garage - Eatontown	3,370	630	4,000	630	3,370
Other Expenses:					
Administrative and Executive	8,951	496	9,447	538	8,909
Labor Attorney	9,451	795	10,246	4,575	5,671
Mayor and Council	2,897		2,897		2,897
Advertising	10,699	7,485	18,184	5,998	12,186
Pride in Eatontown	858	136	994		994
Elections	197		197		197
Municipal Clerk	3,846	3,177	7,023	1,082	5,941
Information Technology	24,634	130	24,764	117	24,647
Purchasing	7,801	1,519	9,320	1,519	7,801
Historical Association	97		97		97
Finical Administration	19,257	1,349	20,606	8,843	11,763

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES
Year Ended December 31, 2018

	Balance Dec. 31, 2017	Reserve for Encumbrances	Balance After Transfers	Paid or Charged	Balance Lapsed
Other Expenses (continued):					
Bond Registration Fees	\$2,163		\$2,163		\$2,163
Audit Services	15,850	\$450	16,300	\$8,900	7,400
Assessment of Taxes	15,372	1,750	17,122		17,122
Collection of Taxes	2,429	80	2,509	80	2,429
Legal Services and Costs	105,273		105,273	45,000	60,273
Engineering Services and Costs:					
Miscellaneous Other Expenses	8,028	20,016	47,344	21,955	25,389
Public Buildings and Grounds	2,786	9,311	12,097	7,070	5,027
Planning Board	19,348	1,682	21,030	19,577	1,453
Board of Adjustment	4,258	450	4,708	450	4,258
Zoning Officer	6,560		6,560	90	6,470
Environmental Program	2,920		2,920		2,920
Green Team	1,750		1,750		1,750
Gypsy Moth Program	100		100		100
Fire Hydrant Service	14,035		14,035	11,861	2,174
Fire - Miscellaneous Other Expenses	16,752	8,367	25,119	9,310	15,809
Group Insurance	284,395	4,458	288,853	8,048	280,805
Health Benefit Waiver	16,438	2,473	18,911		18,911
Other Insurance	42,552	295	42,847	295	42,552
Workers Compensation	55,783		55,783		55,783
Uniform Fire Safety Act	347	718	1,065	718	347
Police	12,364	77,032	89,396	77,243	12,153
First Aid Contribution	91	8,277	8,368	7,438	930
Emergency Management Services	272		272		272
Road Repair and Maintenance	223,753	112,862	336,615	151,980	184,635
Snow Removal			10,000	10,000	
Municipal Court	32,400		32,400	3,225	29,175
Street Lighting	33,488	9,292	42,780	20,070	22,710
Monmouth County Reclamation Fees	93,062	9,368	102,430	9,368	93,062
Sanitation - Apartment Collection	18,905		18,905		18,905
Sanitation - Residential Collection	418		418		418
Administration of Public Assistance	1,750		1,750		1,750
Relocation	500		500		500
Housing Inspection	750		750		750
Animal Control	11,025		11,025	5,168	5,857
Recreation	6,189	8,413	14,602	6,431	8,171
Public Events	414	270	684	270	414
Community Center	6,406	3,046	9,452	3,002	6,450
Youth Committee	1,288	865	2,153	298	1,855
Senior Citizen's Programs	3,185	1,020	4,205	1,113	3,092
Inspection of Buildings	14,647	80	14,727	80	14,647

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES
Year Ended December 31, 2018

	<u>Balance Dec. 31, 2017</u>	<u>Reserve for Encumbrances</u>	<u>Balance After Transfers</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Other Expenses (continued):					
Business Advisory Committee	\$1,000		\$1,000		\$1,000
Tuition Reimbursement	18,676	\$1,550	20,226	\$1,550	18,676
Electricity	68,102	5,792	73,894	13,426	60,468
Telephone	6,780	4,001	10,781	9,234	1,547
Water	4,569	549	5,118	1,143	3,975
Natural Gas	31,591	6,330	37,921	10,583	27,338
Contingent	3,037	300	3,337	300	3,037
Social Security System (O.A.S.I.)	48,997		48,997		48,997
Defined Contribution Retirement	3,869		3,869		3,869
Aid to Privately Owned Library	1,968	2,979	4,947	2,979	1,968
Telephone	2,500		2,500		2,500
State Recycling Tax	12,947	162	13,109	303	12,806
9-1-1 System	1,000		1,000		1,000
NJDEP/Storm Water Mgt.	10,000		10,000		10,000
Matching Funds for Grants	6,602		6,602		6,602
Length of Service Award Program - Fire	44,000		44,000	33,750	10,250
Length of Service Award Program - First Aid	18,000		18,000	10,800	7,200
	<u>\$2,172,450</u>	<u>\$320,160</u>	<u>\$2,492,610</u>	<u>\$539,116</u>	<u>\$1,953,494</u>
<u>Ref.</u>	A	A-12			A-1
			<u>Ref.</u>		
			A-4	\$539,116	
Disbursed				-	
Accounts Payable				<u>\$539,116</u>	

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
SCHEDULE OF LOCAL DISTRICT SCHOOL TAX PAYABLE
Year Ended December 31, 2018

	<u>Ref.</u>	
Balance, December 31, 2017:		
School Tax Deferred		\$7,496,092
Increased by:		
Levy - School Year July 1, 2018 to June 30, 2019	A-6	<u>16,736,246</u> 24,232,338
Decreased by:		
Payments	A-4	<u>16,508,886</u>
Balance, December 31, 2018:		
School Tax Deferred		<u><u>\$7,723,452</u></u>
<u>2018 Liability for Local District School Tax:</u>		
Tax Paid and Charged to 2018 Operations	A-10:A-1	<u><u>\$16,508,886</u></u>

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
SCHEDULE OF REGIONAL HIGH SCHOOL TAX PAYABLE
Year Ended December 31, 2018

	<u>Ref.</u>		
Balance, December 31, 2017:			
School Tax Payable	A	\$1	
School Tax Deferred		<u>4,505,633</u>	
			\$4,505,634
Increased by:			
Levy - School Year July 1, 2018 to June 30, 2019	A-6	<u>9,644,895</u>	
			14,150,529
Decreased by:			
Payments	A-4	<u>9,328,082</u>	
Balance, December 31, 2018:			
School Tax Payable	A	1	
School Tax Deferred		<u>4,822,446</u>	
			<u>\$4,822,447</u>
<u>2018 Liability for Regional High School Tax:</u>			
Tax Paid and Charged to 2018 Operations	A-11:A-1	<u>\$9,328,082</u>	

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
SCHEDULE OF RESERVE FOR ENCUMBRANCES
Year Ended December 31, 2018

	<u>Ref.</u>	
Balance, December 31, 2017	A	\$320,160
Increased by:		
Transferred from 2018 Appropriations	A-3	<u>659,512</u> 979,672
Decreased by:		
Transfer to Appropriation Reserves	A-9	<u>320,160</u>
Balance, December 31, 2018	A	<u><u>\$659,512</u></u>

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

FEDERAL AND STATE GRANT FUND
SCHEDULE OF GRANTS RECEIVABLE
Year Ended December 31, 2018

Grant	Ref.	Balance Dec. 31, 2017	2018 Anticipated Revenue	Cash Receipts	Unappropriated Reserves Realized	Balance Dec. 31, 2018
Municipal Alliance on Alcoholism and Drug Abuse	A-2	\$2,389	\$26,186	\$24,510		\$4,065
DCA/REC Individuals with Disabilities	A-2		20,000			20,000
New Jersey Transportation Trust Fund		156,053				156,053
Safe and Secure Communities Program	A-2	30,000	60,000	60,000		30,000
Drunk Driving Enforcement	A-2		5,205		\$5,205	
Open Space Monmouth County		180,000				180,000
Clean Communities Program	A-2		25,511	25,511		
Click It or Ticket	A-2		5,500	2,860		2,640
Distracted Driving Statewide Crackdown	A-2		6,600	6,600		
New Jersey Prevention Network	A-2		3,000	3,000		
Bulletproof Vest		4,455				4,455
Drive Sober or Get Pulled Over	A-2		8,800	3,300		5,500
Recycling Tonnage	A-2		18,708		18,708	
Fort Monmouth Economic Revitalization Authority		40,441				40,441
		<u>\$413,338</u>	<u>\$179,510</u>	<u>\$125,781</u>	<u>\$23,913</u>	<u>\$443,154</u>
<u>Ref.</u>		A		A-4	A-15	A

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

FEDERAL AND STATE GRANT FUND
SCHEDULE OF APPROPRIATED RESERVES
Year Ended December 31, 2018

Grant	Balance Dec. 31, 2017	Transfer from 2018 Budget Appropriations	Transferred from Reserve for Encumbrances	Expended	Cancelled	Balance Dec. 31, 2018
Municipal Alcohol Education/Rehabilitation Program	\$4,613					\$4,613
Drunk Driving Enforcement Fund	6,866	\$5,205		\$7,107		4,964
Comcast Technology	3,478					3,478
Municipal Alliance on Alcoholism and Drug Abuse	13,985	32,733		27,855		18,863
New Jersey Transportation Trust Fund	37,484			11,235		26,249
Sustainable Jersey Small Program	566					566
DCA/REC Individuals with Disabilities	1,659	24,000		19,736		5,923
Clean Communities Program	48,885	25,511		7,816		66,580
Safe and Secure Communities Program	15,000	60,000		60,000		15,000
Distracted Driving Statewide Crackdown	5,500	6,600		6,380		5,720
Bulletproof Vest	6,554			2,597		3,957
New Jersey Prevention Network		3,000		2,401		599
State and Community Highway Safety	5,323					5,323
Drive Sober or Get Pulled Over	1,705	8,800		3,740		6,765
Click It or Ticket	3,200	5,500		2,860		5,840
Recycling Tonnage	102,907	18,708		8,514		113,101
Fort Monmouth Economic Revitalization Authority	6,340					6,340
	<u>\$264,065</u>	<u>\$190,057</u>	<u>-</u>	<u>\$160,241</u>	<u>-</u>	<u>\$293,881</u>

Ref.

A

A-3

A-4

A

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

FEDERAL AND STATE GRANT FUND
SCHEDULE OF UNAPPROPRIATED RESERVES
Year Ended December 31, 2018

Grant	Balance Dec. 31, 2017	Cash Receipts	Transferred to 2018 Budget Appropriations	Balance Dec. 31, 2018
Drunk Driving Enforcement Fund	\$5,205	\$3,840	\$5,205	\$3,840
Recycling Tonnage	18,708		18,708	
	<u>\$23,913</u>	<u>\$3,840</u>	<u>\$23,913</u>	<u>\$3,840</u>
<u>Ref.</u>	A	A-4	A-13	A

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

TRUST FUND
SCHEDULE OF CASH - TREASURER
Year Ended December 31, 2018

	<u>Ref.</u>	<u>Animal Control</u>	<u>Other</u>
Balance, December 31, 2017	B	<u>\$2,461</u>	<u>\$3,850,865</u>
Increased by Receipts:			
Dog License Fees	B-2	3,876	
State Dog License Fees		731	
Prepaid Licenses		2,415	
Due to Current Fund		99	
Various Deposits	B-3	<u>7,121</u>	<u>1,445,906</u>
		<u>7,121</u>	<u>1,445,906</u>
Decreased by Disbursements:			
State Dog License Fees		701	
Expenditures Under			
R.S. 4:19-15.11	B-2	200	
Various Deposits	B-3	<u>901</u>	<u>1,194,372</u>
		<u>901</u>	<u>1,194,372</u>
Balance, December 31, 2018	B	<u><u>\$8,681</u></u>	<u><u>\$4,102,399</u></u>

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BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

TRUST FUND
SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES
Year Ended December 31, 2018

	<u>Ref.</u>		
Balance, December 31, 2017	B		\$391
Increased by:			
Dog License Fees Collected in 2018	B-1	\$3,876	
Prepaid Revenue Realized		<u>1,546</u>	
			<u>5,422</u>
			5,813
Decreased by:			
Expenditures Under R.S. 4:19-15.11:			
Cash	B-1		<u>200</u>
Balance, December 31, 2018	B		<u><u>\$5,613</u></u>

License Fees Collected:	<u>Year</u>	<u>Amount</u>
	2017	\$7,630
	2016	<u>6,917</u>
		<u><u>\$14,547</u></u>

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BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

TRUST FUND
SCHEDULE OF RESERVE FOR OTHER TRUST FUND DEPOSITS
Year Ended December 31, 2018

Purpose	Balance Dec. 31, 2017	Increased	Decreased	Balance Dec. 31, 2018
Developer's Escrow	\$1,344,425	\$630,946	\$589,129	\$1,386,242
Security Deposits	92,659	1,284		93,943
Law Enforcement	2,530	293		2,823
Unemployment	43,906	21,569	21,310	44,165
Agency	9,933	3,545	13,478	
Municipal Alliance	16,677	2,637	16,029	3,285
Public Defender	675	5,380	500	5,555
Police Outside Employment	236,926	175,632	184,769	227,789
Recreation Contributions	15,051	13,039	7,353	20,737
Uniform Fire Safety Penalties	35,997	3,435		39,432
Premium on Tax Sale	210,900	133,900	147,400	197,400
POAA	7,555	680		8,235
Fire Contributions	4,935			4,935
Affordable Housing	1,476,547	294,439	34,976	1,736,010
Other Contributions	25,566	17,567	20,035	23,098
Accumulated Absences	273,625	90,000	144,523	219,102
Historical Museum Donations	4,762	350	1,014	4,098
Recycling	20,100		10,541	9,559
Storm Recovery	28,096	51,210	3,315	75,991
	<u>\$3,850,865</u>	<u>\$1,445,906</u>	<u>\$1,194,372</u>	<u>\$4,102,399</u>
<u>Ref.</u>	B	B-1	B-1	B

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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, 2018

	<u>Ref.</u>		
Balance, December 31, 2017	B		\$446,714
Increased by:			
Borough Contributions	B-5		<u>56,700</u>
			503,414
Decreased by:			
Distributions	B-5	\$20,003	
Change in Market Value	B-5	9,630	
Return of Non-Vested Funds	B-5	2,431	
Administrative Charges	B-5	<u>1,605</u>	
			<u>33,669</u>
Balance, December 31, 2018	B		<u><u>\$469,745</u></u>

See Independent Auditor's Report

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, 2018

	<u>Ref.</u>		
Balance, December 31, 2017	B		\$446,714
Increased by:			
Borough Contributions	B-4		<u>56,700</u>
			503,414
Decreased by:			
Distributions	B-4	\$20,003	
Change in Market Value	B-4	9,630	
Return of Non-Vested Funds	B-4	2,431	
Administrative Charges	B-4	<u>1,605</u>	
			<u>33,669</u>
Balance, December 31, 2018	B		<u><u>\$469,745</u></u>

See Independent Auditor's Report

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF CASH - TREASURER
Year Ended December 31, 2018

	<u>Ref.</u>		
Balance, December 31, 2017	C		\$3,695,892
Increased by Receipts:			
Premium on Serial Bonds Issued	C-10	\$520,502	
Premium on Serial Bonds Issued	C-1	<u>11,520</u>	
			\$532,022
Premium on Bond Anticipation Notes Issued	C-1		36,183
Due from Current Fund			54,318
Budget Appropriation:			
Capital Improvement Fund	C-4		97,000
Bond Anticipation Notes	C-7		5,110,202
General Serial Bonds	C-6		<u>3,640,000</u>
			<u>9,469,725</u>
			13,165,617
Decreased by Disbursements:			
Bond Anticipation Notes	C-7	4,160,501	
Improvement Authorizations	C-5	<u>3,421,469</u>	
			<u>7,581,970</u>
Balance, December 31, 2018	C		<u><u>\$5,583,647</u></u>

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

GENERAL CAPITAL FUND
ANALYSIS OF GENERAL CAPITAL FUND CASH
December 31, 2018

	<u>Balance</u> <u>Dec. 31, 2018</u>
Fund Balance	\$47,703
Capital Improvement Fund	1,792
Reserve for Encumbrances	1,036,490
Grants Receivable	(60,000)

Improvement Authorizations:

<u>Ordinance</u> <u>Number</u>	<u>Improvement Description</u>	<u>Ref.</u>	
11-2005	Various Capital Improvements	C-5	\$6,200
26-2006	Various Improvements	C-5	7,790
19-2007	Various Improvements	C-5	20,001
15-2008	Various Improvements	C-5	9,867
07-2009	Various Improvements	C-5	24,965
15-2010	Various General Improvements	C-5	14,971
07-2011	Acquisition of Various Pieces of Equipment and Completion of Various Capital Improvements	C-5	10,682
17-2012	Various Improvements	C-5	72,632
10-2013	Various Improvements	C-5	900
07-2014	Various Capital Improvements and the Acquisition of Various Capital Equipment	C-5	6,529
09-2015	Various Capital Improvements and the Acquisition of Various Capital Equipment	C-5	29,953
08-2016	Various Capital Improvements and the Acquisition of Various Capital Equipment	C-5	172,493
04-2017	Various Capital Improvements and the Acquisition of Various Capital Equipment	C-5	939,439
09-2017/ 02-2018	Various Capital Improvements and the Acquisition of Various Capital Equipment	C-5	713,581
04-2018	Various Capital Improvements and the Acquisition of Various Capital Equipment	C-5	1,505,597
08-2018	Various Capital Improvements	C-5	1,022,062
			<u>\$5,583,647</u>
		<u>Ref.</u>	C

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND
Year Ended December 31, 2018

	<u>Ref.</u>	
Balance, December 31, 2017	C	\$59,432
Increased by:		
2018 Budget Appropriation	C-2	<u>97,000</u> 156,432
Decreased by:		
Appropriated to Finance Improvement Authorizations	C-5	<u>154,640</u>
Balance, December 31, 2018	C	<u><u>\$1,792</u></u>

See Independent Auditor's Report

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

**GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS
Year Ended December 31, 2018**

Ordinance Number	Improvement Description	Ordinance Amount	Balance Dec. 31, 2017			2018 Authorizations	Paid or Charged	Canceled	Balance Dec. 31, 2018	
			Funded	Unfunded	Encumbered				Funded	Unfunded
11-2002	Various Capital Improvements	\$1,645,521	\$1,206					\$1,206		
13-2003	Wall Street Sidewalks	235,000	3,500					3,500		
20-2004	Various Improvements	600,000	5,272					5,272		
11-2005	Various Capital Improvements	1,650,000	114,967					108,767	\$6,200	
26-2006	Various Improvements	780,000	167,765				\$5,975	154,000	7,790	
19-2007	Various Improvements	1,461,300	255,389					235,388	20,001	
15-2008	Various Improvements	1,075,500	206,964				135,097	62,000	9,867	
07-2009	Various Improvements	1,399,200	111,911		\$10,763		35,709	62,000	24,965	
15-2010	Various General Improvements	1,351,666	72,571				6,900	50,700	14,971	
07-2011	Acquisition of Various Pieces of Equipment and Completion of Various Capital Improvements	1,357,600	186,166		3,060		41,860	136,684	10,682	
17-2012	Various Improvements	1,103,000	112,812				30,744	9,436	72,632	
23-2012	Acquisition of a Fire Truck	850,000	14,382					14,382		
10-2013	Various Improvements	1,152,215	52,805		6,658		4,533	54,030	900	
07-2014	Various Capital Improvements and the Acquisition of Various Capital Equipment	1,337,520	66,819		66,628		65,518	61,400	6,529	
09-2015	Various Capital Improvements and the Acquisition of Various Capital Equipment	1,520,300		\$127,571	33,454		34,072	97,000	29,953	
08-2016	Various Capital Improvements and the Acquisition of Various Capital Equipment	1,866,544		247,860	424,679		433,020	67,026	172,493	
04-2017	Various Capital Improvements and the Acquisition of Various Capital Equipment	1,445,773		1,233,346	109,913		403,820		939,439	
09-2017/ 02-2018	Various Capital Improvements and the Acquisition of Various Capital Equipment	8,165,000				\$8,165,000	2,761,419	4,690,000		\$713,581
04-2018	Various Capital Improvements and the Acquisition of Various Capital Equipment	1,904,160				1,904,160	398,563			1,505,597
08-2018	Various Capital Improvements	1,122,791				1,122,791	100,729		1,022,062	
			<u>\$1,372,529</u>	<u>\$1,608,777</u>	<u>\$655,155</u>	<u>\$11,191,951</u>	<u>\$4,457,959</u>	<u>\$5,812,791</u>	<u>\$2,338,484</u>	<u>\$2,219,178</u>
	Ref.		C	C	C				C	C
	Deferred Charges to Future Taxation - Unfunded				Ref.		Ref.			
	Reappropriation of Improvement Authorizations				C-10	\$9,548,879	C-10	\$4,438,677		
	Down Payments on Improvements				C-5	1,122,791	C-5	1,122,791		
	Capital Improvement Fund				C-12	365,641	C-12	251,323		
					C-4	154,640		<u>\$5,812,791</u>		
						<u>\$11,191,951</u>				
					Ref.					
	Cash Disbursements				C-2	\$3,421,469				
	Reserve for Encumbrances				C	1,036,490				
						<u>\$4,457,959</u>				

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BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF GENERAL SERIAL BONDS
Year Ended December 31, 2018

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding Dec. 31, 2018		Interest Rate	Balance Dec. 31, 2017	Increased	Decreased	Balance Dec. 31, 2018
			Date	Amount					
General Improvement	12/4/02	\$1,553,000	12/1/19	\$1,000	5.00%	\$2,000		\$1,000	\$1,000
General Improvement	12/4/08	4,549,000				248,000		248,000	
General Improvement	12/29/11	4,150,000	12/1/19	460,000	5.00%	1,890,000		440,000	1,450,000
			12/1/20	485,000	5.00%				
			12/1/21	505,000	5.00%				
General Improvement	5/22/12	1,180,000	12/1/19	115,000	4.00%	225,000		110,000	115,000
General Improvement	12/9/14	3,775,000	12/1/19	415,000	4.00%	2,665,000		395,000	2,270,000
			12/1/20	430,000	4.00%				
			12/1/21	450,000	5.00%				
			12/1/22	475,000	5.00%				
			12/1/23	500,000	5.00%				
General Improvement	3/2/16	2,325,000	12/1/19	245,000	4.00%	2,300,000			2,300,000
			12/1/20	255,000	5.00%				
			12/1/21	265,000	5.00%				
			12/1/22	280,000	5.00%				
			12/1/23	295,000	5.00%				
			12/1/24	305,000	5.00%				
			12/1/25	320,000	5.00%				
			12/1/26	335,000	5.00%				

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BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF GENERAL SERIAL BONDS
Year Ended December 31, 2018

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds Outstanding Dec. 31, 2018</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2017</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2018</u>
			<u>Date</u>	<u>Amount</u>					
General Improvement	1/9/18	\$3,640,000	1/15/19	\$250,000	4.00%		\$3,640,000		\$3,640,000
			1/15/20	250,000	5.00%				
			1/15/21	250,000	5.00%				
			1/15/22	270,000	5.00%				
			1/15/23	270,000	5.00%				
			1/15/24	315,000	5.00%				
			1/15/25	330,000	5.00%				
			1/15/26	345,000	5.00%				
			1/15/27	360,000	5.00%				
			1/15/28	500,000	5.00%				
			1/15/29	500,000	5.00%				
						<u>\$7,330,000</u>	<u>\$3,640,000</u>	<u>\$1,194,000</u>	<u>\$9,776,000</u>
					<u>Ref.</u>	C			C
			Issued for Cash		C-2		\$3,640,000		
			Paid by Budget						
			Appropriation		C-9			\$1,194,000	
							<u>\$3,640,000</u>	<u>\$1,194,000</u>	

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES
Year Ended December 31, 2018

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Date of Issue of Original Note</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2017</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2018</u>
09-2015	Various Capital Improvements and the Acquisition of Various Capital Equipment	9/30/15	9/28/17	1/30/18	1.48%	\$1,244,285		\$1,244,285	
08-2016	Various Capital Improvements and the Acquisition of Various Capital Equipment	9/29/16	9/28/17	1/30/18	1.48%	1,545,216		1,545,216	
04-2017	Various Capital Improvements and the Acquisition of Various Capital Equipment	9/28/17	9/28/17	1/30/18	1.48%	1,371,000		1,371,000	
09-2017/ 02-2018	Various Capital Improvements and the Acquisition of Various Capital Equipment	9/27/18	9/27/18	9/27/19	3.00%		\$3,301,250		\$3,301,250
04-2018	Various Capital Improvements and the Acquisition of Various Capital Equipment	9/27/18	9/27/18	9/27/19	3.00%		1,808,952		1,808,952
						<u>\$4,160,501</u>	<u>\$5,110,202</u>	<u>\$4,160,501</u>	<u>\$5,110,202</u>
					<u>Ref.</u>	C			C
				Issued for Cash	C-2		\$5,110,202		
				Paid by Bond Funds	C-2			\$4,160,501	
							<u>\$5,110,202</u>	<u>\$4,160,501</u>	

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BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF LEASE OBLIGATIONS PAYABLE
Year Ended December 31, 2018

	<u>Ref.</u>	
Balance, December 31, 2017	C	\$92,000
Decreased by:		
Paid by Budget Appropriation		<u>29,000</u>
Balance, December 31, 2018	C	<u><u>\$63,000</u></u>

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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, 2018

	<u>Ref.</u>	
Balance, December 31, 2017	C	\$7,330,000
Increased by:		
Improvement Costs Funded by:		
General Serial Bonds Issued	C-10	<u>3,640,000</u> 10,970,000
Decreased by:		
Budget Appropriation to Pay Bonds:		
General Serial Bonds	C-6	<u>1,194,000</u>
Balance, December 31, 2018	C	<u><u>\$9,776,000</u></u>

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BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED
Year Ended December 31, 2018

Ordinance Number	Improvement Description	Balance Dec. 31, 2017	2018 Authoriz- ations	Authoriz- ations Canceled	Funded by Premium on Serial Bonds Issued	Transferred to Deferred Taxation - Funded	Balance Dec. 31, 2018	Analysis of Balance December 31, 2018	
								Financed by Bond Anticipation Notes	Unexpended Improvement Authorizations
09-2015	Various Capital Improvements and the Acquisition of Various Capital Equipment	\$1,244,285			\$155,667	\$1,088,618			
08-2016	Various Capital Improvements and the Acquisition of Various Capital Equipment	1,545,217			193,315	1,351,902			
04-2017	Various Capital Improvements and the Acquisition of Various Capital Equipment	1,371,000			171,520	1,199,480			
09-2017/ 02-2018	Various Capital Improvements and the Acquisition of Various Capital Equipment		\$7,739,927	\$4,438,677			\$3,301,250	\$3,301,250	
04-2018	Various Capital Improvements and the Acquisition of Various Capital Equipment		1,808,952				1,808,952	1,808,952	
		<u>\$4,160,502</u>	<u>\$9,548,879</u>	<u>\$4,438,677</u>	<u>\$520,502</u>	<u>\$3,640,000</u>	<u>\$5,110,202</u>	<u>\$5,110,202</u>	<u>-</u>
<u>Ref.</u>		C	C-5	C-5	C-2	C-9	C	C-7	

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF GRANTS RECEIVABLE
Year Ended December 31, 2018

	<u>Ref.</u>	
Balance, December 31, 2017	C	\$60,000
Decreased by:		
Cash Receipts		<u>-</u>
Balance, December 31, 2018	C	<u><u>\$60,000</u></u>

Detail:

<u>Ordinance Number</u>	<u>Description</u>	
08-2016	N.J.D.O.T. for Various Capital Improvements and the Acquisition of Various Capital Equipment	<u><u>\$60,000</u></u>

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BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF DOWN PAYMENTS ON IMPROVEMENTS
Year Ended December 31, 2018

	<u>Ref.</u>	
Balance, December 31, 2017	C	\$365,641
Increased by:		
Cancellation	C-5	<div style="display: flex; justify-content: flex-end;"> <div style="text-align: right; margin-right: 10px;">251,323</div> <hr style="width: 50%;"/> </div>
Decreased by:		
Appropriated to Finance Improvement Authorizations	C-5	\$365,641
Emergency Appropriation Cancelled		<div style="display: flex; justify-content: flex-end;"> <div style="text-align: right; margin-right: 10px;">251,323</div> <hr style="width: 50%;"/> </div>
		<div style="display: flex; justify-content: flex-end;"> <div style="text-align: right; margin-right: 10px;">616,964</div> <hr style="width: 50%;"/> </div>
Balance, December 31, 2018	C	<div style="display: flex; justify-content: flex-end;"> <div style="text-align: right; margin-right: 10px;">\$0</div> <hr style="width: 50%; border-top: 3px double black;"/> </div>

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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, 2018

Ordinance Number	Improvement Description	Balance Dec. 31, 2017	2018 Authoriz- ations	Bond Anticipation Notes Issued	Bonds Issued	Authorizations Cancelled	Balance Dec. 31, 2018
08-2016	Various Capital Improvements and the Acquisition of Various Capital Equipment	\$1			\$1		
09-2017/ 02-2018	Various Capital Improvements and the Acquisition of Various Capital Equipment		\$7,739,927	\$3,301,250		\$4,438,677	
04-2018	Various Capital Improvements and the Acquisition of Various Capital Equipment		1,808,952	1,808,952			
		<u>\$1</u>	<u>\$9,548,879</u>	<u>\$5,110,202</u>	<u>\$1</u>	<u>\$4,438,677</u>	<u>-</u>
Ref.	(Footnote C)		C-5	C-7		C-5	(Footnote C)

See Independent Auditor's Report

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, 2018

	<u>Balance</u> <u>Dec. 31, 2017</u>	<u>Additions</u>	<u>Adjustments/</u> <u>Dispositions</u>	<u>Balance</u> <u>Dec. 31, 2018</u>
General Fixed Assets:				
Land, Buildings and Improvements	\$11,264,386			\$11,264,386
Machinery and Equipment	<u>12,280,708</u>	<u>\$2,938,218</u>	<u>\$380,698</u>	<u>14,838,228</u>
	<u><u>\$23,545,094</u></u>	<u><u>\$2,938,218</u></u>	<u><u>\$380,698</u></u>	<u><u>\$26,102,614</u></u>
<u>Ref.</u>	D			D

See Independent Auditor's Report

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

PART III

COMMENTS

YEAR ENDED DECEMBER 31, 2018

BOROUGH OF EATONTOWN
COMMENTS

YEAR ENDED DECEMBER 31, 2018

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 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."

BOROUGH OF EATONTOWN
COMMENTS

YEAR ENDED DECEMBER 31, 2018

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, 2018 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 2018 be and the same is hereby fixed at eight (8) per centum per 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 27, 2018 and was complete.

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

2018	18
2017	17
2016	18

BOROUGH OF EATONTOWN
COMMENTS

YEAR ENDED DECEMBER 31, 2018

SUMMARY OF MUNICIPAL DEBT

	<u>2018</u>	<u>2017</u>	<u>2016</u>
<u>Issued</u>			
General bonds and notes	\$14,886,202	\$11,490,501	\$11,401,501
Less:			
Funds on hand to pay bonds and notes	<u>-</u>	<u>-</u>	<u>-</u>
Net debt issued	14,886,202	11,490,501	11,401,501
<u>Authorized but not Issued</u>			
General bonds and notes	<u>-</u>	<u>1</u>	<u>1</u>
Net bonds and notes issued and authorized but not issued	<u>\$14,886,202</u>	<u>\$11,490,502</u>	<u>\$11,401,502</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 0.675%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School	\$18,030,000	\$18,030,000	-
Regional School	1,398,772	1,398,772	-
General Debt	<u>17,175,883</u>	<u>2,289,681</u>	<u>\$14,886,202</u>
	<u>\$36,604,655</u>	<u>\$21,718,453</u>	<u>\$14,886,202</u>

Net Debt \$14,886,202 divided by Equalized Valuation basis per N.J.S. 40A:2-2 as amended, \$2,204,318,551 equals 0.675%.

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

3½% of Equalized Valuation Basis	\$77,151,149
Net Debt	<u>14,886,202</u>
Remaining Borrowing Power	<u>\$62,264,947</u>

BOROUGH OF EATONTOWN
COMMENTS

YEAR ENDED DECEMBER 31, 2018

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION AND APPORTIONMENT

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Municipal	\$.803	\$.803	\$.789
Local School	.757	.742	.732
Regional School	.437	.413	.391
County	.314	.275	.271
Total tax rate	<u>\$2.311</u>	<u>\$2.233</u>	<u>\$2.183</u>

ASSESSED VALUATIONS

2018	\$2,210,173,020
2017	2,183,604,570
2016	2,171,048,361

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.

<u>Year</u>	<u>Tax Levy</u>	<u>CURRENTLY</u>	
		<u>Cash</u> <u>Collections</u>	<u>Percentage of</u> <u>Collections</u>
2018	\$51,139,198	\$50,625,673	99.00%
2017	49,099,888	48,437,266	98.65%
2016	47,603,417	46,565,137	97.82%

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.

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Tax title liens	\$136,066	\$123,350	\$112,361
Delinquent taxes	<u>256,421</u>	<u>278,500</u>	<u>382,461</u>
Total delinquent	<u>\$392,487</u>	<u>\$401,850</u>	<u>\$494,822</u>
% of tax levy	0.77%	0.82%	1.04%

BOROUGH OF EATONTOWN
COMMENTS

YEAR ENDED DECEMBER 31, 2018

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:

<u>Year</u>	<u>Amount</u>
2018	\$201,300
2017	201,300
2016	201,300

COMPARATIVE SCHEDULE OF FUND BALANCE AT DECEMBER 31

<u>Year</u>	<u>Current Fund Balance</u>	<u>Utilized in Succeeding Budget</u>
2018	\$5,610,470	\$3,600,000
2017	4,755,310	3,600,000
2016	3,241,485	2,750,000

BOROUGH OF EATONTOWN
COMMENTS

YEAR ENDED DECEMBER 31, 2018

OFFICIALS IN OFFICE AND SURETY BONDS

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

<u>Name</u>	<u>Title</u>
Dennis J. Connelly	Mayor
Jennifer Sherrod	Councilwoman
Bridget H. Harris	Councilwoman
Anthony Talerico, Jr.	Councilman
Virignia M. East	Councilwoman
Patricia May	Councilwoman
Albert Baginsky	Councilman
George Jackson	Administrator (to September 30, 2018)
John Gillooly	Tax Assessor
Julie Martin	Clerk and Assessment Searcher
Leigh Schenck	Tax Collector and Tax Searcher
Dena Amodea	Chief Financial Officer and Treasurer
Eugene Melody	Magistrate
Corinne DiCorcia	Deputy Clerk

Borough employees are covered by a public employee dishonesty bond in the amount of \$50,000 by the Monmouth Municipal Joint Insurance Fund. In addition, Borough employees are covered by a public employee dishonesty and faithful performance bond in the amount of \$950,000 by the Municipal Excess Liability Insurance Fund.

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

PART IV

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2018

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2018

Other Internal Control and Compliance Matters

#2018-001*

Comment

We noted that the detective bureau did not remit certain revenue collections to the finance office within forty-eight hours of receipt.

Recommendation

We recommend that the detective bureau remit all revenue collections to the finance office within forty-eight hours of receipt in accordance with N.J.S.A. 40A:5-15.

* This recommendation appeared in the 2017 audit report.

#2018-002

Comment

We noted that the planning department did not maintain a complete cash receipts journal in the recording of its 2018 revenue collections.

Recommendation

We recommend that the planning department maintain a complete cash receipts journal in the recording of its revenue collections.

Status of Other Prior Year Recommendations

The Borough resolved the prior year recommendation relative to the liquation of interfund balances.