

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
AND
INDEPENDENT AUDITOR'S REPORTS

YEAR ENDED

DECEMBER 31, 2020

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
AND
INDEPENDENT AUDITOR'S REPORTS

Year Ended December 31, 2020

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COUNTY OF MONMOUTH
STATE OF NEW JERSEY

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
AND
INDEPENDENT AUDITOR'S REPORTS

Year Ended December 31, 2020

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COUNTY OF MONMOUTH
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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, 2020

Oliwa & Company

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the Borough 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, 2020 and 2019, 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, 2020, 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 opinions 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, 2020 and 2019, or changes in its financial position for the years then ended.

Basis for Qualified Opinion on the General Fixed Assets Account Group

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

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 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, 2020 and 2019 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 11.90% and 11.75% of the assets, and the liabilities and reserves of the Borough's Trust Fund as of December 31, 2020 and 2019, 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, 2020 and 2019 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, 2020 and 2019, 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, 2020 and the statement of expenditures - regulatory basis for the year ended December 31, 2020 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.

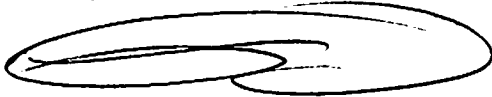
Other Matters

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 January 25, 2022, 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
January 25, 2022

**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 Borough 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, 2020, 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 January 25, 2022, 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 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.

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
January 25, 2022

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
COMPARATIVE BALANCE SHEET
REGULATORY BASIS
December 31, 2020 and 2019

	<u>Ref.</u>	<u>2020</u>	<u>2019</u>
<u>Assets</u>			
Cash and Cash Equivalents:			
Cash - Treasurer	A-4	\$12,360,430	\$11,306,156
Change Funds		300	300
		<u>12,360,730</u>	<u>11,306,456</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-6	419,912	404,166
Tax Title Liens Receivable	A-7	167,534	151,426
Property Acquired for Taxes - Assessed Valuation		201,300	201,300
Revenue Accounts Receivable	A-8	7,667	19,520
Due from Animal Control Fund		5,054	333
	A	<u>801,467</u>	<u>776,745</u>
		<u>13,162,197</u>	<u>12,083,201</u>
Federal and State Grant Fund:			
Grants Receivable	A-13	557,901	274,353
Due from Current Fund		135,116	100,364
		<u>693,017</u>	<u>374,717</u>
		<u>\$13,855,214</u>	<u>\$12,457,918</u>

See Accompanying Notes

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
COMPARATIVE BALANCE SHEET
REGULATORY BASIS
December 31, 2020 and 2019

<u>Liabilities, Reserves and Fund Balance</u>	<u>Ref.</u>	<u>2020</u>	<u>2019</u>
Appropriation Reserves	A-3:A-9	\$3,291,138	\$2,816,605
Reserve for Encumbrances	A-12	568,758	763,564
Reserve for Tax Appeals		255,567	208,917
Reserve for Outside Liens		13,833	96,189
Reserve for FEMA		4,555	4,555
Accounts Payable		6,177	7,527
Regional High School Tax Payable	A-11	1	1
Prepaid Taxes		304,024	462,587
Tax Overpayments		64,974	78,224
Due to General Capital Fund			47,130
Due to Federal and State Grant Fund		135,116	100,364
Due County for Added and Omitted Taxes		26,590	10,708
Due to State of New Jersey (PL 1971, Ch.20)		40,667	39,235
		<u>4,711,400</u>	<u>4,635,606</u>
Reserves for Receivables and Other Assets	A	801,467	776,745
Fund Balance	A-1	<u>7,649,330</u>	<u>6,670,850</u>
		<u>13,162,197</u>	<u>12,083,201</u>
 Federal and State Grant Fund:			
Appropriated Reserves	A-14	691,253	328,817
Encumbrances Payable	A-14	1,764	
Unappropriated Reserves	A-15		45,900
		<u>693,017</u>	<u>374,717</u>
		<u>\$13,855,214</u>	<u>\$12,457,918</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, 2020 and 2019

	<u>Ref.</u>	<u>2020</u>	<u>2019</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance Anticipated	A-2	\$4,000,000	\$3,600,000
Miscellaneous Revenue Anticipated	A-2	4,678,652	4,690,054
Receipts from Delinquent Taxes	A-2	350,905	200,559
Receipts from Current Taxes	A-2	52,239,361	50,995,467
Non-Budget Revenues	A-2	216,825	204,664
Unexpended Balance of Appropriation Reserves	A-9	2,740,554	2,637,832
Other Credits to Income:			
Statutory Excess in Animal Control Fund	A-4	333	
Interfunds Returned			145,433
Total Revenue		<u>64,226,630</u>	<u>62,474,009</u>
<u>Expenditures</u>			
Budget and Emergency Appropriations:			
Operations:			
Salaries and Wages	A-3	10,870,818	10,405,743
Other Expenses	A-3	9,674,375	9,488,543
Capital Improvements	A-3	97,000	140,000
Municipal Debt Service	A-3	2,594,263	2,170,052
Deferred Charges and Statutory Expenditures	A-3	2,374,810	2,377,875
Judgments	A-3	15,000	
County Taxes		6,785,345	6,653,405
Local District School Tax	A-10	17,199,510	16,891,309
Regional High School Tax	A-11	9,637,029	9,685,844
Refunds	A-4		858
Total Expenditures		<u>59,248,150</u>	<u>57,813,629</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, 2020 and 2019

	<u>Ref.</u>	<u>2020</u>	<u>2019</u>
Excess in Revenue		\$4,978,480	\$4,660,380
Adjustments to Income Before Fund Balance:			
Expenditures Included Above Which Are by Statute			
Deferred Charges to Budget of Succeeding Year		-	-
Statutory Excess to Fund Balance		4,978,480	4,660,380
Fund Balance January 1	A	6,670,850	5,610,470
		<u>11,649,330</u>	<u>10,270,850</u>
Decreased by:			
Utilized as Anticipated Revenue	A-1:A-2	<u>4,000,000</u>	<u>3,600,000</u>
Fund Balance December 31	A	<u><u>\$7,649,330</u></u>	<u><u>\$6,670,850</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, 2020

	<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	\$4,000,000		\$4,000,000	
Miscellaneous Revenues:					
Alcoholic Beverage Licenses	A-8	38,000		309,438	\$271,438
Other Licenses	A-8	23,000		22,782	(218)
Fees and Permits	A-8	180,000		147,970	(32,030)
Municipal Court Fines and Costs	A-8	350,000		147,704	(202,296)
Interest and Costs on Taxes	A-8	52,000		100,222	48,222
Interest on Investments	A-8	196,000		97,000	(99,000)
Energy Receipts Tax	A-8	1,464,615		1,464,615	
Uniform Construction Code Fees	A-8	640,000		607,758	(32,242)
Mechanical Garage - Eatontown Board of Education	A-8	4,000		2,791	(1,209)
Fire Prevention Services - Borough of Oceanport	A-8	25,000		2,817	(22,183)
Drunk Driving Enforcement Fund	A-13	3,555		3,555	
Clean Communities Program	A-13		\$25,674	25,674	
Municipal Alliance on Alcoholism and Drug Abuse	A-13	26,186		26,186	
Safe and Secure Communities Program	A-13		60,000	60,000	
Bulletproof Vest	A-13		3,774	3,774	
DCA/REC Individuals with Disabilities	A-13	20,000		20,000	
Recycling Tonnage	A-13	42,345		42,345	
NJ DOT - Downtown Eatontown Greenway Project	A-13		275,000	275,000	

See Accompanying Notes

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
STATEMENT OF REVENUES
REGULATORY BASIS
Year Ended December 31, 2020

	<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	\$200,000		\$203,000	\$3,000
Borough Community Center Programs	A-8	260,000		139,120	(120,880)
Uniform Fire Safety Act	A-8	85,000		76,595	(8,405)
General Capital Fund Surplus	A-8	149,240		149,240	
Hotel Tax	A-8	355,000		245,464	(109,536)
Cell Tower Agreements	A-8	382,000		413,348	31,348
CATV Franchise Fees	A-8	90,000		92,254	2,254
	A-1	<u>4,585,941</u>	<u>\$364,448</u>	<u>4,678,652</u>	<u>(271,737)</u>
Receipts from Delinquent Taxes	A-1:A-2	<u>262,760</u>		<u>350,905</u>	<u>88,145</u>
Amount to be Raised by Taxes for Support of Municipal Budget:					
Local Tax for Municipal Purposes	A-2:A-6	<u>18,486,354</u>		<u>19,898,616</u>	<u>1,412,262</u>
Budget Totals		<u>27,335,055</u>	<u>364,448</u>	<u>28,928,173</u>	<u>\$1,228,670</u>
Non-Budget Revenues	A-2			<u>216,825</u>	
	<u>Ref.</u>	<u>\$27,335,055</u>	<u>\$364,448</u>	<u>\$29,144,998</u>	
	A-3		A-3		

See Accompanying Notes

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
STATEMENT OF REVENUES
REGULATORY BASIS
Year Ended December 31, 2020

	<u>Ref.</u>	
<u>Analysis of Realized Revenues</u>		
Allocation of Current Tax Collections:		
Revenue from Collections	A-1:A-6	\$52,239,361
Allocated to School and County Taxes		<u>34,010,745</u>
Balance for Support of Municipal Budget Appropriations		18,228,616
Add:		
Appropriation "Reserve for Uncollected Taxes"	A-3	<u>1,670,000</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u><u>\$19,898,616</u></u>
<u>Receipts from Delinquent Taxes</u>		
Delinquent Tax Collections	A-6	\$350,905
Tax Title Lien Collections		-
	A-2	<u><u>\$350,905</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, 2020

Analysis of Non-Budget Revenues

Recycling	\$44,526
Canceled Tax Sale Premiums	44,400
Police Outside Employment Administrative Fees	37,461
Trailer Tax	22,870
Other Refunds and Reimbursements	15,953
Monmouth County CARES Reimbursements	13,665
Other Police Fees	13,601
Recreation Fees	9,849
Sale of Municipal Assets	3,427
BOE Fuel Reimbursement	2,538
DMV Inspection Fees	1,750
Community Garden	1,547
Senior Citizens and Veterans Administrative Fee	1,374
Return of Non-Vested LOSAP Funds	1,350
Police Outside Employment Uniform Fees	1,094
Late Fees	575
Senior Citizen Trips	330
Returned Check Fees	315
Community Center	200
	<u>\$216,825</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, 2020

	<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	\$230,000	\$230,000	\$196,246	\$3,754	\$30,000
Other Expenses	128,000	123,500	9,606	33,894	80,000
Labor Attorney:	25,000	25,000	1,576	23,424	
Mayor and Council:					
Salaries and Wages	68,400	68,400	68,400		
Other Expenses	10,500	10,500	1,415	9,085	
Advertising:					
Other Expenses	27,500	27,500	13,750	13,750	
Beautify Eatontown	2,250	2,250	1,149	1,101	
Complete Streets	1,000	1,000	404	596	
Elections:					
Salaries and Wages	1,000	1,000		1,000	
Other Expenses	6,250	6,250	3,438	2,812	
Municipal Clerk:					
Salaries and Wages	194,000	194,000	182,803	1,197	10,000
Other Expenses	23,750	23,750	17,457	6,293	
Information Technology:					
Other Expenses	116,500	122,500	106,333	16,167	

See Accompanying Notes

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
Year Ended December 31, 2020

	<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	\$43,900	\$43,900	\$43,900		
Other Expenses	31,620	31,620	20,576	\$11,044	
Historical Association:					
Other Expenses	3,000	3,000	1,551	1,449	
Financial Administration:					
Salaries and Wages	206,500	206,500	197,871	8,629	
Other Expenses	49,000	41,000	20,058	20,942	
Bond Registration Fees	4,500	4,500	2,450	2,050	
Audit Services	48,000	48,000	24,600	23,400	
Assessment of Taxes:					
Salaries and Wages	94,932	94,932	93,930	1,002	
Other Expenses	80,771	80,610	30,700	9,910	\$40,000
Collection of Taxes:					
Salaries and Wages	92,015	92,015	73,871	18,144	
Other Expenses	11,700	11,700	8,574	3,126	

See Accompanying Notes

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
Year Ended December 31, 2020

	<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	\$270,000	\$270,000	\$224,738	\$45,262	
Municipal Prosecutor					
Salaries and Wages	40,000	40,000	33,000	7,000	
Engineering Service and Costs:					
Miscellaneous Other Expenses	75,000	75,000	68,982	6,018	
Public Buildings and Grounds:					
Salaries and Wages	192,963	192,963	144,304	48,659	
Other Expenses	147,600	147,600	102,391	45,209	
Planning Board:					
Other Expenses	90,850	90,850	25,698	65,152	
Board of Adjustment:					
Other Expenses	13,650	13,650	13,638	12	
Zoning Officer:					
Salaries and Wages	190,000	190,000	122,232	7,768	\$60,000
Other Expenses	23,220	23,220	2,822	20,398	

See Accompanying Notes

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
Year Ended December 31, 2020

	<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>	
Operations Within "CAPS"					
Environmental Program:					
Other Expenses	\$1,800	\$1,800	\$550	\$1,250	
Green Team	2,000	2,000		2,000	
Community Garden	10,000	10,000	664	9,336	
Fire:					
Salaries and Wages	6,464	6,625	6,625		
Fire Hydrant Service	156,000	156,000	130,854	25,146	
Miscellaneous Other Expenses	90,350	90,350	79,541	10,809	
Insurance:					
Group Insurance	3,340,500	3,340,500	2,478,169	862,331	
Health Benefit Waiver	40,000	40,000	24,351	15,649	
Other Insurance	440,440	440,440	299,968	140,472	
Workman's Compensation	454,000	454,000	395,872	28,128	\$30,000

See Accompanying Notes

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY
CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
Year Ended December 31, 2020

	<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>	
Operations Within "CAPS"					
Uniform Fire Safety Act					
(P.L. 1983, Ch. 383):					
Salaries and Wages	\$102,752	\$102,752	\$90,198	\$12,554	
Other Expenses	9,650	9,650	8,125	1,525	
Police:					
Salaries and Wages	6,150,500	6,160,500	5,961,925	138,575	\$60,000
Other Expenses	250,700	250,700	235,982	14,718	
First Aid Organization Contribution:	33,738	46,238	45,647	591	
Emergency Management Services:					
Salaries and Wages	3,611	3,611	3,611		
Other Expenses	14,400	14,400	5,771	8,629	
Road Repair and Maintenance:					
Salaries and Wages	2,018,850	2,018,850	1,697,580	231,270	90,000
Other Expenses	1,284,500	1,284,500	874,029	410,471	
Snow Removal					
Other Expenses	13,500	13,500	13,500		
Municipal Court:					
Salaries and Wages	47,859	47,859	47,500	359	
Other Expenses	35,374	35,374	19,526	15,848	

See Accompanying Notes

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
Year Ended December 31, 2020

	<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>					
Public Defender:					
Salaries and Wages	\$25,000	\$25,000	\$21,532	\$3,468	
Street Lighting:	140,000	140,000	95,865	44,135	
Monmouth County Reclamation Fees:	317,000	317,000	311,343	5,657	
Solid Waste Collection:					
Sanitation - Apartment Collection	255,000	255,000	234,063	20,937	
Sanitation - Residential Collection	270,000	270,000	202,187	67,813	
Health and Welfare:					
Monmouth County Health Department					
Salaries and Wages	1,629	1,629	1,474	155	
Other Expenses	7,000	7,000	200	6,800	

See Accompanying Notes

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
Year Ended December 31, 2020

	<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>					
Housing Inspection:					
Salaries and Wages	\$104,200	\$104,200	\$92,257	\$11,943	
Other Expenses	1,375	1,375	928	447	
Animal Control:					
Other Expenses	20,808	20,808	17,907	2,901	
Recreation:					
Salaries and Wages	181,550	181,550	113,642	67,908	
Other Expenses	77,275	77,275	20,699	56,576	
Celebration of Public Events:					
Other Expenses	35,500	35,500	6,214	29,286	

See Accompanying Notes

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
Year Ended December 31, 2020

	<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	\$256,732	\$256,732	\$150,884	\$105,848	
Other Expenses	32,406	32,406	11,927	20,479	
Miscellaneous Other Expenses:					
Youth Committee	2,250	2,250	82	2,168	
Salaries and Wages	59,000	59,000	33,686	25,314	
Other Expenses	19,600	19,600	3,271	16,329	
Inspection of Buildings:					
Salaries and Wages	352,000	352,000	340,921	11,079	
Other Expenses	37,378	37,378	27,509	9,869	

See Accompanying Notes

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
Year Ended December 31, 2020

	<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>					
Unclassified:					
Salaries and Wages - Adjustment Program	\$52,000	\$52,000	\$52,000		
Tuition Reimbursement	50,500	34,500		\$34,500	
Employee Sick Time Buy - Back	75,000	75,000	75,000		
Accumulated Absences	50,000	50,000	50,000		
Electricity	150,000	150,000	98,223	51,777	
Telephone	134,300	134,300	127,912	6,388	
Water	35,000	35,000	16,010	18,990	
Natural Gas	76,500	76,500	51,884	24,616	
Total Operations within "CAPS"	19,869,362	19,869,362	16,436,071	3,033,291	\$400,000
Contingent	4,000	4,000	555	3,445	
Total Operations Including Contingent within "CAPS"	19,873,362	19,873,362	16,436,626	3,036,736	400,000
Detail:					
Salaries and Wages	\$10,715,857	\$10,726,018	\$9,770,392	\$705,626	250,000
Other Expenses (Including Contingent)	9,157,505	9,147,344	6,666,234	2,331,110	150,000

See Accompanying Notes

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
Year Ended December 31, 2020

	<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>	
Deferred Charges and Statutory Expenditures Within "CAPS"					
Statutory Expenditures:					
Contribution to:					
Public Employees' Retirement System of N.J.	\$518,000	\$518,000	\$517,481	\$519	
Social Security System (O.A.S.I.)	464,000	464,000	416,082	47,918	
Police and Firemen's Retirement System of N.J.	1,300,810	1,300,810	1,300,810		
Defined Contribution Retirement Program	24,000	24,000	15,986	8,014	
Early Retirement Incentive Program	38,000	38,000	37,958	42	
Unemployment Compensation Insurance	<u>30,000</u>	<u>30,000</u>	<u>364</u>	<u>29,636</u>	
Total Deferred Charges and Statutory Expenditures Within "CAPS"	<u>2,374,810</u>	<u>2,374,810</u>	<u>2,288,681</u>	<u>86,129</u>	
Total General Appropriations for Municipal Purposes Within "CAPS"	<u>22,248,172</u>	<u>22,248,172</u>	<u>18,725,307</u>	<u>3,122,865</u>	<u>\$400,000</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, 2020

	<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>	
Operations Excluded from "CAPS"					
Aid to Privately Owned Library 40:54-35:					
Salaries and Wages	\$84,000	\$84,000	\$66,156	\$17,844	
Other Expenses	11,450	11,450	6,102	5,348	
9-1-1 System (40A:4-45.3cc)					
Other Expenses	25,500	25,500	21,000	4,500	
State Recycling Tax (C.311, P.L. 2007)	14,800	14,800		14,800	
Tax Appeal Reserve	50,000	50,000	50,000		
NJDEP/Storm Water Mgt. (40A:4-45.3cc)	10,000	10,000		10,000	
Length of Service Award Program - Fire	50,000	50,000		50,000	
Length of Service Award Program - First Aid	<u>20,000</u>	<u>20,000</u>	<u> </u>	<u>20,000</u>	<u> </u>
Total Other Operations Excluded from "CAPS"	<u>265,750</u>	<u>265,750</u>	<u>143,258</u>	<u>122,492</u>	<u> </u>

See Accompanying Notes

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
Year Ended December 31, 2020

	<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>	
Operations Excluded from "CAPS"					
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	280,000	280,000	\$275,000	5,000	
Fire Prevention Services - Oceanport					
Salaries and Wages	25,000	25,000	18,219	6,781	
Total Shared Service Agreements	<u>309,000</u>	<u>309,000</u>	<u>293,219</u>	<u>15,781</u>	
Public and Private Programs Offset by Revenues:					
Clean Communities Program (40A:4-87, \$25,674+)		25,674	25,674		
Drunk Driving Enforcement Fund	3,555	3,555	3,555		
Bulletproof Vest (40A:4-87, \$3,774+)		3,774	3,774		
Safe and Secure Communities (40A:4-87, \$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	42,345	42,345	42,345		

See Accompanying Notes

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
Year Ended December 31, 2020

	<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>					
Public and Private Programs Offset by Revenues (Continued):					
NJ DOT - Downtown Eatontown Greenway Project (40A:4-87, \$275,000+)		\$275,000	\$275,000		
Matching Funds for Grants	<u>\$30,000</u>	<u>30,000</u>		<u>\$30,000</u>	
Total Public and Private Programs Offset by Revenues	<u>132,633</u>	<u>497,081</u>	<u>467,081</u>	<u>30,000</u>	
Total Operations Excluded from "CAPS"	<u>707,383</u>	<u>1,071,831</u>	<u>903,558</u>	<u>168,273</u>	
Detail:					
Salaries and Wages	393,000	393,000	359,375	33,625	
Other Expenses	<u>314,383</u>	<u>678,831</u>	<u>544,183</u>	<u>134,648</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, 2020

	<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>	<u></u>	<u></u>
Total Capital Improvements Excluded from "CAPS"	<u>97,000</u>	<u>97,000</u>	<u>97,000</u>	<u></u>	<u></u>
<u>Municipal Debt Service Excluded from "CAPS"</u>					
Payment of Bond Principal	1,820,000	1,820,000	1,820,000		
Interest on Bonds	702,000	702,000	699,590		\$2,410
Capital Lease Obligations - Principal	65,000	65,000	65,000		
Interest	<u>10,500</u>	<u>10,500</u>	<u>9,673</u>	<u></u>	<u>827</u>
Total Municipal Debt Service Excluded from "CAPS"	<u>2,597,500</u>	<u>2,597,500</u>	<u>2,594,263</u>	<u></u>	<u>3,237</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, 2020

	<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>	
Judgments (N.J.S.A. 40A:4-45.3cc)	<u>\$15,000</u>	<u>\$15,000</u>	<u>\$15,000</u>		
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>3,416,883</u>	<u>3,781,331</u>	<u>3,609,821</u>	<u>\$168,273</u>	<u>\$3,237</u>
Subtotal General Appropriations	25,665,055	26,029,503	22,335,128	3,291,138	403,237
Reserve for Uncollected Taxes	<u>1,670,000</u>	<u>1,670,000</u>	<u>1,670,000</u>		
Total General Appropriations	<u><u>\$27,335,055</u></u>	<u><u>\$27,699,503</u></u>	<u><u>\$24,005,128</u></u>	<u><u>\$3,291,138</u></u>	<u><u>\$403,237</u></u>
Ref.	A-2		A-1	A:A-1	
Budget	A-3	\$27,335,055			
Appropriation by 40A:4-87	A-2	<u>364,448</u>			
		<u><u>\$27,699,503</u></u>			

See Accompanying Notes

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
Year Ended December 31, 2020

	Ref.	<u>Paid or Charged</u>
Reserve for Uncollected Taxes	A-2	\$1,670,000
Disbursed	A-4	21,249,289
Reserve for Encumbrances	A-12	568,758
Reserve for Grants Appropriated	A-14	467,081
Reserve for Tax Appeals		50,000
		<u>\$24,005,128</u>

See Accompanying Notes

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

TRUST FUND
COMPARATIVE BALANCE SHEET
REGULATORY BASIS
December 31, 2020 and 2019

	<u>Ref.</u>	<u>2020</u>	<u>2019</u>
<u>Assets</u>			
Animal Control Fund:			
Cash and Cash Equivalents	B-1	<u>\$17,883</u>	<u>\$12,926</u>
Other Trust Fund:			
Cash and Cash Equivalents	B-1	<u>4,881,946</u>	<u>4,224,389</u>
Length of Service Award Program Fund:			
(LOSAP) - Unaudited Investments	B-4	<u>661,657</u>	<u>564,265</u>
		<u><u>\$5,561,486</u></u>	<u><u>\$4,801,580</u></u>

See Accompanying Notes

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

TRUST FUND
COMPARATIVE BALANCE SHEET
REGULATORY BASIS
December 31, 2020 and 2019

	<u>Ref.</u>	<u>2020</u>	<u>2019</u>
<u>Liabilities and Reserves</u>			
Animal Control Fund:			
Reserve for Animal Control Fund Expenditures	B-2	\$10,886	\$10,357
Due to Current Fund		5,054	333
Prepaid Licenses		1,933	2,236
Due to State of New Jersey		10	
		<u>17,883</u>	<u>12,926</u>
Other Trust Fund:			
Reserve for Other Trust Fund Deposits	B-3	<u>4,881,946</u>	<u>4,224,389</u>
Length of Service Award			
Program Fund:			
(LOSAP) - Unaudited			
Reserve for Length of Service Award			
Program Fund	B-5	<u>661,657</u>	<u>564,265</u>
		<u><u>\$5,561,486</u></u>	<u><u>\$4,801,580</u></u>

See Accompanying Notes

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET
REGULATORY BASIS
December 31, 2020 and 2019

	<u>Ref.</u>	<u>2020</u>	<u>2019</u>
<u>Assets</u>			
Cash and Cash Equivalents	C-2	\$5,553,747	\$6,948,491
Deferred Charges to Future Taxation:			
Funded	C-9	12,895,000	14,715,000
Unfunded	C-10	1,576,153	
Grants Receivable	C-11	890,877	663,027
Reimbursements Receivable		100,088	
Due from Current Fund			47,130
Leased Assets under Capital Lease		160,000	225,000
		<u>\$21,175,865</u>	<u>\$22,598,648</u>
<u>Liabilities, Reserves and Fund Balance</u>			
General Serial Bonds	C-6	\$12,895,000	\$14,715,000
Bond Anticipation Notes	C-7	1,576,152	
Improvement Authorizations:			
Funded	C-5	1,742,944	2,059,403
Unfunded	C-5	821,406	
Lease Obligations Payable	C-8	160,000	225,000
Reserve for Encumbrances	C-5	3,887,964	5,448,151
Reserve for Asset Acquisitions		27,500	
Capital Improvement Fund	C-4	15,899	1,854
Fund Balance	C-1	49,000	149,240
		<u>\$21,175,865</u>	<u>\$22,598,648</u>

On December 31, 2020, there were bonds and notes authorized but not issued of \$1 and on December 31, 2019, there were no bonds and notes authorized but not issued. (Schedule C-12)

See Accompanying Notes

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

GENERAL CAPITAL FUND
COMPARATIVE STATEMENT OF FUND BALANCE
REGULATORY BASIS
Years Ended December 31, 2020 and 2019

	<u>Ref.</u>	<u>2020</u>	<u>2019</u>
Balance, January 1	C	\$149,240	\$47,703
Increased by:			
Funded Reserve Balances Canceled	C-5	49,000	
Premium on Serial Bonds Issued			101,537
		<u>49,000</u>	<u>101,537</u>
Decreased by:			
Payment to Current Fund as Anticipated			
Revenue	C-2	<u>149,240</u>	
Balance, December 31	C	<u><u>\$49,000</u></u>	<u><u>\$149,240</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, 2020 and 2019

	<u>Ref.</u>	<u>2020</u>	<u>2019</u>
<u>Assets</u>			
General Fixed Assets:			
Land, Buildings and Improvements		\$11,443,791	\$11,386,475
Machinery and Equipment		<u>17,313,340</u>	<u>15,365,210</u>
Total General Fixed Assets		<u><u>\$28,757,131</u></u>	<u><u>\$26,751,685</u></u>
<u>Liabilities and Reserves</u>			
Investment in General Fixed Assets	D-1	<u><u>\$28,757,131</u></u>	<u><u>\$26,751,685</u></u>

See Accompanying Notes

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

PAYROLL FUND
COMPARATIVE BALANCE SHEET
REGULATORY BASIS
December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<u>Assets</u>		
Cash and Cash Equivalents	<u>\$41,765</u>	<u>\$41,948</u>
<u>Reserves</u>		
Reserve for Expenditures	<u>\$41,765</u>	<u>\$41,948</u>

See Accompanying Notes

BOROUGH OF EATONTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

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, 2020

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, 2020

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, 2020

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.

BOROUGH OF EATONTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

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, 2020 and 2019 the Borough's bank balances were exposed to custodial credit risk as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Uninsured and Uncollateralized	\$2,549,384	\$2,049,840
GUDPA Insured and Collateralized with Securities Held by Pledging Financial Institutions	<u>17,134,534</u> <u>\$19,683,918</u>	<u>17,072,277</u> <u>\$19,122,117</u>

In addition, as of December 31, 2020 and 2019, the Borough had \$1,892,373 and \$1,882,325 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, 2020

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, 2020

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, 2020 and 2019 were \$661,657 and \$564,265, respectively.

Credit Risk - State law limits investments as described in prior sections of this note to the financial statements. As of December 31, 2020 and 2019 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, 2020

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, 2020</u>
General Improvement	12/29/11	\$4,150,000	5.00%	\$505,000
General Improvement	12/9/14	3,775,000	5.00%	1,425,000
General Improvement	3/2/16	2,325,000	5.00%	1,800,000
General Improvement	1/9/18	3,640,000	5.00%	3,140,000
General Improvement	12/23/19	6,425,000	5.00%	6,025,000
				<u>\$12,895,000</u>

Long-term bonded debt service requirements are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$1,870,000	\$638,500	\$2,508,500
2022	1,425,000	544,500	1,969,500
2023	1,465,000	473,250	1,938,250
2024	1,135,000	398,875	1,533,875
2025	1,190,000	341,750	1,531,750
2026-2030	5,810,000	790,875	6,600,875
	<u>\$12,895,000</u>	<u>\$3,187,750</u>	<u>\$16,082,750</u>

Long-term debt transactions for the years ended December 31, 2020 and 2019 are summarized as follows:

	<u>Balance Dec. 31, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance Dec. 31, 2020</u>
General Capital Fund:				
General Serial Bonds	<u>\$14,715,000</u>		<u>\$1,820,000</u>	<u>\$12,895,000</u>
	<u>Balance Dec. 31, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance Dec. 31, 2019</u>
General Capital Fund:				
General Serial Bonds	<u>\$9,776,000</u>	<u>\$6,425,000</u>	<u>\$1,486,000</u>	<u>\$14,715,000</u>

BOROUGH OF EATONTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

3. DEBT (continued)

Short-Term Debt

There were no outstanding bond anticipation notes as of December 31, 2019. As of December 31, 2020, 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, 2020</u>
Various 2020 General Capital Improvements	11/4/20	11/4/21	0.82%	<u><u>\$1,576,152</u></u>

Bond anticipation note transactions for the years ended December 31, 2020 and 2019 are summarized as follows:

	<u>Balance Dec. 31, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance Dec. 31, 2020</u>
General Capital Fund: Bond Anticipation Notes	<u><u>\$0</u></u>	<u><u>\$1,576,152</u></u>	<u><u></u></u>	<u><u>\$1,576,152</u></u>

	<u>Balance Dec. 31, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance Dec. 31, 2019</u>
General Capital Fund: Bond Anticipation Notes	<u><u>\$5,110,202</u></u>	<u><u>\$5,110,202</u></u>	<u><u>\$10,220,404</u></u>	<u><u>\$0</u></u>

Bonds and Notes Authorized but not Issued

As of December 31, 2020 there were bonds and notes authorized but not issued of \$1 and on December 31, 2019, there were no 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. As of December 31, 2020 and 2019, the Borough's net debt, expressed as a percentage of the equalized valuation basis, was 0.604% and 0.636%, respectively. As of December 31, 2020 and 2019, the Borough's net debt was \$14,471,153 and \$14,715,000, respectively, and the Borough's remaining borrowing power was \$69,435,391 and \$66,312,923, respectively.

BOROUGH OF EATONTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

4. FUND BALANCES APPROPRIATED

Fund balances at December 31, 2020 and 2019, which were appropriated and included as anticipated revenue in the current fund budget for the years ended December 31, 2021 and 2020 were as follows:

For the year ended December 31, 2021,

Current Fund	\$4,500,000
General Capital Fund	49,000

For the year ended December 31, 2020,

Current Fund	\$4,000,000
General Capital Fund	149,240

5. TAXES COLLECTED IN ADVANCE

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

	<u>Balance December 31,</u>	
	<u>2020</u>	<u>2019</u>
Prepaid Taxes	\$304,024	\$462,587

6. SCHOOL TAXES

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

The Borough raises its share of local and regional school taxes on a school year basis and has elected to defer these taxes at December 31, 2020 and 2019 as follows:

	<u>Local District School Tax</u>		<u>Regional High School Tax</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Balance of Tax	\$8,035,477	\$7,877,920	\$4,934,167	\$4,702,863
Deferred	8,035,477	7,877,920	4,934,166	4,702,862
Tax Payable	<u>\$0</u>	<u>\$0</u>	<u>\$1</u>	<u>\$1</u>

7. ACCRUED UNPAID SICK AND VACATION BENEFITS - UNAUDITED

As discussed in Note 1 and in accordance with accounting principles prescribed by the Division, the cash basis of accounting is followed for recording the Borough's liability related to unused sick and vacation pay. The Borough permits its employees to accumulate unused sick and vacation pay, which may be taken as time off or paid at a later date at an agreed upon rate. The estimated current costs of such unpaid compensation at December 31, 2020 and 2019 were \$1,325,418.13 and \$904,722, respectively. In accordance with accounting principles and practices prescribed by the Division, this amount is not reported as an expenditure or liability in the accompanying financial statements.

BOROUGH OF EATONTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

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, 2020 and 2019 was as follows:

	<u>Balance</u> <u>Dec. 31, 2019</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Balance</u> <u>Dec. 31, 2020</u>
Land, Buildings and Improvements	\$11,386,475	\$57,316		\$11,443,791
Machinery and Equipment	15,365,210	1,948,130		17,313,340
	<u>\$26,751,685</u>	<u>\$2,005,446</u>	<u>\$0</u>	<u>\$28,757,131</u>
	<u>Balance</u> <u>Dec. 31, 2018</u>	<u>Additions</u>	<u>Adjustments/ Dispositions</u>	<u>Balance</u> <u>Dec. 31, 2019</u>
Land, Buildings and Improvements	\$11,264,386	\$122,089		\$11,386,475
Machinery and Equipment	14,838,228	\$551,034	\$24,052	15,365,210
	<u>\$26,102,614</u>	<u>\$673,123</u>	<u>\$24,052</u>	<u>\$26,751,685</u>

BOROUGH OF EATONTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

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, 2020</u>
Capital Equipment	10/31/19	\$193,000	5.00%	<u>\$160,000</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>
2021	\$37,000	\$8,000	\$45,000
2022	39,000	6,150	45,150
2023	41,000	4,200	45,200
2024	43,000	2,150	45,150
	<u>\$160,000</u>	<u>\$20,500</u>	<u>\$180,500</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, 2020, 2019 and 2018 were \$43,213, \$43,213 and \$44,165, respectively.

BOROUGH OF EATONTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

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 7.50% 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, 2020.

BOROUGH OF EATONTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

13. PENSION PLANS (continued)

Public Employees Retirement System (PERS)

At June 30, 2020, the State reported a net pension liability of \$7,617,659 for the Borough's proportionate share of the total net pension liability. The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. 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, 2020, the Borough's proportion was 0.0467129397 percent, which was a decrease of 0.0063296342 percent from its proportion measured as of June 30, 2019. The pension expense recognized in the Borough's financial statements based on the April 1, 2020 billing was \$555,439.

Actuarial Assumptions

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which rolled forward to June 30, 2020. The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018. These actuarial valuations used the following assumptions:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Inflation Rate		
Price	2.75%	2.75%
Wage	3.25%	3.25%
Salary Increases		
Through 2026	2.00% - 6.00%	2.00% - 6.00%
Thereafter	3.00% - 7.00%	3.00% - 7.00%
Investment Rate of Return	7.00%	7.00%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

BOROUGH OF EATONTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

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, 2020) 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, 2020 and June 30, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>June 30, 2020</u>		<u>June 30, 2019</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>
Risk Mitigation Strategies	3.00%	3.40%	3.00%	4.67%
Cash Equivalents	4.00%	0.50%	5.00%	2.00%
U.S. Treasuries	5.00%	1.94%	5.00%	2.68%
Investment Grade Credit	8.00%	2.67%	10.00%	4.25%
High Yield	2.00%	5.95%	2.00%	5.37%
Private Credit	8.00%	7.59%	6.00%	7.92%
Real Assets	3.00%	9.73%	2.50%	9.31%
Real Estate	8.00%	9.56%	7.50%	8.33%
U.S. Equity	27.00%	7.71%	28.00%	8.26%
Non-U.S. Developed Market Equity	13.50%	8.57%	12.50%	9.00%
Emerging Market Equity	5.50%	10.23%	6.50%	11.37%
Private Equity	13.00%	11.42%	12.00%	10.85%
	<u>100.00%</u>		<u>100.00%</u>	

BOROUGH OF EATONTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

13. PENSION PLANS (continued)

Public Employees Retirement System (PERS) (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00% and 6.28% as of June 30, 2020 and 2019, respectively. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. 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. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine 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, 2020 and 2019, 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 or 1 percentage point higher than the current rate:

	June 30, 2020		
	1% Decrease <u>6.00%</u>	At Current Discount Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
Borough's proportionate share of the pension liability	\$9,589,362	\$7,617,659	\$5,944,615
	June 30, 2019		
	1% Decrease <u>5.28%</u>	At Current Discount Rate <u>6.28%</u>	1% Increase <u>7.28%</u>
Borough's proportionate share of the pension liability	\$12,072,634	\$9,557,467	\$7,438,083

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.

BOROUGH OF EATONTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

13. PENSION PLANS (continued)

Public Employees Retirement System (PERS) (Continued)

Deferred Inflows of Resources and Deferred Outflows of Resources

At June 30, 2020 and 2019, the State reported deferred inflows of resources and deferred outflows of resources related to PERS from the following sources:

	<u>June 30, 2020</u>		<u>June 30, 2019</u>	
	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>
Difference between expected and actual experience	\$26,939	\$138,705	\$42,221	\$171,544
Changes of assumptions	3,189,586	247,125	3,317,367	954,348
Net difference between projected and actual earnings on pension plan investments		260,378	150,868	
Changes in proportion and differences between Borough's contributions and proportionate share of contributions	<u>1,666,188</u>	<u>268,983</u>	<u>849,739</u>	<u>422,234</u>
	<u>\$4,882,713</u>	<u>\$915,191</u>	<u>\$4,360,195</u>	<u>\$1,548,126</u>

The Borough's proportionate share of deferred inflows of resources and deferred outflows of resources related to PERS, in the amount of \$3,967,522, will be amortized in pension expense over the next five years.

BOROUGH OF EATONTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

13. PENSION PLANS (continued)

Police and Firemen's Retirement System (PFRS)

At June 30, 2020, the State reported a net pension liability of \$17,498,226 for the Borough's proportionate share of the total PFRS net pension liability. The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. 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, 2020, the Borough's proportion was 0.1354213632 percent, which was an increase of 0.0066423953 percent from its proportion measured as of June 30, 2019.

The pension expense recognized in the Borough's financial statements based on the April 1, 2020 billing was \$1,300,810.

Actuarial Assumptions

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which rolled forward to June 30, 2020. The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018. This actuarial valuation used the following assumptions:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Inflation Rate		
Price	2.75%	2.75%
Wage	3.25%	3.25%
Salary Increases		
Through all future years	3.25% - 15.25%	3.25% - 15.25%
Investment Rate of Return	7.00%	7.00%

Pre-retirement mortality rates were based on the Pub-2010 Safety Employee mortality table with a 105.6% adjustment for males and 102.5% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. For healthy annuitants, post-retirement mortality rates were based on the Pub-2010 Safety Retiree Below-Median Income Weighted mortality table with a 96.7% adjustment for males and 96.0% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. For beneficiaries, the Pub-2010 General Retiree Below-Median Income Weighted mortality table was used, unadjusted, and with future improvement from the base year of 2010 on a generational basis. Disability rates were based on the Pub-2010 Safety Disabled Retiree mortality table with a 152.0% adjustment for males and 109.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2018.

BOROUGH OF EATONTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

13. PENSION PLANS (continued)

Police and Firemen's Retirement System (PFRS) (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, 2020) 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, 2020 and June 30, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>June 30, 2020</u>		<u>June 30, 2019</u>	
	<u>Target</u>	<u>Long-Term</u>	<u>Target</u>	<u>Long-Term</u>
	<u>Allocation</u>	<u>Expected Real</u>	<u>Allocation</u>	<u>Expected Real</u>
		<u>Rate of Return</u>		<u>Rate of Return</u>
Risk Mitigation Strategies	3.00%	3.40%	3.00%	4.67%
Cash Equivalents	4.00%	0.50%	5.00%	2.00%
U.S. Treasuries	5.00%	1.94%	5.00%	2.68%
Investment Grade Credit	8.00%	2.67%	10.00%	4.25%
High Yield	2.00%	5.95%	2.00%	5.37%
Private Credit	8.00%	7.59%	6.00%	7.92%
Real Assets	3.00%	9.73%	2.50%	9.31%
Real Estate	8.00%	9.56%	7.50%	8.33%
U.S. Equity	27.00%	7.71%	28.00%	8.26%
Non-U.S. Developed Markets Equity	13.50%	8.57%	12.50%	9.00%
Emerging Market Equity	5.50%	10.23%	6.50%	11.37%
Private Equity	13.00%	11.42%	12.00%	10.85%
	<u>100.00%</u>		<u>100.00%</u>	

BOROUGH OF EATONTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

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 7.00% and 6.85% as of June 30, 2020 and 2019, respectively. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. 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. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine 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, 2020 and 2019, 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 or 1 percentage point higher than the current rate:

	June 30, 2020		
	1%	At Current	1%
	Decrease	Discount Rate	Increase
	<u>6.00%</u>	<u>7.00%</u>	<u>8.00%</u>
Borough's proportionate share of the pension liability	\$23,269,039	\$17,498,226	\$12,705,125
	June 30, 2019		
	1%	At Current	1%
	Decrease	Discount Rate	Increase
	<u>5.85%</u>	<u>6.85%</u>	<u>7.85%</u>
Borough's proportionate share of the pension liability	\$21,301,421	\$15,759,737	\$11,173,194

BOROUGH OF EATONTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

13. PENSION PLANS (continued)

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

Deferred Inflows of Resources and Deferred Outflows of Resources

At June 30, 2020 and 2019, the State reported deferred inflows of resources and deferred outflows of resources related to PFRS from the following sources:

	<u>June 30, 2020</u>		<u>June 30, 2019</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	\$62,799	\$176,412	\$99,778	\$133,032
Changes of assumptions	4,691,170	44,034	5,093,403	540,014
Net difference between projected and actual earnings on pension plan investments		1,026,003	213,539	
Changes in proportion and differences between Borough's contributions and proportionate share of contributions	744,707	996,983	1,034,745	450,493
	<u>\$5,498,676</u>	<u>\$2,243,432</u>	<u>\$6,441,465</u>	<u>\$1,123,539</u>

The Borough's proportionate share of deferred inflows of resources and deferred outflows of resources related to PFRS, in the amount of \$3,255,244 will be recognized in pension expense by the Borough over the next five years.

BOROUGH OF EATONTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

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, 2020, the State's proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$2,715,645.

Borough's Proportionate Share of Net Pension Liability	\$17,498,226
State of New Jersey Proportionate Share of Net Pension Liability Associated with the Borough	<u>2,715,645</u> <u>\$20,213,871</u>

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, 2020

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

As of December 31, 2020 and 2019, there were no deferred charges reflected on the balance sheets of the various funds of the Borough.

16. INTERFUND BALANCES

The balances of interfund receivables and payables at December 31, 2020 and 2019 are presented below:

	<u>December 31,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u>
<u>Receivables</u>		
Current Fund	\$5,054	\$333
Federal and State Grant Fund	135,116	100,364
General Capital Fund	<u>47,130</u>	<u>47,130</u>
	<u>\$140,170</u>	<u>\$147,827</u>
<u>Payables</u>		
Current Fund	\$135,116	\$147,494
Animal Control Fund	<u>5,054</u>	<u>333</u>
	<u>\$140,170</u>	<u>\$147,827</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.

BOROUGH OF EATONTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

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(c)(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 \$1,350 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.

19. POSTEMPLOYMENT BENEFITS

As of the date of issuance of these financial statements, the New Jersey Division of Pension and Benefits has not provided updated actuarial valuations for other postemployment benefit obligations for the year ended June 30, 2020. The New Jersey Division of Pension and Benefits will post these reports on their website as they are made available. The following disclosures include the most current information made publicly available, which had a reporting date of June 30, 2019.

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>.

BOROUGH OF EATONTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

19. POSTEMPLOYMENT BENEFITS (continued)

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.

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.

BOROUGH OF EATONTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

19. POSTEMPLOYMENT BENEFITS (continued)

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, 2018 through June 30, 2019.

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, 2019 was \$6,858,025. The State's proportionate share of the OPEB expense attributable to the Borough for the year ended June 30, 2019 was \$90,905. 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, 2020

19. POSTEMPLOYMENT BENEFITS (continued)

Net OPEB Liability and Total OPEB Expense

As of June 30, 2019, the Plan reported a net OPEB liability of \$16,352,546 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, 2019, the Borough's proportionate share of the total net OPEB liability was .120718%. The Borough's net OPEB liability as of June 30, 2019, was determined by an actuarial valuation of the total OPEB liability amount as of June 30, 2018, as rolled forward to June 30, 2019, 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 benefit for the year ended June 30, 2019 was \$854,763.

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, 2019, 2018 and 2017 were \$899,393, \$1,408,975 and \$1,504,777, 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, 2019</u>
Inflation Rate	2.50%
Salary Increases*:	
PERS	
Through 2026	2.00% - 6.00%
Thereafter	3.00% - 7.00%
PFRS	
Rate for all future years	3.25% - 15.25%

*Salary increases are based on years of service within the respective plan.

Mortality rates were based on the Pub-2010 General and Safety classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2019.

Actuarial assumptions used in the July 1, 2018 valuation were based on the results of the PFRS and the PERS experience studies were prepared for the periods July 1, 2013 to June 30, 2018 and July 1, 2014 to June 30, 2018, respectively.

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

BOROUGH OF EATONTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

19. POSTEMPLOYMENT BENEFITS (continued)

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2020 are reflected. The assumed post-65 medical trend rate is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% decreasing to a 4.5% long-term trend rate after eight years.

Discount Rate

The discount rate for June 30, 2019 was 3.50%. 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, 2019		
	1% Decrease 2.50%	At Current Discount Rate 3.50%	1% Increase 4.50%
Net OPEB Liability	\$18,907,703	\$16,352,546	\$14,276,143

BOROUGH OF EATONTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

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, 2019		
	1%	Healthcare	1%
	Decrease	Cost Trend Rate	Increase
Net OPEB Liability	\$13,799,534	\$16,352,546	\$19,609,343

Deferred Inflows of Resources and Deferred Outflows of Resources

At June 30, 2019, the State reported deferred inflows of resources and deferred outflows of resources related to OPEB from the following sources:

	June 30, 2019	
	Deferred Inflows of Resources	Deferred Outflows of Resources
Difference between expected and actual experience	\$4,782,122	-
Changes of assumptions	5,794,979	-
Net difference between projected and actual earnings on OPEB plan investments	-	\$13,470
Changes in proportion and differences between Borough's contributions and proportionate share of contributions	4,020,791	118,204
	<u>\$14,597,892</u>	<u>\$131,674</u>

BOROUGH OF EATONTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

19. POSTEMPLOYMENT BENEFITS (continued)

Deferred Inflows of Resources and Deferred Outflows of Resources

At June 30, 2019, the amounts reported as deferred inflows of resources and deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended June 30,</u>	<u>Amount</u>
2020	(\$2,356,080)
2021	(2,356,080)
2022	(2,357,527)
2023	(2,359,864)
2024	(2,361,999)
Thereafter	(2,674,668)
	<u>(\$14,466,218)</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.

BOROUGH OF EATONTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

21. SUBSEQUENT EVENTS

On July 14, 2021, the Borough adopted an ordinance to authorize the issuance of bonds or notes of \$8,461,124 to finance a portion of the costs providing 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, 2020

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
SCHEDULE OF CASH - TREASURER
Year Ended December 31, 2020

Balance, December 31, 2019	<u>Ref.</u> A		\$11,306,156
Increased by Receipts:			
Collector	A-5	\$52,451,425	
Revenue Accounts Receivable	A-8	4,121,896	
State of New Jersey (PL 1971, Ch.20)		68,682	
Miscellaneous Revenue not Anticipated	A-2	216,825	
Grants Receivable	A-13	127,086	
Due from Animal Control Fund	A-1	333	
Marriage License Fees		1,875	
Training Fees		40,941	
Outside Liens		<u>188,400</u>	
			<u>57,217,463</u>
			68,523,619
Decreased by Disbursements:			
Budget Appropriations	A-3	21,249,289	
Appropriation Reserves	A-9	836,722	
Local District School Tax	A-10	17,199,510	
Regional High School Tax	A-11	9,637,029	
Appropriated Reserves	A-14	102,881	
County Taxes		6,769,463	
Due to General Capital Fund		47,130	
Tax Appeals		3,350	
Accounts Payable		4,243	
Training Fees		40,941	
Marriage Licenses		1,875	
Outside Liens		<u>270,756</u>	
			<u>56,163,189</u>
Balance, December 31, 2020	A		<u><u>\$12,360,430</u></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, 2020

	<u>Ref.</u>		
Increased by Receipts:			
Taxes Receivable	A-6	\$51,982,205	
Tax Title Liens		-	
Prepaid Taxes		304,024	
Revenue Accounts Receivable -			
Interest and Costs on Taxes	A-8	100,222	
Tax Overpayments		64,974	
		<u> </u>	
			<u><u>\$52,451,425</u></u>
Decreased by Disbursements:			
Payment to Treasurer - Current Fund	A-4		<u><u>\$52,451,425</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, 2020

<u>Year</u>	<u>Balance Dec. 31, 2019</u>	<u>2020 Levy</u>	<u>Added Taxes</u>	<u>Collection by Cash</u>		<u>Senior Citizens and Veterans Deductions</u>	<u>Canceled and Adjustments</u>	<u>Over- Payments Applied</u>	<u>Transferred to Tax Title Liens</u>	<u>Balance Dec. 31, 2020</u>
				<u>2019</u>	<u>2020</u>					
Prior	\$42,939									\$42,939
2016	2,526				\$1					2,525
2017	2,553									2,553
2018	7,844				5,203					2,641
2019	348,304				345,701					2,603
	404,166				350,905					53,261
2020		\$52,696,601		\$462,587	51,631,300	\$67,250	\$76,630	\$78,224	\$13,959	366,651
	<u>\$404,166</u>	<u>\$52,696,601</u>	<u>-</u>	<u>\$462,587</u>	<u>\$51,982,205</u>	<u>\$67,250</u>	<u>\$76,630</u>	<u>\$78,224</u>	<u>\$13,959</u>	<u>\$419,912</u>
<u>Ref.</u>	A				A-5				A-7	A

Analysis of 2020 Property Tax Levy

Tax Yield:

General Purpose Tax	\$52,490,414
Added Taxes (54:4-63.1 Et Seq.)	204,454
Omitted Taxes (54:4-63.12 Et Seq.)	1,733
	<u>\$52,696,601</u>

See Independent Auditor's Report

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, 2020

Analysis of 2020 Property Tax Levy (continued)

	<u>Ref.</u>	
Tax Levy:		
Local District School Tax	A-10	\$17,357,067
Regional High School Tax	A-11	9,868,333
County Taxes:		
County Tax		5,584,756
County Library Tax		406,472
County Open Space Tax		652,351
County Health Tax		115,176
Due to County for Added and Omitted Taxes		26,590
Total County Taxes		<u>6,785,345</u>
Local Tax for Municipal Purposes	A-2	18,486,354
Add: Additional Tax Levied		<u>199,502</u>
Local Tax for Municipal Purposes Levied		<u>18,685,856</u>
		<u><u>\$52,696,601</u></u>

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
SCHEDULE OF TAX TITLE LIENS
Year Ended December 31, 2020

	<u>Ref.</u>		
Balance, December 31, 2019	A		\$151,426
Increased by:			
Transfers from Taxes Receivable	A-6	\$13,959	
Added Tax Title Liens		<u>2,149</u>	
			16,108
Decreased by:			
Cash Receipts			<u>-</u>
Balance, December 31, 2020	A		<u><u>\$167,534</u></u>

See Independent Auditor's Report

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE
Year Ended December 31, 2020

	<u>Ref.</u>	<u>Balance Dec. 31, 2019</u>	<u>Accrued in 2020</u>	<u>Realized / Collected</u>	<u>Balance Dec. 31, 2020</u>
Alcoholic Beverage Licenses	A-2		\$309,438	\$309,438	
Other Licenses	A-2		22,782	22,782	
Fees and Permits	A-2		147,970	147,970	
Municipal Court Fines and Costs	A-2	\$19,520	135,851	147,704	\$7,667
Interest and Costs on Taxes	A-2		100,222	100,222	
Interest on Investments	A-2		97,000	97,000	
Energy Receipts Tax	A-2		1,464,615	1,464,615	
Uniform Construction Code Fees	A-2		607,758	607,758	
Mechanical Garage - Eatontown Board of Education	A-2		2,791	2,791	
Fire Prevention - Borough of Oceanport	A-2		2,817	2,817	
Senior Citizen Housing (In Lieu of Taxes)	A-2		203,000	203,000	
Borough Community Center Programs	A-2		139,120	139,120	
Uniform Fire Safety Act	A-2		76,595	76,595	
General Capital Fund Surplus	A-2		149,240	149,240	
Hotel Tax	A-2		245,464	245,464	
Cell Tower Agreements	A-2		413,348	413,348	
CATV Franchise Fees	A-2		92,254	92,254	
		<u>\$19,520</u>	<u>\$4,210,265</u>	<u>\$4,222,118</u>	<u>\$7,667</u>
	<u>Ref.</u>	<u>A</u>			<u>A</u>
Collected by:					
Treasurer	A-4			\$4,121,896	
Tax Collector:					
Interest and Costs on Taxes	A-5			100,222	
				<u>\$4,222,118</u>	

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY
CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES
Year Ended December 31, 2020

	Balance Dec. 31, 2019	Reserve for Encumbrances	Balance After Transfers	Paid or Charged	Balance Lapsed
Salaries and Wages:					
Administrative and Executive	\$32,492		\$14,492		\$14,492
Mayor and Council	11,129		11,129	\$1,222	9,907
Elections	1,000		1,000		1,000
Municipal Clerk	13,215		13,215		13,215
Purchasing	10,088		10,088	507	9,581
Financial Administration	23,517		23,517		23,517
Assessment of Taxes	1,617		1,617		1,617
Collection of Taxes	8,059		8,059		8,059
Municipal Prosecutor	7,000	\$3,000	10,000	6,000	4,000
Public Buildings and Grounds	77,367		77,367		77,367
Planning Board	6,200		6,200		6,200
Board of Adjustment	1,100		1,100		1,100
Zoning Officer	47,685		47,685	27,560	20,125
Environmental Program	180		180		180
Uniform Fire Safe	22,034		22,034		22,034
Police	275,623		275,623		275,623
Road Repair and Maintenance	187,581		187,581	29,495	158,086
Municipal Court	3,223		3,223		3,223
Public Defender	15,500	500	16,000	1,000	15,000
Health and Welfare	1,454		1,454		1,454
Housing Inspection	9,316		9,316		9,316
Recreation	18,635		18,635		18,635
Borough Community Center	44,756		44,756		44,756
Senior Citizen Programs	10,695	2,920	13,615	1,260	12,355
Inspection of Buildings	74,121		74,121		74,121
Salaries and Wages -					
Adjustment Program	16,861		16,861		16,861
Aid to Privately Owned Library	4,015		4,015		4,015
Mechanical Garage - Eatontown					
Board of Education	4,000		4,000		4,000
Municipal Court - Tinton Falls	680		680		680
Other Expenses:					
Administrative and Executive	43,959	4,712	48,671	8,819	39,852
Labor Attorney	19,589		19,589		19,589
Mayor and Council	8,140	364	8,504	56	8,448
Advertising	16,665	1,916	18,581	3,095	15,486
Pride in Eatontown	496	492	988	255	733
Complete Streets	204		204		204
Elections	1,662		1,662		1,662
Municipal Clerk	541	647	1,188	662	526
Information Technology	18,290	3,906	22,196	4,629	17,567
Purchasing	16,368	1,156	17,524	1,391	16,133
Historical Association	30	203	233	203	30
Financial Administration	26,819	679	27,498	9,113	18,385

See Independent Auditor's Report

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES
Year Ended December 31, 2020

	Balance Dec. 31, 2019	Reserve for Encumbrances	Balance After Transfers	Paid or Charged	Balance Lapsed
Other Expenses (continued):					
Bond Registration Fees	\$2,441		\$2,441		\$2,441
Audit Services	18,300		18,300	\$9,000	9,300
Assessment of Taxes	55,174		55,174	1,900	53,274
Collection of Taxes	3,314	\$1,158	4,472	1,157	3,315
Legal Services and Costs	25,604	1,500	27,104	22,384	4,720
Engineering Services and Costs:					
Miscellaneous	63,739	6,550	70,289	3,010	67,279
Public Buildings and Grounds	7,522	44,334	51,856	38,090	13,766
Planning Board	23,802	1,170	24,972	1,170	23,802
Board of Adjustment	2,334		2,334		2,334
Zoning Officer	2,715	332	3,047	1,231	1,816
Environmental Program	3,295	440	3,735	440	3,295
Green Team	2,955	290	3,245	231	3,014
Community Garden	5,388		5,388		5,388
Fire Hydrant Service	34,547		34,547	14,744	19,803
Fire - Miscellaneous	15,440	20,758	36,198	19,937	16,261
Group Insurance	790,882	10,840	801,722	7,140	794,582
Health Benefit Waiver	9,367		9,367		9,367
Other Insurance	107,505	15,375	122,880	10,375	112,505
Workers Compensation	59,289		59,289	102	59,187
Uniform Fire Safety Act	657	1,195	1,852	1,207	645
Police	11,816	154,368	166,184	161,204	4,980
First Aid Contribution	2,475	15,739	18,214	15,397	2,817
Emergency Management Services	5,848	1,039	6,887	1,177	5,710
Road Repair and Maintenance	19,855	353,553	373,408	181,290	192,118
Snow Removal		5,153	5,153	5,152	1
Municipal Court	11,255		11,255		11,255
Street Lighting	36,914	9,469	46,383	12,818	33,565
Monmouth County Reclamation	29,526	10,818	48,344	46,454	1,890
Sanitation - Apartment Collection	1,083	21,160	22,243	21,160	1,083
Sanitation - Residential Collection	418	22,465	22,883	22,465	418
Health and Welfare	7,000		7,000		7,000
Housing Inspection	402	918	1,320	754	566
Animal Control	3,319	1,644	4,963	4,962	1
Recreation	3,147	20,418	23,565	17,872	5,693
Public Events	648	675	1,323	250	1,073
Community Center	334	7,885	8,219	7,299	920
Youth Committee	1,286	403	1,689	224	1,465
Senior Citizen's Programs	1,299	1,650	2,949	1,652	1,297
Inspection of Buildings	16,537	2,750	19,287	2,965	16,322

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES
Year Ended December 31, 2020

Ref.	A	A-12	A-1
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Disbursed Accounts Payable

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
SCHEDULE OF LOCAL DISTRICT SCHOOL TAX PAYABLE
Year Ended December 31, 2020

	<u>Ref.</u>	
Balance, December 31, 2019:		
School Tax Deferred		\$7,877,920
Increased by:		
Levy - School Year July 1, 2020 to June 30, 2021	A-6	<div style="display: flex; justify-content: flex-end;"> <div style="text-align: right; margin-right: 10px;">17,357,067</div> <div style="border-top: 1px solid black; width: 100px;"></div> </div>
		25,234,987
Decreased by:		
Payments	A-4	<div style="display: flex; justify-content: flex-end;"> <div style="text-align: right; margin-right: 10px;">17,199,510</div> <div style="border-top: 1px solid black; width: 100px;"></div> </div>
Balance, December 31, 2020:		
School Tax Deferred		<div style="display: flex; justify-content: flex-end;"> <div style="text-align: right; margin-right: 10px;">\$8,035,477</div> <div style="border-top: 1px solid black; width: 100px;"></div> </div>
		<div style="border-top: 1px solid black; width: 100px;"></div>
<u>2020 Liability for Local District School Tax:</u>		
Tax Paid and Charged to 2020 Operations	A-10:A-1	<div style="display: flex; justify-content: flex-end;"> <div style="text-align: right; margin-right: 10px;">\$17,199,510</div> <div style="border-top: 1px solid black; width: 100px;"></div> </div>

See Independent Auditor's Report

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
SCHEDULE OF REGIONAL HIGH SCHOOL TAX PAYABLE
Year Ended December 31, 2020

	<u>Ref.</u>		
Balance, December 31, 2019:			
School Tax Payable	A	\$1	
School Tax Deferred		<u>4,702,862</u>	
			\$4,702,863
Increased by:			
Levy - School Year July 1, 2020 to June 30, 2021	A-6	<u>9,868,333</u>	
			14,571,196
Decreased by:			
Payments	A-4	<u>9,637,029</u>	
Balance, December 31, 2020:			
School Tax Payable	A	1	
School Tax Deferred		<u>4,934,166</u>	
			<u>\$4,934,167</u>
<u>2020 Liability for Regional High School Tax:</u>			
Tax Paid and Charged to 2020 Operations	A-11:A-1	<u>\$9,637,029</u>	

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
SCHEDULE OF RESERVE FOR ENCUMBRANCES
Year Ended December 31, 2020

	<u>Ref.</u>	
Balance, December 31, 2019	A	\$763,564
Increased by:		
Transferred from 2020 Appropriations	A-3	<div style="display: flex; justify-content: flex-end;"> <div style="text-align: right; margin-right: 10px;">568,758</div> <div style="border-top: 1px solid black; width: 100px;"></div> </div>
		1,332,322
Decreased by:		
Transfer to Appropriation Reserves	A-9	<div style="display: flex; justify-content: flex-end;"> <div style="text-align: right; margin-right: 10px;">763,564</div> <div style="border-top: 1px solid black; width: 100px;"></div> </div>
Balance, December 31, 2020	A	<div style="display: flex; justify-content: flex-end;"> <div style="text-align: right; margin-right: 10px;">\$568,758</div> <div style="border-top: 1px solid black; border-bottom: 3px double black; width: 100px;"></div> </div>

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

FEDERAL AND STATE GRANT FUND
SCHEDULE OF GRANTS RECEIVABLE
Year Ended December 31, 2020

Grant	Ref.	Balance Dec. 31, 2019	2020 Anticipated Revenue	Cash Receipts	Unappropriated Reserves Realized	Balance Dec. 31, 2020
Municipal Alliance on Alcoholism and Drug Abuse	A-2	\$17,869	\$26,186	\$17,699		\$26,356
DCA/REC Individuals with Disabilities	A-2	20,000	20,000	19,940		20,060
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 Fund	A-2		3,555		\$3,555	
Clean Communities Program	A-2		25,674	25,674		
Click It or Ticket		2,640				2,640
Bulletproof Vest	A-2	7,350	3,774	3,773		7,351
Recycling Tonnage	A-2		42,345		42,345	
Fort Monmouth Economic Revitalization Authority		40,441				40,441
NJ DOT - Downtown Eatontown Greenway Project	A-2		275,000			275,000
		<u>\$274,353</u>	<u>\$456,534</u>	<u>\$127,086</u>	<u>\$45,900</u>	<u>\$557,901</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, 2020

Grant	Balance Dec. 31, 2019	Transfer from 2020 Budget Appropriations	Transferred from Reserve for Encumbrances	Expended	Canceled	Balance Dec. 31, 2020
Municipal Alcohol Education/Rehabilitation Program	\$4,613					\$4,613
Drunk Driving Enforcement Fund	5,709	\$3,555		\$4,031		5,233
Comcast Technology	3,478					3,478
Municipal Alliance on Alcoholism and Drug Abuse	5,721	32,733		8,378		30,076
New Jersey Transportation Trust Fund	26,249					26,249
Sustainable Jersey Small Program	566					566
DCA/REC Individuals with Disabilities	9,710	24,000		12,535		21,175
Clean Communities Program	83,341	25,674		4,405		104,610
Safe and Secure Communities Program	15,001	60,000		60,000		15,001
Bulletproof Vest	6,852	3,774		2,895		7,731
New Jersey Prevention Network	599			370		229
State and Community Highway Safety	5,323					5,323
Drive Sober or Get Pulled Over	9,845			337		9,508
Click It or Ticket	5,840					5,840
Recycling Tonnage	135,581	42,345		7,645		170,281
Fort Monmouth Economic Revitalization Authority	6,340					6,340
Body Armor Fund	4,049			4,049		
NJ DOT - Downtown Eatontown Greenway Project		275,000				275,000
	<u>\$328,817</u>	<u>\$467,081</u>	<u>-</u>	<u>\$104,645</u>	<u>-</u>	<u>\$691,253</u>
<u>Ref.</u>	A	A-3				A
			<u>Ref.</u>			
			A-4	\$102,881		
			A	1,764		
				<u>\$104,645</u>		

See Independent Auditor's Report

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

FEDERAL AND STATE GRANT FUND
SCHEDULE OF UNAPPROPRIATED RESERVES
Year Ended December 31, 2020

<u>Grant</u>	<u>Balance Dec. 31, 2019</u>	<u>Cash Receipts</u>	<u>Transferred to 2020 Budget Appropriations</u>	<u>Balance Dec. 31, 2020</u>
Drunk Driving Enforcement Fund	\$3,555		\$3,555	
Recycling Tonnage	42,345		42,345	
	<u>\$45,900</u>	<u>-</u>	<u>\$45,900</u>	<u>-</u>
<u>Ref.</u>	A		A-13	A

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

TRUST FUND
SCHEDULE OF CASH - TREASURER
Year Ended December 31, 2020

	<u>Ref.</u>	<u>Animal Control</u>	<u>Other</u>
Balance, December 31, 2019	B	<u>\$12,926</u>	<u>\$4,224,389</u>
Increased by Receipts:			
Dog License Fees	B-2	3,643	
Other Fees		189	
State Dog License Fees		747	
Prepaid Licenses		1,835	
Due to Current Fund		70	
Various Deposits	B-3		1,383,105
		<u>6,484</u>	<u>1,383,105</u>
Decreased by Disbursements:			
State Dog License Fees		737	
Due to Current Fund		403	
Expenditures Under			
R.S. 4:19-15.11	B-2	387	
Various Deposits	B-3		725,548
		<u>1,527</u>	<u>725,548</u>
Balance, December 31, 2020	B	<u><u>\$17,883</u></u>	<u><u>\$4,881,946</u></u>

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

TRUST FUND
SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES
Year Ended December 31, 2020

	<u>Ref.</u>		
Balance, December 31, 2019	B		\$10,357
Increased by:			
Dog License Fees Collected in 2020	B-1	\$3,643	
Prepaid Revenue Realized		2,138	
Other Fees		189	
		<u>5,970</u>	<u>16,327</u>
Decreased by:			
Expenditures Under R.S. 4:19-15.11:			
Cash	B-1	387	
Statutory Excess Due to Current Fund		<u>5,054</u>	
			<u>5,441</u>
Balance, December 31, 2020	B		<u><u>\$10,886</u></u>

License Fees Collected:	<u>Year</u>	<u>Amount</u>
	2019	\$5,464
	2018	<u>5,422</u>
		<u><u>\$10,886</u></u>

See Independent Auditor's Report

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

TRUST FUND
SCHEDULE OF RESERVE FOR OTHER TRUST FUND DEPOSITS
Year Ended December 31, 2020

Purpose	Balance Dec. 31, 2019	Increased	Decreased	Balance Dec. 31, 2020
Developer's Escrow	\$1,304,622	\$285,500	\$409,906	\$1,180,216
Security Deposits	95,639	393		96,032
Law Enforcement	3,675	3,659		7,334
Unemployment	43,213			43,213
Municipal Alliance	5,191	21	326	4,886
Public Defender	5,200	4,200	8,092	1,308
Police Outside Employment	241,313	122,515	118,857	244,971
Recreation Contributions	26,017	8,880	13,601	21,296
Uniform Fire Safety Penalties	43,541	3,560		47,101
Premium on Tax Sale	163,600	333,000	128,600	368,000
POAA	8,957	238		9,195
Fire Contributions	4,935			4,935
Affordable Housing	1,984,029	449,012	21,579	2,411,462
Other Contributions	24,697	11,810	11,965	24,542
Accumulated Absences	178,308	109,188	1,580	285,916
Historical Museum Donations	3,359	25,400	2,437	26,322
Recycling	9,041		103	8,938
Storm Recovery	79,052	25,729	8,502	96,279
	<u>\$4,224,389</u>	<u>\$1,383,105</u>	<u>\$725,548</u>	<u>\$4,881,946</u>
<u>Ref.</u>	B	B-1	B-1	B

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

TRUST FUND
SCHEDULE OF LENGTH OF SERVICE AWARD
PROGRAM FUND INVESTMENTS
Year Ended December 31, 2020

	<u>Ref.</u>		
Balance, December 31, 2019	B		\$564,265
Increased by:			
Borough Contributions	B-5	\$45,900	
Change in Market Value	B-5	<u>65,343</u>	
			<u>111,243</u>
			675,508
Decreased by:			
Distributions	B-5	10,748	
Return of Non-Vested Funds	B-5	1,350	
Administrative Charges	B-5	<u>1,753</u>	
			<u>13,851</u>
Balance, December 31, 2020	B		<u><u>\$661,657</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, 2020

	<u>Ref.</u>		
Balance, December 31, 2019	B		\$564,265
Increased by:			
Borough Contributions	B-4	\$45,900	
Change in Market Value	B-4	<u>65,343</u>	
			<u>111,243</u>
			675,508
Decreased by:			
Distributions	B-4	10,748	
Return of Non-Vested Funds	B-4	1,350	
Administrative Charges	B-4	<u>1,753</u>	
			<u>13,851</u>
Balance, December 31, 2020	B		<u><u>\$661,657</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, 2020

	<u>Ref.</u>		
Balance, December 31, 2019	C		\$6,948,491
Increased by Receipts:			
Budget Appropriation:			
Capital Improvement Fund	C-4	\$97,000	
Grants Receivable	C-11	202,444	
Bond Anticipation Notes	C-7	1,576,152	
Proceeds from Insurance Claim		27,500	
Due from Current Fund		47,130	
		<u>1,950,226</u>	
			8,898,717
Decreased by Disbursements:			
Improvement Authorizations	C-5	3,095,642	
Expenditures under Capital Lease Program		100,088	
Payment to Current Fund as Anticipated Revenue	C-1	<u>149,240</u>	
			<u>3,344,970</u>
Balance, December 31, 2020	C		<u><u>\$5,553,747</u></u>

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

GENERAL CAPITAL FUND
ANALYSIS OF GENERAL CAPITAL FUND CASH
December 31, 2020

	<u>Balance</u> <u>Dec. 31, 2020</u>
Fund Balance	\$49,000
Capital Improvement Fund	15,899
Reserve for Encumbrances	3,887,964
Grants Receivable	(890,877)
Reimbursements Receivable	(100,088)
Reserve for Asset Acquisitions	27,500

Improvement Authorizations:

<u>Ordinance</u> <u>Number</u>	<u>Improvement Description</u>	<u>Ref.</u>	
04-2017	Various Capital Improvements and the Acquisition of Various Capital Equipment	C-5	5,805
09-2017/ 02-2018	Various Capital Improvements and the Acquisition of Various Capital Equipment	C-5	204,796
04-2018/ 02-2020	Various Capital Improvements and the Acquisition of Various Capital Equipment	C-5	215,177
08-2018	Various Capital Improvements	C-5	654,766
15-2019	Various Capital Improvements and the Acquisition of Various Capital Equipment	C-5	604,562
16-2019	Various Capital Improvements	C-5	57,838
07-2020	General Capital Improvements	C-10	821,405
			<u>\$5,553,747</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, 2020

	<u>Ref.</u>	
Balance, December 31, 2019	C	\$1,854
Increased by:		
2020 Budget Appropriation	C-2	<div style="display: flex; justify-content: flex-end; align-items: center;"> <div style="border-bottom: 1px solid black; width: 50px; margin-right: 10px;"></div> 97,000 </div>
		98,854
Decreased by:		
Appropriated to Finance Improvement Authorizations	C-5	<div style="display: flex; justify-content: flex-end; align-items: center;"> <div style="border-bottom: 1px solid black; width: 50px; margin-right: 10px;"></div> 82,955 </div>
Balance, December 31, 2020	C	<div style="display: flex; justify-content: flex-end; align-items: center;"> <div style="border-bottom: 3px double black; width: 50px; margin-right: 10px;"></div> \$15,899 </div>

See Independent Auditor's Report

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS
STATE OF NEW JERSEY
Year Ended December 31, 2020

Ordinance Number	Improvement Description	Ordinance Amount	Balance Dec. 31, 2019			2020 Authoriz- ations	Paid or Charged	Authoriz- ations Canceled	Balance Dec. 31, 2020	
			Funded	Unfunded	Encumbered				Funded	Unfunded
07-2009	Various Improvements	\$1,399,200	\$22,146					\$22,146		
07-2011	Acquisition of Various Pieces of Equipment and Completion of Various Capital Improvements	1,357,600			\$9,654		\$6,594	3,060		
09-2015	Various Capital Improvements and the Acquisition of Various Capital Equipment	1,520,300			3,313			3,313		
08-2016	Various Capital Improvements and the Acquisition of Various Capital Equipment	1,866,544	23,850		180,664		184,033	20,481		
04-2017	Various Capital Improvements and the Acquisition of Various Capital Equipment	1,445,773	85,527		787,217		866,939		\$5,805	
09-2017/ 02-2018	Various Capital Improvements and the Acquisition of Various Capital Equipment	8,165,000	204,236		369,990		369,430		204,796	
04-2018/ 02-2020	Various Capital Improvements and the Acquisition of Various Capital Equipment	1,904,160	227,534		1,089,069	\$60,000	1,161,426		215,177	
08-2018	Various Capital Improvements	1,122,791	845,475		200,739		391,448		654,766	
15-2019	Various Capital Improvements and the Acquisition of Various Capital Equipment	3,615,053	587,877		2,610,067		2,593,382		604,562	
16-2019	Various Capital Improvements	278,558	62,758		197,438		202,358		57,838	
07-2020	Various 2020 General Capital Improvements	2,029,402				2,029,402	1,207,996			\$821,406
			<u>\$2,059,403</u>	<u>-</u>	<u>\$5,448,151</u>	<u>\$2,089,402</u>	<u>\$6,983,606</u>	<u>\$49,000</u>	<u>\$1,742,944</u>	<u>\$821,406</u>
	<u>Ref.</u>		C		C			C-1	C	C
	Deferred Charges to Future Taxation - Unfunded				<u>Ref.</u>					
	Grants Receivable				C-10	\$1,576,153				
	Capital Improvement Fund				C-11	430,294				
	Reappropriation of Improvement Authorizations				C-4	82,955				
						-				
						<u>\$2,089,402</u>				
					<u>Ref.</u>					
	Cash Disbursements				C-2	\$3,095,642				
	Reserve for Encumbrances				C	3,887,964				
						<u>\$6,983,606</u>				

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF GENERAL SERIAL BONDS
Year Ended December 31, 2020

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding Dec. 31, 2020		Interest Rate	Balance Dec. 31, 2019	Increased	Decreased	Balance Dec. 31, 2020
			Date	Amount					
General Improvement	12/29/11	\$4,150,000	12/1/21	\$505,000	5.00%	\$990,000		\$485,000	\$505,000
General Improvement	12/9/14	3,775,000	12/1/21	450,000	5.00%	1,855,000		430,000	1,425,000
			12/1/22	475,000	5.00%				
			12/1/23	500,000	5.00%				
General Improvement	3/2/16	2,325,000	12/1/21	265,000	5.00%	2,055,000		255,000	1,800,000
			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%				
General Improvement	1/9/18	3,640,000	1/15/21	250,000	5.00%	3,390,000		250,000	3,140,000
			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%				

See Independent Auditor's Report

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF GENERAL SERIAL BONDS
Year Ended December 31, 2020

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding Dec. 31, 2020		Interest Rate	Balance Dec. 31, 2019	Increased	Decreased	Balance Dec. 31, 2020
			Date	Amount					
General Improvement	12/23/19	\$6,425,000	12/1/21	\$400,000	5.00%	\$6,425,000		\$400,000	\$6,025,000
			12/1/22	400,000	5.00%				
			12/1/23	400,000	5.00%				
			12/1/24	515,000	5.00%				
			12/1/25	540,000	5.00%				
			12/1/26	570,000	5.00%				
			12/1/27	800,000	5.00%				
			12/1/28	800,000	5.00%				
			12/1/29	800,000	5.00%				
			12/1/30	800,000	5.00%				
						<u>\$14,715,000</u>	<u>-</u>	<u>\$1,820,000</u>	<u>\$12,895,000</u>
					<u>Ref.</u>	C			C
			Issued for Cash				-		
			Paid by Budget						
			Appropriation		C-9			\$1,820,000	
							<u>-</u>	<u>\$1,820,000</u>	

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES
Year Ended December 31, 2020

<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, 2019</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2020</u>
07-2020	Various 2020 General Capital Improvements	11/4/20	11/4/20	11/4/21	0.82%		\$1,576,152		\$1,576,152
						<u>-</u>	<u>\$1,576,152</u>	<u>-</u>	<u>\$1,576,152</u>
					<u>Ref.</u>	C			C
					C-2		\$1,576,152		
					Issued for Cash		-		
					Paid by Bond Funds		<u>\$1,576,152</u>		

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF LEASE OBLIGATIONS PAYABLE
Year Ended December 31, 2020

	<u>Ref.</u>	
Balance, December 31, 2019	C	\$225,000
Increased by:		
Lease Obligations Authorized		-
		<u>225,000</u>
Decreased by:		
Paid by Budget Appropriation		<u>65,000</u>
Balance, December 31, 2020	C	<u><u>\$160,000</u></u>

See Independent Auditor's Report

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, 2020

	<u>Ref.</u>	
Balance, December 31, 2019	C	\$14,715,000
Increased by:		
Improvement Costs Funded by:		
General Serial Bonds Issued		-
		<u>14,715,000</u>
Decreased by:		
Budget Appropriation to Pay Bonds:		
General Serial Bonds	C-6	<u>1,820,000</u>
Balance, December 31, 2020	C	<u><u>\$12,895,000</u></u>

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, 2020

Ordinance Number	Improvement Description	Balance Dec. 31, 2019	2020 Authoriz- ations	Authoriz- ations Canceled	Funded by Premium on Serial Bonds Issued	Transferred to Deferred Taxation - Funded	Balance Dec. 31, 2020	Analysis of Balance December 31, 2020	
								Financed by Bond Anticipation Notes	Unexpended Improvement Authorizations
07-2020	Various 2020 General Capital Improvement		\$1,576,153				\$1,576,153	\$1,576,152	\$1
		-	\$1,576,153	-	-	-	\$1,576,153	\$1,576,152	\$1
<u>Ref.</u>		C	C-5				C	C-7	
					Improvement Authorizations - Unfunded Less, Unexpended Proceeds of Bond Anticipation Notes Issued: Ordinance Number 07-2020			<u>Ref.</u> C-5	\$821,406
								C-3	821,405
									<u>\$1</u>

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF GRANTS RECEIVABLE
Year Ended December 31, 2020

	<u>Ref.</u>	
Balance, December 31, 2019	C	\$663,027
Increased by:		
Ordinance Number 04-2018/02-2020 for Various Capital Improvements and the Acquisition of Various Capital Equipment		\$60,000
Ordinance Number 07-2020 for Various 2020 General Capital Improvements	C-5	370,294
		430,294
		1,093,321
Decreased by:		
Cash Receipts	C-2	202,444
Balance, December 31, 2020	C	<u>\$890,877</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	\$12,870
15-2019	N.J.D.O.T. for Various Capital Improvements and the Acquisition of Various Capital Equipment	447,713
04-2018/ 02-2020	Monmouth County Open Space for Various Capital Improvements and the Acquisition of Various Capital Equipment	60,000
07-2020	N.J.D.O.T. for Various 2020 General Capital Improvements	370,294
		<u>\$890,877</u>

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, 2020

	<u>Balance</u> <u>Dec. 31, 2019</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Balance</u> <u>Dec. 31, 2020</u>
General Fixed Assets:				
Land, Buildings and Improvements	\$11,386,475	\$57,316		\$11,443,791
Machinery and Equipment	15,365,210	1,948,130		17,313,340
	<u>\$26,751,685</u>	<u>\$2,005,446</u>	<u>-</u>	<u>\$28,757,131</u>
<u>Ref.</u>	D			D

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

PART III

COMMENTS

YEAR ENDED DECEMBER 31, 2020

BOROUGH OF EATONTOWN
COMMENTS
YEAR ENDED DECEMBER 31, 2020

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. The contracting agent shall retain the record of the quotation solicitation and shall include a copy of the record with the voucher used to pay the vendor." In the auditing of the Borough's expenditures, we performed tests of the Borough's compliance with N.J.S. 40A:11-6.1 and noted no exceptions.

Examination of Claims

In auditing the Borough's expenditures, we did not and were not required to determine or establish proof of rendition, character or extent of services, nor quantities, nature, propriety of prices or receipt of materials, these elements being subject to the Borough's system of internal control over the approval and payment of claims in accordance with N.J.S. 40A:5-16. However, we tested the Borough's compliance with its established internal control system over the approval and payment of claims in accordance with N.J.S. 40A:5-16 and noted no exceptions.

BOROUGH OF EATONTOWN
COMMENTS
YEAR ENDED DECEMBER 31, 2020

Payroll Withholdings

We did not and were not required to determine the propriety of withholdings from individual employee salaries for pensions, income taxes, social security and medicare taxes, and for other purposes.

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, 2020 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 2020 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 2020 tax sale was held on December 9, 2020 and was complete.

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

2020	13
2019	20
2018	18

BOROUGH OF EATONTOWN
COMMENTS
YEAR ENDED DECEMBER 31, 2020

SUMMARY OF MUNICIPAL DEBT

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>Issued</u>			
General bonds and notes	\$14,471,152	\$14,715,000	\$14,886,202
Less:			
Funds on hand to pay bonds and notes	<u>-</u>	<u>-</u>	<u>-</u>
Net debt issued	14,471,152	14,715,000	14,886,202
<u>Authorized but not Issued</u>			
General bonds and notes	<u>1</u>	<u>-</u>	<u>-</u>
Net bonds and notes issued and authorized but not issued	<u>\$14,471,153</u>	<u>\$14,715,000</u>	<u>\$14,886,202</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 0.604%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School	\$15,740,000	\$15,740,000	-
Regional School	9,869,622	9,869,622	-
General Debt	<u>16,744,173</u>	<u>2,273,020</u>	<u>\$14,471,153</u>
	<u>\$42,353,795</u>	<u>\$27,882,642</u>	<u>\$14,471,153</u>

Net Debt \$14,471,153 divided by Equalized Valuation basis per N.J.S. 40A:2-2 as amended, \$2,397,329,829 equals 0.604%.

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

3½% of Equalized Valuation Basis	\$83,906,544
Net Debt	<u>14,471,153</u>
Remaining Borrowing Power	<u>\$69,435,391</u>

BOROUGH OF EATONTOWN
COMMENTS
YEAR ENDED DECEMBER 31, 2020

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION AND APPORTIONMENT

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Municipal	\$.803	\$.803	\$.803
Local School	.754	.755	.757
Regional School	.429	.424	.437
County	.294	.295	.314
Total tax rate	<u>\$2.280</u>	<u>\$2.277</u>	<u>\$2.311</u>

ASSESSED VALUATIONS

2020	\$2,302,211,131
2019	2,256,827,250
2018	2,210,173,020

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 Collections</u>	<u>Percentage of Collections</u>
2020	\$52,696,601	\$52,239,361	99.13%
2019	51,470,586	50,995,467	99.08%
2018	51,139,198	50,625,673	99.00%

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>2020</u>	<u>2019</u>	<u>2018</u>
Tax title liens	\$167,534	\$151,426	\$136,066
Delinquent taxes	<u>419,912</u>	<u>404,166</u>	<u>256,421</u>
Total delinquent	<u>\$587,446</u>	<u>\$555,592</u>	<u>\$392,487</u>
% of tax levy	1.11%	1.08%	0.77%

BOROUGH OF EATONTOWN
COMMENTS
YEAR ENDED DECEMBER 31, 2020

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>
2020	\$201,300
2019	201,300
2018	201,300

COMPARATIVE SCHEDULE OF FUND BALANCE AT DECEMBER 31

<u>Year</u>	<u>Current Fund Balance</u>	<u>Utilized in Succeeding Budget</u>
2020	\$7,649,330	\$4,500,000
2019	6,670,850	4,000,000
2018	5,610,470	3,600,000

BOROUGH OF EATONTOWN
COMMENTS
YEAR ENDED DECEMBER 31, 2020

OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office as of December 31, 2020:

<u>Name</u>	<u>Title</u>
Anthony Talerico, Jr.	Mayor
Jasmine Story	Councilwoman
Kevin L. Gonzalez	Councilman
Maria Grazia Escalante	Councilwoman
Joseph M. Olsavsky	Councilman
Mark Regan, Jr.	Councilman
Margaret Hope Corcoran	Councilwoman
William P. Lucia, III	Interim Administrator
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, 2020

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2020

Other Internal Control and Compliance Matters

There are no current year recommendations.

Status of Prior Year Recommendations

The Borough has addressed the prior year recommendations relative to the liquidation of interfund balances prior to year-end and verifying the accuracy of data provided to the Borough's payroll service provider to ensure that payroll tax reporting be in compliance with established regulations.