

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
AND
INDEPENDENT AUDITOR'S REPORTS

YEAR ENDED

DECEMBER 31, 2011

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
AND
INDEPENDENT AUDITOR'S REPORTS

Year Ended December 31, 2011

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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, 2011

Oliwa & Company

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying regulatory basis financial statements of the Borough of Eatontown, County of Monmouth, State of New Jersey (the "Borough") as of December 31, 2011 and 2010, and for the year ended December 31, 2011, which collectively comprise the Borough's basic financial statements listed as financial statement exhibits in the table of contents. These financial statements are the responsibility of the Borough's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Borough's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1 to the financial statements, the Borough prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which practices differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. In addition, the financial statements of the Length of Service Award Program ("LOSAP") Fund have not been audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey to audit the LOSAP Fund financial statements as part of our audit of the Borough's financial statements. The

LOSAP Fund financial activities are included in the Borough's Trust Fund, and represent 8.68% and 6.81% of the assets and liabilities, reserves and net assets of the Borough's Trust Fund as of December 31, 2011 and 2010, respectively.

In our opinion, because of the effects of the matters discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Borough as of December 31, 2011 and 2010, and changes in its financial position for the years then ended. In addition, the Borough has not presented a management's discussion and analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

As described in Note 1 to the financial statements, 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.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the LOSAP Fund financial statements been audited and had all fixed assets acquired after December 31, 1985 been recorded at actual cost, the regulatory basis financial statements referred to above present fairly, in all material respects, the regulatory basis financial position of the various funds of the Borough as of December 31, 2011 and 2010, the regulatory basis results of operations and changes in fund balance of such funds for the years then ended, and the regulatory basis statement of revenues and the regulatory basis statement of expenditures of such funds for the year ended December 31, 2011 on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 10, 2012 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* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the regulatory basis financial statements taken as a whole. The accompanying supplementary schedules and comments 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 required part of the regulatory basis financial statements. Except for the LOSAP Fund supplementary schedules, such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole, on the basis of accounting described in Note 1.



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

Oliwa & Company

Freehold, New Jersey
August 10, 2012

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

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

We have audited 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, 2011, which collectively comprise the Borough's basic financial statements and have issued our report thereon dated August 10, 2012, 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 accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. We expressed a qualified opinion on the regulatory basis financial statements since the Division of Local Government Services, Department of Community Affairs, State of New Jersey does not require the Length of Service Award Program Fund to be audited and due to the effect of any adjustments that might have been determined to be necessary had all fixed assets acquired after December 31, 1985 been recorded at actual cost. Except as discussed in the preceding sentences, we conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Borough's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion 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 over financial reporting.

Internal Control Over Financial Reporting (Continued)

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain other internal control and compliance matters that we have reported to the management of the Borough in the accompanying comments and recommendations section and in a separate letter dated August 10, 2012.

This report is intended solely for the information of the Borough's management, the Governing Body, others within the Borough, and the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and is not intended to be and should not be used by anyone other than these specified parties.



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

Oliwa & Company

Freehold, New Jersey
August 10, 2012

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
COMPARATIVE BALANCE SHEET
REGULATORY BASIS
December 31, 2011 and 2010

	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
<u>Assets</u>			
Cash and Cash Equivalents:			
Cash - Treasurer	A-4	\$5,740,375	\$5,242,926
Change Funds		500	500
		<u>5,740,875</u>	<u>5,243,426</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-6	652,937	1,011,343
Tax Title Liens Receivable	A-7	68,532	154,755
Property Acquired for Taxes - Assessed Valuation		201,300	201,300
Revenue Accounts Receivable	A-8	36,969	47,100
Other Receivables		442	
Due from Assessment Fund			28
Due from Animal Control Fund		6,048	1,690
Due from General Capital Fund		342	35
Due from Other Trust Fund		14,234	
Due from Federal and State Grant Fund		114,719	14,613
	A	<u>1,095,523</u>	<u>1,430,864</u>
Deferred Charges:			
Special Emergency Authorization (40A:4-53)		91,980	122,640
		<u>6,928,378</u>	<u>6,796,930</u>
Federal and State Grant Fund:			
Grants Receivable	A-13	<u>302,948</u>	<u>612,407</u>
		<u>\$7,231,326</u>	<u>\$7,409,337</u>

See Accompanying Notes

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
COMPARATIVE BALANCE SHEET
REGULATORY BASIS
December 31, 2011 and 2010

	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Appropriation Reserves	A-3:A-9	\$1,206,451	\$991,496
Reserve for Encumbrances	A-12	122,228	330,223
Prepaid Licenses		22,560	20,700
Reserve for Revaluation			4,494
Reserve for Monmouth County Improvement Authority			10,642
Reserve for Tax Appeals		122,896	76,818
Reserve for Garden State Trust Fund		2	2
Reserve for Reassessment			35,670
Due State - Uniform Construction Code Fees		5,723	5,472
Due State - Marriage Licenses		275	625
Local District School Tax Payable	A-10	57,457	1
Regional High School Tax Payable	A-11	1	1
Prepaid Taxes		139,225	98,055
Tax Overpayments		17,110	19,727
Due to Other Trust Fund			5,098
Reserve for Prepaid Interlocal Agreement			250
Due County for Added and Omitted Taxes		7,632	11,873
Due to State of New Jersey (PL 1971, Ch.20)		45,473	42,054
		<u>1,747,033</u>	<u>1,653,201</u>
Reserve for Receivables and Other Assets	A	1,095,523	1,430,864
Fund Balance	A-1	<u>4,085,822</u>	<u>3,712,865</u>
		<u>6,928,378</u>	<u>6,796,930</u>
Federal and State Grant Fund:			
Appropriated Reserves	A-14	188,227	597,792
Due to Current Fund		114,719	14,613
Unappropriated Reserves	A-15	2	2
		<u>302,948</u>	<u>612,407</u>
		<u><u>\$7,231,326</u></u>	<u><u>\$7,409,337</u></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, 2011 and 2010

	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance Anticipated	A-2	\$2,900,000	\$3,825,000
Miscellaneous Revenue Anticipated	A-2	4,209,394	4,570,258
Receipts from Delinquent Taxes	A-2	1,061,720	457,053
Receipts from Current Taxes	A-2	43,327,299	42,807,546
Non-Budget Revenues	A-2	713,585	646,481
Unexpended Balance of Appropriation Reserves	A-9	793,223	642,295
Other Credits to Income:			
Other Reserves Canceled		10,892	
Statutory Excess in Animal Control Fund	A-4	6,048	1,690
Canceled Appropriated Grant Reserves	A-14	149,031	277
Total Revenue		<u>53,171,192</u>	<u>52,950,600</u>
<u>Expenditures</u>			
Budget and Emergency Appropriations:			
Operations:			
Salaries and Wages	A-3	8,905,296	8,662,069
Other Expenses	A-3	7,555,740	7,984,832
Capital Improvements	A-3	30,000	210,000
Municipal Debt Service	A-3	1,744,881	1,747,332
Deferred Charges and Statutory Expenditures	A-3	1,941,558	1,748,321
County Taxes		6,718,557	6,783,859
Local District School Tax	A-10	14,133,620	14,305,495
Regional High School Tax	A-11	8,679,870	8,880,955
Refunds	A-4	212	3,653
Reserve for Other Receivables		442	
Interfunds Advanced		118,977	6,556
Canceled Grant Receivables	A-13	69,082	404
Total Expenditures		<u>49,898,235</u>	<u>50,333,476</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, 2011 and 2010

	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
Excess in Revenue		\$3,272,957	\$2,617,124
Fund Balance January 1	A	<u>3,712,865</u> 6,985,822	<u>4,920,741</u> 7,537,865
Decreased by:			
Utilized as Anticipated Revenue	A-1:A-2	<u>2,900,000</u>	<u>3,825,000</u>
Fund Balance December 31	A	<u><u>\$4,085,822</u></u>	<u><u>\$3,712,865</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, 2011

	Ref.	Anticipated		Excess or (Deficit)
		Budget	Special	
			N.J.S. 40A:4-87	
Fund Balance Anticipated	A-1	\$2,900,000	Realized	\$2,900,000
Miscellaneous Revenues:				
Alcoholic Beverage Licenses	A-8	30,000	38,688	\$8,688
Other Licenses	A-8	30,000	18,103	(11,897)
Fees and Permits	A-8	200,000	280,474	80,474
Municipal Court Fines and Costs	A-8	600,000	494,706	(105,294)
Interest and Costs on Taxes	A-8	80,000	245,101	165,101
Interest on Investments	A-8	20,000	11,571	(8,429)
Consolidated Municipal Property Tax Relief Act	A-8	158,020	158,020	
Energy Receipts Tax	A-8	1,306,595	1,306,595	
Reserve for Garden State Preservation Trust Fund	A-8	2	2	
Uniform Construction Code Fees	A-8	260,000	343,361	83,361
Mechanical Garage - Eatontown Board of Education	A-8	4,000	6,772	2,772
Clean Communities Program	A-13	23,786	23,786	
Municipal Alliance on Alcoholism and Drug Abuse	A-13	25,983	25,983	
Safe and Secure Communities Program	A-13	53,307	53,307	
Handicapped Recreation Opportunities Fund	A-13	10,000	10,000	
Trails Grant	A-13	25,000	25,000	
Body Armor Fund	A-13		\$3,653	
Bulletproof Vest Grant	A-13		2,860	
Sustainable Jersey Small Program	A-13		1,000	
Drunk Driving Enforcement Fund	A-13		3,915	
Click It of Ticket It	A-13		4,000	

See Accompanying Notes

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
STATEMENT OF REVENUES
REGULATORY BASIS
Year Ended December 31, 2011

	<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):					
Cooperative Housing Inspection Grant	A-8	\$3,500		\$6,589	\$3,089
Senior Citizens Housing (In Lieu of Taxes)	A-8	136,536		141,300	4,764
Borough Community Center Programs	A-8	240,000		238,711	(1,289)
Uniform Fire Safety Act	A-8	53,358		65,018	11,660
General Capital Fund Surplus	A-8	112,587		112,587	
Other Trust Fund Surplus	A-8	6,044		6,044	
Hotel Tax	A-8	295,000		273,960	(21,040)
Cell Tower Agreements	A-8	236,000		264,952	28,952
Assessment Fund Surplus	A-8	43,336		43,336	
	A-1	3,953,054	\$15,428	4,209,394	240,912
	A-1:A-2	750,000		1,061,720	311,720
Receipts from Delinquent Taxes					
Amount to be Raised by Taxes for Support of Municipal Budget:					
Local Tax for Municipal Purposes	A-2:A-6	14,423,337		15,468,007	1,044,670
Budget Totals					
Non-Budget Revenues	A-2	22,026,391	15,428	23,639,121	\$1,597,302
				713,585	
	<u>Ref.</u>	<u>\$22,026,391</u>	<u>\$15,428</u>	<u>\$24,352,706</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, 2011

	<u>Ref.</u>	
<u>Analysis of Realized Revenues</u>		
Allocation of Current Tax Collections:		
Revenue from Collections	A-1:A-6	\$43,327,299
Allocated to School and County Taxes		<u>29,720,772</u>
Balance for Support of Municipal Budget Appropriations		13,606,527
Add:		
Appropriation "Reserve for Uncollected Taxes"	A-3	<u>1,861,480</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u><u>\$15,468,007</u></u>
<u>Receipts from Delinquent Taxes</u>		
Delinquent Tax Collections	A-6	\$969,911
Tax Title Liens Collections	A-7	<u>91,809</u>
	A-2	<u><u>\$1,061,720</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, 2011

Analysis of Non-Budget Revenues

Insurance Refund	\$266,275
Cable TV	70,510
Recycling	69,936
FEMA Reimbursement	68,902
Recreation Fees	63,784
Payment in Lieu of Taxes	55,567
Administrative Fees	26,341
Other Refunds and Reimbursements	17,587
Police Impound Fees	14,466
Police Auction	14,120
Inspection Fines	9,068
Calendar Sales	7,880
Senior Citizen Trips	7,095
Taxi Licenses	6,129
Shared Services	5,689
Senior Citizens and Veterans Administrative Fee	2,172
Eatontown Day - Vendor Permits	1,738
Election Polling Rental Reimbursement	1,600
Mayor Marriage Fees	1,125
Interlocal Agreement	1,029
Use of Building	925
Composting	800
Returned Check Fees	588
Copies	151
Tax Searches	90
Unclaimed Bail	18
	<u>\$713,585</u>

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

See Accompanying Notes

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
Year Ended December 31, 2011

	<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"					
General Government:					
Administrative and Executive:					
Salaries and Wages	\$216,850	\$206,850	\$203,211	\$3,639	
Other Expenses	22,150	22,150	16,724	5,426	
Labor Attorney:	13,500	13,500	13,500		
Mayor and Council:					
Salaries and Wages	63,190	63,190	63,186	4	
Other Expenses	6,400	6,400	4,690	1,710	
Advertising:					
Other Expenses	26,400	26,400	10,003	16,397	
Elections:					
Salaries and Wages	1,775	2,125	1,876	249	
Other Expenses	4,140	4,140	1,592	2,548	
Municipal Clerk:					
Salaries and Wages	140,880	145,680	143,187	2,493	
Other Expenses	11,900	11,900	9,950	1,950	
Information Technology:					
Salaries and Wages	82,700	82,700	82,644	56	
Other Expenses	21,440	21,440	13,365	8,075	

See Accompanying Notes

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
Year Ended December 31, 2011

	<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	\$32,450	\$32,450	\$32,441	\$9	
Other Expenses	28,350	28,350	20,179	8,171	
Financial Administration:					
Salaries and Wages	175,325	175,325	175,202	123	
Other Expenses	43,350	43,350	28,672	14,678	
Bond Registration Fees	3,000	3,000	1,871	1,129	
Audit Services	48,000	48,000	12,400	35,600	
Assessment of Taxes:					
Salaries and Wages	77,570	77,570	77,570		
Other Expenses	9,825	11,825	8,859	2,966	
Collection of Taxes:					
Salaries and Wages	82,100	82,100	82,100		
Other Expenses	6,170	6,170	5,949	221	
Legal Services and Costs:					
Other Expenses	165,000	165,000	147,384	17,616	
Special Counsel	85,000	85,000	60,166	24,834	

See Accompanying Notes

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
Year Ended December 31, 2011

	<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>					
Municipal Prosecutor:					
Salaries and Wages	\$36,000	\$36,000	\$36,000		
Engineering Service and Costs:					
Miscellaneous Other Expenses	70,500	70,500	34,508	\$35,992	
Public Buildings and Grounds:					
Salaries and Wages	171,350	171,350	167,738	3,612	
Other Expenses	114,600	115,600	102,753	12,847	
Municipal Land Use Law (NJSA 40:55D-1)					
Planning Board:					
Salaries and Wages	17,265	17,265	17,248	17	
Other Expenses	22,925	22,925	12,944	9,981	
Board of Adjustment:					
Salaries and Wages	29,265	29,265	29,265		
Other Expenses	12,600	12,600	5,841	6,759	
Zoning Officer:					
Salaries and Wages	62,350	57,350	48,483	8,867	
Other Expenses	2,315	2,315	1,406	909	

See Accompanying Notes

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
Year Ended December 31, 2011

	<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>					
Shade Tree Commission:					
Salaries and Wages	\$68,300	\$68,300	\$68,256	\$44	
Other Expenses	13,500	13,500	11,101	2,399	
Environmental Program:					
Salaries and Wages	800	800		800	
Other Expenses	1,000	1,000	494	506	
Gypsy Moth Program:					
Other Expenses	100	100		100	
Public Safety:					
Fire:					
Salaries and Wages	5,369	5,369	5,369		
Fire Hydrant Service	130,000	130,000	119,600	10,400	
Miscellaneous Other Expenses	77,500	77,500	69,293	8,207	
Insurance:					
Group Insurance	2,841,688	2,841,688	2,544,407	297,281	
Health Benefit Waiver	51,425	51,425	51,425		
Other Insurance	346,510	346,510	327,977	18,533	
Workman's Compensation	441,500	441,500	440,374	1,126	

See Accompanying Notes

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
Year Ended December 31, 2011

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>		<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
<u>Operations Within "CAPS"</u>					
Uniform Fire Safety Act (P.L. 1983, Ch. 383):					
Salaries and Wages	\$67,910	\$67,910	\$57,945	\$9,965	
Other Expenses	8,509	8,509	5,322	3,187	
Police:					
Salaries and Wages	4,834,712	4,834,712	4,761,047	73,665	
Other Expenses	256,650	256,650	251,137	5,513	
First Aid Organization Contribution:	29,500	29,500	24,274	5,226	
Demolition of Condemned and Unsafe Structures:					
Other Expenses	1,000	1,000		1,000	
Emergency Management Services:					
Salaries and Wages	870	870	870		
Other Expenses	3,950	3,950	3,718	232	
Road Repair and Maintenance:					
Salaries and Wages	867,060	925,060	925,060	15,914	
Other Expenses	75,200	75,200	59,286		
Municipal Court:					
Salaries and Wages	215,805	215,805	209,699	6,106	
Other Expenses	9,500	10,300	9,436	864	

See Accompanying Notes

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
Year Ended December 31, 2011

	<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>					
Maintaining of Borough Equipment:					
Salaries and Wages	\$312,765	\$312,765	\$312,765		
Other Expenses	157,000	157,000	142,135	\$14,865	
Street Lighting:	145,000	145,000	109,899	35,101	
Monmouth County Reclamation Fees:	350,000	318,000	295,183	22,817	
Recycling - Contractual:					
Salaries and Wages	50,900	50,900	50,545	355	
Other Expenses	127,100	127,100	71,917	55,183	
Sanitation - Apartment Collection	250,000	250,000	247,400	2,600	
Health and Welfare:					
Monmouth Cty. Reg. Health Com. (NJSA 40:13)					
Salaries and Wages	7,910	7,910	7,910		
Other Expenses	148,700	144,750	111,504	33,246	
Administration of Public Assistance:					
Other Expenses	1,750	1,750			1,750

See Accompanying Notes

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
Year Ended December 31, 2011

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>		<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
<u>Operations Within "CAPS"</u>					
Relocation:					
Other Expenses	\$1,500	\$1,500		\$1,500	
Housing Inspection:					
Salaries and Wages	70,970	70,970	\$70,172	798	
Other Expenses	650	650	386	264	
Animal Control:					
Other Expenses	2,500	2,500	2,500		
Recreation and Education:					
Parks:					
Salaries and Wages	447,400	447,400	406,941	40,459	
Other Expenses	51,650	51,650	44,658	6,992	
Recreation:					
Salaries and Wages	133,060	138,060	138,060		
Other Expenses	53,970	53,970	51,007	2,963	
Celebration of Public Events:					
Other Expenses	13,750	13,750	8,329	5,421	

See Accompanying Notes

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
Year Ended December 31, 2011

	<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	\$252,780	\$207,180	\$199,978	\$7,202	
Other Expenses	22,000	22,000	19,985	2,015	
Miscellaneous Other Expenses:					
Youth Committee	2,800	2,800	1,940	860	
Tenant's Rights Committee	1,000	1,000		1,000	
Senior Citizen Programs:					
Salaries and Wages	49,500	31,500	22,538	8,962	
Other Expenses	15,560	15,560	10,959	4,601	
Uniform Construction Code - Appropriations Offset by Dedicated Revenues (N.J.A.C. 5:23-4.17)					
Inspection of Buildings:					
Salaries and Wages	274,165	274,165	272,930	1,235	
Other Expenses	13,300	13,300	3,704	9,596	

See Accompanying Notes

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
Year Ended December 31, 2011

	<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:					
Fuel for Motor Vehicles	\$210,000	\$252,000	\$218,974	\$33,026	
Salaries and Wages - Adjustment Program	55,000	55,000	51,847	3,153	
Business Advisory Committee	1,000	1,000		1,000	
Employee Sick Time Buy - Back	85,000	85,000	62,546	22,454	
Accumulated Absences	10,000	10,000	10,000		
Electricity	152,000	152,000	131,784	20,216	
Telephone	120,000	120,000	96,700	23,300	
Water	20,100	20,100	14,327	5,773	
Natural Gas	78,000	78,000	55,330	22,670	
Total Operations within "CAPS"	15,943,773	15,943,173	14,863,850	1,079,323	
Contingent	4,000	4,000	2,929	1,071	
Total Operations Including Contingent within "CAPS"	15,947,773	15,947,173	14,866,779	1,080,394	
Detail:					
Salaries and Wages	8,849,346	8,838,896	8,670,236	168,660	
Other Expenses (Including Contingent)	7,098,427	7,108,277	6,196,543	911,734	

See Accompanying Notes

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
Year Ended December 31, 2011

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>		<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
<u>Deferred Charges and Statutory Expenditures Within "CAPS"</u>					
Statutory Expenditures:					
Contribution to:					
Public Employees' Retirement System of N.J.	\$441,816	\$441,816	\$441,816		
Social Security System (O.A.S.I.)	414,800	414,800	406,660	\$8,140	
Police and Firemen's Retirement System of N.J.	936,800	936,800	936,800		
Defined Contribution Retirement Program	3,500	4,100	4,100		
Early Retirement Incentive Program	27,882	27,882	27,882		
Unemployment Compensation					
Insurance	10,500	10,500	10,500		
Total Deferred Charges and Statutory Expenditures Within "CAPS"	1,835,298	1,835,898	1,827,758	8,140	
Total General Appropriations for Municipal Purposes Within "CAPS"	17,783,071	17,783,071	16,694,537	1,088,534	

See Accompanying Notes

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
Year Ended December 31, 2011

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>		<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
<u>Operations Excluded from "CAPS"</u>					
Aid to Privately Owned Library 40:54-35:					
Salaries and Wages	\$58,900	\$58,900	\$43,909	\$14,991	
Other Expenses	9,404	9,404	2,057	7,347	
Telephone	2,500	2,500		2,500	
9-1-1 System (40A:4-45.3cc)					
Other Expenses	15,500	15,500		15,500	
Tax Appeal Reserve	50,000	50,000	50,000		
State Recycling Tax (C.311, P.L. 2007)	14,800	14,800	12,221	2,579	
Employee Group Health Insurance	73,567	73,567	73,567		
NJDEP/Storm Water Mgt. (40A:4-45.3cc)	20,000	20,000	3,000	17,000	
Length of Service Award Program - Fire	37,000	37,000		37,000	
Length of Service Award Program - First Aid	16,000	16,000		16,000	
Total Other Operations Excluded from "CAPS"	297,671	297,671	184,754	112,917	

See Accompanying Notes

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
Year Ended December 31, 2011

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>		<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
<u>Operations Excluded from "CAPS"</u>					
Shared Service Agreements:					
Mechanical Garage - Eatontown					
Board of Education:					
Salaries and Wages	\$4,000	\$4,000	\$4,000		
Public and Private Programs Offset by Revenues:					
Handicapped Person's Recreational					
Opportunities Fund	12,000	12,000	12,000		
Clean Communities Program	23,786	23,786	23,786		
Inspection of Buildings:					
Salaries and Wages	3,500	3,500	3,500		
Safe and Secure Communities Program	90,000	90,000	90,000		
Trails Program	30,000	30,000	30,000		
Municipal Alliance on Alcoholism					
and Drug Abuse	32,478	32,478	32,478		
Drunk Driving Enforcement (40A:4-87, \$3,915+)		3,915	3,915		
Body Armor Fund (40A:4-87, \$3,653+)		3,653	3,653		
Click It or Ticket (40A:4-87, \$4,000+)		4,000	4,000		
Bulletproof Vest (40A:4-87, \$2,860+)		2,860	2,860		
Sustainable Jersey Small					
Program (40A:4-87, \$1,000+)		1,000	1,000		

See Accompanying Notes

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
Year Ended December 31, 2011

	<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):					
Matching Funds for Grants	\$5,000	\$5,000		\$5,000	
Total Public and Private Programs Offset by Revenues	196,764	212,192	\$207,192	5,000	
Total Operations Excluded from "CAPS"	498,435	513,863	395,946	117,917	
Detail:					
Salaries and Wages	66,400	66,400	51,409	14,991	
Other Expenses	432,035	447,463	344,537	102,926	

See Accompanying Notes

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
Year Ended December 31, 2011

	<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	\$30,000	\$30,000	\$30,000		
<u>Municipal Debt Service Excluded from "CAPS"</u>					
Payment of Bond Principal	654,000	654,000	654,000		\$986
Interest on Bonds	332,500	332,500	331,514		374
Interest on Notes	52,500	52,500	52,126		24
Loan Repayments for Principal and Interest	63,345	63,345	63,321		
Capital Lease Obligations					
Principal	538,000	538,000	538,000		
Interest	107,400	107,400	105,920		1,480
Total Municipal Debt Service Excluded from "CAPS"	1,747,745	1,747,745	1,744,881		2,864

See Accompanying Notes

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
Year Ended December 31, 2011

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>		<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
<u>Deferred Charges Excluded from "CAPS"</u>					
Deferred Charges:					
Special Emergency Authorizations	\$30,660	\$30,660	\$30,660		
Unfunded Improvement Authorization	75,000	75,000	75,000		
Total Deferred Charges Excluded from "CAPS"	105,660	105,660	105,660		
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	2,381,840	2,397,268	2,276,487	\$117,917	\$2,864
Subtotal General Appropriations	20,164,911	20,180,339	18,971,024	1,206,451	2,864
Reserve for Uncollected Taxes	1,861,480	1,861,480	1,861,480		
Total General Appropriations	\$22,026,391	\$22,041,819	\$20,832,504	\$1,206,451	\$2,864
<u>Ref.</u>	A-2		A-1	A:A-1	
Budget		\$22,026,391			
Appropriation by 40A:4-87		15,428			
		<u>\$22,041,819</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, 2011

	<u>Ref.</u>	<u>Paid or Charged</u>
Reserve for Uncollected Taxes	A-2	\$1,861,480
Disbursed	A-4	18,564,444
Reserve for Encumbrances	A-12	122,228
Reserve for Grants Appropriated	A-14	203,692
Reserve for Tax Appeals		50,000
Special Emergency Authorization (40A:4-53)		30,660
		<u>\$20,832,504</u>

See Accompanying Notes

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

TRUST FUND
COMPARATIVE BALANCE SHEET
REGULATORY BASIS
December 31, 2011 and 2010

<u>Assets</u>	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
Assessment Fund:			
Cash and Cash Equivalents	B-2		\$43,364
Animal Control Fund:			
Cash and Cash Equivalents	B-2	\$25,204	21,524
Other Trust Fund:			
Cash and Cash Equivalents	B-2	2,806,390	3,102,425
Due from Current Fund			5,098
		<u>2,806,390</u>	<u>3,107,523</u>
Length of Service Award Program Fund: (LOSAP) - Unaudited			
Investments	B-5	<u>269,139</u>	<u>231,731</u>
		<u>\$3,100,733</u>	<u>\$3,404,142</u>

See Accompanying Notes

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

TRUST FUND
COMPARATIVE BALANCE SHEET
REGULATORY BASIS
December 31, 2011 and 2010

	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Assessment Fund:			
Due to Current Fund			\$28
Fund Balance	B-1		43,336
			<u>43,364</u>
Animal Control Fund:			
Due to State of New Jersey		\$173	193
Reserve for Animal Control Fund Expenditures	B-3	15,518	15,984
Due to Current Fund		6,048	1,690
Prepaid Licenses		3,465	3,657
		<u>25,204</u>	<u>21,524</u>
Other Trust Fund:			
Reserve for Other Trust Fund Deposits	B-4	2,792,093	3,101,416
Due to Current Fund		14,234	
Fund Balance	B-1	63	6,107
		<u>2,806,390</u>	<u>3,107,523</u>
Length of Service Award Program Fund:			
(LOSAP) - Unaudited			
Reserve for Length of Service Award Program Fund	B-6	269,139	231,731
		<u>\$3,100,733</u>	<u>\$3,404,142</u>

See Accompanying Notes

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

B-1

TRUST FUND
COMPARATIVE STATEMENT OF FUND BALANCES
REGULATORY BASIS
Years Ended December 31, 2011 and 2010

	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
Other Trust Fund:			
Balance, January 1	B	\$6,107	\$6,044
Increased by:			
Canceled Reserves		<u>-</u>	<u>63</u>
		6,107	6,107
Decreased by:			
Payment to Current Fund as			
Anticipated Revenue	B-2	<u>6,044</u>	<u>-</u>
Balance, December 31	B	<u><u>\$63</u></u>	<u><u>\$6,107</u></u>

	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
Assessment Fund:			
Balance, January 1	B	\$43,336	\$43,336
Decreased by:			
Payment to Current Fund as			
Anticipated Revenue	B-2	<u>43,336</u>	<u>-</u>
Balance, December 31	B	<u><u>-</u></u>	<u><u>\$43,336</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, 2011 and 2010

	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
<u>Assets</u>			
Cash and Cash Equivalents	C-2	\$8,494,701	\$4,590,720
Deferred Charges to Future Taxation:			
Funded	C-9	10,384,805	6,948,315
Unfunded			3,484,715
Leased Assets under Capital Lease		1,739,700	2,277,700
Other		1	1
		<u>\$20,619,207</u>	<u>\$17,301,451</u>
<u>Liabilities, Reserves and Fund Balance</u>			
General Serial Bonds	C-6	\$10,236,000	\$6,740,000
Green Trust Loans Payable	C-10	148,805	208,315
Bond Anticipation Notes	C-7	4,774,435	3,484,715
Improvement Authorizations:			
Funded	C-5	3,337,615	2,259,680
Unfunded	C-5		1,887,855
Lease Obligations Payable	C-8	1,739,700	2,277,700
Reserve for Payment of Bonds		362,500	287,500
Capital Improvement Fund	C-4	5,184	43,064
Due to Current Fund		342	35
Fund Balance	C-1	14,626	112,587
		<u>\$20,619,207</u>	<u>\$17,301,451</u>

There were no bonds and notes authorized but not issued on December 31, 2011 and December 31, 2010.

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, 2011 and 2010

	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
Balance, January 1	C	\$112,587	\$91,156
Increased by:			
Premium on Serial Bonds Issued	C-2	14,001	-
Premium on Notes Issued	C-2	<u>625</u>	<u>21,431</u>
		127,213	112,587
Decreased by:			
Payment to Current Fund as Anticipated Revenue	C-2	<u>112,587</u>	<u>-</u>
Balance, December 31	C	<u><u>\$14,626</u></u>	<u><u>\$112,587</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, 2011 and 2010

	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
<u>Assets</u>			
General Fixed Assets:			
Land, Buildings and Improvements		\$11,102,637	\$11,045,881
Machinery and Equipment		<u>9,819,414</u>	<u>9,495,025</u>
Total General Fixed Assets		<u>\$20,922,051</u>	<u>\$20,540,906</u>
<u>Liabilities and Reserves</u>			
Investment in General Fixed Assets	D-1	<u>\$20,922,051</u>	<u>\$20,540,906</u>

See Accompanying Notes

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

PAYROLL FUND
COMPARATIVE BALANCE SHEET
REGULATORY BASIS
December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
<u>Assets</u>		
Cash and Cash Equivalents	<u>\$1,979</u>	<u>\$2,470</u>
<u>Reserves</u>		
Reserve for Expenditures	<u>\$1,979</u>	<u>\$2,470</u>

See Accompanying Notes

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

The Governmental Accounting Standards Board ("GASB") established criteria to be used to determine if component units should be included in the financial statements of the oversight entity. These criteria differ from the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") requirements where certain boards, commissions, and agencies of the Borough, by statute or other directive, report separately on their financial statements.

B. Description of Funds

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

The accounting policies of the Borough conform to the accounting principles and practices prescribed by the Division. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Borough accounts for its financial transactions through the following separate funds which differ from the fund structure required by GAAP.

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Description of Funds (continued)

Payroll Fund - used to record payroll related transactions.

Assessment Fund - used to record transactions relative to the financing of local improvements deemed to benefit the properties against which assessments are levied.

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

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

General Capital Fund - used to record resources, including federal and state grants in aid of construction, and expenditures for the acquisition of general capital facilities, other than those acquired through the Current Fund, including the status of bonds and notes authorized for said purposes.

General Fixed Assets Account Group - used to record fixed assets utilized in general government operations.

C. Basis of Accounting

The accounting principles and practices prescribed for municipalities by the Division differ in certain respects from GAAP applicable to local governmental units. A modified accrual basis of accounting is followed with minor exceptions. The more significant differences are as follows:

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Accounting (continued)

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

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

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

Compensated Absences - Expenditures relating to obligations for unused vested accumulated vacation and sick pay are not recorded until paid. GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the Current Fund and the remaining obligations be recorded as a long-term obligation.

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Accounting (continued)

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

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

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

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

D. Financial Statements

The GASB Codification also defines the financial statements of a governmental unit to be presented in general purpose financial statements in accordance with GAAP. The Borough presents its financial statements, as listed in the table of contents, as required by the Division, which differ from the financial statements required by GAAP. In addition, the Division requires the financial statements to be referenced to the supplementary schedules. This practice differs from GAAP.

E. Budgets and Budgetary Accounting

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

F. Reclassification

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

2. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

Deposits

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

The Governmental Unit Deposit Protection Act ("GUDPA") requires public depositories to maintain collateral for deposit of public funds that exceed insurance limits. GUDPA requires that the market value of the collateral must equal five percent of the average daily balance of public funds; or if the public funds deposited exceed seventy five percent of the capital funds of the depository, the depository must provide collateral having a market value equal to one hundred percent of the amount exceeding seventy five percent. All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

Custodial Credit Risk - The custodial credit risk for deposits is the risk that in the event of a bank failure, a government's deposits may not be returned to it. Although the Borough does not have a formal deposit policy for custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of GUDPA. Public funds owned by the municipality in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds, or funds that may pass to the municipality relative to the happening of a future condition. As of December 31, 2011 and 2010 the Borough's bank balances were exposed to custodial credit risk as follows:

	<u>December 31, 2011</u>	<u>December 31, 2010</u>
Uninsured and Uncollateralized	\$1,644,845	\$1,861,621
Uninsured and Collateralized with Securities Held by Pledging Financial Institutions	<u>10,065,843</u>	<u>5,684,911</u>
	<u>\$11,710,688</u>	<u>\$7,546,532</u>

2. CASH AND CASH EQUIVALENTS AND INVESTMENTS (continued)

Deposits (continued)

In addition, as of December 31, 2011 and 2010, the Borough had \$4,177,785 and \$4,173,259, 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.

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.

2. CASH AND CASH EQUIVALENTS AND INVESTMENTS (continued)

Investments (continued)

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.

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, 2011 and 2010 were \$269,139 and \$231,731, respectively.

Credit Risk - State law limits investments as described in prior sections of this note to the financial statements. As of December 31, 2011 and 2010 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.

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</u>	<u>Balance Dec. 31, 2011</u>
General Improvement	12/1/95	\$2,075,000	5.45-5.50%	\$460,000
General Improvement	12/4/02	1,553,000	5.00%	869,000
General Improvement	12/29/05	1,327,000	4.00-5.00%	750,000
General Improvement	12/4/08	4,549,000	4.00-5.25%	4,007,000
General Improvement	12/29/11	4,150,000	2.00-5.00%	4,150,000
				<u>\$10,236,000</u>

Long-term bonded debt service requirements are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$890,000	\$474,840	\$1,364,840
2013	915,000	455,092	1,370,092
2014	954,000	412,144	1,366,144
2015	832,000	367,294	1,199,294
2016	870,000	325,694	1,195,694
2017-2021	4,120,000	1,013,194	5,133,194
2022-2026	1,655,000	259,581	1,914,581
	<u>\$10,236,000</u>	<u>\$3,307,839</u>	<u>\$13,543,839</u>

3. DEBT (continued)

Long-Term Debt (continued)

Green Trust Loans

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

Purpose	Year of Issue	Original Loan	Interest Rate	Balance Dec. 31, 2011
Eighty Acre Park Development	1994	\$150,000	2.00%	\$27,029
Wampum Lake Additions	1994	675,820	2.00%	121,776
				<u>\$148,805</u>

Green Trust Loans debt service requirements are as follows:

Year	Principal	Interest	Total
2012	\$48,618	\$2,734	\$51,352
2013	49,595	1,757	51,352
2014	50,592	760	51,352
	<u>\$148,805</u>	<u>\$5,251</u>	<u>\$154,056</u>

Long-term debt transactions for the years ended December 31, 2011 and 2010 are summarized as follows:

	Balance Dec. 31, 2010	Additions	Deductions	Balance Dec. 31, 2011
General Capital Fund:				
General Serial Bonds	\$6,740,000	\$4,150,000	\$654,000	\$10,236,000
Green Trust Loans	208,315		59,510	148,805
	<u>\$6,948,315</u>	<u>\$4,150,000</u>	<u>\$713,510</u>	<u>\$10,384,805</u>
	Balance Dec. 31, 2009	Additions	Deductions	Balance Dec. 31, 2010
General Capital Fund:				
General Serial Bonds	\$7,375,000		\$635,000	\$6,740,000
Green Trust Loans	278,385		70,070	208,315
Assessment Fund:				
Assessment Serial Bonds	75,000		75,000	
	<u>\$7,728,385</u>	<u>-</u>	<u>\$780,070</u>	<u>\$6,948,315</u>

3. DEBT (continued)

Short-Term Debt

At December 31, 2011 and 2010 the Borough's outstanding bond anticipation notes were as follows:

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

<u>Purpose</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2010</u>
Various Improvements	10/21/10	10/20/11	1.50%	\$3,484,715

Bond anticipation note transactions for the years ended December 31, 2011 and 2010 are summarized as follows:

	<u>Balance Dec. 31, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance Dec. 31, 2011</u>
General Capital Fund: Bond Anticipation Notes	<u>\$3,484,715</u>	<u>\$4,774,435</u>	<u>\$3,484,715</u>	<u>\$4,774,435</u>

	<u>Balance Dec. 31, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance Dec. 31, 2010</u>
General Capital Fund: Bond Anticipation Notes	<u>\$2,350,965</u>	<u>\$3,484,715</u>	<u>\$2,350,965</u>	<u>\$3,484,715</u>

4. FUND BALANCES APPROPRIATED

Fund balances at December 31, 2011 and 2010, which were appropriated and included as anticipated revenue in the current fund budget for the years ended December 31, 2012 and 2011 were as follows:

For the year ended December 31, 2012,

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

For the year ended December 31, 2011,

Current Fund	\$2,900,000
General Capital Fund	112,587
Assessment Fund	43,336
Other Trust Fund	6,044

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>2011</u>	<u>2010</u>
Prepaid Taxes	\$139,225	\$98,055

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, 2011 and 2010 as follows:

	<u>Local District School Tax</u>		<u>Regional High School Tax</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Balance of Tax	\$7,260,500	\$6,930,578	\$4,298,066	\$4,381,807
Deferred	7,203,043	6,930,577	4,298,065	4,381,806
Tax Payable	<u>\$57,457</u>	<u>\$1</u>	<u>\$1</u>	<u>\$1</u>

7. ASSESSMENT AND COLLECTION OF PROPERTY TAXES

New Jersey statutes require that taxable valuation of real property be prepared by the local unit tax assessor as of October 1 in each year and filed with the County Board of Taxation by January 10 of the following year. Upon the filing of certified adopted budgets by the Borough, School Districts and County, the tax rate is struck by the County Tax Board based on the certified amounts in each of the taxing districts for collection to fund the budgets. Pursuant to statute, this process is to be completed on or before May 3, with a completed duplicate of the tax rolls to be delivered to the Borough tax collector on or before May 13. New Jersey statutes require that each local unit provide for sufficient anticipated cash receipts equal to the "lawful yearly expenditure" which includes the total amount of property taxes to be raised by the local unit.

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

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

8. LEASE OBLIGATIONS PAYABLE

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

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

Purpose	Date of Issue	Original Issue	Interest Rates	Balance Dec. 31, 2011
Capital Equipment	8/1/03	\$944,500	3.65%-5.00%	\$198,600
Capital Equipment	8/18/05	1,846,000	5.00%	831,900
Capital Equipment	10/4/07	1,131,900	5.00%	709,200
				<u>\$1,739,700</u>

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

Year	General Capital Fund		
	Principal	Interest	Total
2012	\$408,700	\$85,669	\$494,369
2013	410,800	66,550	477,350
2014	325,100	46,010	371,110
2015	341,300	29,755	371,055
2016	123,800	12,690	136,490
2017	130,000	6,500	136,500
	<u>\$1,739,700</u>	<u>\$247,174</u>	<u>\$1,986,874</u>

9. 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.

10. 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, 2011 and 2010 were \$947,870 and \$1,037,078, 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.

11. FIXED ASSETS

Fixed assets activity for the years ended December 31, 2011 and 2010 was as follows:

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

	Balance Dec. 31, 2009	Additions	Dispositions	Balance Dec. 31, 2010
Land, Buildings and Improvements	\$10,691,036	\$354,845		\$11,045,881
Machinery and Equipment	8,511,686	1,064,266	\$80,927	9,495,025
	<u>\$19,202,722</u>	<u>\$1,419,111</u>	<u>\$80,927</u>	<u>\$20,540,906</u>

12. 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.

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 five and one-half percent (5.50%) of base wages through September 30, 2011. Effective October 1, 2011 PERS employee contributions were six and one-half percent (6.50%) of base wages. PERS prosecutor employee contributions were eight and one-half percent (8.50%) of base wages through September 30, 2011. Effective October 1, 2011 prosecutor PERS employee contributions were ten percent (10.00%) of base wages. PFRS employee contributions were eight and one-half percent (8.50%) of base wages through September 30, 2011. Effective October 1, 2011 PFRS employee contributions were ten percent (10.00%) of base wages. The Division of Pensions and Benefits actuarially determines employer's contributions annually. Contributions to the plans for the past three years were as follows:

<u>PERS</u>		<u>PFRS</u>	
<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2011	\$441,816	2011	\$936,800
2010	370,536	2010	903,419
2009	321,127	2009	839,540

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

Defined Contribution Retirement Program

The Defined Contribution Retirement Program ("DCRP") is a cost-sharing multiple employer defined contribution pension fund which was established in 2007 under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007. DCRP provides eligible members with a tax sheltered, defined contribution retirement benefit, along with life insurance and disability coverage.

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

14. DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

At December 31, 2011 the following deferred charge was reflected on the balance sheet of the current fund:

	Balance Dec. 31, 2011	2012 Budget Appropriation	Balance to Succeeding Budgets
Special Emergency Authorization (40A:4-53)	\$91,980	\$30,660	\$61,320

The appropriation in the 2012 budget is not less than required by statute.

15. INTERFUND BALANCES

The balances of interfund receivables and payables at December 31, 2011 and 2010 are presented below:

	December 31, 2011	December 31, 2010
<u>Receivables</u>		
Current Fund	\$135,343	\$16,366
Other Trust Fund		5,098
	<u>\$135,343</u>	<u>\$21,464</u>
<u>Payables</u>		
Current Fund		\$5,098
General Capital Fund	\$342	35
Animal Control Fund	6,048	1,690
Other Trust Fund	14,234	
Assessment Fund		28
Federal and State Grant Fund	114,719	14,613
	<u>\$135,343</u>	<u>\$21,464</u>

16. 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.

17. 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, 2011 and 2010 were \$35,404 and \$21,758, respectively.

18. POSTEMPLOYMENT BENEFITS

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

Plan Description

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

Funding Policy

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

Annual OPEB Cost and Net OPEB Obligation

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

January 1, 2011 Net OPEB Obligation	\$8,556,464
Plus: Annual OPEB Cost	<u>4,677,120</u>
	13,233,584
Less: Borough contributions	<u>(1,068,752)</u>
December 31, 2011 Net OPEB Obligation	<u><u>\$12,164,832</u></u> *

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

18. POSTEMPLOYMENT BENEFITS (continued)

Funding Status and Funding Progress

The funded status of the Fund was as follows:

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

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

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

Actuarial Methods and Assumptions

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

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

19. LENGTH OF SERVICE AWARD PROGRAM

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

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

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

20. COMMITMENTS AND CONTINGENCIES

Grant Financial Assistance

The Borough receives certain financial assistance in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the financial assistance agreements and applicable regulations, including the expenditure of the funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by grantors. As a result of these audits, costs previously reimbursed could be disallowed and require repayment to the grantor agency. The Borough's administration anticipates that no material liabilities will result from such audits.

Legal Proceedings

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

21. SUBSEQUENT EVENTS

In May 2012 the Borough refunded \$1,224,000 of outstanding bonds and authorized issuance of refunding bonds of \$1,180,000.

In June 2012 the Borough adopted an ordinance to authorize the issuance of bonds and notes of \$1,047,850 for various improvements.

On July 25, 2012 the Borough introduced and passed an ordinance to authorize the issuance of bonds and notes of \$807,500 for the acquisition of a fire truck. A public hearing and a second reading for final adoption of the proposed ordinance is expected to take place on August 22, 2012.

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

PART II

SUPPLEMENTARY SCHEDULES

YEAR ENDED DECEMBER 31, 2011

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
SCHEDULE OF CASH - TREASURER
Year Ended December 31, 2011

Balance, December 31, 2010	<u>Ref.</u> A		\$5,242,926
Increased by Receipts:			
Collector	A-5	\$44,586,691	
Revenue Accounts Receivable	A-8	3,790,089	
State of New Jersey (PL 1971, Ch.20)		108,605	
Miscellaneous Revenue Not Anticipated	A-2	713,585	
Reserve for Monmouth County Improvement Authority		61,476	
Prepaid Licenses		22,560	
Grants Receivable	A-13	393,881	
Amount Due from Animal Control Fund	A-1	6,048	
Reserves for:			
Marriage License Fees		2,175	
Training Fees		25,489	
Interfunds Returned		<u>6,704,384</u>	
			<u>56,414,983</u>
			61,657,909
Decreased by Disbursements:			
Budget Appropriations	A-3	18,564,444	
Reserve for Encumbrances	A-12	165,024	
Appropriation Reserves	A-9	363,472	
Local District School Tax	A-10	14,076,164	
Regional High School Tax	A-11	8,679,870	
Appropriated Reserves	A-14	464,226	
County Taxes		6,722,798	
Refund of Tax Overpayments		2,617	
Reserve for Monmouth County Improvement Authority		61,476	
Interfunds Advanced		6,728,353	
Due from State of New Jersey		442	
Due to Eatontown Sewerage Authority		16,587	
Operations - Refunds	A-1	212	
Reserves for:			
Training Fees		25,238	
Marriage Licenses		2,525	
Revaluation		4,494	
Reassessment		35,670	
Tax Appeals		<u>3,922</u>	
			<u>55,917,534</u>
Balance, December 31, 2011	A		<u><u>\$5,740,375</u></u>

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
SCHEDULE OF CURRENT CASH - COLLECTOR
Year Ended December 31, 2011

	<u>Ref.</u>		
Increased by Receipts:			
Taxes Receivable	A-6	\$44,061,262	
Prepaid Taxes		139,225	
Revenue Accounts Receivable -			
Interest and Costs on Taxes	A-8	245,101	
Tax Title Liens	A-7	91,809	
Tax Overpayments		32,707	
Due to Eatontown Sewerage Authority		<u>16,587</u>	
			<u><u>\$44,586,691</u></u>
Decreased by Disbursements:			
Payment to Treasurer - Current Fund	A-4		<u><u>\$44,586,691</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, 2011

<u>Year</u>	<u>Balance Dec. 31, 2010</u>	<u>Collection by Cash</u>		<u>Senior Citizens and Veterans Deductions</u>	<u>Canceled and Adjustments</u>	<u>Overpayments Applied</u>	<u>Transferred to Tax Title Liens</u>	<u>Balance Dec. 31, 2011</u>
		<u>2010</u>	<u>2011</u>					
Prior	\$32,328		\$969,911					\$32,328
2010	979,015		969,911					9,104
	1,011,343							41,432
2011		\$44,194,126	\$98,055	\$105,186	\$250,011	\$32,707	\$5,311	611,505
		<u>\$44,194,126</u>	<u>\$98,055</u>	<u>\$105,186</u>	<u>\$250,011</u>	<u>\$32,707</u>	<u>\$5,311</u>	<u>\$652,937</u>
<u>Ref.</u>	A		A-5				A-7	A

Analysis of 2011 Property Tax Levy

Tax Yield:	
General Purpose Tax	\$44,143,944
Added Taxes (54:4-63.1 Et Seq.)	50,035
Omitted Taxes (54:4-63.12 Et Seq.)	147
	<u>\$44,194,126</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, 2011

Analysis of 2011 Property Tax Levy (continued)

	<u>Ref.</u>	
Tax Levy:		
Regional High School Tax	A-11	\$8,596,129
Local District School Tax	A-10	14,406,086
County Taxes:		
County Tax		6,007,557
County Library Tax		342,541
County Open Space Tax		360,827
Due to County for Added and Omitted Taxes		7,632
Total County Taxes		<u>6,718,557</u>
Local Tax for Municipal Purposes	A-2	14,423,337
Add: Additional Tax Levied		<u>50,017</u>
Local Tax for Municipal Purposes Levied		<u>14,473,354</u>
		<u><u>\$44,194,126</u></u>

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
SCHEDULE OF TAX TITLE LIENS
Year Ended December 31, 2011

	<u>Ref.</u>		
Balance, December 31, 2010	A		\$154,755
Increased by:			
Transfers from Taxes Receivable	A-6	\$5,311	
Interest and Costs Accrued by Sale of June 7, 2011		<u>275</u>	
			<u>5,586</u>
			160,341
Decreased by:			
Cash Receipts	A-5		<u>91,809</u>
Balance, December 31, 2011	A		<u><u>\$68,532</u></u>

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE
Year Ended December 31, 2011

	<u>Ref.</u>	<u>Balance Dec. 31, 2010</u>	<u>Accrued in 2011</u>	<u>Realized / Collected</u>	<u>Balance Dec. 31, 2011</u>
Alcoholic Beverage Licenses	A-2		\$38,688	\$38,688	
Other Licenses	A-2		18,103	18,103	
Fees and Permits	A-2		280,474	280,474	
Municipal Court Fines and Costs	A-2	\$47,100	484,575	494,706	\$36,969
Interest and Costs on Taxes	A-2		245,101	245,101	
Interest on Investments	A-2		11,571	11,571	
Consolidated Municipal Property					
Tax Relief Act	A-2		158,020	158,020	
Energy Receipts Tax	A-2		1,306,595	1,306,595	
Reserve for Garden State					
Preservation Trust Fund	A-2		2	2	
Uniform Construction Code Fees	A-2		343,361	343,361	
Mechanical Garage - Eatontown Board of					
Education	A-2		6,772	6,772	
Cooperative Housing Inspection Grant	A-2		6,589	6,589	
Senior Citizen Housing (In Lieu of Taxes)	A-2		141,300	141,300	
Borough Community Center Programs	A-2		238,711	238,711	
Uniform Fire Safety Act	A-2		65,018	65,018	
General Capital Fund Surplus	A-2		112,587	112,587	
Other Trust Fund Surplus	A-2		6,044	6,044	
Hotel Tax	A-2		273,960	273,960	
Cell Tower Agreements	A-2		264,952	264,952	
Assessment Fund Surplus	A-2		43,336	43,336	
		<u>\$47,100</u>	<u>\$4,045,759</u>	<u>\$4,055,890</u>	<u>\$36,969</u>
	<u>Ref.</u>	A			A
Collected by:					
Treasurer	A-4			\$3,790,089	
Tax Collector:					
Interest and Costs on Taxes	A-5			245,101	
Prepaid Revenue Realized				20,700	
				<u>\$4,055,890</u>	

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES
Year Ended December 31, 2011

	<u>Balance</u> <u>Dec. 31, 2010</u>	<u>Reserve</u> <u>for</u> <u>Encumbrances</u>	<u>Balance</u> <u>After</u> <u>Transfers</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
Salaries and Wages:					
Administrative and Executive	\$14,017		\$6,017		\$6,017
Mayor and Council	961		961		961
Elections	59		59		59
Municipal Clerk	3,957		3,957		3,957
Information Technology	7		7		7
Purchasing	250		250		250
Financial Administration	417		417		417
Assessment of Taxes	2,605		2,605		2,605
Collection of Taxes	668		668		668
Public Buildings and Grounds	259		3,759	\$3,261	498
Planning Board	136		136		136
Board of Adjustment	769		769	479	290
Zoning Officer	3,721		3,721	3,721	
Environmental Program	800		800		800
Uniform Fire Safety Act	4,423		4,423		4,423
Police	24,465		28,965	20,217	8,748
Road Repair and Maintenance	6,706		35,006	26,691	8,315
Municipal Court	32,248		32,248		32,248
Maintaining of Borough					
Equipment	431		431		431
Recycling - Contractual	4,617		17		17
Housing Inspection	865		865		865
Parks	23,985		285		285
Recreation	1,789	\$53	1,842		1,842
Borough Community Center	24,650		24,650	164	24,486
Senior Citizens Programs	1,755		1,755		1,755
Inspection of Buildings	2,294		2,294		2,294
Aid to Privately Owned Library	2,620		2,620		2,620
Uniform Fire Safety Act - Oceanport	96		96		96
Other Expenses:					
Administrative and Executive	1,109		1,109	395	714
Labor Attorney	8,584		8,584	1,934	6,650
Mayor and Council	60		60		60
Advertising	3,628		3,628	223	3,405
Elections	2,401		2,401		2,401

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES
Year Ended December 31, 2011

	<u>Balance</u> <u>Dec. 31, 2010</u>	<u>Reserve</u> <u>for</u> <u>Encumbrances</u>	<u>Balance</u> <u>After</u> <u>Transfers</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
Other Expenses (continued):					
Municipal Clerk	\$602	\$30	\$632		\$632
Information Technology	12,240		12,240	\$666	11,574
Purchasing	2,050		2,050	1,297	753
Financial Administration	10,709		10,709	8,836	1,873
Bond Registration Fees	12		12		12
Audit Services	33,245		33,245	31,700	1,545
Assessment of Taxes	1,994		1,994	320	1,674
Collection of Taxes	129	33	162		162
Legal Services and Costs	57,274		57,274	31,800	25,474
Special Counsel	38,417		38,417	24,578	13,839
Engineering Services and Costs:					
Miscellaneous Other Expenses	1,589		13,189	11,929	1,260
Public Buildings and Grounds	2,138	1,978	4,116		4,116
Planning Board	6,873	80	6,953		6,953
Board of Adjustment	2,744		2,744	2,744	
Zoning Officer	1,251		1,251	10	1,241
Shade Tree Commission	1,518	58	1,576		1,576
Environmental Program	453	32	485		485
Gypsy Moth Program	100		100		100
Fire:					
Fire Hydrant Service	15,610		15,610	10,390	5,220
Miscellaneous Other Expenses	7,897		7,897	2,577	5,320
Group Insurance	93,258	160,625	253,883		253,883
Insurance	11,329	69	11,398		11,398
Workman's Compensation Insurance	1,074		1,074		1,074
Uniform Fire Safety Act	2,485		2,485	316	2,169
Police	28,298		28,298	26,913	1,385
First Aid	1,593		1,593	1,281	312
Demolition of Structures	1,000		1,000		1,000
Emergency Management Services	1,283		1,283	375	908
Road Repair and Maintenance	11,518		11,518	8,389	3,129
Municipal Court	1,380		1,380	548	832
Maintaining of Borough Equipment	11,840		11,840	10,330	1,510
Street Lighting	23,925		21,425	11,127	10,298

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES
Year Ended December 31, 2011

	<u>Balance</u> <u>Dec. 31, 2010</u>	<u>Reserve</u> <u>for</u> <u>Encumbrances</u>	<u>Balance</u> <u>After</u> <u>Transfers</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
Other Expenses (continued):					
Monmouth County					
Reclamation Fees	\$70,597		\$70,597	\$20,520	\$50,077
Recycling	69,557		57,957	100	57,857
Sanitation - Apartment Collection	19,089		19,089		19,089
Monmouth County Reg. Health Com.	270		270		270
Administration of Public Assistance	1,750		1,750		1,750
Relocation	1,500		1,500		1,500
Housing Inspection	573		573		573
Parks	9,837	\$716	10,553		10,553
Recreation	10,707	901	11,608		11,608
Celebration of Public Events	9,059		9,059		9,059
Community Center	7,985	336	8,321		8,321
Youth Committee	237		237		237
Tenant's Rights Committee	1,000		1,000		1,000
Senior Citizen's Program	4,793	15	4,808		4,808
Inspection of Buildings	3,306	7	3,313		3,313
Fuel for Motor Vehicles	41,897		41,897	24,045	17,852
Business Advisory Committee	1,000		1,000		1,000
Employee Sick Time Buy - Back	19,535		19,535	8,437	11,098
Electricity	7,812		10,312	6,893	3,419
Telephone	20,431		20,431	796	19,635
Water	2,452		2,452	581	1,871
Natural Gas	26,942		26,942	13,264	13,678
Contingent	1,558		1,558		1,558
Social Security System (O.A.S.I.)	8,107		8,107		8,107
Defined Contribution Retirement					
Program	1,076		1,076		1,076
Aid to Privately Owned Library	1,977	266	2,243		2,243
9-1-1 Systems	9,418		9,418		9,418
State Recycling Tax	1,068		1,068	775	293
NJDEP/Storm Water Mgt.	26,783		26,783		26,783
Length of Service Award Program -					
Fire	33,000		33,000	33,000	
Length of Service Award Program -					
First Aid	12,000		12,000	11,850	150
Matching Funds for Grants	5,000		5,000		5,000
	<u>\$991,496</u>	<u>\$165,199</u>	<u>\$1,156,695</u>	<u>\$363,472</u>	<u>\$793,223</u>

Ref.

A

A-12

A-4

A-1

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
SCHEDULE OF LOCAL DISTRICT SCHOOL TAX PAYABLE
Year Ended December 31, 2011

	<u>Ref.</u>		
Balance, December 31, 2010:			
School Tax Payable	A	\$1	
School Tax Deferred		<u>6,930,577</u>	
			\$6,930,578
Increased by:			
Levy - School Year July 1, 2011 to June 30, 2012	A-6		<u>14,406,086</u>
			21,336,664
Decreased by:			
Payments	A-4		<u>14,076,164</u>
Balance, December 31, 2011:			
School Tax Payable	A	57,457	
School Tax Deferred		<u>7,203,043</u>	
			<u><u>\$7,260,500</u></u>
<u>2011 Liability for Local District School Tax:</u>			
Tax Paid	A-10	\$14,076,164	
Taxes Payable, December 31, 2011	A-10	<u>57,457</u>	
			\$14,133,621
Less: Taxes Payable, December 31, 2010	A-10		<u>1</u>
Amount Charged to 2011 Operations	A-1		<u><u>\$14,133,620</u></u>

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
SCHEDULE OF REGIONAL HIGH SCHOOL TAX PAYABLE
Year Ended December 31, 2011

	<u>Ref.</u>		
Balance, December 31, 2010:			
School Tax Payable	A	\$1	
School Tax Deferred		<u>4,381,806</u>	
			\$4,381,807
Increased by:			
Levy - School Year July 1, 2011 to June 30, 2012	A-6	<u>8,596,129</u>	
			<u>12,977,936</u>
Decreased by:			
Payments	A-4	<u>8,679,870</u>	
Balance, December 31, 2011:			
School Tax Payable	A	1	
School Tax Deferred		<u>4,298,065</u>	
			<u>\$4,298,066</u>
<u>2011 Liability for Regional High School Tax:</u>			
Tax Paid and Charged to 2011 Operations	A-11:A-1	<u>\$8,679,870</u>	

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
SCHEDULE OF RESERVE FOR ENCUMBRANCES
Year Ended December 31, 2011

	<u>Ref.</u>		
Balance, December 31, 2010	A		\$330,223
Increased by:			
Transferred from 2011 Appropriations	A-3		<div style="display: flex; justify-content: flex-end;"> <div style="text-align: right; margin-right: 10px;">122,228</div> <div style="border-top: 1px solid black; width: 50px;"></div> </div>
			452,451
Decreased by:			
Cash Disbursed	A-4	\$165,024	
Transfer to Appropriation Reserves	A-9	<div style="display: flex; justify-content: flex-end;"> <div style="text-align: right; margin-right: 10px;">165,199</div> <div style="border-top: 1px solid black; width: 50px;"></div> </div>	
			<div style="display: flex; justify-content: flex-end;"> <div style="text-align: right; margin-right: 10px;">330,223</div> <div style="border-top: 1px solid black; width: 50px;"></div> </div>
Balance, December 31, 2011	A		<div style="display: flex; justify-content: flex-end;"> <div style="text-align: right; margin-right: 10px;">\$122,228</div> <div style="border-top: 1px solid black; border-bottom: 3px double black; width: 50px;"></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, 2011

Grant	2011			Cashed	Balance
	Balance	Anticipated	Revenue	Receipts	Dec. 31, 2011
	Dec. 31, 2010				
Municipal Alliance on Alcoholism and Drug Abuse	\$18,928	\$25,983		\$36,798	\$8,113
Handicapped Recreation Opportunities Fund	2,156	10,000		10,657	1,499
New Jersey Transportation Trust Fund Trails Grant	270,422		\$38,647	151,352	80,423
Clean Communities Program		25,000	25,000		
Safe and Secure Communities Program		23,786	2,935	20,851	
Body Armor Fund	15,000	53,307		56,654	11,653
Bulletproof Vest Grant		3,653		3,653	
Drunk Driving Enforcement Fund		2,860		2,860	
Click It or Ticket		3,915		3,915	
Justice Assistance Grant	692	4,000		4,000	
Community Development Block Grant	3,720			692	
Software Project Grant	2,500		2,500	3,720	
CSIP - Tree Maintenance	7,000			7,000	
Cars - E Grant	116,989			90,729	26,260
Sustainable Jersey Small Program		1,000		1,000	
County of Monmouth - Open Space	175,000				175,000
	<u>\$612,407</u>	<u>\$153,504</u>	<u>\$69,082</u>	<u>\$393,881</u>	<u>\$302,948</u>
Ref.	A	A-2	A-1	A-4	A

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

FEDERAL AND STATE GRANT FUND
SCHEDULE OF APPROPRIATED RESERVES
Year Ended December 31, 2011

Grant	Balance Dec. 31, 2010	Transfer from 2011 Budget Appropriation	Canceled	Expended	Balance Dec. 31, 2011
Municipal Alcohol					
Education/Rehabilitation Program	\$4,613				\$4,613
Drunk Driving Enforcement	8,998	\$3,915		\$6,638	6,275
Comcast Technology	50,000				50,000
Stormwater Regulation	9,927		\$9,927		
Trails Program		30,000	30,000		
Firefighter's Grant	1		1		
New Jersey Transportation					
Trust Fund	266,049		106,049	106,103	53,897
Community Oriented Policing	349		349		
Handicapped Person's Recreational					
Opportunities Fund		12,000		12,000	
Clean Communities Program		23,786		23,786	
Body Armor Fund	4,015	3,653		1,430	6,238
Bulletproof Vest		2,860			2,860
Safe and Secure Communities					
Program		90,000		90,000	
Click It or Ticket		4,000		4,000	
Justice Assistance Grant	692			692	
Open Space	30,000				30,000
Municipal Alliance on Alcoholism and					
Drug Abuse	8,668	32,478	205	33,857	7,084
CSIP - Tree Maintenance	7,000			7,000	
Community Development Block Grant	3,720			3,720	
Software Project Grant	2,500		2,500		
Cars - E Grant	26,260				26,260
Sustainable Jersey Small Program		1,000			1,000
County of Monmouth - Open Space	175,000			175,000	
	<u>\$597,792</u>	<u>\$203,692</u>	<u>\$149,031</u>	<u>\$464,226</u>	<u>\$188,227</u>

Ref.

A

A-3

A-1

A-4

A

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

FEDERAL AND STATE GRANT FUND
SCHEDULE OF UNAPPROPRIATED RESERVES
December 31, 2011

<u>Grant</u>	<u>Balance Dec. 31, 2011 and 2010</u>
Clean Communities	\$1
Body Armor Fund	1
	<u>\$2</u>
	<u><u>\$2</u></u>

Ref.

A

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

TRUST FUND
SCHEDULE OF CASH - TREASURER
Year Ended December 31, 2011

	<u>Ref.</u>	<u>Assessment</u>	<u>Animal Control</u>	<u>Other</u>
Balance, December 31, 2010	B	<u>\$43,364</u>	<u>\$21,524</u>	<u>\$3,102,425</u>
Increased by Receipts:				
Due from Current Fund				19,524
2011 Budget Appropriation	B-3		2,500	
Dog License Fees	B-3		4,575	
State Dog License Fees			818	
Prepaid Licenses			2,637	
Various Deposits	B-4			1,224,049
		<u> </u>	<u>10,530</u>	<u>1,243,573</u>
Decreased by Disbursements:				
Due to Current Fund		28	1,690	192
State Dog License Fees			838	
Current Fund for Fund Balance -				
Anticipated Revenue	B-1	43,336		6,044
Expenditures Under				
R.S. 4:19-15.11	B-3		4,322	
Various Deposits	B-4			1,533,372
		<u>43,364</u>	<u>6,850</u>	<u>1,539,608</u>
Balance, December 31, 2011	B	<u>-</u>	<u>\$25,204</u>	<u>\$2,806,390</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, 2011

	<u>Ref.</u>		
Balance, December 31, 2010	B		\$15,984
Increased by:			
2011 Budget Appropriation	B-2	\$2,500	
Dog License Fees Collected in 2011	B-2	4,575	
Prepaid Revenue Realized		2,829	
		<u> </u>	<u>9,904</u>
			25,888
Decreased by:			
Expenditures Under R.S. 4:19-15.11:			
Cash	B-2	4,322	
Statutory Excess Due to Current Fund		6,048	
		<u> </u>	<u>10,370</u>
Balance, December 31, 2011	B		<u><u>\$15,518</u></u>

License Fees Collected:	<u>Year</u>	<u>Amount</u>
	2010	\$8,026
	2009	7,492
		<u><u>\$15,518</u></u>

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

TRUST FUND
SCHEDULE OF RESERVE FOR OTHER TRUST FUND DEPOSITS
Year Ended December 31, 2011

Purpose	Balance Dec. 31, 2010	Increased	Decreased	Balance Dec. 31, 2011
Developer's Escrow	\$847,109	\$99,833	\$260,005	\$686,937
Security Deposits	119,388	42		119,430
Law Enforcement	6,584	1,001	1,420	6,165
Unemployment	21,758	21,109	7,463	35,404
Agency	10,799	15,699	19,125	7,373
Municipal Alliance	3,834	210	979	3,065
Public Defender	13,871	10,845	7,000	17,716
Police Outside Employment	121,965	805,053	830,874	96,144
Recreation Contributions	17,942	7,662	9,455	16,149
Uniform Fire Safety Penalties	59,609	6,922		66,531
Premium on Tax Sale	30,400	183,500	103,000	110,900
POAA	3,075	426		3,501
Fire Contributions	4,922	5		4,927
Affordable Housing	1,674,152	13,185	276,405	1,410,932
Other Contributions	4,582			4,582
Accumulated Absences	115,000	10,000		125,000
Historical Museum Donations	4,945			4,945
Eatontown Economic Development Advisory Committee Donations	275			275
Recycling	40,469	48,557	16,909	72,117
Outside Liens	737		737	
	<u>\$3,101,416</u>	<u>\$1,224,049</u>	<u>\$1,533,372</u>	<u>\$2,792,093</u>
<u>Ref.</u>	B	B-2	B-2	B

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

TRUST FUND
SCHEDULE OF LENGTH OF SERVICE AWARD
PROGRAM FUND INVESTMENTS
Year Ended December 31, 2011

	<u>Ref.</u>		
Balance, December 31, 2010	B		\$231,731
Increased by:			
Borough Contributions	B-6	\$44,850	
Change in Market Value	B-6	<u>3,449</u>	
			<u>48,299</u>
			280,030
Decreased by:			
Distributions	B-6	9,208	
Administrative Charges	B-6	<u>1,683</u>	
			<u>10,891</u>
Balance, December 31, 2011	B		<u><u>\$269,139</u></u>

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

TRUST FUND
SCHEDULE OF RESERVE FOR LENGTH OF SERVICE AWARD
PROGRAM FUND
Year Ended December 31, 2011

	<u>Ref.</u>		
Balance, December 31, 2010	B		\$231,731
Increased by:			
Borough Contributions	B-5	\$44,850	
Change in Market Value	B-5	<u>3,449</u>	
			<u>48,299</u>
			280,030
Decreased by:			
Distributions	B-5	9,208	
Administrative Charges	B-5	<u>1,683</u>	
			<u>10,891</u>
Balance, December 31, 2011	B		<u><u>\$269,139</u></u>

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF CASH - TREASURER
Year Ended December 31, 2011

	<u>Ref.</u>		
Balance, December 31, 2010	C		\$4,590,720
Increased by Receipts:			
Budget Appropriations:			
Capital Improvement Fund	C-4	\$30,000	
Deferred Charges to Future Taxation Unfunded		75,000	
Due to Current Fund		4,885	
Premium on Notes Issued	C-1	625	
Premium on Serial Bonds Issued:			
Fund Balance	C-1	14,001	
Deferred Charges to Future Taxation Unfunded		624,435	
General Serial Bonds	C-6	4,150,000	
Bond Anticipation Notes	C-7	4,774,435	
		<u>9,673,381</u>	
			14,264,101
Decreased by Disbursements:			
Bond Anticipation Notes	C-7	3,484,715	
Due from Current Fund		4,578	
Capital Surplus to Current Fund	C-1	112,587	
Improvement Authorizations	C-5	2,167,520	
		<u>5,769,400</u>	
Balance, December 31, 2011	C		<u><u>\$8,494,701</u></u>

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

GENERAL CAPITAL FUND
ANALYSIS OF GENERAL CAPITAL FUND CASH
December 31, 2011

	<u>Balance</u> <u>Dec. 31, 2011</u>
Capital Improvement Fund	\$5,184
Miscellaneous	(1)
Due to Current Fund	342
Cash on Hand to pay Bond Anticipation Notes	4,774,435
Fund Balance	14,626
Reserve for Payment of Bonds	362,500

Improvement Authorizations:

<u>Ordinance</u>	<u>Improvement Description</u>	
<u>Number</u>		
10-2002	Various Improvements	11,195
11-2002	Various Capital Improvements	36,774
21-2002	Phase I Acquisition of Real Property	18,644
08-2003	Industrial Way Sidewalks	30,409
13-2003	Wall Street Sidewalks	15,708
20-2004	Various Improvements	100,134
11-2005	Various Capital Improvements	590,078
13-2006	Various Road Improvements	152,363
26-2006	Various Improvements	266,318
19-2007	Various Improvements	467,343
15-2008	Various Improvements	507,556
07-2009	Various Improvements	275,846
15-2010	Various General Improvements	240,619
07-2011	Acquisition of Various Pieces of Equipment and Completion of Various Capital Improvements	624,628
		<u>\$8,494,701</u>

Ref. **C**

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND
Year Ended December 31, 2011

	<u>Ref.</u>	
Balance, December 31, 2010	C	\$43,064
Increased by:		
2011 Budget Appropriation	C-2	<u>30,000</u>
		73,064
Decreased by:		
Appropriated to Finance Improvement Authorizations	C-5	<u>67,880</u>
Balance, December 31, 2011	C	<u><u>\$5,184</u></u>

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS
Year Ended December 31, 2011

Ordinance Number	Improvement Description	Ordinance Amount	Balance		Capital Improvement Fund	Deferred Charges to Future Taxation Unfunded	Paid	Balance Dec. 31, 2011 Funded
			Dec. 31, 2010					
			Funded	Unfunded				
10-2002	Various Improvements	\$579,650	\$11,195					\$11,195
11-2002	Various Capital Improvements	1,645,521	38,954				\$2,180	36,774
21-2002	Phase I Acquisition of Real Property	55,000	24,310				5,666	18,644
08-2003	Industrial Way Sidewalks	1,020,000	30,409					30,409
13-2003	Wall Street Sidewalks	235,000	15,708					15,708
31-2003	Various Improvements	313,000	12,328				12,328	
20-2004	Various Improvements	600,000	112,244				12,110	100,134
10-2005	Acquisition of Capilupi Farm	900,000	58,272				58,272	
11-2005	Various Capital Improvements	1,650,000	622,921				32,843	590,078
13-2006	Various Road Improvements	200,000	152,363					152,363
26-2006	Various Improvements	780,000	437,937				171,619	266,318
19-2007	Various Improvements	1,461,300	743,039				275,696	467,343
15-2008	Various Improvements	1,075,500		\$570,044			62,488	507,556
07-2009	Various Improvements	1,399,200		348,874			73,028	275,846
15-2010	Various General Improvements	1,351,666		968,937			728,318	240,619
07-2011	Acquisition of Various Pieces of Equipment and Completion of Various Capital Improvements	1,357,600			\$67,880	\$1,289,720	732,972	624,628
			<u>\$2,259,680</u>	<u>\$1,887,855</u>	<u>\$67,880</u>	<u>\$1,289,720</u>	<u>\$2,167,520</u>	<u>\$3,337,615</u>
		Ref.	C	C	C-4		C-2	C

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF GENERAL SERIAL BONDS
Year Ended December 31, 2011

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding			Interest Rate	Balance		Increased	Decreased	Balance Dec. 31, 2011
			Date	Amount	Dec. 31, 2011		Dec. 31, 2010				
General Improvement	12/1/95	\$2,075,000	7/15/12	\$145,000		5.45%	\$600,000			\$140,000	\$460,000
			7/15/13	155,000		5.45%					
			7/15/14	160,000		5.50%					
General Improvement	12/1/99	1,466,000					140,000			140,000	
General Improvement	12/4/02	1,553,000	12/1/12	91,000		5.00%	956,000			87,000	869,000
			12/1/13	96,000		5.00%					
			12/1/14	100,000		5.00%					
			12/1/15	105,000		5.00%					
			12/1/16	111,000		5.00%					
			12/1/17	116,000		5.00%					
			12/1/18	122,000		5.00%					
			12/1/19	128,000		5.00%					
General Improvement	12/29/05	1,327,000	12/1/12	110,000		5.00%	855,000			105,000	750,000
			12/1/13	116,000		5.00%					
			12/1/14	121,000		5.00%					
			12/1/15	128,000		5.00%					
			12/1/16	134,000		5.00%					
			12/1/17	141,000		4.00%					

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF GENERAL SERIAL BONDS
Year Ended December 31, 2011

Maturities of Bonds Outstanding Dec. 31, 2011												
Purpose	Date of Issue	Original Issue	Date	Amount	Interest Rate	Balance Dec. 31, 2010	Increased	Decreased	Balance Dec. 31, 2011			
General Improvement	12/4/08	\$4,549,000	12/1/12	\$189,000	5.00%	\$4,189,000		\$182,000	\$4,007,000			
			12/1/13	198,000	5.00%							
			12/1/14	208,000	5.00%							
			12/1/15	219,000	5.00%							
			12/1/16	230,000	4.00%							
			12/1/17	239,000	4.00%							
			12/1/18	248,000	5.25%							
			12/1/19	262,000	4.50%							
			12/1/20	273,000	4.50%							
			12/1/21	286,000	5.00%							
			12/1/22	300,000	5.25%							
			12/1/23	316,000	5.00%							
			12/1/24	331,000	5.125%							
General Improvement	12/29/11	4,150,000	12/1/12	355,000	2.00%		\$4,150,000		4,150,000			
			12/1/13	350,000	4.00%							
			12/1/14	365,000	4.00%							
			12/1/15	380,000	5.00%							
			12/1/16	395,000	5.00%							
			12/1/17	415,000	5.00%							
			12/1/18	440,000	5.00%							
			12/1/19	460,000	5.00%							
			12/1/20	485,000	5.00%							
			12/1/21	505,000	5.00%							
									<u>\$6,740,000</u>	<u>\$4,150,000</u>	<u>\$654,000</u>	<u>\$10,236,000</u>
									C	C-2	C-9	C

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES
Year Ended December 31, 2011

Ordinance Number	Improvement Description	Date of Issue of Original Note	Date of Issue	Date of Maturity	Interest Rate	Balance	
						Dec. 31, 2010	Dec. 31, 2011
15-2008	Various Improvements	10/22/08	10/21/10	10/20/11	1.50%	\$871,725	\$871,725
07-2009	Various Improvements	10/21/09	10/21/10	10/20/11	1.50%	1,329,240	1,329,240
15-2010	Various General Improvements	10/21/10	10/21/10	10/20/11	1.50%	1,283,750	1,283,750
15-2008	Various Improvements	10/22/08	10/19/11	1/25/12	1.75%		\$871,725
07-2009	Various Improvements	10/21/09	10/19/11	1/25/12	1.75%		1,329,240
15-2010	Various General Improvements	10/21/10	10/19/11	1/25/12	1.75%		1,283,750
07-2011	Acquisition of Various Pieces of Equipment and Completion of Various Capital Improvements	10/19/11	10/19/11	1/25/12	1.75%	1,289,720	1,289,720
						<u>\$3,484,715</u>	<u>\$4,774,435</u>
						<u>\$3,484,715</u>	<u>\$3,484,715</u>
<u>Ref.</u>						C	C-2 C

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF LEASE OBLIGATIONS PAYABLE
Year Ended December 31, 2011

	<u>Ref.</u>	
Balance, December 31, 2010	C	\$2,277,700
Decreased by:		
Paid by Budget Appropriation		<u>538,000</u>
Balance, December 31, 2011	C	<u><u>\$1,739,700</u></u>

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE
TAXATION - FUNDED
Year Ended December 31, 2011

	<u>Ref.</u>	
Balance, December 31, 2010	C	\$6,948,315
Increased by:		
Improvement Costs Funded by Serial Bonds Issued		<div style="display: flex; justify-content: flex-end;"> <div style="text-align: right; margin-right: 10px;">4,150,000</div> <div style="border-top: 1px solid black; width: 100px;"></div> </div>
		11,098,315
Decreased by:		
Budget Appropriation to Pay General Serial Bonds	C-6	\$654,000
Budget Appropriation to Pay Green Trust Loans	C-10	<div style="display: flex; justify-content: flex-end;"> <div style="text-align: right; margin-right: 10px;">59,510</div> <div style="border-top: 1px solid black; width: 100px;"></div> </div>
		<div style="display: flex; justify-content: flex-end;"> <div style="text-align: right; margin-right: 10px;">713,510</div> <div style="border-top: 1px solid black; width: 100px;"></div> </div>
Balance, December 31, 2011	C	<div style="display: flex; justify-content: flex-end;"> <div style="text-align: right; margin-right: 10px;">\$10,384,805</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

GENERAL CAPITAL FUND
SCHEDULE OF GREEN TRUST LOANS PAYABLE
Year Ended December 31, 2011

	<u>Ref.</u>	
Balance, December 31, 2010	C	\$208,315
Decreased by:		
Budget Appropriation to Pay Green Trust Loans	C-9	<u>59,510</u>
Balance, December 31, 2011	C	<u><u>\$148,805</u></u>

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, 2011

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

Ref.

D

D

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

PART III

COMMENTS

YEAR ENDED DECEMBER 31, 2011

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

COMMENTS

YEAR ENDED DECEMBER 31, 2011

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

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

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

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

Police Uniforms
2011 Roadway Improvement Program
2011 Case 721-F Wheel Loader
2009 Ford E-450 P.L. Custom Medallion Ambulance
Husky Brook Park Improvements
Elevator Inspection Services
Installation of Traffic Control Signal Monitoring System
Tandem Dump Truck
Repairs to DPW Garage

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

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

**Purchases, Contracts or Agreements Not Required to be Advertised by N.J.S.
40A:11-6.1**

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

Collection of Interest on Delinquent Taxes and Assessments

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

The governing body adopted the following resolution on January 1, 2011 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 2011 be and the same is hereby fixed at eight (8) per centum annum on the first \$1,500.00 of delinquency and eighteen (18) per centum on any amount in excess of \$1,500.00, to be calculated from the date the tax was payable until the date of actual payment, provided, however, no interest shall be charged if the payment of the taxes due is made within the tenth (10) calendar day following the date upon which the same became payable."

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

Tax Title Liens

The last tax sale was held on June 7, 2011 and was complete.

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

2011	10
2010	6
2009	7

SUMMARY OF MUNICIPAL DEBT

	<u>2011</u>	<u>2010</u>	<u>2009</u>
<u>Issued</u>			
General bonds and notes	\$15,159,240	\$10,433,030	\$10,079,350
Less:			
Funds on hand to pay bonds and notes	<u>5,136,935</u>	<u>287,500</u>	<u>437,500</u>
Net bonds and notes issued	<u>\$10,022,305</u>	<u>\$10,145,530</u>	<u>\$9,641,850</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 0.43%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School	\$27,598,250	\$27,598,250	
General Debt	<u>19,808,191</u>	<u>9,785,886</u>	<u>\$10,022,305</u>
	<u>\$47,406,441</u>	<u>\$37,384,136</u>	<u>\$10,022,305</u>

Net Debt \$10,022,305 divided by Equalized Valuation basis per N.J.S. 40A:2-2 as amended, \$2,342,253,365 equals 0.43%.

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

3½% of Equalized Valuation Basis	\$81,978,868
Net Debt	<u>10,022,305</u>
Remaining Borrowing Power	<u>\$71,956,563</u>

The Chief Financial Officer should file a revised annual debt statement.

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION AND APPORTIONMENT

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Municipal	\$.681	\$.655	\$.541
Local School	.681	.676	.589
Regional School	.406	.411	.371
County	.317	.318	.282
Total tax rate	<u>\$2.085</u>	<u>\$2.060</u>	<u>\$1.783</u>

ASSESSED VALUATIONS

2011	\$2,117,215,554
2010	2,129,764,241
2009	2,424,185,216

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>
2011	\$44,194,126	\$43,327,299	98.04%
2010	43,949,964	42,807,546	97.40%
2009	43,366,892	42,754,355	98.59%

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>2011</u>	<u>2010</u>	<u>2009</u>
Tax title liens	\$68,532	\$154,755	\$147,417
Delinquent taxes	<u>652,937</u>	<u>1,011,343</u>	<u>473,307</u>
Total delinquent	<u>\$721,469</u>	<u>\$1,166,098</u>	<u>\$620,724</u>
% of tax levy	1.63%	2.65%	1.43%

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>
2011	\$201,300
2010	201,300
2009	201,300

COMPARATIVE SCHEDULE OF FUND BALANCE AT DECEMBER 31

<u>Year</u>	<u>Current Fund Balance</u>	<u>Utilized in Succeeding Budget</u>
2011	\$4,085,822	\$3,225,000
2010	3,712,865	2,900,000
2009	4,920,741	3,825,000

OFFICIALS IN OFFICE AND SURETY BONDS

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

<u>Name</u>	<u>Title</u>	<u>Amount of Bond *</u>
Gerald J. Tarantolo	Mayor	
Dennis J. Connelly	Councilman	
Mark W. Regan	Councilman	
Anthony Talerico, Jr.	Councilman	
Kevin L. Gonzalez	Councilman	
Meir Araman	Councilman	
Jennifer L. Piazza	Councilwoman	
George Jackson	Administrator	
John Gillooly	Tax Assessor	
Karen Siano	Clerk and Assessment Searcher	
Patricia De Ponti	Tax Collector and Tax Searcher	
Lesley Connolly	Chief Financial Officer and Treasurer	
Mark Apostolou	Magistrate (1/1/11 to 6/30/11)	
George Cieri	Magistrate (from 7/1/11)	
Suzann Lorusso	Court Administrator	
Valerie Sapienza	Deputy Clerk	
Patricia Campbell	Deputy Court Administrator	

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

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

PART IV

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2011

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2011

Other Internal Control and Compliance Matters:

#2011-1

Comment

We noted that certain community center program fees collected were not charged in accordance with the established Borough ordinance.

Recommendation

We recommend that community center program fees be charged in accordance with the established Borough ordinance.

#2011-2

Comment

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

Recommendation

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