

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
AND
INDEPENDENT AUDITOR'S REPORTS

YEAR ENDED

DECEMBER 31, 2013

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
AND
INDEPENDENT AUDITOR'S REPORTS

Year Ended December 31, 2013

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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, 2013

Oliwa & Company

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various funds and the account group of the Borough of Eatontown, County of Monmouth, State of New Jersey (the "Borough") as of December 31, 2013 and 2012, the related statement of operations and change in fund balance - regulatory basis for the years then ended, the related statements of fund balance - regulatory basis for the years then ended, the statement of revenues - regulatory basis and the statement of expenditures - regulatory basis for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements listed as financial statement exhibits in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

Auditor's Responsibility (Continued)

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1, the Borough prepares its financial statements in accordance with the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Borough as of December 31, 2013 and 2012, or changes in its financial position for the years then ended.

Basis for Qualified Opinion on the General Fixed Assets Account Group

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

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

The financial statements of the Length of Service Award Program ("LOSAP") Fund have not been audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey to audit the LOSAP Fund financial statements as part of our audit of the Borough's financial statements. The LOSAP Fund financial activities are included in the Borough's Trust Fund, and represent 8.91% and 8.61% of the assets, and liabilities, reserves and fund balance of the Borough's Trust Fund as of December 31, 2013 and 2012, respectively.

Disclaimer of Opinion on Length of Service Award Program Fund

Since the financial statements of the Length of Service Award Program ("LOSAP") Fund have not been audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey to audit the LOSAP Fund financial statements as part of our audit of the Borough's financial statements, we do not express an opinion on the LOSAP Fund financial statements.

Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of such adjustments had all fixed assets acquired after December 31, 1985 been recorded at actual cost, the regulatory basis financial statements referred to above present fairly, in all material respects, the balance sheets - regulatory basis of the various funds and the account group of the Borough as of December 31, 2013 and 2012, the statement of operations and change in fund balance - regulatory basis for the years then ended, the statements of fund balance - regulatory basis for the years then ended, the statement of revenues - regulatory basis and the statement of expenditures - regulatory basis for the year ended December 31, 2013 in accordance with the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Our audits were conducted for the purpose of forming opinions on the financial statements, which collectively comprise the Borough's financial statements. The supplementary schedules and comments section as listed in the table of contents are presented for purposes of additional analysis as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and are not a part of the financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not required part of the financial statements.

The supplementary schedules, comments section and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, except for the possible effects of such adjustments, if any, had the LOSAP Fund supplementary schedules been audited, the supplementary schedules, comments section and the schedule of expenditures of federal awards are fairly stated, in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated September 12, 2014 on our consideration of the Borough's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Borough's internal control over financial reporting and compliance.



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

Oliwa & Company

Freehold, New Jersey
September 12, 2014

Oliwa & Company

Certified Public Accountants

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the regulatory basis financial statements of the Borough of Eatontown, County of Monmouth, State of New Jersey (the "Borough") as of and for the year ended December 31, 2013, and the related notes to the regulatory basis financial statements, which collectively comprise the Borough's basic financial statements and have issued our report thereon dated September 12, 2014, in which we expressed an adverse opinion on the conformity of the regulatory basis financial statements with accounting principles generally accepted in the United States of America, due to the differences between those principles and the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey. In addition, we expressed a qualified opinion on the regulatory basis financial statements since the Division of Local Government Services, Department of Community Affairs, State of New Jersey does not require the Length of Service Award Program Fund to be audited, and due to the effect of any adjustments that might have been determined to be necessary had all fixed assets acquired after December 31, 1985 been recorded at actual cost.

Internal Control Over Financial Reporting

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

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

Internal Control Over Financial Reporting (Continued)

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

Compliance and Other Matters

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

Purpose of this Report

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



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

Oliwa & Company

Freehold, New Jersey
September 12, 2014

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
COMPARATIVE BALANCE SHEET
REGULATORY BASIS
December 31, 2013 and 2012

	<u>Ref.</u>	<u>2013</u>	<u>2012</u>
<u>Assets</u>			
Cash and Cash Equivalents:			
Cash - Treasurer	A-4	\$5,684,343	\$5,451,769
Change Funds		300	500
		<u>5,684,643</u>	<u>5,452,269</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-6	309,762	544,084
Tax Title Liens Receivable	A-7	80,902	74,970
Property Acquired for Taxes - Assessed Valuation		201,300	201,300
Revenue Accounts Receivable	A-8	44,971	36,366
Other Receivables			1,338
Due from Animal Control Fund		8,331	6,236
Due from General Capital Fund		36	239
Due from Federal and State Grant Fund		74,643	
	A	<u>719,945</u>	<u>864,533</u>
Deferred Charges:			
Special Emergency Authorization (40A:4-53)		30,660	61,320
Emergency Authorization (40A:4-55)			177,272
		<u>30,660</u>	<u>238,592</u>
		<u>6,435,248</u>	<u>6,555,394</u>
Federal and State Grant Fund:			
Due from Current Fund			90,469
Grants Receivable	A-13	286,005	471,706
		<u>286,005</u>	<u>562,175</u>
		<u>\$6,721,253</u>	<u>\$7,117,569</u>

See Accompanying Notes

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
COMPARATIVE BALANCE SHEET
REGULATORY BASIS
December 31, 2013 and 2012

<u>Liabilities, Reserves and Fund Balance</u>	<u>Ref.</u>	<u>2013</u>	<u>2012</u>
Appropriation Reserves	A-3:A-9	\$1,568,814	\$1,198,528
Reserve for Encumbrances	A-12	238,032	245,745
Reserve for Tax Appeals		145,682	142,774
Reserve for Hurricane Sandy			18,333
Reserve for Outside Liens		48,212	119,641
Reserve for FEMA		143,947	
Due State - Uniform Construction Code Fees		8,735	6,352
Due State - Marriage Licenses		675	650
Due State - Elevator Inspection Fees			9,912
Due State - Elevator Permit Fees		685	396
Local District School Tax Payable	A-10	103,079	80,076
Regional High School Tax Payable	A-11	1	1
Prepaid Taxes		302,916	94,012
Tax Overpayments		21,584	19,477
Due to Federal and State Grant Fund			90,469
Due to Other Trust Fund		12,837	
Due to Eatontown Sewerage Authority		400	
Due County for Added and Omitted Taxes		24,818	8,000
Due to State of New Jersey (PL 1971, Ch.20)		38,322	44,728
		<u>2,658,739</u>	<u>2,079,094</u>
Reserve for Receivables and Other Assets	A	719,945	864,533
Fund Balance	A-1	<u>3,056,564</u>	<u>3,611,767</u>
		<u>6,435,248</u>	<u>6,555,394</u>
 Federal and State Grant Fund:			
Appropriated Reserves	A-14	118,970	358,044
Due to Current Fund		74,643	
Reserve for Encumbrances	A-14	92,389	200,911
Unappropriated Reserves	A-15	3	3,220
		<u>286,005</u>	<u>562,175</u>
		<u>\$6,721,253</u>	<u>\$7,117,569</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, 2013 and 2012

	<u>Ref.</u>	<u>2013</u>	<u>2012</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance Anticipated	A-2	\$2,900,000	\$3,225,000
Miscellaneous Revenue Anticipated	A-2	4,658,563	4,302,010
Receipts from Delinquent Taxes	A-2	481,417	592,827
Receipts from Current Taxes	A-2	44,095,089	42,396,400
Non-Budget Revenues	A-2	402,796	1,378,634
Unexpended Balance of Appropriation Reserves	A-9	896,330	815,417
Other Credits to Income:			
Other Reserves Canceled			899
Statutory Excess in Animal Control Fund	A-4	2,095	6,236
Interfunds Returned		239	135,343
Canceled Appropriated Grant Reserves			404
Total Revenue		<u>53,436,529</u>	<u>52,853,170</u>
<u>Expenditures</u>			
Budget and Emergency Appropriations:			
Operations:			
Salaries and Wages	A-3	9,279,828	9,002,253
Other Expenses	A-3	8,121,839	8,016,657
Capital Improvements	A-3	51,000	282,500
Municipal Debt Service	A-3	1,896,855	1,930,311
Deferred Charges and Statutory Expenditures	A-3	2,190,649	1,888,239
County Taxes		6,331,637	6,301,998
Local District School Tax	A-10	14,628,868	14,476,086
Regional High School Tax	A-11	8,426,620	8,373,051
Refunds	A-4	685	627
Reserve for Other Receivables			896
Interfunds Advanced		76,774	6,475
Reserve for FEMA		86,977	
Canceled Grant Receivables			404
Total Expenditures		<u>51,091,732</u>	<u>50,279,497</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, 2013 and 2012

	<u>Ref.</u>	<u>2013</u>	<u>2012</u>
Excess in Revenue		\$2,344,797	\$2,573,673
Adjustments to Income Before Fund Balance:			
Expenditures Included Above Which Are by Statute			
Deferred Charges to Budget of Succeeding Year			177,272
Statutory Excess to Fund Balance		2,344,797	2,750,945
Fund Balance January 1	A	<u>3,611,767</u>	<u>4,085,822</u>
		5,956,564	6,836,767
Decreased by:			
Utilized as Anticipated Revenue	A-1:A-2	<u>2,900,000</u>	<u>3,225,000</u>
Fund Balance December 31	A	<u><u>\$3,056,564</u></u>	<u><u>\$3,611,767</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, 2013

	<u>Ref.</u>	<u>Anticipated</u>		<u>Realized</u>	<u>Excess or (Deficit)</u>
		<u>Budget</u>	<u>Special N.J.S. 40A:4-87</u>		
Fund Balance Anticipated	A-1	\$2,900,000		\$2,900,000	
Miscellaneous Revenues:					
Alcoholic Beverage Licenses	A-8	37,000		38,438	\$1,438
Other Licenses	A-8	18,000		17,289	(711)
Fees and Permits	A-8	300,000		227,941	(72,059)
Municipal Court Fines and Costs	A-8	455,700		505,146	49,446
Interest and Costs on Taxes	A-8	100,600		108,621	8,021
Interest on Investments	A-8	7,060		4,987	(2,073)
Consolidated Municipal Property Tax Relief Act	A-8	77,728		77,728	
Energy Receipts Tax	A-8	1,386,887		1,386,887	
Uniform Construction Code Fees	A-8	289,500		505,093	215,593
Mechanical Garage - Eatontown Board of Education	A-8	4,000		6,019	2,019
Municipal Court - Monmouth Beach	A-8	50,000		35,417	(14,583)
Clean Communities Program	A-13		\$24,080	24,080	
Municipal Alliance on Alcoholism and Drug Abuse	A-13	25,983		25,983	
Safe and Secure Communities Program	A-13	60,000		60,000	
Comcast Technology	A-13		38,500	38,500	
Handicapped Recreation Opportunities Fund	A-13		15,000	15,000	
Bulletproof Vest	A-13	3,217	3,575	6,792	
Drunk Driving Enforcement Fund	A-13		2,817	2,817	

See Accompanying Notes

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
STATEMENT OF REVENUES
REGULATORY BASIS
Year Ended December 31, 2013

	<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		\$9,728	\$6,228
Senior Citizens Housing (In Lieu of Taxes)	A-8	188,000		197,170	9,170
Borough Community Center Programs	A-8	224,400		267,651	43,251
Uniform Fire Safety Act	A-8	68,074		75,012	6,938
General Capital Fund Surplus	A-8	10,852		10,852	
Other Trust Fund Surplus	A-8	63		63	
Hotel Tax	A-8	263,300		340,131	76,831
Cell Tower Agreements	A-8	236,000		289,371	53,371
Reserve for Payment of Bonds	A-8	288,500		288,500	
CATV Franchise Fees	A-8	94,932		93,347	(1,585)
	A-1	4,193,296	\$83,972	4,658,563	381,295
Receipts from Delinquent Taxes	A-1:A-2	498,000		481,417	(16,583)
Amount to be Raised by Taxes for Support of Municipal Budget:					
Local Tax for Municipal Purposes	A-2:A-6	15,459,728		15,940,015	480,287
Budget Totals		23,051,024	83,972	23,979,995	\$844,999
Non-Budget Revenues	A-2			402,796	
		<u>\$23,051,024</u>	<u>\$83,972</u>	<u>\$24,382,791</u>	
	<u>Ref.</u>	<u>A-3</u>	<u>A-3</u>		

See Accompanying Notes

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
STATEMENT OF REVENUES
REGULATORY BASIS
Year Ended December 31, 2013

	<u>Ref.</u>	
<u>Analysis of Realized Revenues</u>		
Allocation of Current Tax Collections:		
Revenue from Collections	A-1:A-6	\$44,095,089
Allocated to School and County Taxes		<u>29,746,554</u>
Balance for Support of Municipal Budget Appropriations		14,348,535
Add:		
Appropriation "Reserve for Uncollected Taxes"	A-3	<u>1,591,480</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u><u>\$15,940,015</u></u>
<u>Receipts from Delinquent Taxes</u>		
Delinquent Tax Collections	A-2:A-6	<u><u>\$481,417</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, 2013

Analysis of Non-Budget Revenues

Recycling	\$97,773
Insurance Refund	65,348
Recreation Fees	60,753
Police Outside Employment Administrative Fees	42,600
Trailer Tax	25,904
Other Refunds and Reimbursements	23,935
Inspection Fines	19,795
Other Police Fees	17,009
Police Impound Fees	12,520
Police Auction	11,196
Calendar Advertising	8,031
Senior Citizen Trips	7,524
Celebration of Public Events	4,180
SC/V Administrative Fee	1,897
Return of LOSAP funds	1,190
Mayor's Marriage Fees	1,125
Returned Check Fees	845
Planning Board	700
Community Center	471
	<u>\$402,796</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, 2013

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>		<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
<u>Operations Within "CAPS"</u>					
General Government:					
Administrative and Executive:					
Salaries and Wages	\$225,300	\$225,300	\$218,598	\$6,702	
Other Expenses	22,950	22,950	16,552	6,398	
Labor Attorney:	15,000	15,000	15,000		
Mayor and Council:					
Salaries and Wages	61,400	61,400	61,162	238	
Other Expenses	6,400	6,400	6,348	52	
Advertising:					
Other Expenses	26,400	26,400	14,470	11,930	
Elections:					
Salaries and Wages	1,850	1,850	1,787	63	
Other Expenses	4,140	4,140	2,052	2,088	
Municipal Clerk:					
Salaries and Wages	146,075	146,075	146,075		
Other Expenses	14,250	14,250	8,358	5,892	
Information Technology:					
Salaries and Wages	85,890	85,890	85,882	8	
Other Expenses	23,108	23,108	18,263	4,845	

See Accompanying Notes

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
Year Ended December 31, 2013

	<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	\$34,300	\$34,300	\$34,165	\$135	
Other Expenses	28,350	33,350	26,171	7,179	
Financial Administration:					
Salaries and Wages	185,735	185,735	183,262	2,473	
Other Expenses	43,900	43,900	36,075	7,825	
Bond Registration Fees	3,000	3,000	1,310	1,690	
Audit Services	48,000	48,000	12,650	35,350	
Assessment of Taxes:					
Salaries and Wages	81,804	81,804	79,554	2,250	
Other Expenses	12,375	15,375	15,363	12	
Collection of Taxes:					
Salaries and Wages	79,700	79,700	78,313	1,387	
Other Expenses	7,370	7,370	5,120	2,250	
Legal Services and Costs:					
Other Expenses	175,000	175,000	170,000	5,000	
Special Counsel	95,000	95,000	19,127	75,873	

See Accompanying Notes

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
Year Ended December 31, 2013

	<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	80,000	80,000	73,834	\$6,166	
Public Buildings and Grounds:					
Salaries and Wages	164,150	164,150	158,877	5,273	
Other Expenses	115,100	115,100	114,631	469	
Municipal Land Use Law (NJSA 40:55D-1)					
Planning Board:					
Salaries and Wages	29,400	29,400	23,464	5,936	
Other Expenses	22,550	22,550	11,465	11,085	
Board of Adjustment:					
Salaries and Wages	20,960	20,960	20,680	280	
Other Expenses	10,350	10,350	9,954	396	
Zoning Officer:					
Salaries and Wages	77,585	77,585	37,786	39,799	
Other Expenses	2,800	2,800	2,790	10	

See Accompanying Notes

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
Year Ended December 31, 2013

	<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	\$72,600	\$72,600	\$72,600		
Other Expenses	14,500	14,500	12,520	\$1,980	
Environmental Program:					
Salaries and Wages	100	100		100	
Other Expenses	3,400	3,400	478	2,922	
Gypsy Moth Program:					
Other Expenses	100	100		100	
Public Safety:					
Fire:					
Salaries and Wages	5,587	5,587	5,586	1	
Fire Hydrant Service	134,400	134,400	121,644	12,756	
Miscellaneous Other Expenses	78,200	78,200	69,662	8,538	
Insurance:					
Group Insurance	3,250,500	3,250,500	2,980,975	269,525	
Health Benefit Waiver	70,000	70,000	70,000		
Other Insurance	354,510	354,510	285,620	68,890	
Workman's Compensation	428,600	428,600	428,519	81	

See Accompanying Notes

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
Year Ended December 31, 2013

	<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	\$70,360	\$70,360	\$59,344	\$11,016	
Other Expenses	8,550	8,550	5,354	3,196	
Police:					
Salaries and Wages	4,934,457	4,934,457	4,683,381	251,076	
Other Expenses	248,300	267,475	262,041	5,434	
Tuition Reimbursement	30,000	30,000	5,248	24,752	
First Aid Organization Contribution:	31,810	31,810	26,154	5,656	
Demolition of Condemned and Unsafe Structures:					
Other Expenses	1,000	1,000		1,000	
Emergency Management Services:					
Salaries and Wages	3,000	3,000	3,000		
Other Expenses	7,150	7,150	5,789	1,361	
Road Repair and Maintenance:					
Salaries and Wages	985,500	985,500	932,272	53,228	
Other Expenses	75,000	75,000	69,807	5,193	
Municipal Court:					
Salaries and Wages	213,620	194,445	130,363	64,082	
Other Expenses	9,500	9,500	5,737	3,763	

See Accompanying Notes

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
Year Ended December 31, 2013

	<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	\$334,040	\$334,040	\$331,848	\$2,192	
Other Expenses	168,600	168,600	150,035	18,565	
Street Lighting:	145,000	145,000	110,891	34,109	
Monmouth County Reclamation Fees:	350,000	350,000	285,327	64,673	
Recycling - Contractual:					
Salaries and Wages	43,500	38,500	7,757	30,743	
Other Expenses	120,800	105,800	78,824	26,976	
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	8,235	8,235	8,108	127	
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, 2013

	<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	74,670	74,670	\$74,455	215	
Other Expenses	550	550	176	374	
Animal Control:					
Other Expenses	2,500	2,500	2,500		
Recreation and Education:					
Parks:					
Salaries and Wages	501,500	501,500	501,500		
Other Expenses	60,650	60,650	57,034	3,616	
Recreation:					
Salaries and Wages	139,000	139,000	136,271	2,729	
Other Expenses	55,120	55,120	48,380	6,740	
Celebration of Public Events:					
Other Expenses	12,800	12,800	11,887	913	

See Accompanying Notes

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
Year Ended December 31, 2013

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>		<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
<u>Operations Within "CAPS"</u>					
Borough Community Center:					
Salaries and Wages	\$232,800	\$232,800	\$224,176	\$8,624	
Other Expenses	24,200	24,200	21,309	2,891	
Miscellaneous Other Expenses:					
Youth Committee	2,800	2,800	1,910	890	
Tenant's Rights Committee	1,000	1,000		1,000	
Senior Citizen Programs:					
Salaries and Wages	42,000	42,000	23,428	18,572	
Other Expenses	15,560	15,560	10,638	4,922	
Uniform Construction Code - Appropriations Offset by Dedicated Revenues (N.J.A.C. 5:23-4.17)					
Inspection of Buildings:					
Salaries and Wages	315,385	315,385	315,385		
Other Expenses	22,300	22,300	7,248	15,052	

See Accompanying Notes

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
Year Ended December 31, 2013

	<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	\$250,000	\$260,000	\$253,865	\$6,135	
Salaries and Wages - Adjustment Program	55,000	55,000	44,983	10,017	
Business Advisory Committee	1,000	1,000		1,000	
Employee Sick Time Buy - Back	75,000	75,000	24,752	50,248	
Accumulated Absences	10,000	10,000	10,000		
Electricity	152,000	152,000	114,374	37,626	
Telephone	120,000	120,000	96,599	23,401	
Water	20,100	20,100	11,551	8,549	
Natural Gas	78,000	78,000	54,326	23,674	
Total Operations within "CAPS"	<u>16,704,296</u>	<u>16,702,296</u>	<u>15,248,169</u>	<u>1,454,127</u>	
Contingent	<u>4,000</u>	<u>4,000</u>	<u>1,017</u>	<u>2,983</u>	
Total Operations Including Contingent within "CAPS"	<u>16,708,296</u>	<u>16,706,296</u>	<u>15,249,186</u>	<u>1,457,110</u>	
Detail:					
Salaries and Wages	9,206,503	9,182,328	8,675,079	507,249	
Other Expenses (Including Contingent)	<u>7,501,793</u>	<u>7,523,968</u>	<u>6,574,107</u>	<u>949,861</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, 2013

	<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.	\$465,773	\$465,773	\$465,773		
Social Security System (O.A.S.I.)	441,150	441,150	413,449	\$27,701	
Police and Firemen's Retirement System of N.J.	1,024,099	1,024,099	1,024,099		
Defined Contribution Retirement Program	8,160	10,160	9,026	1,134	
Early Retirement Incentive Program	31,035	31,035	31,035		
Unemployment Compensation					
Insurance	10,500	10,500	10,500		
Total Deferred Charges and Statutory Expenditures Within "CAPS"	<u>1,980,717</u>	<u>1,982,717</u>	<u>1,953,882</u>	<u>28,835</u>	
Total General Appropriations for Municipal Purposes Within "CAPS"	<u>18,689,013</u>	<u>18,689,013</u>	<u>17,203,068</u>	<u>1,485,945</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, 2013

	<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	\$65,000	\$65,000	\$57,253	\$7,747	
Other Expenses	9,404	9,404	6,144	3,260	
Telephone	2,500	2,500		2,500	
9-1-1 System (40A:4-45.3cc)					
Other Expenses	17,500	17,500	17,000	500	
Tax Appeal Reserve	50,000	50,000	50,000		
State Recycling Tax (C.311, P.L. 2007)	14,800	14,800	11,638	3,162	
Hurricane Sandy	195,000	195,000	195,000		
NJDEP/Storm Water Mgt. (40A:4-45.3cc)	12,000	12,000	5,300	6,700	
Length of Service Award Program - Fire	39,000	39,000		39,000	
Length of Service Award Program - First Aid	18,000	18,000		18,000	
Total Other Operations Excluded from "CAPS"	<u>423,204</u>	<u>423,204</u>	<u>342,335</u>	<u>80,869</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, 2013

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Reserved</u>	<u>Balance</u> <u>Canceled</u>
<u>Operations Excluded from "CAPS"</u>					
Shared Service Agreements:					
Mechanical Garage - Eatontown					
Board of Education:					
Salaries and Wages	\$4,000	\$4,000	\$4,000		
Municipal Court - Monmouth Beach					
Salaries and Wages	25,000	25,000	25,000		
Other Expenses	25,000	25,000	25,000		
Total Shared Service Agreements	<u>54,000</u>	<u>54,000</u>	<u>54,000</u>		
Public and Private Programs Offset by Revenues:					
Clean Communities Program (40A:4-87, \$24,080+)		24,080	24,080		
Inspection of Buildings:					
Salaries and Wages	3,500	3,500	3,500		
Safe and Secure Communities Program	90,000	90,000	90,000		
Municipal Alliance on Alcoholism					
and Drug Abuse	32,478	32,478	32,478		
Comcast Technology (40A:4-87, \$38,500+)		38,500	38,500		
Handicapped Person's Recreational					
Opportunities Fund (40A:4-87, \$15,000+)		18,000	18,000		

See Accompanying Notes

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
Year Ended December 31, 2013

	<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):					
Drunk Driving Enforcement (40A:4-87, \$2,817+)		\$2,817	\$2,817		
Bulletproof Vest (40A:4-87, \$3,575+)	\$3,217	6,792	6,792		
Matching Funds for Grants	5,000	2,000		\$2,000	
Total Public and Private Programs Offset by Revenues	134,195	218,167	216,167	2,000	
Total Operations Excluded from "CAPS"	611,399	695,371	612,502	82,869	
Detail:					
Salaries and Wages	97,500	97,500	89,753	7,747	
Other Expenses	513,899	597,871	522,749	75,122	

See Accompanying Notes

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
Year Ended December 31, 2013

	<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	\$51,000	\$51,000	\$51,000		
<u>Municipal Debt Service Excluded from "CAPS"</u>					
Payment of Bond Principal	917,000	917,000	917,000		
Interest on Bonds	437,000	437,000	435,686		\$1,314
Interest on Notes	16,000	16,000	15,474		526
Loan Repayments for Principal and Interest	51,400	51,400	51,352		48
Capital Lease Obligations					
Principal	411,800	411,800	411,800		
Interest	67,000	67,000	65,543		1,457
Total Municipal Debt Service Excluded from "CAPS"	<u>1,900,200</u>	<u>1,900,200</u>	<u>1,896,855</u>		<u>3,345</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, 2013

	<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:					
Emergency Authorizations	\$177,272	\$177,272	\$177,272		
Special Emergency Authorizations	30,660	30,660	30,660		
Total Deferred Charges - Municipal Excluded from "CAPS"	207,932	207,932	207,932		
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	2,770,531	2,854,503	2,768,289	\$82,869	\$3,345
Subtotal General Appropriations	21,459,544	21,543,516	19,971,357	1,568,814	3,345
Reserve for Uncollected Taxes	1,591,480	1,591,480	1,591,480		
Total General Appropriations	<u>\$23,051,024</u>	<u>\$23,134,996</u>	<u>\$21,562,837</u>	<u>\$1,568,814</u>	<u>\$3,345</u>
<u>Ref.</u>	A-2		A-1	A:A-1	
Budget	A-3	\$23,051,024			
Appropriation by 40A:4-87	A-2	83,972			
		<u>\$23,134,996</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, 2013

	<u>Ref.</u>	<u>Paid or Charged</u>
Reserve for Uncollected Taxes	A-2	\$1,591,480
Disbursed	A-4	19,262,726
Reserve for Encumbrances	A-12	238,032
Reserve for Grants Appropriated	A-14	212,667
Reserve for Tax Appeals		50,000
Special Emergency Authorization (40A:4-53)		30,660
Emergency Authorization (40A:4-55)		177,272
		<u>\$21,562,837</u>

See Accompanying Notes

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

TRUST FUND
COMPARATIVE BALANCE SHEET
REGULATORY BASIS
December 31, 2013 and 2012

	<u>Ref.</u>	<u>2013</u>	<u>2012</u>
<u>Assets</u>			
Animal Control Fund:			
Cash and Cash Equivalents	B-2	<u>\$26,509</u>	<u>\$25,333</u>
Other Trust Fund:			
Cash and Cash Equivalents	B-2	3,784,535	3,294,662
Due from Current Fund		<u>12,837</u>	
		<u>3,797,372</u>	<u>3,294,662</u>
Length of Service Award Program Fund:			
(LOSAP) - Unaudited Investments	B-5	<u>374,021</u>	<u>312,599</u>
		<u>\$4,197,902</u>	<u>\$3,632,594</u>

See Accompanying Notes

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

TRUST FUND
COMPARATIVE BALANCE SHEET
REGULATORY BASIS
December 31, 2013 and 2012

	<u>Ref.</u>	<u>2013</u>	<u>2012</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Animal Control Fund:			
Due to State of New Jersey		\$72	\$107
Reserve for Animal Control Fund Expenditures	B-3	14,642	15,430
Due to Current Fund		8,331	6,236
Prepaid Licenses		3,464	3,560
		<u>26,509</u>	<u>25,333</u>
Other Trust Fund:			
Reserve for Other Trust Fund Deposits	B-4	3,797,372	3,294,599
Fund Balance	B-1		63
		<u>3,797,372</u>	<u>3,294,662</u>
Length of Service Award			
Program Fund:			
(LOSAP) - Unaudited			
Reserve for Length of Service Award			
Program Fund	B-6	374,021	312,599
		<u>\$4,197,902</u>	<u>\$3,632,594</u>

See Accompanying Notes

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

B-1

TRUST FUND
COMPARATIVE STATEMENT OF FUND BALANCE
REGULATORY BASIS
Years Ended December 31, 2013 and 2012

	<u>Ref.</u>	<u>2013</u>	<u>2012</u>
Other Trust Fund:			
Balance, January 1	B	\$63	\$63
Decreased by:			
Payment to Current Fund as Anticipated Revenue	B-2	<u>63</u>	<u>-</u>
Balance, December 31	B	<u><u>\$0</u></u>	<u><u>\$63</u></u>

See Accompanying Notes

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET
REGULATORY BASIS
December 31, 2013 and 2012

	<u>Ref.</u>	<u>2013</u>	<u>2012</u>
<u>Assets</u>			
Cash and Cash Equivalents	C-2	\$2,818,368	\$3,492,573
Deferred Charges to Future Taxation:			
Funded	C-9	8,430,592	9,397,187
Unfunded	C-11	2,949,954	1,855,350
Leased Assets under Capital Lease		920,200	1,331,000
Other		1	1
		<u>\$15,119,115</u>	<u>\$16,076,111</u>
<u>Liabilities, Reserves and Fund Balance</u>			
General Serial Bonds	C-6	\$8,380,000	\$9,297,000
Green Trust Loans Payable	C-10	50,592	100,187
Bond Anticipation Notes	C-7	2,949,954	1,047,850
Improvement Authorizations:			
Funded	C-5	1,464,264	1,614,526
Unfunded	C-5	381,760	1,195,885
Lease Obligations Payable	C-8	920,200	1,331,000
Reserve for Payment of Bonds			288,500
Reserve for Encumbrances	C-5	962,449	1,175,038
Capital Improvement Fund	C-4	8,423	15,034
Due to Current Fund		36	239
Fund Balance	C-1	1,437	10,852
		<u>\$15,119,115</u>	<u>\$16,076,111</u>

There were no bonds and notes authorized but not issued on December 31, 2013 and there were bonds and notes authorized but not issued of \$807,500 on December 31, 2012 (Schedule C-12).

See Accompanying Notes

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

GENERAL CAPITAL FUND
COMPARATIVE STATEMENT OF FUND BALANCE
REGULATORY BASIS
Years Ended December 31, 2013 and 2012

	<u>Ref.</u>	<u>2013</u>	<u>2012</u>
Balance, January 1	C	\$10,852	\$14,626
Increased by:			
Premium on Serial Bonds Issued			10,519
Premium on Notes Issued	C-2	<u>1,437</u>	<u>333</u>
		12,289	25,478
Decreased by:			
Payment to Current Fund as Anticipated Revenue	C-2	<u>10,852</u>	<u>14,626</u>
Balance, December 31	C	<u><u>\$1,437</u></u>	<u><u>\$10,852</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, 2013 and 2012

	<u>Ref.</u>	<u>2013</u>	<u>2012</u>
<u>Assets</u>			
General Fixed Assets:			
Land, Buildings and Improvements		\$11,249,135	\$11,219,955
Machinery and Equipment		<u>11,440,991</u>	<u>10,155,193</u>
Total General Fixed Assets		<u><u>\$22,690,126</u></u>	<u><u>\$21,375,148</u></u>
<u>Liabilities and Reserves</u>			
Investment in General Fixed Assets	D-1	<u><u>\$22,690,126</u></u>	<u><u>\$21,375,148</u></u>

See Accompanying Notes

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

PAYROLL FUND
COMPARATIVE BALANCE SHEET
REGULATORY BASIS
December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
<u>Assets</u>		
Cash and Cash Equivalents	<u>\$21,592</u>	<u>\$20,716</u>
<u>Reserves</u>		
Reserve for Expenditures	<u>\$21,592</u>	<u>\$20,716</u>

See Accompanying Notes

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

B. Description of Funds

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Description of Funds (continued)

Payroll Fund - used to record payroll related transactions.

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

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

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

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

C. Basis of Accounting

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

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

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

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

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

C. **Basis of Accounting (continued)**

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

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Accounting (continued)

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

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

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

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

D. Financial Statements

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

E. Budgets and Budgetary Accounting

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

2. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

Deposits

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

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

Custodial Credit Risk - The custodial credit risk for deposits is the risk that in the event of a bank failure, a government's deposits may not be returned to it. Although the Borough does not have a formal deposit policy for custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of GUDPA. Public funds owned by the municipality in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds, or funds that may pass to the municipality relative to the happening of a future condition. As of December 31, 2013 and 2012 the Borough's bank balances were exposed to custodial credit risk as follows:

	<u>December 31, 2013</u>	<u>December 31, 2012</u>
Uninsured and Uncollateralized	\$1,814,316	\$1,643,260
Uninsured and Collateralized with Securities Held by Pledging Financial Institutions	<u>5,826,472</u> <u>\$7,640,788</u>	<u>4,822,475</u> <u>\$6,465,735</u>

In addition, as of December 31, 2013 and 2012, the Borough had \$2,682,094 and \$4,180,139, respectively, on deposit in the New Jersey Cash Management Fund (the "Fund"). These deposits are subject to custodial credit risk as described in this section. The operations of this Fund are governed by the provisions of the State Investment Council Regulations for the purpose of determining authorized investments for the Fund.

2. CASH AND CASH EQUIVALENTS AND INVESTMENTS (continued)

Investments

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

- (1) Bonds or other obligations of the United States or obligations guaranteed by the United States.
- (2) Government money market mutual funds.
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor.
- (4) Bonds or other obligations of the Borough, or bonds or other obligations of school districts of which the Borough is a part or within which the school district is located.
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investments, New Jersey Department of the Treasury.
- (6) Local Government investment pools, subject to certain requirements.
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P. L. 1977, c. 281; or
- (8) Agreements for the repurchase of fully collateralized securities, if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this section;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a GUDPA bank;
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

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

2. CASH AND CASH EQUIVALENTS AND INVESTMENTS (continued)

Investments (continued)

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

Custodial Credit Risk - The custodial credit risk for investments is the risk that in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The Borough does not have a formal investment policy for custodial credit risk for investments. Length of Service Award Program Fund investments were exposed to custodial credit risk and are invested at the discretion of each individual participant and not the Borough. The fair value and book value of the Borough's Length of Service Award Program Fund investments at December 31, 2013 and 2012 were \$374,021 and \$312,599, respectively.

Credit Risk - State law limits investments as described in prior sections of this note to the financial statements. As of December 31, 2013 and 2012 no such investments were held by the Borough.

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

3. DEBT

The Local Bond Law governs the issuance of bonds and notes to finance general municipal capital expenditures. Bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Borough are general obligation bonds, backed by the full faith and credit of the Borough. Bond anticipation notes (the "notes") are issued to temporarily finance capital projects prior to the issuance of serial bonds. The term of the notes cannot exceed one year but the notes may be renewed from time to time for a period not exceeding one year. All notes, including renewals, shall mature and be paid not later than the first day of the fifth month following the close of the tenth fiscal year next following the date of the original notes. No notes shall be renewed beyond the third anniversary date of the original notes unless an amount of such notes, at least equal to the first legally payable installment of the bonds in anticipation of which the notes are issued, is paid and retired on or before each subsequent anniversary date beyond which such notes are renewed from funds other than the proceeds of obligations. Tax anticipation notes are issued if the cash on hand is not sufficient to carry on normal operations of the municipality at any time during the year. Such notes are authorized by a resolution adopted by the governing body.

3. DEBT (continued)

Long-Term Debt

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

Purpose	Date of Issue	Original Issue	Interest Rate	Balance Dec. 31, 2013
General Improvement	12/4/02	\$1,553,000	5.00%	\$11,000
General Improvement	12/29/05	1,327,000	4.00-5.00%	524,000
General Improvement	12/4/08	4,549,000	4.00-5.25%	3,620,000
General Improvement	12/29/11	4,150,000	4.00-5.00%	3,445,000
General Improvement	5/22/12	1,180,000	4.00%	780,000
				<u>\$8,380,000</u>

Long-term bonded debt service requirements are as follows:

Year	Principal	Interest	Total
2014	\$949,000	\$400,944	\$1,349,944
2015	826,000	359,744	1,185,744
2016	862,000	319,394	1,181,394
2017	902,000	279,594	1,181,594
2018	798,000	239,344	1,037,344
2019-2023	3,004,000	637,154	3,641,154
2024-2026	1,039,000	106,634	1,145,634
	<u>\$8,380,000</u>	<u>\$2,342,808</u>	<u>\$10,722,808</u>

Green Trust Loans

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

Purpose	Year of Issue	Original Loan	Interest Rate	Balance Dec. 31, 2013
Eighty Acre Park Development	1994	\$150,000	2.00%	\$9,189
Wampum Lake Additions	1994	675,820	2.00%	41,403
				<u>\$50,592</u>

Green Trust Loans debt service requirements are as follows:

Year	Principal	Interest	Total
2014	<u>\$50,592</u>	<u>\$760</u>	<u>\$51,352</u>

3. DEBT (continued)

Long-Term Debt (continued)

Long-term debt transactions for the years ended December 31, 2013 and 2012 are summarized as follows:

	Balance Dec. 31, 2012	Additions	Deductions	Balance Dec. 31, 2013
General Capital Fund:				
General Serial Bonds	\$9,297,000		\$917,000	\$8,380,000
Green Trust Loans	100,187		49,595	50,592
	<u>\$9,397,187</u>	<u>-</u>	<u>\$966,595</u>	<u>\$8,430,592</u>
	Balance Dec. 31, 2011	Additions	Deductions	Balance Dec. 31, 2012
General Capital Fund:				
General Serial Bonds	\$10,236,000	\$1,180,000	\$2,119,000	\$9,297,000
Green Trust Loans	148,805		48,618	100,187
	<u>\$10,384,805</u>	<u>\$1,180,000</u>	<u>\$2,167,618</u>	<u>\$9,397,187</u>

Short-Term Debt

At December 31, 2013 and 2012 the Borough's outstanding bond anticipation notes were as follows:

Purpose	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2013
Various Improvements	12/12/13	12/11/14	1.50%	\$1,047,850
Various Improvements and Acquisition of a Fire Truck	8/14/13	8/13/14	1.50%	<u>1,902,104</u>
				<u>\$2,949,954</u>
Purpose	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2012
Various Improvements	12/13/12	12/12/13	1.50%	\$1,047,850

Bond anticipation note transactions for the years ended December 31, 2013 and 2012 are summarized as follows:

	Balance Dec. 31, 2012	Additions	Deductions	Balance Dec. 31, 2013
General Capital Fund:				
Bond Anticipation Notes	<u>\$1,047,850</u>	<u>\$2,949,954</u>	<u>\$1,047,850</u>	<u>\$2,949,954</u>
	Balance Dec. 31, 2011	Additions	Deductions	Balance Dec. 31, 2012
General Capital Fund:				
Bond Anticipation Notes	<u>\$4,774,435</u>	<u>\$1,047,850</u>	<u>\$4,774,435</u>	<u>\$1,047,850</u>

4. FUND BALANCES APPROPRIATED

Fund balances at December 31, 2013 and 2012, which were appropriated and included as anticipated revenue in the current fund budget for the years ended December 31, 2014 and 2013 were as follows:

For the year ended December 31, 2014,

Current Fund	\$2,550,000
General Capital	1,437

For the year ended December 31, 2013,

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

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>2013</u>	<u>2012</u>
Prepaid Taxes	\$302,916	\$94,012

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, 2013 and 2012 as follows:

	<u>Local District School Tax</u>		<u>Regional High School Tax</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Balance of Tax	\$7,458,903	\$7,352,120	\$4,351,635	\$4,074,987
Deferred	7,355,824	7,272,044	4,351,634	4,074,986
Tax Payable	<u>\$103,079</u>	<u>\$80,076</u>	<u>\$1</u>	<u>\$1</u>

7. ACCRUED UNPAID SICK AND VACATION BENEFITS - UNAUDITED

As discussed in Note 1 and in accordance with accounting principles prescribed by the Division, the cash basis of accounting is followed for recording the Borough's liability related to unused sick and vacation pay. The Borough permits its employees to accumulate unused sick and vacation pay, which may be taken as time off or paid at a later date at an agreed upon rate. The estimated current costs of such unpaid compensation at December 31, 2013 and 2012 were \$1,001,270 and \$801,022, respectively. In accordance with accounting principles and practices prescribed by the Division, this amount is not reported as an expenditure or liability in the accompanying financial statements.

8. ASSESSMENT AND COLLECTION OF PROPERTY TAXES

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

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

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

9. FIXED ASSETS

Fixed assets activity for the years ended December 31, 2013 and 2012 was as follows:

	Balance Dec. 31, 2012	Additions	Dispositions	Balance Dec. 31, 2013
Land, Buildings and Improvements	\$11,219,955	\$29,180		\$11,249,135
Machinery and Equipment	10,155,193	1,930,007	\$644,209	11,440,991
	<u>\$21,375,148</u>	<u>\$1,959,187</u>	<u>\$644,209</u>	<u>\$22,690,126</u>
	Balance Dec. 31, 2011	Additions	Dispositions	Balance Dec. 31, 2012
Land, Buildings and Improvements	\$11,102,637	\$117,318		\$11,219,955
Machinery and Equipment	9,819,414	342,779	\$7,000	10,155,193
	<u>\$20,922,051</u>	<u>\$460,097</u>	<u>\$7,000</u>	<u>\$21,375,148</u>

10. LEASE OBLIGATIONS PAYABLE

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

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

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Interest Rates</u>	<u>Balance Dec. 31, 2013</u>
Capital Equipment	8/18/05	\$1,846,000	5.00%	\$436,200
Capital Equipment	10/4/07	1,131,900	5.00%	484,000
				<u>\$920,200</u>

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

<u>Year</u>	<u>General Capital Fund</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$920,200</u>	<u>\$94,955</u>	<u>\$1,015,155</u>

11. RISK MANAGEMENT

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

12. UNEMPLOYMENT COMPENSATION INSURANCE

Effective January 1, 1978, most municipal employees were eligible for unemployment compensation insurance (N.J.S.A. 43:21-3 et. seq.). The Borough has elected to fund a self-insured plan whereby the municipal cost and employee contributions are deposited in a trust fund from which claims, if any, will be paid. The reserves for unemployment compensation insurance at December 31, 2013, 2012 and 2011 were \$32,427, \$24,014 and 35,404, respectively.

13. PENSION PLANS

Description of Systems

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

Funding Policy

PERS employee contributions were 6.64% of base wages through June 30, 2013. Effective July 1, 2013 PERS employee contributions were 6.78% of base wages. PERS prosecutor employee contributions were 10.00% of base wages. PFRS employee contributions were 10.00% of base wages. The Division of Pensions actuarially determines employer's contributions annually. Contributions to the plans for the past three years were as follows:

<u>PERS</u>		<u>PFRS</u>	
<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2013	\$465,773	2013	\$1,024,099
2012	454,288	2012	929,241
2011	441,816	2011	936,800

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

Defined Contribution Retirement Program

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

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

14. DEFERRED CHARGES TO FUTURE TAXATION FUNDED AND UNFUNDED

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

15. DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

At December 31, 2013 the following deferred charges were reflected on the balance sheet of the current fund:

	Balance Dec. 31, 2013	2014 Budget Appropriation	Balance to Succeeding Budget
Special Emergency Authorization (40A:4-53)	\$30,660	\$30,660	-

The appropriation in the 2014 budget is not less than required by statute.

16. INTERFUND BALANCES

The balances of interfund receivables and payables at December 31, 2013 and 2012 are presented below:

	December 31, 2013	December 31, 2012
<u>Receivables</u>		
Current Fund	\$83,010	\$6,475
Other Trust Fund	12,837	
Federal and State Grant Fund		90,469
	<u>\$95,847</u>	<u>\$96,944</u>
<u>Payables</u>		
Current Fund	\$12,837	\$90,469
General Capital Fund	36	239
Animal Control Fund	8,331	6,236
Federal and State Grant Fund	74,643	
	<u>\$95,847</u>	<u>\$96,944</u>

17. POSTEMPLOYMENT BENEFITS

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

Plan Description

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

Funding Policy

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

Annual OPEB Cost and Net OPEB Obligation

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

January 1, 2013 Net OPEB Obligation	\$15,474,988
Plus: Annual OPEB Cost	<u>4,677,120</u>
	20,152,108
Less: Borough contributions	<u>(1,122,732)</u>
December 31, 2013 Net OPEB Obligation	<u><u>\$19,029,376</u></u> *

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

Funding Status and Funding Progress

The funded status of the Fund was as follows:

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

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

17. POSTEMPLOYMENT BENEFITS (continued)

Funding Status and Funding Progress (continued)

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

Actuarial Methods and Assumptions

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

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

18. LENGTH OF SERVICE AWARD PROGRAM

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

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

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

19. DEFERRED COMPENSATION

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

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

20. COMMITMENTS AND CONTINGENCIES

Grant Financial Assistance

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

Tax Appeals

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

Legal Proceedings

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

21. SUBSEQUENT EVENTS

In June 2014 the Borough adopted an ordinance to authorize the issuance of bonds and notes of \$1,270,644 for various capital improvements and the acquisition of various capital equipment.

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

PART II

SUPPLEMENTARY SCHEDULES

YEAR ENDED DECEMBER 31, 2013

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
SCHEDULE OF CASH - TREASURER
Year Ended December 31, 2013

Balance, December 31, 2012	<u>Ref.</u> A		\$5,451,769
Increased by Receipts:			
Collector	A-5	\$44,865,198	
Revenue Accounts Receivable	A-8	4,376,770	
State of New Jersey (PL 1971, Ch.20)		121,985	
Miscellaneous Revenue not Anticipated	A-2	402,796	
Grants Receivable	A-13	317,156	
Amount Due from Animal Control Fund	A-1	2,095	
Change Fund		200	
Reserves for:			
Marriage License Fees		2,225	
Training Fees		35,401	
Elevator Inspections		44,840	
Elevator Permits		2,809	
Outside Liens		187,392	
FEMA		56,970	
Interfunds		6,475	
			<u>50,422,312</u>
			55,874,081
Decreased by Disbursements:			
Budget Appropriations	A-3	19,262,726	
Appropriation Reserves	A-9	532,110	
Local District School Tax	A-10	14,605,865	
Regional High School Tax	A-11	8,426,620	
Appropriated Reserves	A-14	560,263	
County Taxes		6,314,818	
Refund of Tax Overpayments		49,898	
Reserve for Hurricane Sandy		18,333	
Due to Eatontown Sewerage Authority		13,745	
Operations - Refunds	A-1	685	
Interfunds		6,272	
Reserves for:			
Training Fees		33,018	
Marriage Licenses		2,200	
Elevator Inspections		54,752	
Elevator Permits		2,520	
Outside Liens		258,821	
Tax Appeals		47,092	
			<u>50,189,738</u>
Balance, December 31, 2013	A		<u><u>\$5,684,343</u></u>

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
SCHEDULE OF CURRENT CASH - COLLECTOR
Year Ended December 31, 2013

	<u>Ref.</u>		
Increased by Receipts:			
Taxes Receivable	A-6	\$44,362,663	
Prepaid Taxes		302,916	
Revenue Accounts Receivable -			
Interest and Costs on Taxes	A-8	108,621	
Tax Overpayments		76,853	
Due to Eatontown Sewerage Authority		14,145	
		<hr/>	
			<u>\$44,865,198</u>
Decreased by Disbursements:			
Payment to Treasurer - Current Fund	A-4		<u>\$44,865,198</u>

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY
Year Ended December 31, 2013

<u>Year</u>	<u>Balance</u> <u>Dec. 31, 2012</u>	<u>2013 Levy</u>	<u>Collection by Cash</u>		<u>Senior Citizens</u> <u>and Veterans</u> <u>Deductions</u>	<u>Canceled and</u> <u>Adjustments</u>	<u>Overpayments</u> <u>Applied</u>	<u>Transferred</u> <u>to Tax</u> <u>Title Liens</u>	<u>Balance</u> <u>Dec. 31, 2013</u>
			<u>2012</u>	<u>2013</u>					
Prior	\$60,110								\$60,110
2012	483,974			\$481,417					2,557
	544,084			481,417					62,667
2013		\$45,363,405	\$94,012	43,881,246	\$94,983	\$1,015,289	\$24,848	\$5,932	247,095
	<u>\$544,084</u>	<u>\$45,363,405</u>	<u>\$94,012</u>	<u>\$44,362,663</u>	<u>\$94,983</u>	<u>\$1,015,289</u>	<u>\$24,848</u>	<u>\$5,932</u>	<u>\$309,762</u>
<u>Ref.</u>	A			A-5				A-7	A

Analysis of 2013 Property Tax Levy

Tax Yield:

General Purpose Tax	\$45,187,036
Added Taxes (54:4-63.1 Et Seq.)	138,182
Omitted Taxes (54:4-63.12 Et Seq.)	38,187
	<u>\$45,363,405</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, 2013

Analysis of 2013 Property Tax Levy (continued)

	<u>Ref.</u>	
Tax Levy:		
Regional High School Tax	A-11	\$8,703,268
Local District School Tax	A-10	14,711,648
County Taxes:		
County Tax		5,532,768
County Library Tax		355,406
County Open Space Tax		306,535
County Health Tax		112,110
Due to County for Added and Omitted Taxes		24,819
Total County Taxes		<u>6,331,638</u>
Local Tax for Municipal Purposes	A-2	15,459,728
Add: Additional Tax Levied		157,123
Local Tax for Municipal Purposes Levied		<u>15,616,851</u>
		<u>\$45,363,405</u>

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
SCHEDULE OF TAX TITLE LIENS
Year Ended December 31, 2013

	<u>Ref.</u>	
Balance, December 31, 2012	A	\$74,970
Increased by:		
Transfers from Taxes Receivable	A-6	<u>5,932</u>
Balance, December 31, 2013	A	<u><u>\$80,902</u></u>

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE
Year Ended December 31, 2013

	<u>Ref.</u>	<u>Balance Dec. 31, 2012</u>	<u>Accrued in 2013</u>	<u>Realized / Collected</u>	<u>Balance Dec. 31, 2013</u>
Alcoholic Beverage Licenses	A-2		\$38,438	\$38,438	
Other Licenses	A-2		17,289	17,289	
Fees and Permits	A-2		227,941	227,941	
Municipal Court Fines and Costs	A-2	\$36,366	513,751	505,146	\$44,971
Interest and Costs on Taxes	A-2		108,621	108,621	
Interest on Investments	A-2		4,987	4,987	
Consolidated Municipal Property					
Tax Relief Act	A-2		77,728	77,728	
Energy Receipts Tax	A-2		1,386,887	1,386,887	
Uniform Construction Code Fees	A-2		505,093	505,093	
Mechanical Garage - Eatontown Board of					
Education	A-2		6,019	6,019	
Municipal Court - Monmouth Beach	A-2		35,417	35,417	
Cooperative Housing Inspection Grant	A-2		9,728	9,728	
Senior Citizen Housing (In Lieu of Taxes)	A-2		197,170	197,170	
Borough Community Center Programs	A-2		267,651	267,651	
Uniform Fire Safety Act	A-2		75,012	75,012	
General Capital Fund Surplus	A-2		10,852	10,852	
Other Trust Fund Surplus	A-2		63	63	
Hotel Tax	A-2		340,131	340,131	
Cell Tower Agreements	A-2		289,371	289,371	
Reserve for Payment of Bonds	A-2		288,500	288,500	
CATV Franchise Fees	A-2		93,347	93,347	
		<u>\$36,366</u>	<u>\$4,493,996</u>	<u>\$4,485,391</u>	<u>\$44,971</u>
	<u>Ref.</u>	A			A
Collected by:					
Treasurer	A-4			\$4,376,770	
Tax Collector:					
Interest and Costs on Taxes	A-5			108,621	
				<u>\$4,485,391</u>	

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES
Year Ended December 31, 2013

	<u>Balance</u> <u>Dec. 31, 2012</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	\$10,831		\$10,831	\$141	\$10,690
Mayor and Council	4,214		4,214		4,214
Elections	66		66		66
Information Technology	140		140		140
Purchasing	5		5		5
Financial Administration	53		53		53
Assessment of Taxes	2,250		2,250		2,250
Municipal Prosecutor	720		720		720
Public Buildings and Grounds	8,215		8,215		8,215
Planning Board	1,388		1,388		1,388
Board of Adjustment	1,089		1,089		1,089
Fire	2		2		2
Uniform Fire Safety Act	10,671	\$700	11,371	700	10,671
Police	221,001		212,001	43,655	168,346
Road Repair and Maintenance	16		16		16
Municipal Court	33,105		23,105		23,105
Parks	137		137		137
Recreation	862		862		862
Borough Community Center	7,887		7,887	7,887	
Senior Citizens Programs	13,482	180	13,662	3,595	10,067
Aid to Privately Owned Library	1,806		1,806		1,806
Other Expenses:					
Administrative and Executive	10,822	1,316	12,138	4,286	7,852
Labor Attorney		930	930	930	
Mayor and Council	240		240	33	207
Advertising	10,517	6,172	16,689	6,195	10,494
Elections	1,666		1,666		1,666
Municipal Clerk	4,450	178	4,628	2,787	1,841
Information Technology	6,221	1,300	7,521	1,301	6,220
Purchasing	4,196	738	4,934	849	4,085
Financial Administration	10,883	110	16,993	8,001	8,992
Bond Registration Fees	1,411		1,411		1,411
Audit Services	40,700		40,700	32,800	7,900
Assessment of Taxes	2,003	220	2,223	443	1,780
Collection of Taxes	860		860		860

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES
Year Ended December 31, 2013

	<u>Balance</u> <u>Dec. 31, 2012</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):					
Legal Services and Costs	\$22,639		\$32,639	\$13,552	\$19,087
Special Counsel	19,877	\$5,719	25,596	25,596	
Engineering Services and Costs:					
Miscellaneous Other Expenses	15,217	13,014	28,231	7,876	20,355
Public Buildings and Grounds	5,868	19,794	25,662	20,238	5,424
Planning Board	9,165	684	9,849	2,672	7,177
Board of Adjustment	7,986		7,986		7,986
Zoning Officer	1,642	80	1,722	656	1,066
Shade Tree Commission	1,615	3,980	5,595	1,179	4,416
Environmental Program	702	238	940	238	702
Gypsy Moth Program	100		100		100
Fire:					
Fire Hydrant Service	8,550	824	22,374	11,855	10,519
Miscellaneous Other Expenses	13,454	13,062	26,516	13,104	13,412
Group Insurance	131,191	5,111	136,302	6,577	129,725
Other Insurance	42,243	2,484	44,727	2,083	42,644
Workman's Compensation Insurance	1,061		1,061		1,061
Uniform Fire Safety Act	3,590		3,590	72	3,518
Police	12,102	23,771	35,873	34,785	1,088
First Aid	2,019	5,417	7,436	4,767	2,669
Demolition of Structures	1,000		1,000		1,000
Emergency Management Services	238	673	911	673	238
Road Repair and Maintenance	10,298	15,755	26,053	14,526	11,527
Municipal Court	3,338	316	3,654	422	3,232
Maintaining of Borough Equipment	40,697	15,874	56,571	21,597	34,974
Street Lighting	38,408	175	28,583	25,214	3,369
Monmouth County					
Reclamation Fees	50,387	31,340	71,727	44,632	27,095
Recycling	26,342	2,119	28,461	11,170	17,291
Sanitation - Apartment Collection	2,600	20,617	23,217	20,617	2,600
Administration of Public Assistance	1,750		1,750		1,750
Relocation	1,500		1,500		1,500
Housing Inspection	330		330	104	226

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES
Year Ended December 31, 2013

	<u>Balance</u> <u>Dec. 31, 2012</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):					
Parks	\$2,153	\$5,688	\$7,841	\$4,206	\$3,635
Recreation	8,850	9,320	18,170	8,270	9,900
Celebration of Public Events	5,214	336	5,550	336	5,214
Community Center	7,770	365	8,135	182	7,953
Youth Committee	204	899	1,103	376	727
Tenant's Rights Committee	932		932		932
Senior Citizen's Program	3,386	630	4,016	533	3,483
Inspection of Buildings	3,339	1,610	4,949	2,004	2,945
Fuel for Motor Vehicles	26,942	15,644	62,586	39,223	23,363
Business Advisory Committee	1,000		1,000		1,000
Employee Sick Time Buy - Back	60,095		60,095		60,095
Electricity	29,844		19,844	7,471	12,373
Telephone	22,167	1,207	23,374	5,266	18,108
Water	7,427		7,427	562	6,865
Natural Gas	35,686		35,686	12,387	23,299
Contingent	3,432		3,432		3,432
Greater Media Newspapers - 2008	1		1		1
Social Security System (O.A.S.I.)	8,066		8,066	1,143	6,923
Aid to Privately Owned Library	3,361	21	3,382	624	2,758
Telephone	2,500		2,500		2,500
9-1-1 Systems	500		500		500
State Recycling Tax	2,841	1,301	4,142	2,269	1,873
NJDEP/Storm Water Mgt.	12,000		12,000		12,000
Length of Service Award Program - Fire	39,000		39,000	39,000	
Length of Service Award Program - First Aid	18,000		18,000	10,450	7,550
Matching Funds for Grants	6,000		6,000		6,000
	<u>\$1,198,528</u>	<u>\$229,912</u>	<u>\$1,428,440</u>	<u>\$532,110</u>	<u>\$896,330</u>
<u>Ref.</u>	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, 2013

	<u>Ref.</u>		
Balance, December 31, 2012:			
School Tax Payable	A	\$80,076	
School Tax Deferred		<u>7,273,044</u>	\$7,353,120
Increased by:			
Levy - School Year July 1, 2013 to June 30, 2014	A-6	<u>14,711,648</u>	<u>22,064,768</u>
Decreased by:			
Payments	A-4	<u>14,605,865</u>	
Balance, December 31, 2013:			
School Tax Payable	A	103,079	
School Tax Deferred		<u>7,355,824</u>	<u>\$7,458,903</u>
<u>2013 Liability for Local District School Tax:</u>			
Tax Paid	A-10	\$14,605,865	
Taxes Payable, December 31, 2013	A-10	<u>103,079</u>	\$14,708,944
Less: Taxes Payable, December 31, 2012	A-10	<u>80,076</u>	
Amount Charged to 2013 Operations	A-1	<u>\$14,628,868</u>	

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
SCHEDULE OF REGIONAL HIGH SCHOOL TAX PAYABLE
Year Ended December 31, 2013

	<u>Ref.</u>		
Balance, December 31, 2012:			
School Tax Payable	A	\$1	
School Tax Deferred		<u>4,074,986</u>	
			\$4,074,987
Increased by:			
Levy - School Year July 1, 2013 to June 30, 2014	A-6	<u>8,703,268</u>	
			12,778,255
Decreased by:			
Payments	A-4	<u>8,426,620</u>	
Balance, December 31, 2013:			
School Tax Payable	A	1	
School Tax Deferred		<u>4,351,634</u>	
			<u>\$4,351,635</u>
<u>2013 Liability for Regional High School Tax:</u>			
Tax Paid and Charged to 2013 Operations	A-11:A-1	<u>\$8,426,620</u>	

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
SCHEDULE OF RESERVE FOR ENCUMBRANCES
Year Ended December 31, 2013

	<u>Ref.</u>	
Balance, December 31, 2012	A	\$245,745
Increased by:		
Transferred from 2013 Appropriations	A-3	<div style="display: flex; justify-content: flex-end;"> <div style="text-align: right; margin-right: 10px;">238,032</div> <hr style="width: 50%;"/> <div style="text-align: right;">483,777</div> </div>
Decreased by:		
Transfer to Appropriation Reserves	A-9	\$229,912
Transfer to Reserve for Hurricane Sandy		<div style="display: flex; justify-content: flex-end;"> <div style="text-align: right; margin-right: 10px;">15,833</div> <hr style="width: 50%;"/> <div style="text-align: right;">245,745</div> </div>
Balance, December 31, 2013	A	<div style="display: flex; justify-content: flex-end;"> <div style="text-align: right; margin-right: 10px;">\$238,032</div> <hr style="width: 50%; border-top: 3px double black;"/> </div>

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

FEDERAL AND STATE GRANT FUND
SCHEDULE OF GRANTS RECEIVABLE
Year Ended December 31, 2013

Grant	Balance Dec. 31, 2012	2013 Anticipated Revenue	Transferred from Unappropriated Reserves	Cash Receipts	Balance Dec. 31, 2013
Municipal Alliance on Alcoholism and Drug Abuse	\$17,340	\$25,983		\$38,205	\$5,118
Handicapped Recreation Opportunities Fund	5,000	15,000		5,000	15,000
New Jersey Transportation Trust Fund	220,406				220,406
Clean Communities Program		24,080		24,080	
Safe and Secure Communities Program	15,000	60,000		30,000	45,000
Bulletproof Vest		6,792	\$3,217	3,575	
Over the Limit Under Arrest	5,200			5,200	
Comcast Technology		38,500			
Community Development Block Grant	182,500			182,500	
Drunk Driving Enforcement Fund		2,817		2,817	
Cars - E Grant	26,260			25,779	481
	<u>\$471,706</u>	<u>\$173,172</u>	<u>\$3,217</u>	<u>\$317,156</u>	<u>\$286,005</u>
<u>Ref.</u>	A	A-2	A-15	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, 2013

Grant	Balance Dec. 31, 2012	Transfer from 2013 Budget Appropriation	Transferred from Reserve for Encumbrances	Expended	Balance Dec. 31, 2013
Municipal Alcohol					
Education/Rehabilitation Program	\$4,613				\$4,613
Drunk Driving Enforcement	5,944	\$2,817		\$5,114	3,647
Comcast Technology	50,000	38,500		85,022	3,478
New Jersey Transportation					
Trust Fund	53,897		\$175,000	175,000	53,897
Over the Limit Under Arrest	5,200			5,200	
Handicapped Person's Recreational					
Opportunities Fund	367	18,000		14,299	4,068
Clean Communities Program		24,080		24,080	
Body Armor Fund	3,740			3,025	715
Bulletproof Vest		6,792		3,217	3,575
Safe and Secure Communities					
Program	6,693	90,000		90,000	6,693
Open Space	30,000				30,000
Municipal Alliance on Alcoholism					
and Drug Abuse	13,609	32,478	132	39,416	6,803
Community Development Block Grant	182,500			182,500	
Cars - E Grant	481		25,779	25,779	481
Sustainable Jersey Small Program	1,000				1,000
	<u>\$358,044</u>	<u>\$212,667</u>	<u>\$200,911</u>	<u>\$652,652</u>	<u>\$118,970</u>

Ref.

A

A-3

A

A

Ref.

Cash Disbursements

A-4

\$560,263

Reserve for Encumbrances

A

92,389

\$652,652

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

FEDERAL AND STATE GRANT FUND
SCHEDULE OF UNAPPROPRIATED RESERVES
Year Ended December 31, 2013

<u>Grant</u>	<u>Balance Dec. 31, 2012</u>	<u>Transferred to Grants Receivable</u>	<u>Balance Dec. 31, 2013</u>
Clean Communities	\$1		\$1
Body Armor Fund	1		1
Bulletproof Vest	3,218	\$3,217	1
	<u>\$3,220</u>	<u>\$3,217</u>	<u>\$3</u>
<u>Ref.</u>	A	A-13	A

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

TRUST FUND
SCHEDULE OF CASH - TREASURER
Year Ended December 31, 2013

	<u>Ref.</u>	<u>Animal Control</u>	<u>Other</u>
Balance, December 31, 2012	B	<u>\$25,333</u>	<u>\$3,294,662</u>
Increased by Receipts:			
Due from Current Fund		9,161	
2013 Budget Appropriation	B-3	2,500	
Dog License Fees	B-3	4,623	
State Dog License Fees		807	
Prepaid Licenses		1,615	
Various Deposits	B-4		2,235,007
		<u>18,706</u>	<u>2,235,007</u>
Decreased by Disbursements:			
Due to Current Fund		9,161	12,837
State Dog License Fees		842	
Expenditures Under R.S. 4:19-15.11	B-3	7,527	
Current Fund for Fund Balance - Anticipated Revenue	B-1		63
Various Deposits	B-4		1,732,234
		<u>17,530</u>	<u>1,745,134</u>
Balance, December 31, 2013	B	<u><u>\$26,509</u></u>	<u><u>\$3,784,535</u></u>

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

TRUST FUND
SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES
Year Ended December 31, 2013

	<u>Ref.</u>		
Balance, December 31, 2012	B		\$15,430
Increased by:			
2013 Budget Appropriation	B-2	\$2,500	
Dog License Fees Collected in 2013	B-2	4,623	
Prepaid Revenue Realized		1,711	
		<u>8,834</u>	<u>24,264</u>
Decreased by:			
Expenditures Under R.S. 4:19-15.11:			
Cash	B-2	7,527	
Statutory Excess Due to Current Fund		<u>2,095</u>	
			<u>9,622</u>
Balance, December 31, 2013	B		<u><u>\$14,642</u></u>

License Fees Collected:	<u>Year</u>	<u>Amount</u>
	2012	\$7,238
	2011	7,404
		<u><u>\$14,642</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, 2013

<u>Purpose</u>	<u>Balance Dec. 31, 2012</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2013</u>
Developer's Escrow	\$1,348,535	\$1,444,426	\$1,036,091	\$1,756,870
Security Deposits	119,471	691	649	119,513
Law Enforcement	8,472	1,535	1,613	8,394
Unemployment	24,014	32,331	23,918	32,427
Agency	6,484	6,933	6,722	6,695
Municipal Alliance	3,461	2,015	2,001	3,475
Public Defender	20,540	9,276	10,000	19,816
Police Outside Employment	109,141	409,822	407,106	111,857
Recreation Contributions	12,649	10,920	5,488	18,081
Uniform Fire Safety Penalties	68,200	4,648	304	72,544
Premium on Tax Sale	180,150	176,000	156,400	199,750
POAA	3,909	700		4,609
Fire Contributions	4,929	2		4,931
Affordable Housing	1,168,562	100,276	60,639	1,208,199
Other Contributions	5,306	2,278	2,286	5,298
Accumulated Absences	135,000	10,000		145,000
Historical Museum Donations	4,966		50	4,916
Eatontown Economic Development Advisory Committee Donations	275			275
Recycling	70,535	23,154	18,967	74,722
	<u>\$3,294,599</u>	<u>\$2,235,007</u>	<u>\$1,732,234</u>	<u>\$3,797,372</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, 2013

	<u>Ref.</u>		
Balance, December 31, 2012	B		\$312,599
Increased by:			
Borough Contributions	B-6	\$49,450	
Change in Market Value	B-6	<u>37,490</u>	
			<u>86,940</u>
			399,539
Decreased by:			
Distributions	B-6	22,489	
Administrative Charges	B-6	1,838	
Return of Non-Vested Funds	B-6	<u>1,190</u>	
			<u>25,518</u>
Balance, December 31, 2013	B		<u><u>\$374,021</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, 2013

	<u>Ref.</u>		
Balance, December 31, 2012	B		\$312,599
Increased by:			
Borough Contributions	B-5	\$49,450	
Change in Market Value	B-5	<u>37,490</u>	
			<u>86,940</u>
			399,539
Decreased by:			
Distributions	B-5	22,489	
Administrative Charges	B-5	1,838	
Return of Non-Vested Funds	B-5	<u>1,190</u>	
			<u>25,518</u>
Balance, December 31, 2013	B		<u><u>\$374,021</u></u>

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF CASH - TREASURER
Year Ended December 31, 2013

	<u>Ref.</u>		
Balance, December 31, 2012	C		\$3,492,573
Increased by Receipts:			
Budget Appropriations:			
Capital Improvement Fund	C-4	\$51,000	
Due to Current Fund		36	
Premium on Notes Issued	C-1	1,437	
Bond Anticipation Notes	C-7	<u>2,949,954</u>	
			<u>3,002,427</u>
			6,495,000
Decreased by Disbursements:			
Bond Anticipation Notes	C-7	1,047,850	
Due from Current Fund		239	
Capital Surplus to Current Fund	C-1	10,852	
Reserve for Payment of Bonds		288,500	
Improvement Authorizations	C-5	<u>2,329,191</u>	
			<u>3,676,632</u>
Balance, December 31, 2013	C		<u><u>\$2,818,368</u></u>

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

GENERAL CAPITAL FUND
ANALYSIS OF GENERAL CAPITAL FUND CASH
December 31, 2013

	<u>Balance</u> <u>Dec. 31, 2013</u>
Capital Improvement Fund	\$8,423
Miscellaneous	(1)
Due to Current Fund	36
Fund Balance	1,437
Reserve for Encumbrances	962,449

Improvement Authorizations:

<u>Ordinance</u> <u>Number</u>	<u>Improvement Description</u>	
11-2002	Various Capital Improvements	1,206
13-2003	Wall Street Sidewalks	3,500
20-2004	Various Improvements	58,772
11-2005	Various Capital Improvements	215,794
26-2006	Various Improvements	223,056
19-2007	Various Improvements	285,185
15-2008	Various Improvements	196,032
07-2009	Various Improvements	125,996
15-2010	Various General Improvements	134,544
07-2011	Acquisition of Various Pieces of Equipment and Completion of Various Capital Improvements	220,179
17-2012	Various Improvements	158,227
23-2012	Acquisition of a Fire Truck	14,382
10-2013	Various Improvements	209,151
		<u>\$2,818,368</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, 2013

	<u>Ref.</u>	
Balance, December 31, 2012	C	\$15,034
Increased by:		
2013 Budget Appropriation	C-2	<u>51,000</u> 66,034
Decreased by:		
Appropriated to Finance Improvement Authorizations	C-5	<u>57,611</u>
Balance, December 31, 2013	C	<u><u>\$8,423</u></u>

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS
Year Ended December 31, 2013

Ordinance Number	Improvement Description	Ordinance Amount	Balance Dec. 31, 2012			2013 Authorizations	Paid or Charged	Balance Dec. 31, 2013	
			Funded	Unfunded	Encumbered			Funded	Unfunded
10-2002	Various Improvements	\$579,650			\$3,688		\$3,688		
11-2002	Various Capital Improvements	1,645,521	\$1,206					\$1,206	
21-2002	Phase I Acquisition of Real Property	55,000	462		500		962		
08-2003	Industrial Way Sidewalks	1,020,000			30,059		30,059		
13-2003	Wall Street Sidewalks	235,000			10,161		6,661	3,500	
20-2004	Various Improvements	600,000	63,722		36,162		41,112	58,772	
11-2005	Various Capital Improvements	1,650,000	275,488		162,523		222,217	215,794	
13-2006	Various Road Improvements	200,000			152,363		152,363		
26-2006	Various Improvements	780,000	252,599		2,725		32,268	223,056	
19-2007	Various Improvements	1,461,300	292,685				7,500	285,185	
15-2008	Various Improvements	1,075,500	193,237		191,824		189,029	196,032	
07-2009	Various Improvements	1,399,200	125,995		147,551		147,550	125,996	
15-2010	Various General Improvements	1,351,666	130,979		71,484		67,919	134,544	
07-2011	Acquisition of Various Pieces of Equipment and Completion of Various Capital Improvements	1,357,600	235,653		31,137		46,611	220,179	
17-2012	Various Improvements	1,103,000		\$388,385	334,861		565,019		\$158,227
23-2012	Acquisition of a Fire Truck	850,000	42,500	807,500			835,618		14,382
10-2013	Various Improvements	1,152,215				\$1,152,215	943,064		209,151
			<u>\$1,614,526</u>	<u>\$1,195,885</u>	<u>\$1,175,038</u>	<u>\$1,152,215</u>	<u>\$3,291,640</u>	<u>\$1,464,264</u>	<u>\$381,760</u>
	<u>Ref.</u>		C	C	C			C	C
	Deferred Charges to Future Taxation - Unfunded Capital Improvement Fund				<u>Ref.</u>	\$1,094,604			
					C-4	57,611			
						<u>\$1,152,215</u>			
					<u>Ref.</u>				
	Cash Disbursements				C-2	\$2,329,191			
	Reserve for Encumbrances				C	962,449			
						<u>\$3,291,640</u>			

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF GENERAL SERIAL BONDS
Year Ended December 31, 2013

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding Dec. 31, 2013		Interest Rate	Balance Dec. 31, 2012	Decreased	Balance Dec. 31, 2013
			Date	Amount				
General Improvement	12/4/02	\$1,553,000	12/1/15	\$4,000	5.00%	\$14,000	\$3,000	\$11,000
			12/1/16	3,000	5.00%			
			12/1/17	2,000	5.00%			
			12/1/18	1,000	5.00%			
			12/1/19	1,000	5.00%			
General Improvement	12/29/05	1,327,000	12/1/14	121,000	5.00%	640,000	116,000	524,000
			12/1/15	128,000	5.00%			
			12/1/16	134,000	5.00%			
			12/1/17	141,000	4.00%			
General Improvement	12/4/08	4,549,000	12/1/14	208,000	5.00%	3,818,000	198,000	3,620,000
			12/1/15	219,000	5.00%			
			12/1/16	230,000	4.00%			
			12/1/17	239,000	4.00%			
			12/1/18	248,000	5.25%			
			12/1/19	262,000	4.50%			
			12/1/20	273,000	4.50%			
			12/1/21	286,000	5.00%			
			12/1/22	300,000	5.25%			
			12/1/23	316,000	5.00%			
			12/1/24	331,000	5.125%			
			12/1/25	348,000	5.125%			
			12/1/26	360,000	5.00%			

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding Dec. 31, 2013		Interest Rate	Balance Dec. 31, 2012	Decreased	Balance Dec. 31, 2013			
			Date	Amount							
General Improvement	12/29/11	\$4,150,000	12/1/14	\$365,000	4.00%	\$3,795,000	\$350,000	\$3,445,000			
			12/1/15	380,000	5.00%						
			12/1/16	395,000	5.00%						
			12/1/17	415,000	5.00%						
			12/1/18	440,000	5.00%						
			12/1/19	460,000	5.00%						
			12/1/20	485,000	5.00%						
			12/1/21	505,000	5.00%						
General Improvement	5/22/12	1,180,000	12/1/14	255,000	4.00%	1,030,000	250,000	780,000			
			12/1/15	95,000	4.00%						
			12/1/16	100,000	4.00%						
			12/1/17	105,000	4.00%						
			12/1/18	110,000	4.00%						
			12/1/19	115,000	4.00%						
									Ref.	\$9,297,000	\$917,000
				C	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, 2013

Ordinance Number	Improvement Description	Date of Issue of Original Note	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2012	Increased	Decreased	Balance Dec. 31, 2013
17-2012	Various Improvements	12/13/12	12/13/12	12/12/13	1.50%	\$1,047,850		\$1,047,850	
17-2012	Various Improvements	12/13/12	12/12/13	12/11/14	1.50%		\$1,047,850		\$1,047,850
23-2012	Acquisition of a Fire Truck	8/14/13	8/14/13	8/13/14	1.50%		807,500		807,500
10-2013	Various Improvements	8/14/13	8/14/13	8/13/14	1.50%		1,094,604		1,094,604
						<u>\$1,047,850</u>	<u>\$2,949,954</u>	<u>\$1,047,850</u>	<u>\$2,949,954</u>
					<u>Ref.</u>	C	C-2	C-2	C

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF LEASE OBLIGATIONS PAYABLE
Year Ended December 31, 2013

	<u>Ref.</u>	
Balance, December 31, 2012	C	\$1,331,000
Decreased by:		
Paid by Budget Appropriation		<u>410,800</u>
Balance, December 31, 2013	C	<u><u>\$920,200</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, 2013

	<u>Ref.</u>		
Balance, December 31, 2012	C		\$9,397,187
Decreased by:			
Budget Appropriation to Pay General Serial Bonds	C-6	\$917,000	
Budget Appropriation to Pay Green Trust Loans	C-10	<u>49,595</u>	
			<u>966,595</u>
Balance, December 31, 2013	C		<u><u>\$8,430,592</u></u>

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF GREEN TRUST LOANS PAYABLE
Year Ended December 31, 2013

	<u>Ref.</u>	
Balance, December 31, 2012	C	\$100,187
Decreased by:		
Budget Appropriation to Pay Green Trust Loans	C-9	<u>49,595</u>
Balance, December 31, 2013	C	<u><u>\$50,592</u></u>

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO
FUTURE TAXATION - UNFUNDED
December 31, 2013

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2013</u>
17-2012	Various Improvements	\$1,047,850
23-2012	Acquisition of a Fire Truck	807,500
10-2013	Various Improvements	<u>1,094,604</u>
		<u><u>\$2,949,954</u></u>
	<u>Ref.</u>	C

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
Year Ended December 31, 2013

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2012</u>	<u>2013 Authorizations</u>	<u>Bond Anticipation Notes Issued</u>	<u>Balance Dec. 31, 2013</u>
General Improvements:					
23-2012	Acquisition of a Fire Truck	\$807,500		\$807,500	
10-2013	Various Improvements		\$1,094,604	1,094,604	
		<u>\$807,500</u>	<u>\$1,094,604</u>	<u>\$1,902,104</u>	<u>\$0</u>
<u>Ref.</u>	(Footnote C)				(Footnote C)

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

GENERAL FIXED ASSETS ACCOUNT GROUP
SCHEDULE OF INVESTMENT IN GENERAL FIXED ASSETS
Year Ended December 31, 2013

	<u>Balance</u> <u>Dec. 31, 2012</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Balance</u> <u>Dec. 31, 2013</u>
General Fixed Assets:				
Land, Buildings and Improvements	\$11,219,955	\$29,180		\$11,249,135
Machinery and Equipment	<u>10,155,193</u>	<u>1,930,007</u>	<u>\$644,209</u>	<u>11,440,991</u>
	<u>\$21,375,148</u>	<u>\$1,959,187</u>	<u>\$644,209</u>	<u>\$22,690,126</u>
<u>Ref.</u>	D			D

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

PART III

COMMENTS

YEAR ENDED DECEMBER 31, 2013

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

COMMENTS

YEAR ENDED DECEMBER 31, 2013

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:

Road Paving and Capital Improvements
E-Ticking System
2014 Model or Newer 4x2 Six Cubic Yard Single Axle Dump Truck
2013 or Newer Six Wheel Single Engine Broom Street Sweeper with Cleated Belt Type Conveyor
Police Uniforms
Third Party Electric Supplier

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, 2013 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 2013 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 4, 2013 and was complete.

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

2013	10
2012	10
2011	10

SUMMARY OF MUNICIPAL DEBT

	<u>2013</u>	<u>2012</u>	<u>2011</u>
<u>Issued</u>			
General bonds and notes	\$11,380,546	\$10,445,037	\$15,159,240
Less:			
Funds on hand to pay bonds and notes	<u>-</u>	<u>288,500</u>	<u>5,136,935</u>
Net debt issued	11,380,546	10,156,537	10,022,305
<u>Authorized but not Issued</u>			
General bonds and notes	<u>-</u>	<u>807,500</u>	<u>-</u>
Net bonds and notes issued and authorized but not issued	<u>\$11,380,546</u>	<u>\$10,964,037</u>	<u>\$10,022,305</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 0.541%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School	\$25,194,000	\$25,194,000	-
General Debt	<u>14,974,380</u>	<u>3,593,834</u>	<u>\$11,380,546</u>
	<u>\$40,168,380</u>	<u>\$28,787,834</u>	<u>\$11,380,546</u>

Net Debt \$11,380,546 divided by Equalized Valuation basis per N.J.S. 40A:2-2 as amended, \$2,105,283,032 equals 0.541%.

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

3½% of Equalized Valuation Basis	\$73,684,906
Net Debt	<u>11,380,546</u>
Remaining Borrowing Power	<u>\$62,304,360</u>

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION AND APPORTIONMENT

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Municipal	.761	\$.706	\$.681
Local School	.724	.697	.681
Regional School	.429	.391	.406
County	.311	.302	.317
Total tax rate	<u>\$2.225</u>	<u>\$2.096</u>	<u>\$2.085</u>

ASSESSED VALUATIONS

2013	\$2,030,878,034
2012	2,086,000,009
2011	2,117,215,554

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>
2013	\$45,363,405	\$44,095,089	97.20%
2012	43,777,654	42,396,400	96.84%
2011	44,194,126	43,327,299	98.04%

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>2013</u>	<u>2012</u>	<u>2011</u>
Tax title liens	\$80,902	\$74,970	\$68,532
Delinquent taxes	<u>309,762</u>	<u>544,084</u>	<u>652,937</u>
Total delinquent	<u>\$390,664</u>	<u>\$619,054</u>	<u>\$721,469</u>
% of tax levy	0.86%	1.41%	1.63%

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>
2013	\$201,300
2012	201,300
2011	201,300

COMPARATIVE SCHEDULE OF FUND BALANCE AT DECEMBER 31

<u>Year</u>	<u>Current Fund Balance</u>	<u>Utilized in Succeeding Budget</u>
2013	\$3,056,564	\$2,550,000
2012	3,611,767	2,900,000
2011	4,085,822	3,225,000

OFFICIALS IN OFFICE AND SURETY BONDS

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

<u>Name</u>	<u>Title</u>
Gerald J. Tarantolo	Mayor
Dennis J. Connelly	Councilman
Mark W. Regan	Councilman
Anthony Talerico, Jr.	Councilman
Janice Kroposky	Councilwoman
Meir Araman	Councilman
Jennifer L. Piazza	Councilwoman
George Jackson	Administrator
John Gillooly	Tax Assessor
Karen Siano	Clerk and Assessment Searcher
Patricia De Ponti	Tax Collector and Tax Searcher
Lesley Connolly	Chief Financial Officer and Treasurer
George Cieri	Magistrate
Suzann Lorusso	Court Administrator (1/1/13-8/16/13)
Valerie Sapienza	Deputy Clerk
Patricia Campbell	Deputy Court Administrator (1/1/13-10/31/13)

Borough employees are covered by a public employee dishonesty bond in the amount of \$50,000.00 by the Monmouth Municipal Joint Insurance Fund. In addition, Borough employees are covered by a public employee dishonesty and faithful performance bond in the amount of \$950,000.00 by the Municipal Excess Liability Insurance Fund.

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

PART IV

SINGLE AUDIT SECTION

YEAR ENDED DECEMBER 31, 2013

Oliwa & Company

Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY FEDERAL OMB CIRCULAR A-133**

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

Report on Compliance for Each Major Federal Program

We have audited the Borough of Eatontown, County of Monmouth, State of New Jersey (the "Borough") compliance with the types of compliance requirements described in OMB Circular A-133 Compliance Supplement that could have a direct and material effect on the Borough's major federal program for the year ended December 31, 2013. The Borough's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Borough's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance 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 OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Borough's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Borough's compliance.

Opinion on Each Major Federal Program

In our opinion, the Borough, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2013.

Report on Internal Control Over Compliance

Management of the Borough is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Borough's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Borough's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance 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 compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



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

Oliwa & Company

Freehold, New Jersey
September 12, 2014

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2013

<u>Federal Grantor/ Pass-Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass- Through Entity Identifying Number</u>	<u>Grant Period</u>	<u>Grant Award Amount</u>	<u>Cash Received</u>	<u>Federal Expenditures</u>	<u>Cumulative Expenditures</u>
United States Department of Homeland Security Passed-Through State of New Jersey Department of Law and Public Safety, Division of State Police Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	N/A	2012 to completion	\$666,023	\$809,970 *	\$666,023 **	\$666,023
Department of Housing and Urban Development Passed-Through County of Monmouth Community Development Block Grant	14.228	G-14-56- 892-120-756	2012-2013	182,500	182,500	182,500	182,500
United States Department of Justice: Bulletproof Vest Partnership Program	16.607	-	2012-2014	3,217	-	3,217	3,217
Bulletproof Vest Partnership Program	16.607	-	2013-2015	3,575	3,575	-	-
Total Expenditures of Federal Awards					<u>\$996,045</u>	<u>\$851,740</u>	<u>\$851,740</u>

N/A - not available

<u>Additional Information: Program Title</u>	<u>Year ended December 31,</u>	<u>Cash Received</u>	<u>Federal Expenditures</u>
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	2013	\$56,970	\$587,419
	2012	753,000	78,604
		<u>\$809,970 *</u>	<u>\$666,023 **</u>

The accompanying notes to the schedule of expenditures of federal awards are an integral part of this schedule.

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2013

NOTE 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") presents the federal grant activity of the Borough of Eatontown (the "Borough"). The Borough is defined in Note 1(A) to the Borough's financial statements. The information in the Schedule is presented in accordance with the requirements of Federal OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and other information requested by the State of New Jersey, as a pass-through grantor. Because the Schedule presents only a selected portion of the operations of the Borough, it is not intended to and does not present the financial position, changes in financial position or cash flows of the Borough.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Except for expenditures for Disaster Grants – Public Assistance (Presidentially Declared Disasters), expenditures on the Schedule are recorded on the basis of accounting as described in Note 1 to the Borough's regulatory basis financial statements. Expenditures for Disaster Grants – Public Assistance (Presidentially Declared Disasters) are recorded on the Schedule based upon Project Worksheets approved by the United States Department of Homeland Security, Federal Emergency Management Agency in 2013 and 2012.

NOTE 3: CONTINGENCY

Grants received by the Borough are subject to audit and adjustment by the grantor agency. As a result, costs previously reimbursed could be disallowed and require repayment to the grantor agency.

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED DECEMBER 31, 2013

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statement Section

- A) Type of auditor's report issued:
Generally Accepted Accounting Principles
Regulatory Basis
- | | | <u>Adverse</u> | |
|---|-------------------|--------------------------|----|
| | | <u>Qualified</u> | |
| B) Internal control over financial reporting : | | | |
| 1. Material weakness(es) identified? | <u> </u> | Yes <u> X </u> | No |
| 2. Were significant deficiencies identified that were not considered to be material weaknesses? | <u> </u> | Yes <u>None Reported</u> | |
| C) Noncompliance material to the financial statements noted? | <u> </u> | Yes <u> X </u> | No |

Federal Awards Section

- D) Dollar threshold used to determine Type A and B programs: \$300,000.00
- E) Auditee qualified as low-risk auditee? Yes X No
- F) Type of auditor's report on compliance for major programs Unmodified
- G) Internal control over compliance:
- | | | | |
|---|-------------------|--------------------------|----|
| 1. Material weakness(es) identified? | <u> </u> | Yes <u> X </u> | No |
| 2. Were significant deficiencies identified that were not considered to be material weaknesses? | <u> </u> | Yes <u>None Reported</u> | |
- H) Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 Section 510(a)? Yes X No
- I) Identification of major programs:

CFDA Number(s)
97.036

Name of Federal Program
Disaster Grants - Public Assistance
(Presidentially Declared Disaster)

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED DECEMBER 31, 2013

SECTION II – FINANCIAL STATEMENT FINDINGS

No financial statement findings were identified.

SECTION III – FINDINGS AND QUESTIONED COSTS

No findings or questioned costs were identified.

SECTION IV – STATUS OF PRIOR YEAR FINDINGS

Not Applicable

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

PART V

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2013

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2013

None Noted