

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
AND
INDEPENDENT AUDITOR'S REPORTS

YEAR ENDED

DECEMBER 31, 2017

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
AND
INDEPENDENT AUDITOR'S REPORTS

Year Ended December 31, 2017

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BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

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BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

PART I

INDEPENDENT AUDITOR'S REPORTS

FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

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, 2017 and 2016, the related statements of operations and change in fund balance - regulatory basis for the years then ended, the related statements of fund balance - regulatory basis for the years then ended, the statement of revenues - regulatory basis and the statement of expenditures - regulatory basis for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements listed as financial statement exhibits in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

Auditor's Responsibility (Continued)

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Borough as of December 31, 2017 and 2016, or changes in its financial position for the years then ended.

Basis for Qualified Opinion on the General Fixed Assets Account Group

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

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion on the General Fixed Assets Account Group paragraph, the financial statements referred to above present fairly, in all material respects, the balance sheet - regulatory basis of the General Fixed Assets Account Group of the Borough as of December 31, 2017 and 2016 in accordance with the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Basis for Qualified Opinion on the Trust Fund

The financial statements of the Length of Service Award Program ("LOSAP") Fund have not been audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey to audit the LOSAP Fund financial statements as part of our audit of the Borough's financial statements. The LOSAP Fund financial activities are included in the Borough's Trust Fund, and represent 10.39% and 10.02% of the assets, and the liabilities and reserves of the Borough's Trust Fund as of December 31, 2017 and 2016, respectively.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion on the Trust Fund paragraph, the financial statements referred to above present fairly, in all material respects, the balance sheet - regulatory basis of the Trust Fund of the Borough as of December 31, 2017 and 2016 in accordance with the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Unmodified Opinions on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the balance sheets - regulatory basis of the Current Fund, General Capital Fund and the Payroll Fund of the Borough as of December 31, 2017 and 2016, the statements of operations and change in fund balance - regulatory basis for the years then ended, the statements of fund balance - regulatory basis for the years then ended, the statement of revenues - regulatory basis for the year ended December 31, 2017 and the statement of expenditures - regulatory basis for the year ended December 31, 2017 in accordance with the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Our audits were conducted for the purpose of forming opinions on the financial statements, which collectively comprise the Borough's financial statements. The supplementary schedules and comments section as listed in the table of contents are presented for purposes of additional analysis as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and are not a part of the basic financial statements.

The supplementary schedules and comments section are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, except for the LOSAP Fund and General Fixed Assets Account Group supplementary schedules, the information is fairly stated, in all material respects in relation to the basic financial statements as a whole, based on the accounting principles and practices of the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 26, 2018 on our consideration of the Borough's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Borough's internal control over financial reporting and compliance.



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

Oliwa & Company

Freehold, New Jersey
October 26, 2018

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), the regulatory basis financial statements of the Borough of Eatontown, County of Monmouth, State of New Jersey (the "Borough") as of and for the year ended December 31, 2017, and the related notes to the regulatory basis financial statements, which collectively comprise the Borough's basic financial statements and have issued our report thereon dated October 26, 2018, in which we expressed an adverse opinion on the conformity of the regulatory basis financial statements with accounting principles generally accepted in the United States of America, due to the differences between those principles and the financial reporting provisions of the Division. We expressed unmodified opinions on the regulatory basis financial statements of the Current Fund, General Capital Fund and the Payroll Fund as to conformity with the financial reporting provisions of the Division, a qualified opinion on the regulatory basis financial statements of the General Fixed Assets Account Group as to conformity with the financial reporting provisions of the Division, and a qualified opinion on the regulatory basis financial statements of the Trust Fund because the Length of Service Award Program Fund was not audited.

Internal Control Over Financial Reporting

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

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

Internal Control Over Financial Reporting (Continued)

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

Compliance and Other Matters

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

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

Purpose of this Report

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



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

Oliwa & Company

Freehold, New Jersey
October 26, 2018

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
COMPARATIVE BALANCE SHEET
REGULATORY BASIS
December 31, 2017 and 2016

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
<u>Assets</u>			
Cash and Cash Equivalents:			
Cash - Treasurer	A-4	\$8,781,254	\$6,276,295
Change Funds		300	300
		<u>8,781,554</u>	<u>6,276,595</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-6	278,500	382,461
Tax Title Liens Receivable	A-7	123,350	112,361
Property Acquired for Taxes - Assessed Valuation		201,300	201,300
Revenue Accounts Receivable	A-8	31,591	41,163
Due from Animal Control Fund		18	28
Due from Federal and State Grant Fund		125,360	348,378
	A	<u>760,119</u>	<u>1,085,691</u>
Deferred Charges:			
Special Emergency Authorization (40A:4-53)		88,000	132,000
Emergency Authorizations (40A:4-47)		365,641	33,750
Expenditure without Appropriation			4,180
		<u>453,641</u>	<u>169,930</u>
		<u>9,995,314</u>	<u>7,532,216</u>
Federal and State Grant Fund:			
Grants Receivable	A-13	<u>413,338</u>	<u>560,658</u>
		<u>\$10,408,652</u>	<u>\$8,092,874</u>

See Accompanying Notes

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
COMPARATIVE BALANCE SHEET
REGULATORY BASIS
December 31, 2017 and 2016

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Appropriation Reserves	A-3:A-9	\$2,172,450	\$1,976,392
Reserve for Encumbrances	A-12	320,160	495,761
Reserve for Tax Appeals		147,022	171,339
Reserve for Outside Liens		1,438	13,933
Reserve for FEMA		193,659	193,659
Accounts Payable		20,548	5,698
Due State - Uniform Construction Code Fees		6,571	6,432
Due State - Marriage Licenses			850
Due State - Elevator Inspection Fees			428
Regional High School Tax Payable	A-11	1	1
Prepaid Taxes		1,200,279	233,495
Tax Overpayments		28,921	22,906
Due to Other Trust Fund			15,836
Due to General Capital Fund		305,641	
Due County for Added and Omitted Taxes		41,543	26,113
Due to State of New Jersey (PL 1971, Ch.20)		41,652	42,197
		<u>4,479,885</u>	<u>3,205,040</u>
Reserve for Receivables and Other Assets	A	760,119	1,085,691
Fund Balance	A-1	<u>4,755,310</u>	<u>3,241,485</u>
		<u>9,995,314</u>	<u>7,532,216</u>
Federal and State Grant Fund:			
Appropriated Reserves	A-14	264,065	212,280
Due to Current Fund		125,360	348,378
Unappropriated Reserves	A-15	23,913	
		<u>413,338</u>	<u>560,658</u>
		<u><u>\$10,408,652</u></u>	<u><u>\$8,092,874</u></u>

See Accompanying Notes

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS
AND CHANGE IN FUND BALANCE
REGULATORY BASIS
Years Ended December 31, 2017 and 2016

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance Anticipated	A-2	\$2,750,000	\$2,650,000
Miscellaneous Revenue Anticipated	A-2	4,286,932	4,428,886
Receipts from Delinquent Taxes	A-2	339,277	648,826
Receipts from Current Taxes	A-2	48,437,266	46,565,137
Non-Budget Revenues	A-2	609,980	484,093
Unexpended Balance of Appropriation Reserves	A-9	1,780,258	1,233,571
Other Credits to Income:			
Cancellation of Appropriated Grant Reserves			181,909
Cancellation of Unappropriated Grant Reserves			3
Outstanding Checks Voided			956
Interfunds Returned		348,406	518,274
Total Revenue		<u>58,552,119</u>	<u>56,711,655</u>
<u>Expenditures</u>			
Budget and Emergency Appropriations:			
Operations:			
Salaries and Wages	A-3	10,202,716	10,036,730
Other Expenses	A-3	8,937,861	9,002,642
Capital Improvements	A-3	450,641	85,000
Municipal Debt Service	A-3	1,892,674	1,858,437
Deferred Charges and Statutory Expenditures	A-3	2,275,706	2,112,918
County Taxes		6,042,629	5,898,593
Local District School Tax	A-10	15,972,839	16,176,023
Regional High School Tax	A-11	8,749,509	8,491,654
Refunds			505
Expenditure without Appropriation			4,180
Cancellation of Grants Receivable	A-13	4,000	175,256
Interfunds Advanced		125,360	348,406
Total Expenditures		<u>54,653,935</u>	<u>54,190,344</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, 2017 and 2016

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
Excess in Revenue		\$3,898,184	\$2,521,311
Adjustments to Income Before Fund Balance:			
Expenditures Included Above Which Are by Statute			
Deferred Charges to Budget of Succeeding Year		<u>365,641</u>	<u>37,930</u>
Statutory Excess to Fund Balance		4,263,825	2,559,241
Fund Balance January 1	A	<u>3,241,485</u>	<u>3,332,244</u>
		<u>7,505,310</u>	<u>5,891,485</u>
Decreased by:			
Utilized as Anticipated Revenue	A-1:A-2	<u>2,750,000</u>	<u>2,650,000</u>
Fund Balance December 31	A	<u><u>\$4,755,310</u></u>	<u><u>\$3,241,485</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, 2017

	<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	\$2,750,000		\$2,750,000	
Miscellaneous Revenues:					
Alcoholic Beverage Licenses	A-8	37,000		38,638	\$1,638
Other Licenses	A-8	32,000		22,994	(9,006)
Fees and Permits	A-8	259,000		162,938	(96,062)
Municipal Court Fines and Costs	A-8	613,000		509,056	(103,944)
Interest and Costs on Taxes	A-8	98,000		63,537	(34,463)
Interest on Investments	A-8	50,000		99,919	49,919
Consolidated Municipal Property Tax Relief Act	A-8	40,697		40,697	
Energy Receipts Tax	A-8	1,423,918		1,423,918	
Uniform Construction Code Fees	A-8	478,000		396,042	(81,958)
Mechanical Garage - Eatontown Board of Education	A-8	5,000		1,939	(3,061)
Clean Communities Program	A-13		\$26,659	26,659	
Municipal Alliance on Alcoholism and Drug Abuse	A-13		26,186	26,186	
Safe and Secure Communities Program	A-13		60,000	60,000	
Bulletproof Vest	A-13		4,455	4,455	
Body Armor Fund	A-13		3,633	3,633	
Drive Sober or Get Pulled Over	A-13		4,180	4,180	
Distracted Driving Statewide Crackdown	A-13		5,500	5,500	
DCA/REC Individuals with Disabilities	A-13	24,000		24,000	
Recycling Tonnage	A-13	79,148		79,148	

See Accompanying Notes

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
STATEMENT OF REVENUES
REGULATORY BASIS
Year Ended December 31, 2017

	<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		\$10,284	\$6,784
Senior Citizens Housing (In Lieu of Taxes)	A-8	197,000		195,000	(2,000)
Borough Community Center Programs	A-8	266,000		261,073	(4,927)
Uniform Fire Safety Act	A-8	86,000		68,909	(17,091)
General Capital Fund Surplus	A-8	36,518		36,518	
Hotel Tax	A-8	253,000		246,634	(6,366)
Cell Tower Agreements	A-8	259,000		378,698	119,698
CATV Franchise Fees	A-8	93,938		96,377	2,439
	A-1	<u>4,334,719</u>	<u>\$130,613</u>	<u>4,286,932</u>	<u>(178,400)</u>
Receipts from Delinquent Taxes	A-1:A-2	<u>350,000</u>		<u>339,277</u>	<u>(10,723)</u>
Amount to be Raised by Taxes for Support of Municipal Budget:					
Local Tax for Municipal Purposes	A-2:A-6	<u>17,537,796</u>		<u>18,809,948</u>	<u>1,272,152</u>
Budget Totals		<u>24,972,515</u>	<u>130,613</u>	<u>26,186,157</u>	<u>\$1,083,029</u>
Non-Budget Revenues	A-2			<u>609,980</u>	
	<u>Ref.</u>	<u>\$24,972,515</u>	<u>\$130,613</u>	<u>\$26,796,137</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, 2017

Ref.

Analysis of Realized Revenues

Allocation of Current Tax Collections:

Revenue from Collections	A-1:A-6	\$48,437,266
Allocated to School and County Taxes		<u>31,262,918</u>
Balance for Support of Municipal Budget Appropriations		17,174,348
Add:		
Appropriation "Reserve for Uncollected Taxes"	A-3	<u>1,635,600</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u><u>\$18,809,948</u></u>

Receipts from Delinquent Taxes

Delinquent Tax Collections	A-6	\$339,092
Tax Title Lien Collections	A-7	<u>185</u>
	A-2	<u><u>\$339,277</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, 2017

Analysis of Non-Budget Revenues

Insurance Refund	\$225,475
Recycling	85,967
Recreation Fees	65,850
FEMA Reimbursement	57,537
Other Police Fees	29,643
Trailer Tax	26,078
Police Outside Employment Administrative Fees	22,662
Inspection of Buildings	15,556
Police Impound Fees	15,009
Streets and Roads Revenue	13,357
Senior Citizen Trips	10,211
Inspection Fines	8,479
Calendar Advertising	8,201
Return of Non-Vested LOSAP Funds	6,548
Other Refunds and Reimbursements	5,844
Public Storage Refund	3,088
Police Uniforms	2,757
Elections	1,600
Senior Citizens and Veterans Administrative Fee	1,571
Community Center	1,340
Restitution	1,162
Cancelled Checks	1,025
Planning Board	600
Returned Check Fees	420
	<u>\$609,980</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, 2017

	<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	\$245,000	\$240,500	\$224,155	\$16,345	
Other Expenses	25,510	20,510	11,559	8,951	
Labor Attorney:	23,000	23,000	13,549	9,451	
Mayor and Council:					
Salaries and Wages	65,300	65,300	53,854	1,446	\$10,000
Other Expenses	7,450	7,450	4,553	2,897	
Advertising:					
Other Expenses	31,000	33,000	22,301	10,699	
Pride in Eatontown	2,642	2,642	1,784	858	
Elections:					
Salaries and Wages	1,000	1,000			1,000
Other Expenses	3,500	3,500	3,303	197	
Municipal Clerk:					
Salaries and Wages	156,950	146,950	135,429	11,521	
Other Expenses	24,700	19,700	12,854	3,846	3,000
Information Technology:					
Other Expenses	78,000	78,000	53,366	24,634	

See Accompanying Notes

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
Year Ended December 31, 2017

	<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	\$41,800	\$39,300	\$37,681	\$1,619	
Other Expenses	31,250	29,850	22,049	7,801	
Historical Association:					
Other Expenses	1,500	1,500	1,403	97	
Financial Administration:					
Salaries and Wages	188,375	188,375	179,547	8,828	
Other Expenses	50,600	45,600	23,343	19,257	\$3,000
Bond Registration Fees	4,000	4,000	1,837	2,163	
Audit Services	48,000	48,000	32,150	15,850	
Assessment of Taxes:					
Salaries and Wages	88,727	88,727	88,044	683	
Other Expenses	64,400	64,400	49,028	15,372	
Collection of Taxes:					
Salaries and Wages	87,540	87,540	85,207	2,333	
Other Expenses	10,345	10,345	7,916	2,429	

See Accompanying Notes

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
Year Ended December 31, 2017

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>		<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
<u>Operations Within "CAPS"</u>					
Legal Services and Costs:					
Other Expenses	\$175,000	\$175,000	\$49,727	\$105,273	\$20,000
Special Counsel	85,000	85,000	85,000		
Municipal Prosecutor					
Salaries and Wages	38,000	38,000	36,000	2,000	
Engineering Service and Costs:					
Miscellaneous Other Expenses	80,000	104,500	96,472	8,028	
Public Buildings and Grounds:					
Salaries and Wages	195,680	200,680	192,226	8,454	
Other Expenses	138,000	145,500	142,714	2,786	
Municipal Land Use Law (NJSA 40:55D-1)					
Planning Board:					
Salaries and Wages	8,000	8,000	1,700	6,300	
Other Expenses	84,700	84,700	60,352	19,348	5,000
Board of Adjustment:					
Salaries and Wages	1,200	1,600	1,100	500	
Other Expenses	13,400	13,400	9,142	4,258	
Zoning Officer:					
Salaries and Wages	125,000	122,500	116,327	6,173	
Other Expenses	9,820	7,820	1,260	6,560	

See Accompanying Notes

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
Year Ended December 31, 2017

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>		<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
<u>Operations Within "CAPS"</u>					
Environmental Program:					
Salaries and Wages	\$200	\$200		\$200	
Other Expenses	3,300	3,300	\$380	2,920	
Green Team	1,750	1,750		1,750	
Gypsy Moth Program:					
Other Expenses	100	100		100	
Fire:					
Salaries and Wages	6,090	6,090	6,090		
Fire Hydrant Service	144,000	144,000	129,965	14,035	
Miscellaneous Other Expenses	85,250	83,250	66,498	16,752	
Insurance:					
Group Insurance	3,405,000	3,405,000	3,120,605	284,395	
Health Benefit Waiver	72,500	72,500	56,062	16,438	
Other Insurance	395,675	395,675	353,123	42,552	
Workman's Compensation	435,000	435,000	379,217	55,783	

See Accompanying Notes

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY
CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
Year Ended December 31, 2017

	<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	\$91,000	\$94,500	\$93,689	\$811	
Other Expenses	6,004	6,004	5,657	347	
Police:					
Salaries and Wages	5,479,464	5,479,464	5,308,009	171,455	
Other Expenses	255,600	255,600	243,236	12,364	
First Aid Organization Contribution:	32,684	32,684	32,593	91	
Demolition of Condemned and Unsafe Structures:					
Other Expenses	1,000				
Emergency Management Services:					
Salaries and Wages	3,400	3,400	3,400		
Other Expenses	10,300	10,300	10,028	272	
Road Repair and Maintenance:					
Salaries and Wages	2,118,600	2,118,600	1,823,184	295,416	
Other Expenses	883,350	883,350	659,597	223,753	
Snow Removal					
Other Expenses	10,000	10,000	10,000		
Municipal Court:					
Salaries and Wages	117,000	67,000	42,000	25,000	
Other Expenses	71,030	48,530	16,130	32,400	

See Accompanying Notes

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
Year Ended December 31, 2017

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>		<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
<u>Operations Within "CAPS"</u>					
Public Defender:					
Salaries and Wages	\$10,000	\$21,000	\$15,059	\$5,941	
Maintaining of Borough Equipment:					
Street Lighting:	140,000	140,000	106,512	33,488	
Monmouth County Reclamation Fees:	346,800	346,800	253,738	93,062	
Solid Waste Collection:					
Sanitation - Apartment Collection	255,000	255,000	236,095	18,905	
Sanitation - Residential Collection	270,000	270,000	269,582	418	
Health and Welfare:					
Monmouth City. Reg. Health Com. (NJSA 40:13)					
Salaries and Wages	8,900	8,900		8,900	
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, 2017

	<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	\$500		\$500	
Housing Inspection:					
Salaries and Wages	86,360	86,360	\$80,926	5,434	
Other Expenses	1,325	1,325	575	750	
Animal Control:					
Other Expenses	10,250	20,250	9,225	11,025	
Recreation:					
Salaries and Wages	146,506	144,506	120,209	24,297	
Other Expenses	68,425	68,425	62,236	6,189	
Celebration of Public Events:					
Other Expenses	13,830	13,830	13,416	414	

See Accompanying Notes

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
Year Ended December 31, 2017

	<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	\$238,474	\$238,474	\$209,895	\$28,579	
Other Expenses	33,650	33,650	27,244	6,406	
Miscellaneous Other Expenses:					
Youth Committee	2,800	2,800	1,512	1,288	
Senior Citizen Programs:					
Salaries and Wages	55,590	52,090	19,104	32,986	
Other Expenses	18,181	18,181	14,996	3,185	
Uniform Construction Code - Appropriations Offset by Dedicated Revenues (N.J.A.C. 5:23-4.17)					
Inspection of Buildings:					
Salaries and Wages	386,912	381,912	349,839	32,073	
Other Expenses	35,725	35,725	21,078	14,647	

See Accompanying Notes

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
Year Ended December 31, 2017

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Reserved</u>	<u>Balance</u> <u>Canceled</u>
<u>Operations Within "CAPS"</u>					
Unclassified:					
Salaries and Wages - Adjustment Program	\$78,000	\$73,000	\$62,190	\$10,810	
Business Advisory Committee	1,000	1,000		1,000	
Tuition Reimbursement	50,500	35,000	8,324	18,676	\$8,000
Employee Sick Time Buy - Back	75,000	75,000	75,000		
Accumulated Absences	50,000	50,000	50,000		
Electricity	148,000	148,000	69,898	68,102	10,000
Telephone	117,300	117,300	104,520	6,780	6,000
Water	22,000	31,000	26,431	4,569	
Natural Gas	81,000	81,000	44,409	31,591	5,000
Total Operations within "CAPS"	18,617,464	18,544,964	16,468,408	2,005,556	71,000
Contingent	4,000	4,000	963	3,037	
Total Operations Including Contingent within "CAPS"	18,621,464	18,548,964	16,469,371	2,008,593	71,000
Detail:					
Salaries and Wages	9,991,068	9,930,968	9,222,674	697,294	11,000
Other Expenses (Including Contingent)	8,630,396	8,617,996	7,246,697	1,311,299	60,000

See Accompanying Notes

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
Year Ended December 31, 2017

	<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.	\$518,517	\$518,517	\$516,706		\$1,811
Social Security System (O.A.S.I.)	479,102	479,102	430,105	\$48,997	
Police and Firemen's Retirement System of N.J.	1,137,052	1,137,052	1,137,052		
Defined Contribution Retirement Program	17,000	17,000	13,131	3,869	
Early Retirement Incentive Program	35,600	35,600	35,416		184
Expenditure without Appropriation	4,180	4,180	4,180		
Unemployment Compensation Insurance	8,500	8,500	8,500		
Total Deferred Charges and Statutory Expenditures Within "CAPS"	<u>2,199,951</u>	<u>2,199,951</u>	<u>2,145,090</u>	<u>52,866</u>	<u>1,995</u>
Total General Appropriations for Municipal Purposes Within "CAPS"	<u>20,821,415</u>	<u>20,748,915</u>	<u>18,614,461</u>	<u>2,061,459</u>	<u>72,995</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, 2017

	<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	\$74,748	\$74,748	\$64,144	\$10,604	
Other Expenses	9,804	9,804	7,836	1,968	
Telephone	2,500	2,500		2,500	
9-1-1 System (40A:4-45.3cc)					
Other Expenses	25,000	25,000	24,000	1,000	
State Recycling Tax (C.311, P.L. 2007)	14,800	14,800	1,853	12,947	
NJDEP/Storm Water Mgt. (40A:4-45.3cc)	10,000	10,000		10,000	
Length of Service Award Program - Fire	44,000	44,000		44,000	
Length of Service Award Program - First Aid	18,000	18,000		18,000	
Total Other Operations Excluded from "CAPS"	198,852	198,852	97,833	101,019	

See Accompanying Notes

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
Year Ended December 31, 2017

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>		<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
<u>Operations Excluded from "CAPS"</u>					
Shared Service Agreements:					
Mechanical Garage - Eatontown					
Board of Education:					
Salaries and Wages	\$4,000	\$4,000	\$630	\$3,370	
Municipal Court - Tinton Falls					
Salaries and Wages	128,000	200,500	200,500		
Total Shared Service Agreements	132,000	204,500	201,130	3,370	
Public and Private Programs Offset by Revenues:					
Clean Communities Program (40A:4-87, \$26,659+)		26,659	26,659		
Inspection of Buildings:					
Salaries and Wages	3,500	3,500	3,500		
Distracted Driving Statewide					
Crackdown (40A:4-87, \$5,500+)		5,500	5,500		
Bulletproof Vest (40A:4-87, \$4,455+)		4,455	4,455		
Body Armor Fund (40A:4-87, \$3,633+)		3,633	3,633		
Safe and Secure Communities					
Program (40A:4-87, \$60,000+)		60,000	60,000		
Municipal Alliance on Alcoholism					
and Drug Abuse (40A:4-87, \$26,186+)		26,186	26,186		
DCA/REC Individuals with Disabilities	24,000	24,000	24,000		

See Accompanying Notes

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
Year Ended December 31, 2017

	<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):					
Recycling Tonnage	\$79,148	\$79,148	\$79,148		
Drive Sober or get Pulled Over (40A:4-87, \$4,180+)		4,180	4,180		
Matching Funds for Grants	22,000	22,000	15,398	\$6,602	
Total Public and Private Programs Offset by Revenues	128,648	259,261	252,659	6,602	
 Total Operations Excluded from "CAPS"	 459,500	 662,613	 551,622	 110,991	
Detail:					
Salaries and Wages	210,248	282,748	268,774	13,974	
Other Expenses	249,252	379,865	282,848	97,017	

See Accompanying Notes

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
Year Ended December 31, 2017

	<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>					
Down Payment on Improvements (Emergency \$365,641) Capital Improvement Fund	\$85,000	\$365,641 85,000	\$365,641 85,000		
Total Capital Improvements Excluded from "CAPS"	85,000	450,641	450,641		
<u>Municipal Debt Service Excluded from "CAPS"</u>					
Payment of Bond Principal	1,282,000	1,282,000	1,282,000		
Interest on Bonds	406,000	406,000	405,470		\$530
Interest on Notes	35,000	35,000	35,000		
Capital Lease Obligations					
Principal	158,000	158,000	158,000		
Interest	12,250	12,250	12,204		46
Total Municipal Debt Service Excluded from "CAPS"	1,893,250	1,893,250	1,892,674		576

See Accompanying Notes

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
Year Ended December 31, 2017

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Balance Canceled</u>
<u>Deferred Charges Excluded from "CAPS"</u>					
Emergency Authorizations	\$33,750	\$33,750	\$33,750		
Special Emergency Authorizations	44,000	44,000	44,000		
Total Deferred Charges Excluded from "CAPS"	<u>77,750</u>	<u>77,750</u>	<u>77,750</u>		
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>2,515,500</u>	<u>3,084,254</u>	<u>2,972,687</u>	<u>\$110,991</u>	<u>\$576</u>
Subtotal General Appropriations	23,336,915	23,833,169	21,587,148	2,172,450	73,571
Reserve for Uncollected Taxes	<u>1,635,600</u>	<u>1,635,600</u>	<u>1,635,600</u>		
Total General Appropriations	<u>\$24,972,515</u>	<u>\$25,468,769</u>	<u>\$23,222,748</u>	<u>\$2,172,450</u>	<u>\$73,571</u>
<u>Ref.</u>	A-2		A-1	A:A-1	
Budget	A-3	\$24,972,515			
Appropriation by 40A:4-87	A-2	130,613			
Emergency Appropriation 40A:4-47		365,641			
		<u>\$25,468,769</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, 2017

	<u>Ref.</u>	<u>Paid or Charged</u>
Reserve for Uncollected Taxes	A-2	\$1,635,600
Disbursed	A-4	20,944,750
Reserve for Encumbrances	A-12	320,160
Reserve for Grants Appropriated	A-14	240,308
Deferred Charge - Expenditure without Appropriation		4,180
Deferred Charge - Emergency Authorization (40A:4-47)		33,750
Deferred Charge - Special Emergency Authorization (40A:4-53)		44,000
		<u>\$23,222,748</u>

See Accompanying Notes

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

TRUST FUND
COMPARATIVE BALANCE SHEET
REGULATORY BASIS
December 31, 2017 and 2016

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
<u>Assets</u>			
Animal Control Fund:			
Cash and Cash Equivalents	B-1	<u>\$2,461</u>	<u>\$4,041</u>
Other Trust Fund:			
Cash and Cash Equivalents	B-1	3,850,865	3,625,347
Due from Current Fund			15,836
		<u>3,850,865</u>	<u>3,641,183</u>
Length of Service Award Program Fund: (LOSAP) - Unaudited Investments	B-4	<u>446,714</u>	<u>405,968</u>
		<u>\$4,300,040</u>	<u>\$4,051,192</u>

See Accompanying Notes

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

TRUST FUND
COMPARATIVE BALANCE SHEET
REGULATORY BASIS
December 31, 2017 and 2016

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
<u>Liabilities and Reserves</u>			
Animal Control Fund:			
Due to State of New Jersey		\$51	\$22
Reserve for Animal Control Fund Expenditures	B-2	391	1,728
Due to Current Fund		18	28
Prepaid Licenses		<u>2,001</u>	<u>2,263</u>
		<u>2,461</u>	<u>4,041</u>
Other Trust Fund:			
Reserve for Other Trust Fund Deposits	B-3	<u>3,850,865</u>	<u>3,641,183</u>
Length of Service Award			
Program Fund:			
(LOSAP) - Unaudited			
Reserve for Length of Service Award			
Program Fund	B-5	<u>446,714</u>	<u>405,968</u>
		<u>\$4,300,040</u>	<u>\$4,051,192</u>

See Accompanying Notes

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET
REGULATORY BASIS
December 31, 2017 and 2016

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
<u>Assets</u>			
Cash and Cash Equivalents	C-2	\$3,695,892	\$3,532,784
Deferred Charges to Future Taxation:			
Funded	C-9	7,330,000	8,612,000
Unfunded	C-10	4,160,502	2,789,502
Grants Receivable	C-11	60,000	240,000
Due from Current Fund		305,641	
Leased Assets under Capital Lease		92,000	250,000
		<u>\$15,644,035</u>	<u>\$15,424,286</u>
<u>Liabilities, Reserves and Fund Balance</u>			
General Serial Bonds	C-6	\$7,330,000	\$8,612,000
Bond Anticipation Notes	C-7	4,160,501	2,789,501
Improvement Authorizations:			
Funded	C-5	1,372,529	1,425,554
Unfunded	C-5	1,608,777	1,391,063
Lease Obligations Payable	C-8	92,000	250,000
Reserve for Encumbrances	C-5	655,155	870,445
Capital Improvement Fund	C-4	59,432	49,205
Down Payments on Improvements	C-12	365,641	
Fund Balance	C-1		36,518
		<u>\$15,644,035</u>	<u>\$15,424,286</u>

There were bonds and notes authorized but not issued on December 31, 2017 and December 31, 2016 of \$1 and \$1, respectively. (Schedule C-13)

See Accompanying Notes

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

GENERAL CAPITAL FUND
COMPARATIVE STATEMENT OF FUND BALANCE
REGULATORY BASIS
Years Ended December 31, 2017 and 2016

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
Balance, January 1	C	\$36,518	\$9,390
Increased by:			
Premium on Bonds and Notes Issued		<u>-</u>	<u>27,128</u>
		36,518	36,518
Decreased by:			
Payment to Current Fund as Anticipated Revenue	C-2	<u>36,518</u>	<u>-</u>
Balance, December 31	C	<u><u>\$0</u></u>	<u><u>\$36,518</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, 2017 and 2016

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
<u>Assets</u>			
General Fixed Assets:			
Land, Buildings and Improvements		\$11,264,386	\$11,264,386
Machinery and Equipment		<u>12,280,708</u>	<u>12,279,364</u>
Total General Fixed Assets		<u>\$23,545,094</u>	<u>\$23,543,750</u>
<u>Liabilities and Reserves</u>			
Investment in General Fixed Assets	D-1	<u>\$23,545,094</u>	<u>\$23,543,750</u>

See Accompanying Notes

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

PAYROLL FUND
COMPARATIVE BALANCE SHEET
REGULATORY BASIS
December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<u>Assets</u>		
Cash and Cash Equivalents	<u>\$30,569</u>	<u>\$45,783</u>
<u>Reserves</u>		
Reserve for Expenditures	<u>\$30,569</u>	<u>\$45,783</u>

See Accompanying Notes

BOROUGH OF EATONTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

B. Description of Funds

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

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

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

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

Payroll Fund - used to record payroll related transactions.

BOROUGH OF EATONTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Description of Funds (continued)

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

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

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

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

C. Basis of Accounting

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

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

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

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

BOROUGH OF EATONTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

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.

BOROUGH OF EATONTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Accounting (continued)

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.

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

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

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

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

D. Financial Statements

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

E. Budgets and Budgetary Accounting

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

BOROUGH OF EATONTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

2. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

Deposits

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

The Governmental Unit Deposit Protection Act ("GUDPA") is a supplemental insurance program set forth by the New Jersey Legislature to protect deposits of municipalities and local government agencies. The program is administered by the Commissioner of the New Jersey Department of Banking and Insurance. GUDPA requires public depositories to pledge collateral for deposit of public funds that exceed insurance limits. GUDPA requires that the market value of the collateral must equal five percent of the average daily balance of public funds; or if the public funds deposited exceed seventy five percent of the capital funds of the depository, the depository must provide collateral having a market value equal to one hundred percent of the amount exceeding seventy five percent. All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

Custodial Credit Risk - The custodial credit risk for deposits is the risk that in the event of a bank failure, a government's deposits may not be returned to it. Although the Borough does not have a formal deposit policy for custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of GUDPA. Public funds owned by the municipality in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds, or funds that may pass to the municipality relative to the happening of a future condition. As of December 31, 2017 and 2016 the Borough's bank balances were exposed to custodial credit risk as follows:

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Uninsured and Uncollateralized	\$1,843,805	\$2,056,753
GUDPA Insured and Collateralized with Securities Held by Pledging Financial Institutions	<u>11,277,825</u>	<u>8,386,719</u>
	<u>\$13,121,630</u>	<u>\$10,443,472</u>

In addition, as of December 31, 2017 and 2016, the Borough had \$1,807,831 and \$1,792,602, respectively, on deposit in the New Jersey Cash Management Fund (the "Fund"). These deposits are subject to custodial credit risk as described in this section. The operations of this Fund are governed by the provisions of the State Investment Council Regulations for the purpose of determining authorized investments for the Fund.

BOROUGH OF EATONTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

2. CASH AND CASH EQUIVALENTS AND INVESTMENTS (continued)

Investments

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

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

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

BOROUGH OF EATONTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

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, 2017 and 2016 were \$446,714 and \$405,968, respectively.

Credit Risk - State law limits investments as described in prior sections of this note to the financial statements. As of December 31, 2017 and 2016 no such investments were held by the Borough.

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

3. DEBT

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

BOROUGH OF EATONTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

3. DEBT (continued)

Long-Term Debt

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

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Interest Rate(s)</u>	<u>Balance Dec. 31, 2017</u>
General Improvement	12/4/02	\$1,553,000	5.00%	\$2,000
General Improvement	12/4/08	4,549,000	5.25%	248,000
General Improvement	12/29/11	4,150,000	5.00%	1,890,000
General Improvement	5/22/12	1,180,000	4.00%	225,000
General Improvement	12/9/14	3,775,000	4.00-5.00%	2,665,000
General Improvement	3/2/16	2,325,000	4.00-5.00%	2,300,000
				<u>\$7,330,000</u>

Long-term bonded debt service requirements are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$1,194,000	\$350,020	\$1,544,020
2019	1,236,000	294,750	1,530,750
2020	1,170,000	240,700	1,410,700
2021	1,220,000	186,500	1,406,500
2022	755,000	125,500	880,500
2023-2026	1,755,000	185,250	1,940,250
	<u>\$7,330,000</u>	<u>\$1,382,720</u>	<u>\$8,712,720</u>

Long-Term Debt

Long-term debt transactions for the years ended December 31, 2017 and 2016 are summarized as follows:

	<u>Balance Dec. 31, 2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance Dec. 31, 2017</u>
General Capital Fund:				
General Serial Bonds	<u>\$8,612,000</u>	<u>-</u>	<u>\$1,282,000</u>	<u>\$7,330,000</u>
	<u>Balance Dec. 31, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance Dec. 31, 2016</u>
General Capital Fund:				
General Serial Bonds	<u>\$10,020,000</u>	<u>\$2,325,000</u>	<u>\$3,733,000</u>	<u>\$8,612,000</u>

BOROUGH OF EATONTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

3. DEBT (continued)

Short-Term Debt

At December 31, 2017 and 2016 the Borough's outstanding bond anticipation notes were as follows:

<u>Purpose</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2017</u>
Various Capital Improvements and the Acquisition of Various Capital Equipment	9/28/17	1/30/18	1.48%	<u>\$4,160,501</u>
<u>Purpose</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2016</u>
Various Capital Improvements and the Acquisition of Various Capital Equipment	9/29/16	9/28/17	2.00%	<u>\$2,789,501</u>

Bond anticipation note transactions for the years ended December 31, 2017 and 2016 are summarized as follows:

	<u>Balance Dec. 31, 2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance Dec. 31, 2017</u>
General Capital Fund: Bond Anticipation Notes	<u>\$2,789,501</u>	<u>\$4,160,501</u>	<u>\$2,789,501</u>	<u>\$4,160,501</u>
	<u>Balance Dec. 31, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance Dec. 31, 2016</u>
General Capital Fund: Bond Anticipation Notes	<u>\$1,244,285</u>	<u>\$2,789,501</u>	<u>\$1,244,285</u>	<u>\$2,789,501</u>

Bonds and Notes Authorized but not Issued

At December 31, 2017 and 2016 the Borough had authorized but not issued bonds and notes of \$1 and \$1, respectively.

Borrowing Power

New Jersey statutes limit the debt of a municipality to 3.500% of the equalized valuation basis. The Borough's net debt expressed as a percentage of the equalized valuation basis was 0.549% at December 31, 2017. The net debt of the Borough at December 31, 2017 was \$11,490,502 and the Borough's remaining borrowing power at December 31, 2017 was \$61,778,484.

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

4. FUND BALANCES APPROPRIATED

Current Fund	\$3,600,000
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Current Fund	\$2,750,000
General Capital Fund	36,518

	Balance December 31,	
	2017	2016
Prepaid Taxes	\$1,200,279	\$233,495

	Local District School Tax		Regional High School Tax	
	2017	2016	2017	2016
Balance of Tax	\$7,496,092	\$7,259,911	\$4,505,634	\$4,243,874
Deferred	7,496,092	7,259,911	4,505,633	4,243,873
Tax Payable	\$0	\$0	\$1	\$1

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BOROUGH OF EATONTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

8. ASSESSMENT AND COLLECTION OF PROPERTY TAXES

New Jersey statutes require that taxable valuation of real property be prepared by the local unit tax assessor as of October 1 in each year and filed with the County Board of Taxation by January 10 of the following year. Upon the filing of certified adopted budgets by the Borough, School Districts and County, the tax rate is struck by the County Tax Board based on the certified amounts in each of the taxing districts for collection to fund the budgets. Pursuant to statute, this process is to be completed on or before May 20, with a completed duplicate of the tax rolls to be delivered to the Borough tax collector on or before June 3. New Jersey statutes require that each local unit provide for sufficient anticipated cash receipts equal to the "lawful yearly expenditure" which includes the total amount of property taxes to be raised by the local unit.

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

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

9. FIXED ASSETS

Fixed assets activity for the years ended December 31, 2017 and 2016 was as follows:

	<u>Balance</u> <u>Dec. 31, 2016</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Balance</u> <u>Dec. 31, 2017</u>
Land, Buildings and Improvements	\$11,264,386			\$11,264,386
Machinery and Equipment	12,279,364	\$16,238	\$14,894	12,280,708
	<u>\$23,543,750</u>	<u>\$16,238</u>	<u>\$14,894</u>	<u>\$23,545,094</u>
	<u>Balance</u> <u>Dec. 31, 2015</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Balance</u> <u>Dec. 31, 2016</u>
Land, Buildings and Improvements	\$11,264,386			\$11,264,386
Machinery and Equipment	11,614,641	\$713,723	\$49,000	12,279,364
	<u>\$22,879,027</u>	<u>\$713,723</u>	<u>\$49,000</u>	<u>\$23,543,750</u>

BOROUGH OF EATONTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

10. LEASE OBLIGATIONS PAYABLE

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

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

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2017</u>
Capital Equipment	10/8/15	\$146,000	5.00%	<u>\$92,000</u>

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

<u>Year</u>	<u>General Capital Fund</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$29,000	\$4,600	\$33,600
2019	31,000	3,150	34,150
2020	32,000	1,600	33,600
	<u>\$92,000</u>	<u>\$9,350</u>	<u>\$101,350</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, 2017, 2016 and 2015 were \$43,906, \$64,643, and \$50,563, respectively.

BOROUGH OF EATONTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

13. PENSION PLANS

Description of Systems

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

Funding Policy

PERS employee contributions were 7.20% of base wages through June 30, 2017. Effective July 1, 2016 PERS employee contributions were 7.34% of base wages. PERS prosecutor employee contributions were 10.00% of base wages. PFRS employee contributions were 10.00% of base wages. The Division of Pensions actuarially determines employer's contributions annually.

Defined Contribution Retirement Program

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

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

Unfunded Pension Liability

Under accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, any unfunded net pension liability of the municipality, allocated by the State of New Jersey, is not required to be reported in the financial statements as presented and any pension contributions required to be paid are raised in that year's budget and no liability is accrued at December 31, 2017.

BOROUGH OF EATONTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

13. PENSION PLANS (continued)

Public Employees Retirement System (PERS)

At June 30, 2016, the State reported a net pension liability of \$12,647,069 for the Borough's proportionate share of the total net pension liability. The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2017, the Borough's proportion was 0.0543296302 percent, which was a decrease of 0.0036509283 percent from its proportion measured as of June 30, 2016. The pension expense recognized in the Borough's financial statement based on the April 1, 2017 billing was \$516,706.

Actuarial Assumptions

The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which rolled forward to June 30, 2017. The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015. These actuarial valuations used the following assumptions:

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Inflation Rate	2.25%	3.08%
Salary Increases		
Through 2026	1.65% - 4.15%	1.65% - 4.15%
Thereafter	2.65% - 5.15%	2.65% - 5.15%
Investment Rate of Return	7.00%	7.65%

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

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

BOROUGH OF EATONTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

13. PENSION PLANS (continued)

Public Employees Retirement System (PERS) (Continued)

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2017 and June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>June 30, 2017</u>		<u>June 30, 2016</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash Equivalents	5.50%	1.00%	5.00%	0.87%
U.S. Treasuries	3.00%	1.87%	1.50%	1.74%
Investment Grade Credit	10.00%	3.78%	8.00%	1.79%
U.S. Equities	30.00%	8.19%	26.00%	8.53%
Emerging Market Equities	6.50%	11.64%	6.50%	9.95%
Absolute Return/Risk Mitigation	5.00%	5.51%		
Public High Yield	2.50%	6.82%		
Global Diversified Credit	5.00%	7.10%		
Credit Oriented Hedge Funds	1.00%	6.60%		
Debt Related Private Equity	2.00%	10.63%		
Debt Related Real Estate	1.00%	6.61%		
Private Real Estate	2.50%	11.83%		
Equity Related Real Estate	6.25%	9.23%		
Non-U.S. Developed Markets Equity	11.50%	9.00%		
Buyouts/Venture Capital	8.25%	13.08%		
Mortgages			2.00%	1.67%
High Yield Bonds			2.00%	4.56%
Inflation Indexed Bonds			1.50%	3.44%
Developed Foreign Markets			13.25%	6.83%
Private Equity			9.00%	12.40%
Hedge Funds/Absolute Returns			12.50%	4.68%
Real Estate (Property)			2.00%	6.91%
Commodities			0.50%	5.45%
Global Debt ex US			5.00%	-0.25%
REIT			5.25%	5.63%
	<u>100.00%</u>		<u>100.00%</u>	

BOROUGH OF EATONTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

13. PENSION PLANS (continued)

Public Employees Retirement System (PERS) (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 5.00% and 3.98% as of June 30, 2017 and 2016, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% and 2.85% as of June 30, 2017 and 2016, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the collective net pension liability of the participating employers as of June 30, 2017 respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 percentage point lower (4.00%) or 1 percentage point higher (6.00%) than the current rate:

	<u>June 30, 2017</u>		
	<u>1%</u>	<u>At Current</u>	<u>1%</u>
	<u>Decrease</u>	<u>Discount Rate</u>	<u>Increase</u>
	<u>4.00%</u>	<u>5.00%</u>	<u>6.00%</u>
Borough's proportionate share of the pension liability	\$15,689,548	\$12,647,069	\$10,112,308

Pension plan fiduciary net position

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

BOROUGH OF EATONTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

13. PENSION PLANS (continued)

Public Employees Retirement System (PERS) (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2017 and 2016, the State reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>June 30, 2017</u>		<u>June 30, 2016</u>	
	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Difference between expected and actual experience		\$297,795		\$319,350
Changes of assumptions	\$2,538,607	2,547,949		3,557,158
Net difference between projected and actual earnings on pension plan investments		86,118		654,791
Changes in proportion and differences between Borough's contributions and proportionate share of contributions	994,091	301,489	\$478,940	385,940
	<u>\$3,532,698</u>	<u>\$3,233,351</u>	<u>\$478,940</u>	<u>\$4,917,239</u>

BOROUGH OF EATONTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

13. PENSION PLANS (continued)

Police and Firemen's Retirement System (PFRS)

At June 30, 2017, the State reported a net pension liability of \$20,948,182 for the Borough's proportionate share of the total PFRS net pension liability. The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2017, the Borough's proportion was 0.1356917462 percent, which was a decrease of 0.0037245922 percent from its proportion measured as of June 30, 2016.

The pension expense recognized in the Borough's financial statement based on the April 1, 2017 billing was \$1,137,052.

Actuarial Assumptions

The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which rolled forward to June 30, 2017. The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015. This actuarial valuation used the following assumptions:

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Inflation Rate	2.25%	3.08%
Salary Increases		
Through 2026	2.10% - 8.98%	2.10% - 8.98%
Thereafter	3.10% - 9.98%	3.10% - 9.98%
Investment Rate of Return	7.00%	7.65%

Preretirement mortality rates on the RP-2000 Preretirement mortality tables projected thirteen years using Projection Scale BB and then projected on a generational basis using the plan actuary's modified 2014 projection scales. Postretirement mortality rates for male service retirements and beneficiaries are based on the RP-2000 Combined Healthy Mortality Tables projected one year using Projection Scale AA and three years using the plan actuary's modified 2014 projection scales and further projected on a generational basis using the plan actuary's modified 2014 projection scales. Postretirement mortality rates for female service retirements and beneficiaries were based on the RP-2000 Combined Healthy Mortality Tables projected thirteen years using Projection Scale BB and then three years using the plan actuary's modified 2014 projection scales and further projected on a generational basis using the plan actuary's modified 2014 projection scales. Disability mortality rates were based on special mortality tables used for the period after disability retirement.

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

BOROUGH OF EATONTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

13. PENSION PLANS (continued)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2017 and June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>June 30, 2017</u>		<u>June 30, 2016</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash Equivalents	5.50%	1.00%	5.00%	0.87%
U.S. Treasuries	3.00%	1.87%	1.50%	1.74%
Investment Grade Credit	10.00%	3.78%	8.00%	1.79%
U.S. Equities	30.00%	8.19%	26.00%	8.53%
Emerging Market Equities	6.50%	11.64%	6.50%	9.95%
Absolute Return/Risk Mitigation	5.00%	5.51%		
Public High Yield	2.50%	6.82%		
Global Diversified Credit	5.00%	7.10%		
Credit Oriented Hedge Funds	1.00%	6.60%		
Debt Related Private Equity	2.00%	10.63%		
Debt Related Real Estate	1.00%	6.61%		
Private Real Estate	2.50%	11.83%		
Equity Related Real Estate	6.25%	9.23%		
Non-U.S. Developed Markets Equity	11.50%	9.00%		
Buyouts/Venture Capital	8.25%	13.08%		
Mortgages			2.00%	1.67%
High Yield Bonds			2.00%	4.56%
Inflation Indexed Bonds			1.50%	3.44%
Developed Foreign Markets			13.25%	6.83%
Private Equity			9.00%	12.40%
Hedge Funds/Absolute Returns			12.50%	4.68%
Real Estate (Property)			2.00%	6.91%
Commodities			0.50%	5.45%
Global Debt ex US			5.00%	-0.25%
REIT			5.25%	5.63%
	<u>100.00%</u>		<u>100.00%</u>	

BOROUGH OF EATONTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

13. PENSION PLANS (continued)

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

Discount Rate

Discount Rate

The discount rate used to measure the total pension liability was 6.14% and 5.55% as of June 30, 2017 and 2016, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% and 2.85% as of June 30, 2017 and 2016, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contribution rate in the most recent fiscal year. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the collective net pension liability of the participating employers as of June 30, 2017, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 percentage point lower (5.14) or 1 percentage point higher (7.14%) than the current rate:

	June 30, 2017		
	1%	At Current	1%
	Decrease	Discount Rate	Increase
	<u>5.14%</u>	<u>6.14%</u>	<u>7.14%</u>
Borough's proportionate share of the pension liability	\$27,011,145	\$20,948,182	\$16,004,201

BOROUGH OF EATONTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

13. PENSION PLANS (continued)

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

Special Funding Situation

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

At June 30, 2017, the State's proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$2,346,373.

Borough's Proportionate Share of Net
Pension Liability

\$20,948,182

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

2,346,373

\$23,294,555

Pension plan fiduciary net position

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

BOROUGH OF EATONTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

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

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

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

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

At December 31, 2016, the following deferred charges were reflected on the balance sheet of the current fund:

	Balance Dec. 31, 2016	2017 Budget Appropriation	Balance to Succeeding Budgets
Special Emergency Authorization (40A:4-53)	\$132,000	\$44,000	\$88,000
Emergency Authorizations (40A:4-47)	33,750	33,750	-
Expenditure without Appropriation	4,180	4,180	-
	<u>\$169,930</u>	<u>\$81,930</u>	<u>\$88,000</u>

The appropriations in the 2017 budget were not less than required by statute.

BOROUGH OF EATONTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

16. INTERFUND BALANCES

The balances of interfund receivables and payables at December 31, 2017 and 2016 are presented below:

	<u>December 31,</u> <u>2017</u>	<u>December 31,</u> <u>2016</u>
<u>Receivables</u>		
Current Fund	\$125,378	\$348,406
Other Trust Fund		15,836
General Capital Fund	<u>305,641</u>	
	<u>\$431,019</u>	<u>\$364,242</u>
<u>Payables</u>		
Current Fund	\$305,641	\$15,836
Animal Control Fund	18	28
Federal and State Grant Fund	<u>125,360</u>	<u>348,378</u>
	<u>\$431,019</u>	<u>\$364,242</u>

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

17. LENGTH OF SERVICE AWARD PROGRAM

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

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

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

18. DEFERRED COMPENSATION

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

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

BOROUGH OF EATONTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

19. 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 contributes to the State Health Benefits Program (“SHBP”), a cost sharing, multiple-employer defined benefit postemployment healthcare plan administered by the State of New Jersey, Division of Pensions and Benefits. The SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et. seq., to provide health benefits to employees of the State of New Jersey, retirees, and their dependents. Rules governing the operation and administration of the SHBP are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964.

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey, Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. The financial report of the SHBP may be obtained by writing to the State of New Jersey, Division of Pensions and Benefits.

Funding Policy

Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Postemployment retirement health benefits under the SHBP have been funded on a pay-as-you-go basis since 1994. Prior to 1994, health benefits were funded on an actuarial basis.

Contributions to pay health premiums of participating retirees in the SHBP are billed to the Borough on a monthly basis. The Borough’s postemployment retirement health benefits contributions to the SHBP for the years ended December 31, 2017, 2016 and 2015 were \$1,504,777, \$1,368,398, and \$1,278,581, respectively, which equaled the required contributions for each year.

BOROUGH OF EATONTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

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

On January 11, 2018, the Borough issued general obligation bonds of \$3,640,000. The bonds were issued to currently refund a portion of outstanding bond anticipation notes of the Borough.

On July 11, 2018, the Borough adopted an ordinance to authorize the issuance of bonds and notes of \$1,808,952 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, 2017

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
SCHEDULE OF CASH - TREASURER
Year Ended December 31, 2017

Balance, December 31, 2016	<u>Ref.</u> A		\$6,276,295
Increased by Receipts:			
Collector	A-5	\$49,757,096	
Revenue Accounts Receivable	A-8	3,989,634	
State of New Jersey (PL 1971, Ch.20)		78,534	
Miscellaneous Revenue not Anticipated	A-2	609,980	
Grants Receivable	A-13	377,081	
Unappropriated Reserves	A-15	23,913	
Reserves for:			
Marriage License Fees		2,150	
Training Fees		21,148	
Elevator Inspections		28,435	
Outside Liens		324,988	
Interfunds		305,669	
			<u>55,518,628</u>
			61,794,923
Decreased by Disbursements:			
Budget Appropriations	A-3	20,944,750	
Appropriation Reserves	A-9	677,045	
Local District School Tax	A-10	15,972,839	
Regional High School Tax	A-11	8,749,509	
Appropriated Reserves	A-14	188,523	
County Taxes		6,027,199	
Refund of Tax Overpayments		23,297	
Interfunds		15,836	
Reserves for:			
Training Fees		21,009	
Marriage Licenses		3,000	
Elevator Inspections		28,863	
Outside Liens		337,482	
Tax Appeals		24,317	
			<u>53,013,669</u>
Balance, December 31, 2017	A		<u><u>\$8,781,254</u></u>

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
SCHEDULE OF CURRENT CASH - COLLECTOR
Year Ended December 31, 2017

	<u>Ref.</u>		
Increased by Receipts:			
Taxes Receivable	A-6	\$48,461,501	
Tax Title Liens	A-7	185	
Prepaid Taxes		1,200,279	
Revenue Accounts Receivable -			
Interest and Costs on Taxes	A-8	63,537	
Tax Overpayments		<u>31,594</u>	
			<u><u>\$49,757,096</u></u>
Decreased by Disbursements:			
Payment to Treasurer - Current Fund	A-4		<u><u>\$49,757,096</u></u>

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY
Year Ended December 31, 2017

<u>Year</u>	<u>Balance</u> <u>Dec. 31, 2016</u>	<u>2017 Levy</u>	<u>Added</u> <u>Taxes</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, 2017</u>
				<u>2016</u>	<u>2017</u>					
Prior	\$42,939									\$42,939
2016	339,522		\$2,096		\$339,092					2,526
	382,461		2,096		339,092					45,465
2017		\$49,099,888		\$233,495	48,122,409	\$79,081	\$418,413	\$2,281	\$11,174	233,035
	<u>\$382,461</u>	<u>\$49,099,888</u>	<u>\$2,096</u>	<u>\$233,495</u>	<u>\$48,461,501</u>	<u>\$79,081</u>	<u>\$418,413</u>	<u>\$2,281</u>	<u>\$11,174</u>	<u>\$278,500</u>
<u>Ref.</u>	A				A-5				A-7	A

Analysis of 2017 Property Tax Levy

Tax Yield:	
General Purpose Tax	\$48,759,890
Added Taxes (54:4-63.1 Et Seq.)	312,229
Omitted Taxes (54:4-63.12 Et Seq.)	27,769
	<u>\$49,099,888</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, 2017

Analysis of 2017 Property Tax Levy (continued)

	<u>Ref.</u>	
Tax Levy:		
Local District School Tax	A-10	\$16,209,020
Regional High School Tax	A-11	9,011,269
County Taxes:		
County Tax		5,222,848
County Library Tax		366,016
County Open Space Tax		306,847
County Health Tax		105,375
Due to County for Added and Omitted Taxes		<u>41,543</u>
Total County Taxes		<u>6,042,629</u>
Local Tax for Municipal Purposes	A-2	17,537,796
Add: Additional Tax Levied		<u>299,174</u>
Local Tax for Municipal Purposes Levied		<u>17,836,970</u>
		<u>\$49,099,888</u>

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
SCHEDULE OF TAX TITLE LIENS
Year Ended December 31, 2017

	<u>Ref.</u>	
Balance, December 31, 2016	A	\$112,361
Increased by:		
Transfers from Taxes Receivable	A-6	<div style="display: flex; justify-content: flex-end;"> <div style="text-align: right; margin-right: 10px;">11,174</div> <div style="border-top: 1px solid black; width: 50px;"></div> </div>
		123,535
Decreased by:		
Cash Receipts	A-2:A-5	<div style="display: flex; justify-content: flex-end;"> <div style="text-align: right; margin-right: 10px;">185</div> <div style="border-top: 1px solid black; width: 50px;"></div> </div>
Balance, December 31, 2017	A	<div style="display: flex; justify-content: flex-end;"> <div style="text-align: right; margin-right: 10px;">\$123,350</div> <div style="border-top: 1px solid black; border-bottom: 3px double black; width: 50px;"></div> </div>

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE
Year Ended December 31, 2017

	<u>Ref.</u>	<u>Balance Dec. 31, 2016</u>	<u>Accrued in 2017</u>	<u>Realized / Collected</u>	<u>Balance Dec. 31, 2017</u>
Alcoholic Beverage Licenses	A-2		\$38,638	\$38,638	
Other Licenses	A-2		22,994	22,994	
Fees and Permits	A-2		162,938	162,938	
Municipal Court Fines and Costs	A-2	\$41,163	499,484	509,056	\$31,591
Interest and Costs on Taxes	A-2		63,537	63,537	
Interest on Investments	A-2		99,919	99,919	
Consolidated Municipal Property Tax Relief Act	A-2		40,697	40,697	
Energy Receipts Tax	A-2		1,423,918	1,423,918	
Uniform Construction Code Fees	A-2		396,042	396,042	
Mechanical Garage - Eatontown Board of Education	A-2		1,939	1,939	
Cooperative Housing Inspection Grant	A-2		10,284	10,284	
Senior Citizen Housing (In Lieu of Taxes)	A-2		195,000	195,000	
Borough Community Center Programs	A-2		261,073	261,073	
Uniform Fire Safety Act	A-2		68,909	68,909	
Hotel Tax	A-2		246,634	246,634	
Cell Tower Agreements	A-2		378,698	378,698	
General Capital Fund Surplus	A-2		36,518	36,518	
CATV Franchise Fees	A-2		96,377	96,377	
		<u>\$41,163</u>	<u>\$4,043,599</u>	<u>\$4,053,171</u>	<u>\$31,591</u>
	<u>Ref.</u>	A			A
Collected by:					
Treasurer	A-4			\$3,989,634	
Tax Collector:					
Interest and Costs on Taxes	A-5			63,537	
				<u>\$4,053,171</u>	

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES
Year Ended December 31, 2017

	<u>Balance</u> <u>Dec. 31, 2016</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>
<u>Salaries and Wages:</u>					
Administrative and Executive	\$6,008		\$6,008		\$6,008
Mayor and Council	6,463		6,463		6,463
Elections	450		450		450
Municipal Clerk	8,731		2,731		2,731
Information Technology	2,269		2,269		2,269
Purchasing	4,533		533		533
Financial Administration	8,870		8,870		8,870
Assessment of Taxes	280		280		280
Collection of Taxes	4,168		4,168		4,168
Public Buildings and Grounds	3,351		3,351		3,351
Planning Board	1,950		1,950		1,950
Board of Adjustment	1,000		1,000		1,000
Zoning Officer	12,580		12,580		12,580
Shade Tree Commission	3,355		3,355		3,355
Environmental Program	200		200		200
Fire	2,920		2,920		2,920
Uniform Fire Safe		\$1,521	1,521	\$1,521	
Police	88,230		88,230	21,573	66,657
Road Repair and Maintenance	75,741		75,741		75,741
Municipal Court	7,807		7,807		7,807
Public Defender	1,500	2,000	3,500	2,500	1,000
Maintaining of Borough Equipment	121,342		121,342		121,342
Recycling	4,133	5,000	9,133	5,000	4,133
Monmouth County Reg.					
Health Com. (NJSA 40:13)	1,414		1,414		1,414
Housing Inspection	45		45		45
Parks	47,767		47,767		47,767
Recreation	10,318		10,318		10,318
Borough Community Center	15,894		15,894		15,894
Senior Citizens Programs	30,386		30,386		30,386
Inspection of Buildings	28,118		28,118		28,118
Inspection of Buildings	3,500		3,500		3,500
Adjustment Program	69		69		69
Municipal Court - Tinton Falls	735		735		735
Aid to Privately Owned Library	2,012		2,012		2,012
Board of Education	4,000		4,000		4,000
<u>Other Expenses:</u>					
Administrative and Executive	7,360	709	8,069	6,422	1,647
Labor Attorney	3,156	4,781	7,937	3,463	4,474
Mayor and Council	1,305	89	1,394	147	1,247
Advertising	1,909		1,909	933	976
Pride in Eatontown	534	996	1,530	988	542
Elections	2,979		2,979		2,979

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES
Year Ended December 31, 2017

	Balance Dec. 31, 2016	Reserve for Encumbrances	Balance After Transfers	Paid or Charged	Balance Lapsed
Other Expenses (continued):					
Municipal Clerk	\$2,605	\$303	\$2,908	\$2,903	\$5
Information Technology	220	978	1,198	978	220
Purchasing	3,976	1,146	2,122	1,146	976
Historical Association	7	264	271	264	7
Finical Administration	5,919	9,790	15,709	10,319	5,390
Audit Services		21,000	21,000	17,050	3,950
Tuition Reimbursements	32		32		32
Bond Registration Fees	613		613		613
Assessment of Taxes	2,539	23,937	28,476	25,755	2,721
Collection of Taxes	1,193	123	1,316	123	1,193
Legal Services and Costs	44,996	11,955	56,951	14,436	42,515
Special Counsel	12,821	9,871	22,692	3,470	19,222
Engineering Services and Costs:					
Miscellaneous Other Expenses	9,760	1,171	10,931	10,656	275
Public Buildings and Grounds	1,207	21,922	23,129	19,214	3,915
Planning Board	14,264	16	24,214	14,555	9,659
Board of Adjustment	667	450	1,117	955	162
Zoning Officer	5,229	36	3,331	216	3,115
Shade Tree Commission	7,005	2,240	9,245	2,239	7,006
Environmental Program	2,901		2,901		2,901
Green Team	1,750		1,750		1,750
Gypsy Moth Program	100		100		100
Fire Hydrant Service	12,139	11,726	23,865	23,497	368
Fire Miscellaneous Other Expenses	9,087	7,914	17,001	13,383	3,618
Group Insurance	654,052	8,596	662,648	4,983	657,665
Other Insurance	44,672	2,404	47,076		47,076
Workers Compensation	280		280		280
Uniform Fire Safety Act	915	281	1,196	371	825
Police	12,556	43,475	56,031	48,249	7,782
Tuition Reimbursements	11,398	3,051	14,449	3,051	11,398
First Aid Contribution	1,527	1,975	3,502	2,301	1,201
Emergency Management Services	1,727	1,666	3,393	1,848	1,545
Road Repair and Maintenance	7,752	33,820	41,572	40,535	1,037
Snow Removal	8,000	15,000	27,000	23,000	4,000
Municipal Court	2,648		2,648		2,648
Maintaining of Borough Equipment	31,668	37,366	69,034	31,518	37,516
Street Lighting	27,707	9,012	36,719	22,655	14,064
Monmouth County					
Reclamation Fees	4,347	26,959	31,306	31,147	159
Recycling	3,409	48,738	52,147	28,931	23,216
Relocation	300		300		300
Sanitation - Apartment Collection	17,593	578	18,171	17,154	1,017
Sanitation - Residential Collection	37,674		37,674	37,674	

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY
CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES
Year Ended December 31, 2017

	<u>Balance</u> <u>Dec. 31, 2016</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):					
Housing Inspection	\$517	\$37	\$554	\$37	\$517
Animal Control		3,038	3,038	413	2,625
Parks	6,254	10,421	16,675	8,468	8,207
Recreation	7,291	3,268	10,559	2,279	8,280
Public Events	1,253	1,010	2,263	1,390	873
Community Center	6,972	1,661	8,633	1,981	6,652
Youth Committee	1,352	488	1,840	248	1,592
Senior Citizen's Programs	1,374	1,609	2,983	1,627	1,356
Inspection of Buildings	12,631	162	12,793	162	12,631
Fuel for Motor Vehicles	161,595	9,838	171,433	19,777	151,656
Accumulated Absences		80,000	80,000	80,000	
Business Advisory Committee	1,000				
Employee Sick Time Buy - Back	41,215		41,215		41,215
Electricity	16,587	385	16,972	2,165	14,807
Telephone	15,009	6,892	21,901	8,654	13,247
Water	720	683	1,403	920	483
Natural Gas	40,962		40,962	16,731	24,231
Contingent	2,957	75	3,032	75	2,957
Public Employee Retirement System	1,001		1,001		1,001
Social Security System (O.A.S.I.)	37,672		37,672		37,672
Police & Firemen's Retirement					
System of NJ	100		100		100
Defined Contribution					
Retirement Program	5,204		5,204		5,204
Early Retirement Incentive Program	1,002		1,002		1,002
Aid to Privately Owned Library	2,298		2,298	1,690	608
Telephone	2,500		2,500		2,500
State Recycling Tax	10,124	161	10,285	886	9,399
9-1-1 System	1,500		1,500		1,500
NJDEP/Storm Water Mgt.	665	3,175	3,840	2,518	1,322
Length of Service Award Program -					
Fire	44,000		44,000	29,900	14,100
Length of Service Award Program -					
First Aid	18,000		18,000	14,850	3,150
	<u>\$1,976,392</u>	<u>\$495,761</u>	<u>\$2,472,153</u>	<u>\$691,895</u>	<u>\$1,780,258</u>
<u>Ref.</u>	<u>A</u>	<u>A-12</u>			<u>A-1</u>

	<u>Ref.</u>	
Cash Disbursements	<u>A-4</u>	\$677,045
Accounts Payable		14,850
		<u>\$691,895</u>

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
SCHEDULE OF LOCAL DISTRICT SCHOOL TAX PAYABLE
Year Ended December 31, 2017

	<u>Ref.</u>	
Balance, December 31, 2016:		
School Tax Deferred		\$7,259,911
Increased by:		
Levy - School Year July 1, 2017 to June 30, 2018	A-6	16,209,020
		<u>23,468,931</u>
Decreased by:		
Payments	A-4	<u>15,972,839</u>
Balance, December 31, 2017:		
School Tax Deferred		<u><u>\$7,496,092</u></u>
 <u>2017 Liability for Local District School Tax:</u>		
Tax Paid and Charged to 2017 Operations	A-10:A-1	<u><u>\$15,972,839</u></u>

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
SCHEDULE OF REGIONAL HIGH SCHOOL TAX PAYABLE
Year Ended December 31, 2017

	<u>Ref.</u>		
Balance, December 31, 2016:			
School Tax Payable	A	\$1	
School Tax Deferred		<u>4,243,873</u>	
			\$4,243,874
Increased by:			
Levy - School Year July 1, 2017 to June 30, 2018	A-6		
			<u>9,011,269</u>
			13,255,143
Decreased by:			
Payments	A-4		
			<u>8,749,509</u>
Balance, December 31, 2017:			
School Tax Payable	A	1	
School Tax Deferred		<u>4,505,633</u>	
			<u>\$4,505,634</u>
<u>2017 Liability for Regional High School Tax:</u>			
Tax Paid and Charged to 2017 Operations	A-11:A-1		
			<u>\$8,749,509</u>

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
SCHEDULE OF RESERVE FOR ENCUMBRANCES
Year Ended December 31, 2017

	<u>Ref.</u>	
Balance, December 31, 2016	A	\$495,761
Increased by:		
Transferred from 2017 Appropriations	A-3	<u>320,160</u>
		815,921
Decreased by:		
Transfer to Appropriation Reserves	A-9	<u>495,761</u>
Balance, December 31, 2017	A	<u><u>\$320,160</u></u>

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

FEDERAL AND STATE GRANT FUND
SCHEDULE OF GRANTS RECEIVABLE
Year Ended December 31, 2017

<u>Grant</u>	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2016</u>	<u>2017</u> <u>Anticipated</u> <u>Revenue</u>	<u>Cash</u> <u>Receipts</u>	<u>Cancelled</u>	<u>Balance</u> <u>Dec. 31, 2017</u>
Municipal Alliance on Alcoholism and Drug Abuse	A-2	\$2,546	\$26,186	\$26,343		\$2,389
DCA/REC Individuals with Disabilities	A-2		24,000	20,000	\$4,000	
New Jersey Transportation Trust Fund		156,053				156,053
Safe and Secure Communities Program	A-2	30,000	60,000	60,000		30,000
Open Space Monmouth County		180,000				180,000
Clean Communities Program	A-2		26,659	26,659		
Body Armor Fund	A-2		3,633	3,633		
Distracted Driving Statewide Crackdown	A-2		5,500	5,500		
CDBG - Monmouth County		151,618		151,618		
Bulletproof Vest	A-2		4,455			4,455
Drive Sober or Get Pulled Over	A-2		4,180	4,180		
Recycling Tonnage	A-2		79,148	79,148		
Fort Monmouth Economic Revitalization Authority		40,441				40,441
		<u>\$560,658</u>	<u>\$233,761</u>	<u>\$377,081</u>	<u>\$4,000</u>	<u>\$413,338</u>
<u>Ref.</u>		A		A-4	A-1	A

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

FEDERAL AND STATE GRANT FUND
SCHEDULE OF APPROPRIATED RESERVES
Year Ended December 31, 2017

Grant	Balance Dec. 31, 2016	Transfer from 2017 Budget Appropriations	Transferred from Reserve for Encumbrances	Expended	Cancelled	Balance Dec. 31, 2017
Municipal Alcohol Education/Rehabilitation Program	\$4,613					\$4,613
Drunk Driving Enforcement Fund	9,045			\$2,179		6,866
Comcast Technology	3,478					3,478
Body Armor Fund	3,628	\$3,633		7,261		
Municipal Alliance on Alcoholism and Drug Abuse	6,413	32,733		25,161		13,985
New Jersey Transportation Trust Fund	37,484					37,484
Sustainable Jersey Small Program	566					566
DCA/REC Individuals with Disabilities	1,699	24,000		24,040		1,659
Clean Communities Program	31,380	26,659		9,154		48,885
Safe and Secure Communities Program		60,000		45,000		15,000
Distracted Driving Statewide Crackdown		5,500				5,500
Bulletproof Vest	3,956	4,455		1,857		6,554
CDBG - Monmouth County	62,095			62,095		
State and Community Highway Safety	5,323					5,323
Drive Sober or Get Pulled Over		4,180		2,475		1,705
Click It or Ticket	3,200					3,200
Recycling Tonnage	33,060	79,148		9,301		102,907
Fort Monmouth Economic Revitalization Authority	6,340					6,340
	<u>\$212,280</u>	<u>\$240,308</u>	<u>-</u>	<u>\$188,523</u>	<u>-</u>	<u>\$264,065</u>

Ref.

A

A-3

A-4

A

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

FEDERAL AND STATE GRANT FUND
SCHEDULE OF UNAPPROPRIATED RESERVES
Year Ended December 31, 2017

<u>Grant</u>	<u>Balance Dec. 31, 2016</u>	<u>Received</u>	<u>Cancelled</u>	<u>Balance Dec. 31, 2017</u>
Drunk Driving Enforcement Fund		\$5,205		\$5,205
Recycling Tonnage		18,708		18,708
	<u>-</u>	<u>23,913</u>	<u>-</u>	<u>\$23,913</u>
<u>Ref.</u>	A	A-4		A

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

TRUST FUND
SCHEDULE OF CASH - TREASURER
Year Ended December 31, 2017

	<u>Ref.</u>	<u>Animal Control</u>	<u>Other</u>
Balance, December 31, 2016	B	<u>\$4,041</u>	<u>\$3,625,347</u>
Increased by Receipts:			
Dog License Fees	B-2	6,071	
State Dog License Fees		903	
Prepaid Licenses		1,297	
Due to Current Fund		18	15,836
Various Deposits	B-3	<u>8,289</u>	<u>1,628,815</u>
			<u>1,644,651</u>
Decreased by Disbursements:			
Due to Current Fund		28	
State Dog License Fees		874	
Expenditures Under			
R.S. 4:19-15.11	B-2	8,967	
Various Deposits	B-3	<u>9,869</u>	<u>1,419,133</u>
			<u>1,419,133</u>
Balance, December 31, 2017	B	<u>\$2,461</u>	<u>\$3,850,865</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, 2017

	<u>Ref.</u>		
Balance, December 31, 2016	B		\$1,728
Increased by:			
Dog License Fees Collected in 2017	B-1	\$6,071	
Prepaid Revenue Realized		<u>1,559</u>	
			<u>7,630</u>
			9,358
Decreased by:			
Expenditures Under R.S. 4:19-15.11:			
Cash	B-1		<u>8,967</u>
Balance, December 31, 2017	B		<u><u>\$391</u></u>

License Fees Collected:	<u>Year</u>	<u>Amount</u>
	2016	\$6,917
	2015	<u>5,608</u>
		<u><u>\$12,525</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, 2017

Purpose	Balance Dec. 31, 2016	Increased	Decreased	Balance Dec. 31, 2017
Developer's Escrow	\$1,065,018	\$574,671	\$295,264	\$1,344,425
Security Deposits	92,137	522		92,659
Law Enforcement	5,663	260	3,393	2,530
Unemployment	64,643	20,789	41,526	43,906
Agency	9,570	4,355	3,992	9,933
Municipal Alliance	3,156	28,290	14,769	16,677
Public Defender	1,676	2,929	3,930	675
Police Outside Employment	211,414	418,314	392,802	236,926
Recreation Contributions	9,215	11,695	5,859	15,051
Uniform Fire Safety Penalties	42,656	18,451	25,110	35,997
Premium on Tax Sale	389,700	239,200	418,000	210,900
POAA	6,935	620		7,555
Fire Contributions	4,935			4,935
Affordable Housing	1,542,658	58,245	124,356	1,476,547
Other Contributions	18,893	9,345	2,672	25,566
Accumulated Absences	136,420	205,000	67,795	273,625
Historical Museum Donations	4,762			4,762
Recycling	31,732	8,000	19,632	20,100
Storm Recovery		28,129	33	28,096
	<u>\$3,641,183</u>	<u>\$1,628,815</u>	<u>\$1,419,133</u>	<u>\$3,850,865</u>
<u>Ref.</u>	B	B-1	B-1	B

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

TRUST FUND
SCHEDULE OF LENGTH OF SERVICE AWARD
PROGRAM FUND INVESTMENTS
Year Ended December 31, 2017

	<u>Ref.</u>		
Balance, December 31, 2016	B		\$405,968
Increased by:			
Borough Contributions	B-5	\$29,900	
Change in Market Value	B-5	<u>42,260</u>	
			<u>72,160</u>
			478,128
Decreased by:			
Distributions	B-5	23,355	
Return of Non-Vested Funds	B-5	6,548	
Administrative Charges	B-5	<u>1,511</u>	
			<u>31,414</u>
Balance, December 31, 2017	B		<u><u>\$446,714</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, 2017

	<u>Ref.</u>		
Balance, December 31, 2016	B		\$405,968
Increased by:			
Borough Contributions	B-4	\$29,900	
Change in Market Value	B-4	<u>42,260</u>	
			<u>72,160</u>
			478,128
Decreased by:			
Distributions	B-4	23,355	
Return of Non-Vested Funds	B-4	6,548	
Administrative Charges	B-4	<u>1,511</u>	
			<u>31,414</u>
Balance, December 31, 2017	B		<u><u>\$446,714</u></u>

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF CASH - TREASURER
Year Ended December 31, 2017

	<u>Ref.</u>		
Balance, December 31, 2016	C		\$3,532,784
Increased by Receipts:			
Budget Appropriation:			
Capital Improvement Fund	C-4	\$85,000	
Bond Anticipation Notes	C-7	1,371,000	
Grants Receivable	C-11	180,000	
		<u>1,636,000</u>	<u>5,168,784</u>
Decreased by Disbursements:			
Capital Surplus to Current Fund	C-1	36,518	
Improvement Authorizations	C-5	1,436,374	
		<u>1,472,892</u>	
Balance, December 31, 2017	C		<u><u>\$3,695,892</u></u>

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

GENERAL CAPITAL FUND
ANALYSIS OF GENERAL CAPITAL FUND CASH
December 31, 2017

	<u>Balance</u> <u>Dec. 31, 2017</u>
Capital Improvement Fund	\$59,432
Down Payments on Improvements	365,641
Reserve for Encumbrances	655,155
Due from Current Fund	(305,641) *
Grant Receivable	(60,000)

Improvement Authorizations:

<u>Ordinance</u> <u>Number</u>	<u>Improvement Description</u>	<u>Ref.</u>	
11-2002	Various Capital Improvements	C-5	1,206
13-2003	Wall Street Sidewalks	C-5	3,500
20-2004	Various Improvements	C-5	5,272
11-2005	Various Capital Improvements	C-5	114,967
26-2006	Various Improvements	C-5	167,765
19-2007	Various Improvements	C-5	245,489
15-2008	Various Improvements	C-5	206,964
07-2009	Various Improvements	C-5	121,811
15-2010	Various General Improvements	C-5	72,571
07-2011	Acquisition of Various Pieces of Equipment and Completion of Various Capital Improvements	C-5	186,166
17-2012	Various Improvements	C-5	112,812
23-2012	Acquisition of a Fire Truck	C-5	14,382
10-2013	Various Improvements	C-5	52,805
07-2014	Various Capital Improvements and the Acquisition of Various Capital Equipment	C-5	66,819
09-2015	Various Capital Improvements and the Acquisition of Various Capital Equipment	C-10	127,571
08-2016	Various Capital Improvements and the Acquisition of Various Capital Equipment	C-10	247,859
04-2017	Various Capital Improvements and the Acquisition of Various Capital Equipment	C-10	1,233,346
			<u>\$3,695,892</u>
		<u>Ref.</u>	C

* Denotes Deficit

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND
Year Ended December 31, 2017

	<u>Ref.</u>	
Balance, December 31, 2016	C	\$49,205
Increased by:		
2017 Budget Appropriation	C-2	<div style="display: flex; justify-content: flex-end;"> <div style="text-align: right; margin-right: 10px;">85,000</div> <div style="border-top: 1px solid black; width: 50px;"></div> </div>
		134,205
Decreased by:		
Appropriated to Finance Improvement Authorizations	C-5	<div style="display: flex; justify-content: flex-end;"> <div style="text-align: right; margin-right: 10px;">74,773</div> <div style="border-top: 1px solid black; width: 50px;"></div> </div>
Balance, December 31, 2017	C	<div style="display: flex; justify-content: flex-end;"> <div style="text-align: right; margin-right: 10px;">\$59,432</div> <div style="border-top: 1px solid black; border-bottom: 3px double black; width: 50px;"></div> </div>

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS
Year Ended December 31, 2017

Ordinance Number	Improvement Description	Ordinance Amount	Balance Dec. 31, 2016			2017 Authorizations	Paid or Charged	Balance Dec. 31, 2017	
			Funded	Unfunded	Encumbered			Funded	Unfunded
11-2002	Various Capital Improvements	\$1,645,521	\$1,206					\$1,206	
13-2003	Wall Street Sidewalks	235,000	3,500					3,500	
20-2004	Various Improvements	600,000	5,272					5,272	
11-2005	Various Capital Improvements	1,650,000	114,967					114,967	
26-2006	Various Improvements	780,000	188,475		\$7,060		\$27,770	167,765	
19-2007	Various Improvements	1,461,300	268,446		2,843		25,800	245,489	
15-2008	Various Improvements	1,075,500	188,525		19,339		900	206,964	
07-2009	Various Improvements	1,399,200	132,574		1,767		12,530	121,811	
15-2010	Various General Improvements	1,351,666	77,996		10,325		15,750	72,571	
07-2011	Acquisition of Various Pieces of Equipment and Completion of Various Capital Improvements	1,357,600	184,416		7,583		5,833	186,166	
17-2012	Various Improvements	1,103,000	101,044		14,509		2,741	112,812	
23-2012	Acquisition of a Fire Truck	850,000	14,382					14,382	
10-2013	Various Improvements	1,152,215	73,342		12,321		32,858	52,805	
07-2014	Various Capital Improvements and the Acquisition of Various Capital Equipment	1,337,520	71,409		71,527		76,117	66,819	
09-2015	Various Capital Improvements and the Acquisition of Various Capital Equipment	1,520,300		\$146,497	200,031		218,957		\$127,571
08-2016	Various Capital Improvements and the Acquisition of Various Capital Equipment	1,866,544		1,244,566	523,140		1,519,846		247,860
04-2017	Various Capital Improvements and the Acquisition of Various Capital Equipment	1,445,773				\$1,445,773	212,427		1,233,346
			<u>\$1,425,554</u>	<u>\$1,391,063</u>	<u>\$870,445</u>	<u>\$1,445,773</u>	<u>\$2,151,529</u>	<u>\$1,372,529</u>	<u>\$1,608,777</u>
	<u>Ref.</u>		C	C	C			C	C
	Deferred Charges to Future Taxation - Unfunded Capital Improvement Fund				<u>Ref.</u> C-10:C-13 C-4	\$1,371,000 74,773 <u>\$1,445,773</u>			
						<u>Ref.</u> C-2	\$1,436,374 60,000 655,155 <u>\$2,151,529</u>		
						Cash Disbursements Due to Current Fund Reserve for Encumbrances			

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF GENERAL SERIAL BONDS
Year Ended December 31, 2017

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding Dec. 31, 2017		Interest Rate	Balance Dec. 31, 2016	Increased	Decreased	Balance Dec. 31, 2017
			Date	Amount					
General Improvement	12/4/02	\$1,553,000	12/1/18	\$1,000	5.00%	\$4,000		\$2,000	\$2,000
			12/1/19	1,000	5.00%				
General Improvement	12/29/05	1,327,000				141,000		141,000	
General Improvement	12/4/08	4,549,000	12/1/18	248,000	5.25%	487,000		239,000	248,000
General Improvement	12/29/11	4,150,000	12/1/18	440,000	5.00%	2,305,000		415,000	1,890,000
			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	12/1/18	110,000	4.00%	330,000		105,000	225,000
			12/1/19	115,000	4.00%				

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF GENERAL SERIAL BONDS
Year Ended December 31, 2017

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding Dec. 31, 2017		Interest Rate	Balance Dec. 31, 2016	Increased	Decreased	Balance Dec. 31, 2017
			Date	Amount					
General Improvement	12/9/14	\$3,775,000	12/1/18	\$395,000	4.00%	\$3,045,000		\$380,000	\$2,665,000
			12/1/19	415,000	4.00%				
			12/1/20	430,000	4.00%				
			12/1/21	450,000	5.00%				
			12/1/22	475,000	5.00%				
			12/1/23	500,000	5.00%				
General Improvement	3/2/16	2,325,000	12/1/19	245,000	4.00%	2,300,000			2,300,000
			12/1/20	255,000	5.00%				
			12/1/21	265,000	5.00%				
			12/1/22	280,000	5.00%				
			12/1/23	295,000	5.00%				
			12/1/24	305,000	5.00%				
			12/1/25	320,000	5.00%				
			12/1/26	335,000	5.00%				
						<u>\$8,612,000</u>	<u>-</u>	<u>\$1,282,000</u>	<u>\$7,330,000</u>
Ref.						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, 2017

Ordinance Number	Improvement Description	Date of Issue of Original Note	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2016	Increased	Decreased	Balance Dec. 31, 2017
09-2015	Various Capital Improvements and the Acquisition of Various Capital Equipment	9/30/15	9/29/16	9/28/17	2.00%	\$1,244,285		\$1,244,285	
08-2016	Various Capital Improvements and the Acquisition of Various Capital Equipment	9/29/16	9/29/16	9/28/17	2.00%	1,545,216		1,545,216	
09-2015	Various Capital Improvements and the Acquisition of Various Capital Equipment	9/30/15	9/28/17	1/30/18	1.48%		\$1,244,285		\$1,244,285
08-2016	Various Capital Improvements and the Acquisition of Various Capital Equipment	9/29/16	9/28/17	1/30/18	1.48%		1,545,216		1,545,216
04-2017	Various Capital Improvements and the Acquisition of Various Capital Equipment	9/28/17	9/28/17	1/30/18	1.48%		1,371,000		1,371,000
						<u>\$2,789,501</u>	<u>\$4,160,501</u>	<u>\$2,789,501</u>	<u>\$4,160,501</u>
					<u>Ref.</u>	C			C
			Issued for Cash		C-2		\$1,371,000		
			Non-Cash Rollover				2,789,501	\$2,789,501	
							<u>\$4,160,501</u>	<u>\$2,789,501</u>	

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF LEASE OBLIGATIONS PAYABLE
Year Ended December 31, 2017

	<u>Ref.</u>	
Balance, December 31, 2016	C	\$250,000
Decreased by:		
Paid by Budget Appropriation		158,000
		<hr/>
Balance, December 31, 2017	C	<u><u>\$92,000</u></u>

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE
TAXATION - FUNDED
Year Ended December 31, 2017

	<u>Ref.</u>	
Balance, December 31, 2016	C	\$8,612,000
Decreased by:		
Budget Appropriation to pay General Serial Bonds	C-6	<u>1,282,000</u>
Balance, December 31, 2017	C	<u><u>\$7,330,000</u></u>

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED
Year Ended December 31, 2017

Ordinance Number	Improvement Description	Balance Dec. 31, 2016	2017 Authorizations	Balance Dec. 31, 2017	Analysis of Balance December 31, 2017	
					Financed by Bond Anticipation Notes	Unexpended Improvement Authorizations
09-2015	Various Capital Improvements and the Acquisition of Various Capital Equipment	\$1,244,285		\$1,244,285	\$1,244,285	
08-2016	Various Capital Improvements and the Acquisition of Various Capital Equipment	1,545,217		1,545,217	1,545,216	\$1
04-2017	Various Capital Improvements and the Acquisition of Various Capital Equipment		\$1,371,000	1,371,000		
		<u>\$2,789,502</u>	<u>\$1,371,000</u>	<u>\$4,160,502</u>	<u>\$2,789,501</u>	<u>\$1</u>

Ref. C C-5 C C-7

	<u>Ref.</u>	
Improvement Authorizations - Unfunded	C-5	\$1,608,777
Less, Unexpended Proceeds of Bond Anticipation Notes Issued:		
Ordinance Number 09-2015	C-3	(127,571)
Ordinance Number 08-2016	C-3	(247,859)
Ordinance Number 04-2017	C-3	(1,233,346)
		<u>\$1</u>

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF GRANTS RECEIVABLE
Year Ended December 31, 2017

	<u>Ref.</u>	
Balance, December 31, 2016	C	\$240,000
Decreased by:		
Cash Receipts	C-2	<u>180,000</u>
Balance, December 31, 2017	C	<u><u>\$60,000</u></u>

Detail:

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

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF DOWN PAYMENTS ON IMPROVEMENTS
Year Ended December 31, 2017

	<u>Ref.</u>	
Balance, December 31, 2016	C	\$0
Increased by:		
Due from Current Fund:		
Emergency Appropriation		<u>365,641</u>
Balance, December 31, 2017	C	<u><u>\$365,641</u></u>

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, 2017

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2016</u>	<u>2017 Authorizations</u>	<u>Bond Anticipation Notes Issued</u>	<u>Balance Dec. 31, 2017</u>
08-2016	Various Capital Improvements and the Acquisition of Various Capital Equipment	\$1			\$1
04-2017	Various Capital Improvements and the Acquisition of Various Capital Equipment		\$1,371,000	\$1,371,000	
		<u>\$1</u>	<u>\$1,371,000</u>	<u>\$1,371,000</u>	<u>\$1</u>
	<u>Ref.</u>	(Footnote C)	C-5	C-7	(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, 2017

	<u>Balance</u> <u>Dec. 31, 2016</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Balance</u> <u>Dec. 31, 2017</u>
General Fixed Assets:				
Land, Buildings and Improvements	\$11,264,386			\$11,264,386
Machinery and Equipment	<u>12,279,364</u>	<u>\$16,238</u>	<u>\$14,894</u>	<u>12,280,708</u>
	<u><u>\$23,543,750</u></u>	<u><u>\$16,238</u></u>	<u><u>\$14,894</u></u>	<u><u>\$23,545,094</u></u>
<u>Ref.</u>	D			D

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

PART III

COMMENTS

YEAR ENDED DECEMBER 31, 2017

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

COMMENTS

YEAR ENDED DECEMBER 31, 2017

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:

Third Party Elevator Subcode Inspection Services
Energy Aggregation Services
Police Off-Duty Detail Management Systems

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, 2017 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 2017 be and the same is hereby fixed at eight (8) per centum per annum on the first \$1,500.00 of delinquency and eighteen (18) per centum on any amount in excess of \$1,500.00, to be calculated from the date the tax was payable until the date of actual payment, provided, however, no interest shall be charged if the payment of the taxes due is made within the tenth (10) calendar day following the date upon which the same became payable."

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

Tax Title Liens

The last tax sale was held on May 16, 2017 and was complete.

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

2017	17
2016	18
2015	19

SUMMARY OF MUNICIPAL DEBT

	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>Issued</u>			
General bonds and notes	\$11,490,501	\$11,401,501	\$11,264,285
Less:			
Funds on hand to pay bonds and notes	<u>-</u>	<u>-</u>	<u>-</u>
Net debt issued	11,490,501	11,401,501	11,264,285
<u>Authorized but not Issued</u>			
General bonds and notes	<u>1</u>	<u>1</u>	<u>-</u>
Net bonds and notes issued and authorized but not issued	<u>\$11,490,502</u>	<u>\$11,401,502</u>	<u>\$11,264,285</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 0.549%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School	\$19,110,000	\$19,110,000	-
Regional School	1,593,711	1,593,711	-
General Debt	14,037,014	2,546,512	\$11,490,502
	<u>\$34,740,725</u>	<u>\$23,250,223</u>	<u>\$11,490,502</u>

Net Debt \$11,490,502 divided by Equalized Valuation basis per N.J.S. 40A:2-2 as amended, \$2,093,399,601 equals 0.549%.

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

3½% of Equalized Valuation Basis	\$73,268,986
Net Debt	<u>11,490,502</u>
Remaining Borrowing Power	<u>\$61,778,484</u>

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION AND APPORTIONMENT

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Municipal	\$.803	\$.789	\$.789
Local School	.742	.732	.721
Regional School	.413	.391	.406
County	.275	.271	.307
Total tax rate	<u>\$2.233</u>	<u>\$2.183</u>	<u>\$2.223</u>

ASSESSED VALUATIONS

2017	\$2,183,604,570
2016	2,171,048,361
2015	2,091,909,634

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>
2017	\$49,099,888	\$48,437,266	98.65%
2016	47,603,417	46,565,137	97.82%
2015	46,793,932	46,058,657	98.43%

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>2017</u>	<u>2016</u>	<u>2015</u>
Tax title liens	\$123,350	\$112,361	\$103,664
Delinquent taxes	<u>278,500</u>	<u>382,461</u>	<u>691,236</u>
Total delinquent	<u>\$401,850</u>	<u>\$494,822</u>	<u>\$794,900</u>
% of tax levy	0.82%	1.04%	1.70%

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>
2017	\$201,300
2016	201,300
2015	201,300

COMPARATIVE SCHEDULE OF FUND BALANCE AT DECEMBER 31

<u>Year</u>	<u>Current Fund Balance</u>	<u>Utilized in Succeeding Budget</u>
2017	\$4,755,310	\$3,600,000
2016	3,241,485	2,750,000
2015	3,332,244	2,650,000

OFFICIALS IN OFFICE AND SURETY BONDS

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

<u>Name</u>	<u>Title</u>
Dennis J. Connelly	Mayor
Donna Mazzella-Diedrichsen	Councilwoman
Mark W. Regan	Councilman
Anthony Talerico, Jr.	Councilman
Virignia M. East	Councilwoman
Patricia May	Councilwoman
Albert Baginsky	Councilman
George Jackson	Administrator
John Gillooly	Tax Assessor
Julie Martin	Clerk and Assessment Searcher
Patricia De Ponti	Tax Collector and Tax Searcher (to May 31, 2017)
Leigh Schenck	Tax Collector and Tax Searcher (from June 1, 2017)
Dena Amodea	Chief Financial Officer and Treasurer
Eugene Melody	Magistrate
Corinne DiCorcia	Deputy Clerk

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

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

PART IV

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2017

BOROUGH OF EATONTOWN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2017

Other Internal Control and Compliance Matters

#2017-001*

Comment

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

Recommendation

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

* This recommendation appeared in the 2016 audit report.

#2017-002

Comment

We noted that there were interfund balances at year-end.

Recommendation

We recommend that, where practicable, interfund balances be liquated prior to year-end.

Status of Other Prior Year Recommendations

The Borough resolved the prior year recommendation relative to expenditures without an appropriation.