

**COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE**

**BOROUGH OF RED BANK**

**90 Monmouth Street  
Red Bank, New Jersey 07701**

**FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

**Presented by**

**Frank Mason  
Chief Financial Officer  
Borough of Red Bank**

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## INTRODUCTORY SECTION

June 2, 2011

Honorable Mayor and Members of the Governing Body  
Borough of Red Bank  
County of Monmouth, New Jersey

The Comprehensive Annual Financial Report for the Borough of Red Bank, County of Monmouth, State of New Jersey, as of and for the years ended December 31, 2010 and 2009 is submitted herewith and includes financial statements and supplemental schedules. I believe it is accurate in all material respects; that it is presented in a manner designed to set forth fairly the financial position and results of operations of the Borough of Red Bank as measured by the financial activity of its various funds and account groups; and that all disclosures necessary to enable the reader to gain an understanding of the Borough's financial affairs have been included.

The Comprehensive Annual Financial Report is presented in four sections: introductory, financial, statistical and auditor's comments and recommendations. The introductory section includes this transmittal letter, the Borough's organization chart and a list of principal officials. The financial section includes the annual financial statements and individual fund financial schedules, as well as the independent auditors' report. The statistical section includes selected financial, economic and demographic information, generally presented on a multi-year basis. Responsibility for completeness and clarity of the report, including disclosures, rests with the Chief Financial Officer and ultimately with the Mayor and Council.

The financial statements have been audited by DAK CPA, Long Branch, New Jersey, independent certified public accountants whose opinion is expressed in the financial section. Please note that the auditors' report is unqualified and states that the financial statements are presented fairly in conformity with the basis of accounting as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.



## PRESENT AND FUTURE CHALLENGES

2010 saw a decrease in our Current Fund Balance of \$91,985. The current tax collection rate was in line with the historical average. The challenges for the future include maintaining our excellent collection percentage, continuing to improve miscellaneous revenues and limiting the growth of expenditures in order to continue to hold the tax rate near steady.

The Current Fund, which finances most of the operational areas of our local government, had total revenues of \$47,053,418 and total expenditures of \$47,545,403. The following schedules summarize municipal revenues and expenses for 2010 and 2009.

### Comparative Summary of Current Fund Revenues

	<u>2010</u>	<u>2009</u>	<u>Increase/(Decrease)</u>	
			<u>\$</u>	<u>%</u>
Fund Balance	\$ 350,000	\$ 1,255,000	\$ (905,000)	(72.11) %
Municipal Purposes Tax	10,525,143	10,736,805	(211,662)	(1.97)
Delinquent Tax Receipts	849,803	965,911	(116,108)	(12.02)
Miscellaneous Anticipated Revenues	5,089,249	3,808,198	1,281,051	33.64
Intergovernmental Revenue	2,168,865	2,751,231	(582,366)	(21.17)
Other Credits to Income	305,601	173,534	132,067	76.10
Miscellaneous Revenue	<u>126,582</u>	<u>218,948</u>	<u>(92,366)</u>	<u>(42.19)</u>
	<u>\$ 19,415,243</u>	<u>\$ 19,909,627</u>	<u>\$ (494,384)</u>	<u>(2.48) %</u>

1. Real Estate Taxes - These are the taxes levied on all property owners residing in the Borough.
2. Delinquent Tax Receipts - This represents receipts from delinquent taxes and tax title liens.
3. Intergovernmental Revenue - This represents funds received from the State of New Jersey or the Federal Government in the form of grants or direct aid.
4. Miscellaneous Revenues - This represents all of the miscellaneous revenues of the Borough including fees, fines, licenses, interest and other direct user charges, except those detailed separately above.

The increase in budgetary expenditures in 2010 over 2009 was approximately 2.81% as follows:

Function	2010	2009	Increase/(Decrease)	
			\$	%
General Government	\$ 2,123,121	\$ 2,180,278	\$ (57,157)	(2.62)
Land Use Administration	174,716	184,326	(9,610)	(5.21)
Insurance	2,694,906	2,428,158	266,748	10.99
Public Safety	5,087,993	5,038,821	49,172	0.98
Public Works	1,315,445	1,304,440	11,005	0.84
Landfill/Solid Waste Disposal Costs	359,200	455,000	(95,800)	(21.05)
Health and Welfare	192,325	238,641	(46,316)	(19.41)
Parks and Recreation	441,105	469,294	(28,189)	(6.01)
Utility Expenses and Bulk Purchases	630,000	675,000	(45,000)	(6.67)
Uniform Construction Code	280,610	335,375	(54,765)	(16.33)
Contingent	500	1,425	(925)	(64.91)
Deferred Charges and Statutory Expenditures	1,627,095	1,584,141	42,954	2.71
State and Federal Grants	157,184	222,406	(65,222)	(29.33)
Capital Improvements	50,000	80,000	(30,000)	(37.50)
Municipal Debt Service	3,215,778	3,289,399	(73,621)	(2.24)
Reserve for Sick and Severance Pay	823,383	80,058	743,325	928.48
Reserve for Uncollected Taxes	948,927	1,004,999	(56,072)	(5.58)
	<u>\$ 20,122,288</u>	<u>\$ 19,571,761</u>	<u>\$ 550,526.60</u>	<u>2.81%</u>

The increases in the provision for severance pay and insurance account for the majority of the increase. The severance pay provision will be funded over the next five years.

The Borough operates Water-Sewer and Parking Utilities. These budgetary subdivisions were created to allow for the segregation of the revenue and expense of these operating Enterprises of the Borough. The Utilities are under the operational control of the Mayor and Council.

The Water-Sewer Utility serves the entire Borough, which encompasses 4,500 accounts and a population of 10,000. Water-Sewer Utility revenues realized were about 6% more than anticipated which resulted in a increase in fund balance of \$392,343. Significant improvements to the Borough's water treatment infrastructure occurred during 2010.

The Parking Utility operates metered municipal parking lots and owns a 450 car parking garage, which it leases to Riverview Medical Center. Revenues in 2010 exceeded expenses by \$92,001 which was about 10% less than 2009's results of operations.

Both the Parking Utility and Water-Sewer Utility remained self-liquidating for 2010.

The Mayor and Council continue to pursue areas of budgetary reduction and revenue enhancement in order to control or eliminate the need for tax increases for municipal purposes.

## **MAJOR ACTIVITIES AFFECTING BUDGET/FINANCIAL CONDITIONS**

The Borough of Red Bank encompasses 1.8 square miles. It is a fully developed mature community with a strong commercial and professional office district surrounded by single-family residential homes and several apartment complexes. It has a diverse, stable population. A downtown special improvement district has helped make our commercial district thrive in an unprecedented manner.

The Mayor and Council have undertaken an aggressive capital improvement program to improve infrastructure and municipal services. The resulting increase in debt service has been countered with increased revenues from grants and other municipal revenue sources. Local purpose tax rates have increased by an annual average of less than approximately four percent since 1992.

## **PROSPECTS FOR THE FUTURE**

Increases in mandated expenditures resulted in a moderate tax rate increase for the 2011 budget. Future development should be added to the tax rolls in 2012. These new ratables and ongoing cost containments should help stabilize future municipal tax rates. However, future budgets do continue to present significant challenges.

## **CASH MANAGEMENT**

The Borough invests all surplus funds for appropriate periods of time as determined by the Chief Financial Officer. During 2010, funds were invested in the New Jersey Cash Management Fund, TD Bank and Shrewsbury State Bank sweep accounts.

## **DEBT ADMINISTRATION**

The current outstanding net debt of the Borough is \$13,347,507, which represents .580% of its average equalized value. Debt service appropriations for 2010 for the Current Fund were 16% of the total Current Fund budget.

In 2011, the Borough completed the refunding of its Early Retirement Incentive Pension Obligation to achieve debt service savings.

### **RISK MANAGEMENT**

The Borough was a charter member of the Monmouth Municipal Joint Insurance Fund that, along with the state wide Municipal Excess Liability Joint Insurance Fund, Municipal Excess Liability Residual Claims Fund and Environmental Joint Insurance Fund provides the most comprehensive insurance coverage available in local government anywhere in the United States. These funds provide professional risk management, legal defense, loss prevention, claims management and actuarial services and are regulated by the N.J. Department of Insurance.

The success of these funds is unprecedented and they have served as a national example of well-run, innovative self-insurance funds.

The Borough participates in the Central Jersey Health Insurance Fund for Employee health benefits. This fund is regulated by the State of New Jersey Department of Insurance.

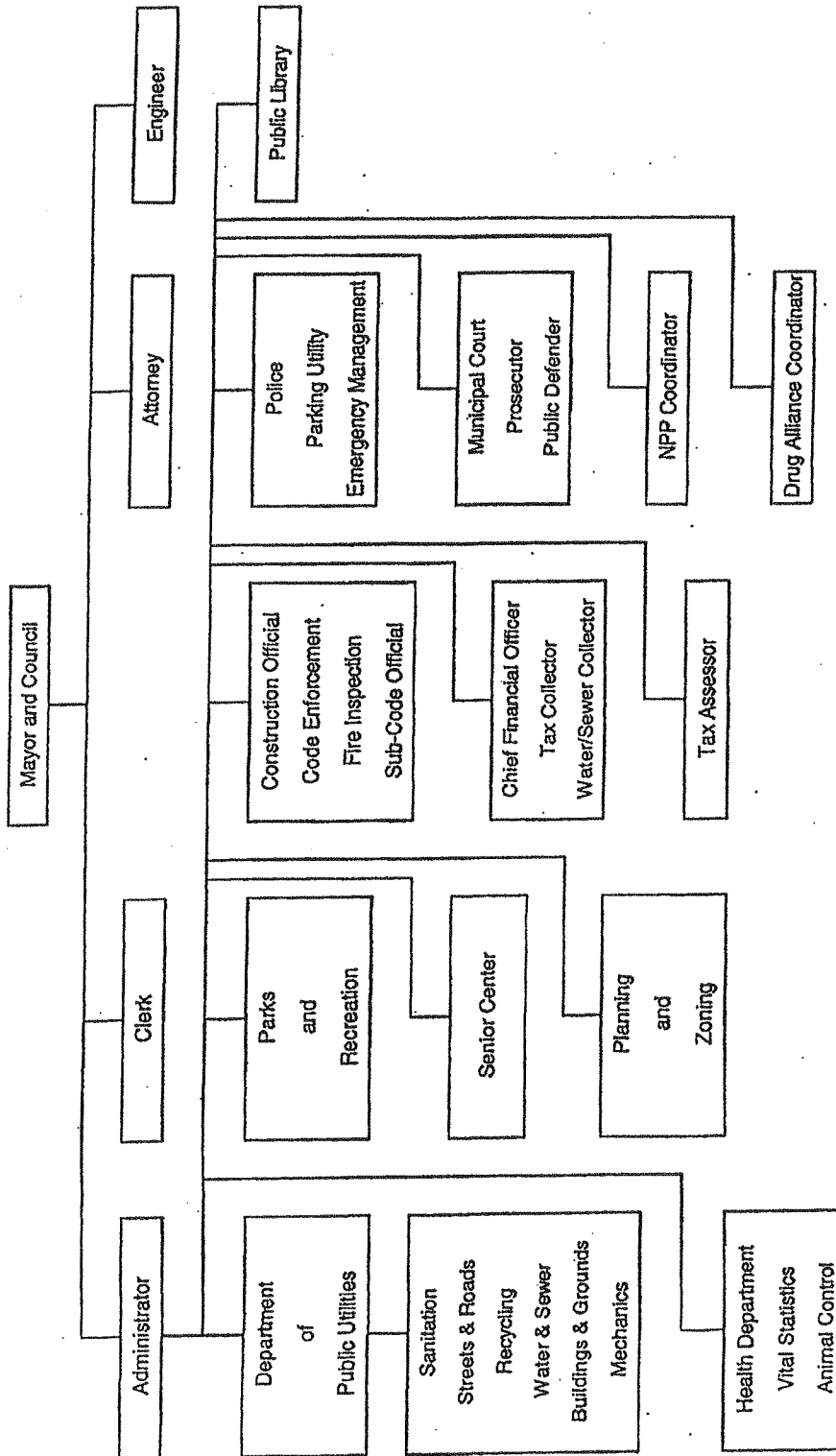
### **ACKNOWLEDGMENTS**

The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of the Finance Department and the Administration Department. I would also like to express my appreciation to Mr. David A. Kaplan, CPA, RMA for his help and assistance in the preparation of the Borough's Comprehensive Annual Financial Report.

Respectfully submitted,

Frank Mason  
Chief Financial Officer

**BOROUGH OF RED BANK  
TABLE OF ORGANIZATION**



**BOROUGH OF RED BANK**  
**ROSTER OF OFFICIALS**  
**DECEMBER 31, 2010**

Governing Body

Pasquale Menna, Mayor  
Arthur Murphy, Council President  
Edward Zipprich , Councilman  
Sharon Lee, Councilwoman  
Kathy Horgan, Councilwoman  
Michael Dupont, Councilman  
Juanita Lewis, Councilwoman

Other Officials

Frank Mason, Treasurer, Water-Sewer Comptroller,  
Parking Utility Collector and Chief Financial Officer  
  
Dale Connor, Tax Collector  
Mitchell Elias, Tax Assessor  
Stanley Sickels, Borough Administrator, Construction Code Official and Fire Marshall  
Pamela Borghi, Borough Clerk  
William Himelman, Magistrate  
Kenneth Pringle, Attorney  
Frances Pastoriza, Municipal Court Administrator  
Jim Williams, Building Subcode Official  
Christine Ballard, Engineer  
John Gurzo, Senior Center Director

**BOROUGH OF RED BANK**  
**CONSULTANTS AND ADVISORS**  
**DECEMBER 31, 2010**

**AUDIT FIRM**

David A. Kaplan, CPA, RMA  
DAK CPA  
Certified Public Accountants  
512 Marvin Drive  
Long Branch, NJ 07740

**ATTORNEY**

Kenneth Pringle, Esq.  
Pringle, Quinn and Anzano, P.C.  
701 Seventh Avenue  
PO Box 420  
Belmar, New Jersey 07719

**BOND COUNSEL**

Wilentz, Goldman & Spitzer  
90 Woodbridge Center Drive  
Suite 900, PO Box 10  
Woodbridge, NJ 07095-0958

**BOROUGH OF RED BANK**  
**CONSULTANTS AND ADVISORS (CONTINUED)**  
**DECEMBER 31, 2010**

**OFFICIAL NAMED DEPOSITORIES**

Amboy National Bank  
Bank of America  
Bank of New York  
TD Bank, N.A.  
PNC Bank  
NJ Cash Management Fund  
Investors Savings Bank  
Sovereign Bank  
Two Rivers Community Bank  
Valley National Bank  
Wachovia Bank  
Wells Fargo



**FINANCIAL SECTION**

**INDEPENDENT AUDITOR'S REPORT**

The Honorable Mayor and Members  
of the Borough of Red Bank Council  
Borough of Red Bank  
County of Monmouth  
State of New Jersey

We have audited the accompanying financial statements – regulatory basis of the various funds and accounts of the Borough of Red Bank (the “Borough”) as of and for the year ended December 31, 2010 as listed in the accompanying table of contents. These financial statements are the responsibility of the Borough’s management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and auditing requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As described in Note 1, the Borough prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with the modified accrual basis, with certain exceptions, and the budget laws of New Jersey, which is a comprehensive regulatory basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, because of the Borough’s policy to prepare its financial statements on the basis of accounting discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Borough as of December 31, 2010, or the results of its operations for the year then ended.

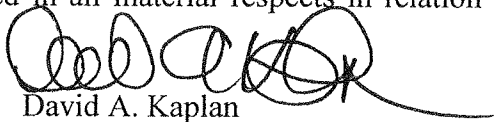
## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

However, in our opinion, the financial statements – regulatory basis referred to above present fairly, in all material respects, the financial position – regulatory basis of the various funds and accounts of the Borough as of December 31, 2010, and the results of operations and changes in fund balance – regulatory basis of such funds for the year then ended and the statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2010 on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 2, 2011, on our consideration of the Borough of Red Bank's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements – regulatory basis, that collectively comprise the Borough's basic financial statements. The accompanying supplementary schedules listed in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the financial statements, but is presented as additional analytical data as required by the Local Finance Board. Such information has been subjected to the auditing procedures applied in the audit of the financial statements – regulatory basis and, in our opinion, is fairly stated in all material respects in relation to the financial statements – regulatory basis taken as a whole.

The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepared the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



David A. Kaplan

Certified Public Accountant

Registered Municipal Accountant #433

DAK CPA

DAK CPA, Certified Public Accountants

Long Branch, New Jersey  
June 2, 2011

**GENERAL PURPOSE FINANCIAL STATEMENTS**

**BOROUGH OF RED BANK**  
**COMBINED STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE -**  
**ALL FUND TYPES AND ACCOUNT GROUPS - STATUTORY BASIS**  
**DECEMBER 31, 2010**  
**(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2009)**

	Governmental Funds			Trust Funds	Utilities		General Fixed Assets Account	Totals	
	Current	General Capital			Operating	Capital		Memorandum Only	2009
<b>ASSETS AND OTHER DEBITS</b>									
Cash and Cash Equivalents	\$ 2,670,984.75	\$ 2,571,630.14	\$ 2,838,473.36		\$ 1,875,897.95	\$ 1,439,240.28		\$ 11,396,226.48	\$ 11,538,884.50
Intergovernmental Receivables	5,256.08	590,000.00				640,147.00		1,235,403.08	2,982,483.08
Receivables and Other Assets:									
Delinquent Property Taxes	1,133,421.82				1,140,702.15			1,133,421.82	859,076.05
Consumer Accounts Receivable								1,140,702.15	1,102,126.59
Assessments Receivable									
Inventory								3,530.00	3,101.27
Liens Receivable	66,040.00				3,981.60			70,021.60	57,945.38
Demolition Liens Receivable	8,930.09							8,930.09	8,930.09
Property Acquired for Taxes - Assessed									
Valuation	301,000.00							301,000.00	301,000.00
Other Accounts Receivable	43,999.50							43,999.50	64,940.61
Interfunds Receivable	9,097.95		34,850.57		115,024.51	170,534.21		662,755.46	590,267.69
Capital Lease Obligations, Unfunded		333,248.22						1,678,200.00	2,302,700.00
Deferred Charges		1,678,200.00						14,638,534.48	14,748,216.60
Fixed Capital	755,000.00	13,883,534.48						25,975,684.63	25,457,462.22
Fixed Assets								29,966,275.00	29,962,421.00
Federal and State Grant Fund:									
Cash and Cash Equivalents	173,840.46							173,840.46	172,257.19
Federal and State Grants Receivable	140,378.44							140,378.44	143,547.93
Interfunds Receivable	50,098.73							50,098.73	50,317.64
<b>Total Assets and Other Debits</b>	<b>\$ 5,358,047.82</b>	<b>\$ 19,056,612.84</b>	<b>\$ 2,873,323.93</b>		<b>\$ 3,139,136.21</b>	<b>\$ 28,225,606.12</b>	<b>\$ 29,966,275.00</b>	<b>\$ 88,619,001.92</b>	<b>\$ 90,363,674.84</b>

See Notes to Financial Statements.

**BOROUGH OF RED BANK**  
**COMBINED STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE -**  
**ALL FUND TYPES AND ACCOUNT GROUPS - STATUTORY BASIS**  
**DECEMBER 31, 2010**  
**(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2009)**

	Governmental Funds			Trust Funds	Utilities		General Fixed Assets Account	Totals	
	Current	General Capital			Operating	Capital		Memorandum Only	2009
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>									
Liabilities and Reserves:									
Appropriation Reserves	\$ 838,281.20	\$	\$	\$	\$ 122,699.64	\$	\$	\$ 960,980.84	\$ 643,301.37
Other Liabilities and Reserves	1,075,500.83	1,350,349.94	2,775,024.61	647,555.19	779,324.68		6,627,755.25	6,082,755.15	
Improvement Authorizations		2,084,242.40			1,909,133.73		3,993,376.13	7,131,528.39	
Accrued Interest on Bonds and Notes					147,579.22		147,579.22	148,340.56	
Reserve for Amortization						15,818,092.64	15,818,092.64	14,846,836.56	
Deferred Reserve for Amortization									
Interfund Payable	358,197.52		7,097.95	172,534.21		24.51	537,854.19	185,776.66	
Accounts Payable			91,201.37				91,201.37	465,585.33	
Intergovernmental Payable									
Bond Anticipation Notes		3,113,500.00				477,000.00	3,590,500.00	1,966,500.00	
Special Emergency Notes	750,000.00	9,814,000.00				9,242,022.58	750,000.00	21,746,076.00	
Serial and Refunding Bonds		939,222.78					19,056,022.58	939,222.78	
Loans Payable		1,678,200.00					1,678,200.00	1,064,624.90	
Capital Lease Payable - Principal								2,302,700.00	
Reserve for Receivables and Other Assets	1,562,489.06				1,148,213.75		2,710,702.81	2,419,906.82	
Federal and State Grant Fund:									
Interfund Payable	175,000.00						175,000.00	175,000.00	
Reserve for Encumbrances	15,232.56						15,232.56	7,176.57	
Unappropriated/Appropriated Reserves	174,085.07						174,085.07	183,946.19	
<b>Total Liabilities and Reserves</b>	<b>4,948,786.24</b>	<b>18,979,515.12</b>	<b>2,873,323.93</b>	<b>2,238,582.01</b>	<b>28,225,598.14</b>		<b>57,265,805.44</b>	<b>59,370,054.50</b>	
Equity and Other Credits:									
Investment in General Fixed Assets									
Fund Balance	409,261.58	77,097.72		900,554.20	7.98		29,966,275.00	29,962,421.00	
<b>Total Equity and Other Credits</b>	<b>409,261.58</b>	<b>77,097.72</b>		<b>900,554.20</b>	<b>7.98</b>		<b>31,353,196.48</b>	<b>30,993,620.34</b>	
<b>Total Liabilities, Reserves and Fund Balance</b>	<b>\$ 5,358,047.82</b>	<b>\$ 19,056,612.84</b>	<b>\$ 2,873,323.93</b>	<b>\$ 3,139,136.21</b>	<b>\$ 28,225,606.12</b>		<b>\$ 88,619,001.92</b>	<b>\$ 90,363,674.84</b>	

See Notes to Financial Statements.

**BOROUGH OF RED BANK**  
**COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL - CURRENT, PARKING UTILITY AND WATER-SEWER UTILITY OPERATING FUNDS - STATUTORY BASIS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2010**

	Current Fund			Variance Favorable (Unfavorable)	Utility Operating Funds (1)		
	Final Budget	Actual			Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:							
Fund Balance Anticipated	\$ 350,000.00	\$ 350,000.00	\$	\$	6,232,748.42	6,579,931.99	\$ 347,183.57
Water-Sewer Rents and Connection Fees					1,180,000.00	1,132,636.78	(47,363.22)
Parking Meter and Lot Fees					452,500.00	495,265.20	42,765.20
Miscellaneous Revenues	5,021,356.43	5,089,249.34		67,892.91			
State Aid	2,011,681.00	2,011,681.00					
Federal and State Grants	157,183.89	157,183.89					
	7,540,221.32	7,608,114.23		67,892.91	7,865,248.42	8,207,833.97	342,585.55
Receipts from Delinquent Taxes				(196.48)			
Amount to be Raised by Taxes for Support of Municipal Budget:	850,000.00	849,803.52					
Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes	10,982,066.51	10,525,142.55		(456,923.96)			
Budget Totals	19,372,287.83	18,983,060.30		(389,227.53)	7,865,248.42	8,207,833.97	342,585.55
Non-budget Revenues							
Other Credits to Income		128,367.17		128,367.17		743.66	743.66
Taxes Allocated to School, County and Special Districts		303,815.62		303,815.62		141,015.22	141,015.22
		27,638,174.50		27,638,174.50			
Total Revenues	\$ 19,372,287.83	\$ 47,053,417.59	\$ 27,681,129.76	\$	7,865,248.42	8,349,592.85	\$ 484,344.43

See Notes to Financial Statements.

**BOROUGH OF RED BANK**  
**COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL - CURRENT, PARKING UTILITY AND WATER-SEWER UTILITY OPERATING FUNDS - STATUTORY BASIS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2010**

	Current Fund		Utility Operating Funds (1)	
	Final Budget	Actual	Final Budget	Actual
			Variance Favorable (Unfavorable)	Variance Favorable (Unfavorable)
Expenditures:				
Current:				
General Government	\$ 2,123,121.12	\$ 2,123,121.12	\$	\$
Land Use Administration	174,715.71	174,715.71		
Insurance	2,694,906.31	2,694,906.31		
Public Safety	5,087,993.00	5,087,993.00		
Public Works	1,315,445.00	1,315,445.00		
Landfill/Solid Waste Disposal Costs	359,200.00	359,200.00		
Health and Welfare	192,325.00	192,325.00		
Parks and Recreation	441,105.00	441,105.00		
Utility Expenses and Bulk Purchases	630,000.00	630,000.00		
Uniform Construction Code	280,610.00	280,610.00		
Contingent	500.00	500.00		
State and Federal Grants	157,183.89	157,183.89		
Operating				
Capital Improvements	50,000.00	50,000.00	4,828,213.00	4,828,213.00
Debt Service	3,215,777.69	3,215,777.69	17,500.00	17,500.00
Deferred Charges and Statutory			1,188,405.42	1,188,405.42
Expenditures	1,627,095.41	1,627,095.41		
Surplus - General Budget			181,000.00	181,000.00
Reserve for Sick and Severance Pay	823,383.04	823,383.04	1,650,130.00	1,650,130.00
Reserve for Uncollected Taxes	948,926.66	948,926.66		
Total Budget Expenditures	20,122,287.83	20,122,287.83	7,865,248.42	7,865,248.42
Other Expenditures				
County, School and Special District Taxes		34,941.00	(34,941.00)	
		27,388,174.50	(27,388,174.50)	
Total Expenditures	\$ 20,122,287.83	\$ 47,545,403.33	\$ (27,423,115.50)	\$ 7,865,248.42

See Notes to Financial Statements.



**BOROUGH OF RED BANK**  
**COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL - CURRENT, PARKING UTILITY AND WATER-SEWER UTILITY OPERATING FUNDS - STATUTORY BASIS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2010**

	Current Fund		Variance	Utility Operating Funds (1)		
	Final Budget	Actual	Favorable (Unfavorable)	Final Budget	Actual	Variance Favorable (Unfavorable)
Excess/(Deficit) in Revenues over Expenditures	\$ (750,000.00)	\$ (491,985.74)	\$ 258,014.26	\$	\$ 484,344.43	\$ 484,344.43
Adjustment to Income Before Fund Balance: Expenditures included above which are by statute deferred charges to budgets of succeeding years	750,000.00	750,000.00				
Statutory Excess to Fund Balance		258,014.26	258,014.26		484,344.43	484,344.43
Fund Balance, January 1	501,247.32	501,247.32		416,209.77	416,209.77	
Decreased By:	501,247.32	759,261.58	258,014.26	416,209.77	900,554.20	484,344.43
Utilization as Anticipated Revenue	350,000.00	350,000.00				
Fund Balance, December 31	\$ 151,247.32	\$ 409,261.58	\$ 258,014.26	\$ 416,209.77	\$ 900,554.20	\$ 484,344.43

(1) Includes Parking and Water-Sewer Utilities.

See Notes to Financial Statements.

BOROUGH OF RED BANK  
GENERAL CAPITAL FUND  
STATEMENT OF FUND BALANCE - REGULATORY BASIS

<u>BALANCE, DECEMBER 31, 2009</u>	\$ 113,684.95
<u>INCREASED BY</u>	
Premium on Sale of Notes	<u>13,412.77</u>
	127,097.72
<u>DECREASED BY</u>	
Transferred to Current Fund as Anticipated Revenue	<u>50,000.00</u>
<u>BALANCE, DECEMBER 31, 2010</u>	\$ <u><u>77,097.72</u></u>

**BOROUGH OF RED BANK**  
**PARKING UTILITY CAPITAL FUND**  
**STATEMENT OF FUND BALANCE - REGULATORY BASIS**

<u>BALANCE, DECEMBER 31, 2009</u>	\$	7.98
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AND

<u>BALANCE, DECEMBER 31, 2010</u>	\$	<u>7.98</u>
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**NOTES TO FINANCIAL STATEMENTS**

**BOROUGH OF RED BANK**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2010 AND 2009**

Note 1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

- A. Reporting Entity - This report includes the financial statements of the Borough of Red Bank (the "Borough"), within the County of Monmouth, in the State of New Jersey and reflects the activities of the Municipality, which is under the control of the Borough's Mayor and Council. The financial statements of the Local and Regional Boards of Education are reported separately since their activities are administered by separate boards. A separate audit report has been prepared for the Borough's Free Public Library.
- B. Description of Funds - The Governmental Accounting Standards Board ("GASB") is the recognized standard setting body for establishing governmental accounting and financial reporting principles. However, the accounting policies of the Borough of Red Bank conform to the accounting principles applicable to municipalities that have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. These regulatory principles differ from accounting principles generally accepted in the United States of America ("GAAP") for governmental entities. 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 and an account which differs from GAAP.

Current Fund - The Current Fund accounts for resources and expenditures for governmental operations of a general nature, including Federal and State grant funds.

Trust Funds - The various Trust Funds account for receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created.

General Capital Fund - The General Capital Fund accounts for receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the Current Fund. General bonds and notes payable are recorded in this fund and are offset by deferred charges to future taxation.

Water-Sewer and Parking Utility Operating and Capital Funds - Account for the operations and acquisition of capital facilities of the municipality owned Water-Sewer and Parking Utilities. Bonds and notes payable of the utilities are recorded in the respective Utility Capital Funds.

**BOROUGH OF RED BANK**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEARS ENDED DECEMBER 31, 2010 AND 2009**

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Description of Funds (Continued)

General Fixed Assets Account - The General Fixed Assets Account is used to account for fixed assets used in general government operations. In accordance with the State's Technical Accounting Directive No. 85-2, the Borough has recorded land and buildings at insurable value. Equipment and vehicles are stated at historical cost. Depreciation is not recorded. 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.

- C. Basis of Accounting - The accounting principles and practices prescribed for municipalities by the Division differ in certain respects from accounting principles generally accepted in the United States of America applicable to local government units. The accounting system is maintained on the modified accrual basis with certain exceptions. The more significant of these are as follows:

Property Taxes and Other Revenue - 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 revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts. Property taxes are due quarterly on the first day of February, May, August and November.

Grant Revenues - Federal and State grants, entitlements or shared revenues received for purposes normally financed through the Current Fund are recognized when anticipated in the Borough budget. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual.

Expenditures - Expenditures for general and utility operations are generally recorded on the accrual basis. Unexpended appropriation balances, except for amounts that may have been canceled by the governing body or by statutory regulation, are automatically recorded as liabilities at December 31<sup>st</sup> of each year, under the title of "Appropriation Reserves".

Grant appropriations are charged upon budget adoption to create spending reserves.

Expenditures from Trust and Capital Funds are recorded upon occurrence and charged to accounts statutorily established for specific purposes.

**BOROUGH OF RED BANK**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEARS ENDED DECEMBER 31, 2010 AND 2009**

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Expenditures (Continued)

Budget Appropriations for interest on General Capital Long-Term Debt is raised on the cash basis and is not accrued on the records; interest on Utility Debt is raised on the accrual basis and so recorded.

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.

Reserve for Encumbrances - As of January 1, 1986 all local units were required by Technical Accounting Directive No. 85-1, as promulgated by the Division of Local Government Services, to maintain an encumbrance accounting system. The directive states that contractual orders outstanding at December 31 are reported as expenditures through the establishment of an encumbrance payable. Encumbrances do not constitute expenditures under GAAP.

Appropriation Reserves - are available until lapsed at the close of the succeeding year 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.

Compensated Absences - expenditures relating to obligations for unused vested accumulated vacation and sick pay and related fringe benefits 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 operating funds 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 by deed or foreclosure and is offset by a corresponding reserve account. GAAP requires such property to be recorded in the General Fixed Assets Account at its market value.

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

**BOROUGH OF RED BANK**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEARS ENDED DECEMBER 31, 2010 AND 2009**

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Reserve for Sale of Municipal Assets - the proceeds of the sale of municipal assets can be held until made available through a future budget appropriation. GAAP requires such proceeds to be recorded as revenue in the year of sale.

Fixed Assets

General - In accordance with Technical Accounting Directive No. 85-2, Accounting for Governmental Fixed Assets, as promulgated by the Division of Local Government Services, which differs in certain respects from GAAP, the Borough has developed a fixed asset accounting and reporting system.

GAAP requires that fixed assets be capitalized at historical or estimated historical cost if actual historical cost is not available. Depreciation on utility fixed assets should also be recorded.

Fixed assets used in governmental operations (general fixed assets) are accounted for in the General Fixed Asset Account. 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.

Acquisition of land, buildings, machinery, equipment and other capital assets are recorded on a perpetual fixed asset record.

Vehicles, furniture, equipment and other items are reflected at replacement values at time of inventory preparation. Additions to the established fixed assets are valued at cost.

Depreciation of assets is not recorded as an operating expense of the Borough.

Utilities - Capital acquisitions, including utility infrastructure costs of the Water-Sewer and Parking Utilities are recorded at cost upon purchase or project completion in the Fixed Capital account of the utilities. The Fixed Capital Accounts are adjusted for dispositions or abandonments.

Utility improvements that may have been constructed by developers are not recorded as additions to Fixed Capital.



**BOROUGH OF RED BANK**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEARS ENDED DECEMBER 31, 2010 AND 2009**

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Fixed Assets (Continued)

Fixed Capital of the Utilities are offset by accumulations in Amortization Reserve Accounts. The accumulations represent costs of fixed assets purchased with budgeted funds or acquired by gift as well as grants, developer contributions or liquidations of related bonded debt and other liabilities incurred upon fixed asset acquisition.

The Fixed Capital Accounts reflected herein are recorded in the records of the municipality and do not necessarily reflect the true condition of such Fixed Capital. The records consist of a control account only. Detailed records are not maintained.

Inventories of Supplies - Inventory values as reflected in the utility operating funds are stated at cost and are offset by a reserve account. This differs from GAAP, which does not allow the establishment of an offsetting revenue. Materials and supplies of other funds are not inventoried nor included on their respective balance sheets.

Other Post Retirement Benefits – GAAP requires an accrual for the actuarially determined Annual Required Contribution (ARC). No such accrual is required under the OCBOA basis of accounting prescribed for New Jersey Municipalities.

Total Columns on Combined Statements - Total columns are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

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

**BOROUGH OF RED BANK**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEARS ENDED DECEMBER 31, 2010 AND 2009**

Note 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS

A. Cash and Cash Equivalents

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 any other agencies of the United States that insures deposits or the State of New Jersey Cash Management Fund.

The State of New Jersey Cash Management Fund is authorized by statute and regulations of the State Investment Council to invest in fixed income and debt securities that mature or are redeemed within one year. Twenty-five percent of the Fund may be invested in eligible securities that mature within two years provided, however, the arbitrage maturity of all investments in the Fund shall not exceed one year. Collateralization of Fund investments is generally not required.

In addition, by regulation of the Division of Local Government Services, municipalities are allowed to deposit funds in Government Money Market Mutual Funds purchased through state registered brokers/dealers and banks.

In accordance with the provisions of the Governmental Unit Deposit Protection Act of New Jersey, public depositories are required to maintain collateral for deposits of public funds that exceed insurance limits as follows:

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 75 percent of the capital funds of the depository, the depository must provide collateral having a market value equal to 100 percent of the amount exceeding 75 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 \$25,000,000.00.

The deposits of the Borough are covered by the FDIC up to \$250,000 per account and where applicable by GUDPA.

The Borough classifies all short term securities with a maturity date of ninety (90) days or less from the date of purchase as a cash or cash equivalent.

The carrying value of the Borough's cash and cash equivalents at December 31, 2010 was \$11,396,226.48.

**BOROUGH OF RED BANK**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEARS ENDED DECEMBER 31, 2010 AND 2009**

Note 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

B. Investments

New Jersey statutes permit the Borough to purchase the following types of securities:

- Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America. This includes instruments such as Treasury bills, notes and bonds.
- Government money market mutual funds.
- Any federal agency or instrumentality obligation authorized by Congress that matures within 397 days from the date of purchase, and has a fixed rate of interest not dependent on any index or external factors.
- Bonds or other obligations of the local unit or school districts of which the local unit is a part.
- Any other obligations with maturities not exceeding 397 days, as permitted by the Division of Investments.
- Local government investment pools, such as New Jersey CLASS and the New Jersey Arbitrage Rebate Management Program.
- New Jersey State Cash Management Fund.
- Repurchase agreements of fully collateralized securities, subject to special conditions.

In addition, a variety of State laws permits local governments to invest in a wide range of obligations issued by State governments and its agencies.

The Borough had no investments at year end. Accordingly, the Borough's exposure to credit risk and interest rate risk was mitigated.

Concentration of Credit Risk:

Obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government are not considered to have concentration of credit risk. The Borough places no limit on the amount the Borough may invest with any one issuer.

**BOROUGH OF RED BANK**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEARS ENDED DECEMBER 31, 2010 AND 2009**

**Note 3. SEGMENT INFORMATION FOR UTILITY OPERATING ENTERPRISE FUNDS**

The Borough of Red Bank maintains two enterprise funds that provide parking and water-sewer service. Segment information for the year ended December 31, 2010 is as follows:

	<u>Parking Utility</u>	<u>Water- Sewer Utility</u>	<u>Total Enterprise Fund</u>
Revenue and Other Income Realized:			
Parking Fees	\$ 1,132,636.78	\$	\$ 1,132,636.78
Water-Sewer Rents		6,518,207.01	6,518,207.01
Water and Sewer Connection Fees		61,724.98	61,724.98
Riverview Hospital - Lease Agreement	298,895.52		298,895.52
Reserve for Payment of Bonds	57,100.00		57,100.00
Current Budget Appropriations Cancelled	131,900.00		131,900.00
Non-Budget Revenue	743.66	139,269.68	140,013.34
Other Credits to Income - Unexpended Balance of Appropriation Reserves	5,725.19	3,390.03	9,115.22
Total Income	<u>1,627,001.15</u>	<u>6,722,591.70</u>	<u>8,349,592.85</u>
Expenditures:			
Operating	635,012.00	4,193,201.00	4,828,213.00
Capital Improvement Fund		17,500.00	17,500.00
Debt Service	187,578.00	1,000,827.42	1,188,405.42
Deferred Charges and Statutory Expenditures	56,000.00	125,000.00	181,000.00
Surplus General Budget	656,410.00	993,720.00	1,650,130.00
Total Expenditures	<u>1,535,000.00</u>	<u>6,330,248.42</u>	<u>7,865,248.42</u>
Statutory Excess to Fund Balance	92,001.15	392,343.28	484,344.43
Fund Balance, January 1	<u>184,174.71</u>	<u>232,035.06</u>	<u>416,209.77</u>
Fund Balance, December 31	<u>\$ 276,175.86</u>	<u>\$ 624,378.34</u>	<u>\$ 900,554.20</u>

**BOROUGH OF RED BANK**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEARS ENDED DECEMBER 31, 2010 AND 2009**

Note 4. TAXES AND TAX TITLE LIENS RECEIVABLE

Property assessments are determined on true values and taxes are assessed based upon these values. The residential tax bill includes the levies for the Borough, County, Special Improvement District and Schools purposes. Certified adopted budgets are submitted to the County Board of Taxation by each taxing district. The tax rate is determined by the Board upon the filing of these budgets.

The tax bills are mailed by the Tax Collector annually in June and are payable in four quarterly installments due the first of August and November of the current year and a preliminary billing due the first of February and May of the subsequent year. The August and November billings represent the third and fourth quarter installments and is calculated by taking the total year tax levy less the preliminary first and second quarter installments due February and May. The preliminary levy is based on one-half of the current year's total tax.

Tax installments not paid by the above due dates are subject to interest penalties determined by a resolution of the governing body. The rate of interest in accordance with the aforementioned resolution is 8% per annum on the first \$1,500.00 of delinquency and 18% on any delinquency in excess of \$1,500.00. The resolution also sets a grace period of ten days before interest is calculated. In addition, any delinquency in excess of \$10,000.00 at the end of the calendar year is subject to a 6% penalty on the unpaid balance.

Taxes unpaid on the 11th day of the eleventh month in the fiscal year when the taxes became in arrears are subject to the tax sale provisions of the New Jersey statutes. The municipality may institute in rem foreclosure proceedings after six months from the date of the sale if the lien has not been redeemed.

The following is a five-year comparison of certain statistical information relative to property taxes and property tax collections for the current and previous four years.

Comparative Schedule of Tax Rates

	<u>2010</u>	<u>2009</u>	<u>2008</u>	* <u>2007</u>	<u>2006</u>
Tax Rate	\$ 1.679	\$ 1.613	\$ 1.594	\$ 1.541	\$ 3.428
Apportionment of Tax Rate:					
Municipal	0.484	0.462	0.445	0.384	0.836
County	0.249	0.238	0.231	0.237	0.528
County Open Space Fund	0.016	0.016	0.015	0.015	0.030
Local School	0.556	0.530	0.538	0.534	1.200
Regional High School	0.374	0.367	0.365	0.371	0.834

\* Revaluation.

**BOROUGH OF RED BANK**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEARS ENDED DECEMBER 31, 2010 AND 2009**

Note 4. TAXES AND TAX TITLE LIENS RECEIVABLE (CONTINUED)

Assessed Valuations

<u>Year</u>	<u>Amount</u>
2010	\$ 2,268,924,764.00
2009	2,287,756,376.00
2008	2,271,728,671.00
2007 (Revaluation)	2,238,531,929.00
2006	973,173,643.00

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2010	\$ 38,537,727.77	\$ 37,404,390.39	97.06 %
2009	37,413,630.34	36,726,439.35	98.16 %
2008	37,210,091.47	36,238,095.23	97.38 %
2007	35,414,391.89	34,387,238.82	97.09 %
2006	34,148,086.45	33,462,074.21	97.99 %

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2010	\$ 66,040.00	\$ 1,133,421.82	\$ 1,199,461.82	3.21%
2009	53,963.78	859,076.05	913,039.83	2.44%
2008	53,514.75	964,090.82	1,017,605.57	2.73%
2007	45,541.00	1,022,711.47	1,068,252.47	3.02%
2006	41,077.99	681,742.14	722,820.13	2.12%

**BOROUGH OF RED BANK**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEARS ENDED DECEMBER 31, 2010 AND 2009**

Note 5. PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

The value of property acquired by liquidation of tax title liens on December 31, on the basis of the last assessed valuation of such properties, was as follows:

<u>Year</u>	<u>Amount</u>
2010	\$ 301,000.00
2009	301,000.00
2008	301,000.00
2007	301,000.00
2006	301,000.00

Note 6. WATER-SEWER CONSUMER ACCOUNTS RECEIVABLE

The Borough of Red Bank maintains a utility fund for the billing and collection of water-sewer rents.

A comparison of Water-Sewer Utility billings and collections for the past five years are as follows:

<u>Year</u>	<u>Rents Charged</u>	<u>Collections</u>
2010	\$ 6,556,782.57	\$ 6,518,207.01
2009	5,941,006.00	5,886,983.55
2008	6,155,159.65	6,085,066.75
2007	5,694,543.65	5,537,098.99
2006	5,741,351.66	5,760,522.78

**BOROUGH OF RED BANK**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEARS ENDED DECEMBER 31, 2010 AND 2009**

Note 7. FUND BALANCES APPROPRIATED

The following schedule details the amount of fund balances available at the end of each year and the amounts utilized in the subsequent year's budget.

<u>Year</u>	<u>Balance December 31</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Transferred to Current Fund in Succeeding Year</u>	<u>Percentage of Fund Balance Utilized in Budget</u>
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Current Fund

2010	\$ 409,261.58	\$ 250,000.00	\$	61.09%
2009	501,247.32	350,000.00		69.83%
2008	1,400,702.68	1,255,000.00		89.60%
2007	1,581,494.73	1,300,000.00		82.20%
2006	1,981,352.55	1,300,000.00		65.61%

Water-Sewer Utility Operating Fund

2010	\$ 624,378.34	\$ None	\$ 100,000.00	None
2009	232,035.06	None	None	None
2008	396,916.04	None	170,000.00	None
2007	311,601.34	100,000.00	200,000.00	32.09%
2006	1,011,601.34	400,000.00	300,000.00	39.54%

Parking Utility Operating Fund

2010	\$ 276,175.86	\$ None	\$ 100,000.00	None
2009	184,174.71	None	None	None
2008	182,477.12	None	100,000.00	None
2007	151,733.11	None	100,000.00	None
2006	293,680.82	None	250,000.00	None



**BOROUGH OF RED BANK**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEARS ENDED DECEMBER 31, 2010 AND 2009**

Note 8. PENSION PLANS

Description of Systems

Substantially all of the Borough's employees participate in one of the following contributory defined benefit public employee retirement systems that have been established by State statute: the Public Employees' Retirement System (PERS) or the Police and Firemen's Pension Fund (PFRS). In addition, the Borough contributes to the Consolidated Police and Firemen's Pension Fund. These systems are sponsored and administered by the New Jersey Division of Pensions and Benefits. The Public Employees' Retirement System and the Police and Firemen's Retirement System are considered cost sharing multiple-employer plans.

Public Employees' Retirement System

The Public Employees' Retirement System (PERS) was established January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide coverage, including post-retirement health care, to substantially all full-time employees of the State or any county, municipality, school district or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after ten years of service credit and twenty-five years of service credit for medical benefits.

Retirement benefits for age and service are available at age 60 and are generally determined to be  $1/55^{\text{th}}$  of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving ten years of service credit in which case benefits would begin the first day of the month after the member attains normal retirement age. The PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System.

Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

**BOROUGH OF RED BANK**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEARS ENDED DECEMBER 31, 2010 AND 2009**

Note 8. PENSION PLANS (CONTINUED)

Description of Systems (Continued)

Police and Firemen's Retirement System

The Police and Firemen's Retirement System (PFRS) was established July 1, 1944 under the provisions of N.J.S.A. 43:16A to provide coverage to substantially all full time county and municipal police or firemen and State firemen appointed after June 30, 1944. Membership is mandatory for such employees. Members may opt for Service Retirement if over age 55 or Special Retirement at any age if they have a minimum of 25 years of service or 20 years of service if enrolled in the PFRS as of January 18, 2000. Retirement benefits vary depending on age and years of service.

Consolidated Police and Firemen's Pension Fund

The Consolidated Police and Firemen's Retirement System (CPFRS) is a closed system with no active members and was established in January 1952 to provide coverage to municipal police and firemen who were appointed prior to July 1, 1944.

Funding Policy

Employee contributions for PERS were five and one-half percent (5½%), and for PFRS were eight and one-half percent (8½%), respectively, of their base wages. Employer's contributions are actuarially determined annually by the Division of Pensions. Contributions to the plan for the past three (3) years are as follows:

<u>Year</u>	<u>PERS</u>		<u>PFRS</u>	
	<u>Borough</u>	<u>Employees</u>	<u>Borough</u>	<u>Employees</u>
2008	\$ 244,615.20	\$ 220,928.06	\$ 768,602.00	\$ 289,027.49
2009	336,035.00	230,755.56	853,144.00	308,179.61
2010	360,349.00	217,552.28	871,383.00	314,417.04

All contributions were equal to the required contributions for each of the three years, respectively.

Post Employment Retirement Benefits

The Public Employees' Retirement System and the Police and Firemen's Retirement System provide certain post employment retirement benefits.

**BOROUGH OF RED BANK**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEARS ENDED DECEMBER 31, 2010 AND 2009**

Note 9. MUNICIPAL DEBT

The Local Bond Law governs the issuance of bonds and notes to finance general capital expenditures. All bonds are retired in serial installments with 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, which are issued to temporarily finance capital projects, must be paid off within ten years and five months or required by the issuance of bonds.

Schedule of Annual Debt Service for Bonded Principal and Interest

Calendar Year	General Capital		Parking Capital	
	Principal	Interest	Principal	Interest
2011	\$ 1,838,000.00	\$ 380,953.50	\$ 105,000.00	\$ 9,176.25
2012	1,609,000.00	307,422.75	105,000.00	5,313.75
2013	1,750,000.00	242,559.00	60,000.00	2,250.00
2014	1,129,000.00	171,812.00		
2015	827,000.00	130,992.50		
2016	830,000.00	95,455.00		
2017	890,000.00	58,905.00		
2018	941,000.00	19,996.25		
	<u>\$ 9,814,000.00</u>	<u>\$ 1,408,096.00</u>	<u>\$ 270,000.00</u>	<u>\$ 16,740.00</u>

Calendar Year	Water-Sewer Capital		Total		Grand Totals
	Principal	Interest	Principal	Interest	
2011	\$ 699,580.13	\$ 334,042.51	\$ 2,642,580.13	\$ 724,172.26	\$ 3,366,752.39
2012	759,580.13	307,567.51	2,473,580.13	620,304.01	3,093,884.14
2013	809,580.13	278,268.76	2,619,580.13	523,077.76	3,142,657.89
2014	709,580.13	245,909.38	1,838,580.13	417,721.38	2,256,301.51
2015	749,580.13	217,037.50	1,576,580.13	348,030.00	1,924,610.13
2016	794,580.13	185,828.13	1,624,580.13	281,283.13	1,905,863.26
2017	799,580.13	153,368.75	1,689,580.13	212,273.75	1,901,853.88
2018	544,580.13	126,050.00	1,485,580.13	146,046.25	1,631,626.38
2019	619,580.13	102,662.50	619,580.13	102,662.50	722,242.63
2020	629,580.13	77,675.00	629,580.13	77,675.00	707,255.13
2021	644,580.13	52,156.25	644,580.13	52,156.25	696,736.38
2022	654,580.13	26,212.50	654,580.13	26,212.50	680,792.63
2023	74,580.13	12,487.50	74,580.13	12,487.50	87,067.63
2024	74,580.13	10,887.50	74,580.13	10,887.50	85,467.63
2025	79,580.13	9,287.50	79,580.13	9,287.50	88,867.63
2026	79,580.13	7,600.00	79,580.13	7,600.00	87,180.13
2027	79,580.13	5,800.00	79,580.13	5,800.00	85,380.13
2028	84,580.13	4,000.00	84,580.13	4,000.00	88,580.13
2029	84,580.24	2,000.00	84,580.24	2,000.00	86,580.24
	<u>\$ 8,972,022.58</u>	<u>\$ 2,158,841.29</u>	<u>\$ 19,056,022.58</u>	<u>\$ 3,583,677.29</u>	<u>\$ 22,639,699.87</u>

**BOROUGH OF RED BANK**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEARS ENDED DECEMBER 31, 2010 AND 2009**

Note 9. **MUNICIPAL DEBT (CONTINUED)**

**Summary of Municipal Debt (Excluding Current and Operating Debt)**

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Issued:			
General (Includes Trust Assessment)			
Bonds and Notes	\$ 12,927,500.00	\$ 13,727,500.00	\$ 13,749,000.00
Loans Payable	939,222.78	1,064,624.90	1,014,209.73
Water-Sewer Utility			
Bonds and Notes	9,449,022.58	9,620,076.00	8,855,000.00
Parking Utility			
Bonds and Notes	<u>270,000.00</u>	<u>365,000.00</u>	<u>535,000.00</u>
	<u>23,585,745.36</u>	<u>24,777,200.90</u>	<u>24,153,209.73</u>
Authorized but not Issued:			
General			
Bonds and Notes	38,200.00	37,500.00	848,238.86
Water-Sewer Utility			
Bonds and Notes	<u>440,673.00</u>	<u>439,773.00</u>	<u>675,000.00</u>
	<u>478,873.00</u>	<u>477,273.00</u>	<u>1,523,238.86</u>
Total Debt	<u>24,064,618.36</u>	<u>25,254,473.90</u>	<u>25,676,448.59</u>
Less:			
Reserves for Payment of			
Bonds and Notes:			
General Capital	656,027.89	203,027.89	185,710.52
Water-Sewer Utility	2,103.59	None	None
Parking Utility	<u>39,768.64</u>	<u>96,868.64</u>	<u>96,868.64</u>
	<u>697,900.12</u>	<u>299,896.53</u>	<u>282,579.16</u>
Net Bonds and Notes Issued and Authorized but not Issued	<u>\$ 23,366,718.24</u>	<u>\$ 24,954,577.37</u>	<u>\$ 25,393,869.43</u>

**BOROUGH OF RED BANK**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEARS ENDED DECEMBER 31, 2010 AND 2009**

Note 9. **MUNICIPAL DEBT (CONTINUED)**

**Summary of Statutory Debt Condition - Annual Debt Statement**

The summarized statement of debt condition that follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of .576%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Regional School District	\$ 3,003,877.58	\$ 3,003,877.58	\$ None
Local School District	4,230,000.00	4,230,000.00	None
Water-Sewer Utility	9,889,695.58	9,889,695.58	None
Parking Utility	270,000.00	270,000.00	None
General	<u>13,904,922.78</u>	<u>656,027.89</u>	<u>13,248,894.89</u>
	<u>\$ 31,298,495.94</u>	<u>\$ 18,049,601.05</u>	<u>\$ 13,248,894.89</u>

Net debt, \$13,248,894.89 divided by Equalized Valuation Basis per N.J.S. 40A:2-2, \$2,299,510,342.66 equals .576%. The debt shown above is in agreement with the Annual Debt Statement as amended.

**School Debt Deductions**

School debt is deductible up to the extent of 3% for each School District of the Average Equalized Assessed Valuations of real property for the Local and Regional School Districts.

**Calculation of "Self-Liquidating Purpose", Water-Sewer Utility Per N.J.S. 40A:2-45**

Cash Receipts for Fees, Rents or Other

Charges for the year \$ 6,719,201.67

Deductions:

Operating and Maintenance Costs	\$ 4,318,201.00	
Debt Service	<u>1,000,827.42</u>	<u>5,319,028.42</u>

Excess in Revenue \$ 1,400,173.25

**BOROUGH OF RED BANK**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEARS ENDED DECEMBER 31, 2010 AND 2009**

Note 9. MUNICIPAL DEBT (CONTINUED)

Calculation of "Self-Liquidating Purpose", Parking Utility Per N.J.S. 40A:2-45

Cash Receipts for Fees, Rents or Other Charges for the year		\$ 1,489,375.96
Deductions:		
Operating and Maintenance Costs	\$ 691,012.00	
Debt Service	<u>187,578.00</u>	<u>878,590.00</u>
Excess in Revenue		<u>\$ 610,785.96</u>

1995 General Obligation Bonds

On November 1, 1995, the Borough issued \$3,360,000.00 aggregate General Obligation Bonds consisting of \$2,985,000.00 General Improvement Bonds and \$375,000.00 of Water-Sewer Utility Bonds. The Bonds were repaid in full during 2010.

1998 General Obligation Bonds

On October 1, 1998 the Borough issued \$3,623,000 of General Obligation Bonds consisting of \$3,273,000 General Improvement Bonds and \$350,000 Water-Sewer Utility Bonds. The Bond's final maturity of \$353,000.00 is scheduled for October 1, 2011 at an interest rate of 4.150%.

Redemption

The outstanding bonds of this issue are subject to redemption at the option of the Borough, in whole or in part on any date at redemption price of 100%.

If Notice of Redemption has been given as provided herein, such Bonds or the portion thereof called for redemption shall be due and payable on the date fixed for redemption at a Redemption Price of 100%, together with accrued interest to the date fixed for redemption.

2002 General Obligation Bonds

On August 1, 2002, the Borough issued \$7,216,000 of General Obligation Bonds consisting of \$5,481,000.00 General Improvement Bonds, \$1,200,000 in Water-Sewer Utility Bonds and \$535,000 in Parking Utility Bonds. The Bonds mature annually on August 1 of each year in various amounts through August 1, 2013. Interest rates range from 3.625% to 3.75%. The Bonds are not callable prior to maturity.

**BOROUGH OF RED BANK**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEARS ENDED DECEMBER 31, 2010 AND 2009**

Note 9. MUNICIPAL DEBT (CONTINUED)

2004 General Obligation Bonds

On June 15, 2004, the Borough issued \$5,826,000 General Obligation Bonds consisting of \$2,731,000 General Improvement Bonds, \$2,780,000 Water-Sewer Utility Bonds and \$315,000 Parking Utility Bonds. The Bonds mature annually on February 1 of each year in various amounts through 2014. Interest rates range from 3.75% to 4.0%. The Bonds are not callable prior to maturity.

2007 General Obligation Bonds

On July 15, 2007, the Borough issued \$13,776,000 General Obligation Bonds consisting of \$7,391,000 General Improvement Bonds and \$6,385,000 Water-Sewer Utility Bonds. The Bonds mature annually on February 1 of each year in various amounts through 2018. Interest rates range from 4.125% to 4.25%. The Bonds are callable prior to maturity as is described below.

Redemption

The Bonds of this issue maturing prior to February 1, 2017 are not subject to redemption prior to their stated maturities. The Bonds of this issue maturing on or after February 1, 2017 are subject to redemption at the option of the Borough, in whole or in part on any date, on or after February 1, 2016, upon notice as required herein, at a redemption price equal to one hundred percent (100%) of the principal amount being redeemed (the "Redemption Price"), plus accrued interest to the date fixed for redemption.

Notice of Redemption shall be given by first class mail, at least thirty (30) but not more than sixty (60) days prior to the date fixed for redemption, in a sealed envelope with postage prepaid to the owners of such Bonds at their respective addresses as they last appear on the registration books kept for that purpose by the Borough or a duly appointed bond registrar. So long as DTC (or any successor thereto) acts as Securities Depository for the Bonds, Notice of Redemption shall be sent to such depository and shall not be sent to the beneficial owners of such Bonds. Any failure of DTC to advise any of its participants or any failure of any participant to notify any beneficial owner of any Notice of Redemption shall not affect the validity of the redemption proceedings. If the Borough determines to redeem a portion of the Bonds prior to maturity, such Bonds shall be redeemed by the Borough in inverse order of maturity and within any maturity shall be selected by the Borough by lot.

If Notice of Redemption has been given as provided herein, the Bonds or the portion thereof called for redemption shall be due and payable on the date fixed for redemption at the Redemption Price, together with accrued interest to the date fixed for redemption.

**BOROUGH OF RED BANK**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEARS ENDED DECEMBER 31, 2010 AND 2009**

Note 9. MUNICIPAL DEBT (CONTINUED)

2009 New Jersey Environmental Infrastructure Trust Bonds

On December 2, 2009 the Borough issued \$680,000 of NJEIT Trust Series A Bonds. The Bonds mature annually in amounts ranging from \$25,000 to \$50,000 on August 1 through 2029. Interest rates range from 2% to 5%.

2009 New Jersey Environmental Infrastructure Fund Bonds

On December 2, 2009 the Borough issued \$2,040,227 NJEIT Fund Series A Bonds. The American Recovery and Reinvestment Act provided principal forgiveness funding of \$1,360,151, making the Borough's net obligation to repay \$680,076. The Bonds mature in semiannual installments of \$34,580.13 each February and August 1, through 2029. The Bonds were issued with no interest rate.

Bond Anticipation Notes

There were bond anticipation notes outstanding as follows:

	<u>Interest Rate</u>	<u>Original Issue Date</u>	<u>Maturity Date</u>	<u>Amount</u>
General Capital Fund	1.50%	12/03/09	11/30/11	\$ <u>3,113,500.00</u>
				\$ <u>3,113,500.00</u>

Schedule of Changes in Bonded Debt

<u>Type</u>	<u>December 31, 2009</u>	<u>Payments</u>	<u>December 31, 2010</u>
General Improvements \$	11,176,000.00	\$ 1,845,000.00	\$ 9,331,000.00
Water- Sewer Utility	9,620,076.00	648,053.42	8,972,022.58
Parking Utility	440,000.00	170,000.00	270,000.00
Refunding-General	<u>585,000.00</u>	<u>102,000.00</u>	<u>483,000.00</u>
	\$ <u>21,821,076.00</u>	\$ <u>2,765,053.42</u>	\$ <u>19,056,022.58</u>

Assessment Debt

The Borough was not obligated for any assessment debt at December 31, 2010.



**BOROUGH OF RED BANK**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEARS ENDED DECEMBER 31, 2010 AND 2009**

Note 9. MUNICIPAL DEBT (CONTINUED)

Bonds and Notes Authorized but not Issued

At December 31, 2010, the Borough has authorized but not issued bonds and notes as follows:

General Capital Fund	\$ 37,500.00
Water-Sewer Utility Capital Fund	439,773.00
Parking Utility Capital Fund	<u>None</u>
	<u>\$ 477,273.00</u>

As of December 31, 2010, the Borough's long-term debt is as follows:

General Serial Bonds

\$3,273,000 1998 Bonds due in a final annual installment of \$353,000 in October 2011 at an interest rate of 4.150%.	\$ 353,000.00
\$5,481,000 2002 Bonds due in annual installments of \$550,000 to \$696,000 through August 2013 at interest rates ranging from 3.625% to 3.75%.	1,861,000.00
\$2,731,000 2004 Bonds due in annual installments of \$285,000 to \$331,000 through February 2014 at interest rates ranging from 3.75% to 4%.	1,226,000.00
\$7,391,000 2007 Bonds due in annual installments of \$550,000 to \$941,000 through July 2018 at interest rates ranging from 4.125% to 4.25%.	<u>5,891,000.00</u>
	\$ <u>9,331,000.00</u>

General Refunding Serial Bonds

\$888,000 2006 General Refunding Serial Bonds due in annual installments of \$87,000 to \$100,000 through February 2015 at interest rates ranging from 3.75% to	\$ <u>483,000.00</u>
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**BOROUGH OF RED BANK**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEARS ENDED DECEMBER 31, 2010 AND 2009**

Note 9. MUNICIPAL DEBT (CONTINUED)

Water-Sewer Utility Capital Fund Serial Bonds

\$1,200,000 2002 Bonds due in annual installments of \$130,000 to \$150,000 through August, 2013 at interest rates ranging from 3.625% to 3.75%.	\$ 420,000.00
\$2,780,000 2004 Bonds due in annual installments ranging from \$210,000 to \$280,000 through February, 2017 at interest rates ranging from 3.75% to 4.25%.	1,710,000.00
\$6,385,000 2007 Bonds due in annual installments ranging \$300,000 to \$580,000 through July 2022 at interest rates ranging from 4.125% to 4.25%.	5,505,000.00
\$680,000 2009 Series A NJEIT Trust Loan Bonds due in annual installments ranging from \$25,000 to \$50,000 through August, 2029 at interest rates ranging from 2% to 5%.	680,000.00
\$680,076 2009 NJEIT Series A Fund Loan Bonds due in semiannual installments of \$34,580.13 through August, 2029 at an interest rate of 0%.	<u>657,022.58</u>
	\$ <u>8,972,022.58</u>

Parking Utility Capital Serial Bonds

\$535,000 2002 Bonds due in annual installments of \$55,000 to \$60,000 through August 2013 at interest rates ranging from 3.625% to 3.75%.	\$ 180,000.00
\$315,000 2004 Bonds due in annual installments of \$40,000 to \$45,000 through February 2012 at an interest rate of 3.75%.	<u>90,000.00</u>
	\$ <u>270,000.00</u>
Grand Total	\$ <u>19,056,022.58</u>

**BOROUGH OF RED BANK**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEARS ENDED DECEMBER 31, 2010 AND 2009**

Note 9. MUNICIPAL DEBT (CONTINUED)

Green Trust Loan Agreements

The Borough has indebtedness related to the State of New Jersey Green Trust Loan Program. The repayment is at a 2% interest rate and is aggregated as follows:

		<u>Riverside Gardens Acq.</u>	
<u>Year</u>		<u>Principal</u>	<u>Interest</u>
2011	\$	56,224.00	\$ 4,355.64
2012		57,354.11	3,225.54
2013		58,506.92	2,072.72
2014		59,682.91	896.73
	\$	<u>231,767.94</u>	<u>\$ 10,550.63</u>

		<u>Riverside Gardens Dev. 1&amp;2</u>		<u>Waterfront Acquisition</u>		<u>Total</u>	
<u>Year</u>		<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2011	\$	51,728.88	\$ 10,454.32	\$ 7,761.82	\$ 3,398.80	\$ 115,714.70	\$ 18,208.76
2012		52,768.62	9,414.58	7,917.83	3,242.79	118,040.56	15,882.91
2013		53,829.26	8,353.92	8,076.98	3,083.64	120,413.16	13,510.28
2014		54,911.24	7,271.96	8,239.33	2,921.29	122,833.48	11,089.98
2015		56,014.96	6,168.24	8,404.94	2,755.68	64,419.90	8,923.92
2016		57,140.84	5,042.34	8,573.88	2,586.74	65,714.72	7,629.08
2017		58,289.36	3,893.80	8,746.21	2,414.41	67,035.57	6,308.21
2018		59,461.00	2,722.18	8,922.01	2,238.61	68,383.01	4,960.79
2019		60,656.16	1,527.02	9,101.34	2,059.28	69,757.50	3,586.30
2020		30,783.74	307.84	9,284.27	1,876.33	40,068.01	2,184.17
2021				9,470.90	1,689.72	9,470.90	1,689.72
2022				9,661.26	1,499.36	9,661.26	1,499.36
2023				9,855.45	1,305.17	9,855.45	1,305.17
2024				10,053.64	1,107.08	10,053.64	1,107.08
2025				10,255.62	905.00	10,255.62	905.00
2026				10,461.75	698.86	10,461.75	698.86
2027				10,672.04	488.58	10,672.04	488.58
2028				10,886.54	274.07	10,886.54	274.07
2029				5,525.07	54.25	5,525.07	54.25
	\$	<u>535,584.06</u>	<u>\$ 55,156.20</u>	<u>\$ 171,870.88</u>	<u>\$ 34,599.66</u>	<u>\$ 939,222.88</u>	<u>\$ 100,306.49</u>

**BOROUGH OF RED BANK**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEARS ENDED DECEMBER 31, 2010 AND 2009**

Note 10. DEFERRED CHARGES TO BE RAISED IN SUCCEEDING YEARS BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2010, the following deferred charges are shown on the Balance Sheets of the various funds.

	Balance December 31, <u>2010</u>	2011 Budget <u>Appropriation</u>	Balance to Succeeding <u>Budgets</u>
Current Fund:			
Special Emergency Appropriations per N.J.S.A. 40A:4-53	\$ 755,000.00	\$ 155,000.00	\$ 600,000.00

The appropriations in the 2011 budget are as required by statute.

Note 11. LOCAL DISTRICT SCHOOL TAXES AND REGIONAL HIGH SCHOOL TAXES

Regulations provide for the deferral of not more than 50% of the annual levy when school taxes are raised for a school year and have not been requisitioned by the school district. The Borough of Red Bank raises its share of Local District School Taxes and Regional High School Taxes on a school year basis and has elected to defer these taxes as follows:

Local District School Tax Balance, December 31				Regional High School Tax Balance, December 31			
	2009	2010	Increase/ (Decrease)		2009	2010	Increase/ (Decrease)
Balance of Tax	\$ 6,054,519.69	\$ 6,308,842.71	\$ 254,323.02		\$ 4,195,123.49	\$ 4,238,642.36	\$ 43,518.87
Deferred Payable	<u>6,056,724.50</u>	<u>6,256,724.50</u>	<u>200,000.00</u>		<u>4,166,556.36</u>	<u>4,216,556.36</u>	<u>50,000.00</u>
Tax Payable	\$ <u>(2,204.81)</u>	\$ <u>52,118.21</u>	\$ <u>54,323.02</u>		\$ <u>28,567.13</u>	\$ <u>22,086.00</u>	\$ <u>(6,481.13)</u>

**BOROUGH OF RED BANK**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEARS ENDED DECEMBER 31, 2010 AND 2009**

Note 12. INTERFUND RECEIVABLES AND PAYABLES

The following are reflected as interfund receivables and payables on the various balance sheets:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current	\$ 9,097.95	\$ 358,197.52
Federal and State Grant	50,098.73	175,000.00
General Capital	333,248.22	
Trust Other	34,850.57	
Water-Sewer Operating	115,000.00	170,534.21
Water-Sewer Capital	170,534.21	
Parking Operating	24.51	2,000.00
Parking Capital		24.51
Animal Control		7,097.95
	<u>\$ 712,854.19</u>	<u>\$ 712,854.19</u>

The Current Fund has interfunds due from various funds representing interest earned but not paid over and the excess in the Animal Control fund. Parking Capital interest is due to Parking Operating Fund. The Current Fund owes the Grant, Water-Sewer Operating, General Capital and Trust Other Funds.

**BOROUGH OF RED BANK**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEARS ENDED DECEMBER 31, 2010 AND 2009**

Note 13. CAPITAL LEASE

The Borough is a participant in the Monmouth County Improvement Authority's Capital Equipment Pooled Lease Program. At December 31, 2010, the Borough's outstanding principal capital lease obligation to the County was \$1,678,200.00. Interest rates range from 1.16% to 6.6%. The maturity schedule for these obligations for the next five years and thereafter is as follows:

<u>Year</u>	<u>Principal</u>
2011	\$ 554,300.00
2012	573,100.00
2013	201,200.00
2014	211,500.00
2015	<u>138,100.00</u>
	<u>\$ 1,678,200.00</u>

Note 14. DEFERRED COMPENSATION PLAN

The Borough of Red Bank offers its employees a Deferred Compensation Plan created in accordance with the provisions of N.J.S. 43:15B-1 et seq., an the Internal Revenue Code, Section 457. The plan, available to all municipal employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

Statutory and regulatory requirements governing the establishment and operation of Deferred Compensation Plans have been codified in the New Jersey Administrative Code under the reference N.J.A.C. 5:3-37.

The "Small Business Job Protective Act of 1996" revised several provisions of Section 457 of the Internal Revenue Code. A provision of the act required that all existing plans be modified to provide that the funds be held for the exclusive benefit of the participating employees and their beneficiaries.

The plan was adopted by Resolution on October 13, 1998 and amended by Resolution on February 23, 1999, and again on November 28, 2005 by Resolution 05-201.

The administrator for the Borough of Red Bank's Deferred Compensation Plan is Valic.

**BOROUGH OF RED BANK**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEARS ENDED DECEMBER 31, 2010 AND 2009**

Note 15. RISK MANAGEMENT

The Borough is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

A. Property and Liability Insurance

The Borough is a member of the following:

Monmouth Municipal Joint Insurance Fund  
N.J. Municipal Excess Liability Joint Insurance Fund  
N.J. Environmental Joint Insurance Fund  
N.J. Residual Claims Joint Insurance Fund

These Joint Insurance Funds provide coverage for losses related to Auto, General Liability, Property Damage, Workers Compensation, Environmental Liability, Employee Practices Liability, Public Officials Liability, Police Liability and Employee Fidelity. The coverage is subject to certain policy limits and deductible amounts. The coverage is designed to minimize the impact of any potential losses to the Borough for matters that may have been caused by or related to the Borough and its employees.

B. New Jersey Unemployment Compensation Insurance

The Borough has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the Borough is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Borough is billed quarterly for amounts due to the State. The following is a summary of Borough contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the Borough's trust fund for the current and prior two years:

<u>Year Ended December 31,</u>	<u>Interest Earned</u>	<u>Employee Contributions</u>	<u>Borough Contribution</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2010	\$	\$ 30,147.66	\$ 11,000.00	\$ 71,816.59	\$ 41,654.58
2009	892.56	32,512.73	25,000.00	52,264.35	72,323.51
2008	749.88	30,351.53	25,000.00	31,264.28	66,182.57

**BOROUGH OF RED BANK**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEARS ENDED DECEMBER 31, 2010 AND 2009**

Note 16. CONTINGENT LIABILITIES

A. Compensated Absences

The Borough has a contingent liability for accrued sick time costs at December 31, 2010 of \$2,533,206.74. The Borough is only liable for accrued sick time when an employee retires. Police hired prior to December 30, 1992 receive payment for up to 300 days unused sick time at their current rate. Police hired after that date receive payment for one half of their unused sick days, up to a maximum of \$20,000. For administrative employees, those hired prior to January 1, 1994 receive payment for up to 260 days unused sick time at their current rate. Administrative employees hired after that date receive payment for one half of their unused sick days up to a maximum of \$15,000. Public Works employees hired prior to January 1, 1994 receive payment for up to 260 days unused sick time at their current rate. Public Works employees hired after that date receive payment for one half of their unused sick days up to a maximum of \$15,000. The Borough has no contingent liability for accrued vacation time costs at December 31, 2010.

B. Litigation

The Borough is party to various legal proceedings. These legal proceedings are not likely to have a material adverse impact on the Borough, based upon inquiry of management and direct confirmation from the Borough Attorney.

C. Reserve for State Tax Appeals

The Borough has established a Reserve for State Tax Appeals at December 31, 2010 of \$44,721.48. Should the appeals, when finally adjudicated, exceed the amounts provided, a charge to fund balance will result.

Note 17. LOSAP

The Borough approved resolution 03-258 on December 9, 2003 which adopted a Length of Service Award Program (LOSAP) Deferred Plan. The LOSAP is available to all bonafide eligible volunteers performing qualified services for the Borough.

On November 14, 2005 Valic was appointed as the Borough's LOSAP provider. The Borough contributes annually to the LOSAP plan. Pursuant to the statutory requirements, the Borough had the LOSAP program reviewed.



**BOROUGH OF RED BANK**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEARS ENDED DECEMBER 31, 2010 AND 2009**

Note 18. OTHER POST EMPLOYMENT BENEFITS

Benefit Plans

The Borough provides, pursuant to Mayor and Council action and as provided by statute, certain group health care and dental benefits for active and certain retired employees (and for eligible dependents and survivors of active and certain retired employees). Collectively, these covered individuals are referred to as "participants". The Borough implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, in 2008.

Actuarial Methods and Assumptions

The Borough provides the benefits described above to greater than 100 participants and accordingly the alternative measurement method was not employed. Some of the assumptions utilized in the computations are as follows:

Discount Rate	4.0% - Assuming No Prefunding
Mortality	RP 2000 Mortality Table for Males and Females
Turnover	Standard Turnover Assumptions
Healthcare Cost Trends	Annual Increase Ranging from 5% to 10%
Marital Status	Present Status maintained throughout
Amortization Period	30 years
Actuarial Method	Projected Unit Credit Cost
Amortization Method	Straight – Line Basis
Average Retirement Age	Based on PERS and PFRS Guidance

Other Postemployment Benefit Costs and Obligations

The annual non-pension postemployment benefit (OPEB) cost is actuarially determined in accordance with the parameters of the alternative measurement method, which also forms the basis for calculating the annual required contribution (ARC) for the Borough. The ARC represents that actuarially determined level of funding that, if paid on an ongoing basis, is projected to cover annual benefit costs and the 30-year amortization of the difference between the actuarial accrued liability and amounts previously recognized. OPEB costs have not been recognized in the past.

The following are the components of the 2010 annual OPEB cost:

Normal Cost	\$ 830,700
Amortization Cost	<u>1,958,800</u>
	2,789,500
Less: Retiree Costs Paid	<u>885,540</u>
ARC	<u>\$ 1,903,960</u>

**BOROUGH OF RED BANK**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEARS ENDED DECEMBER 31, 2010 AND 2009**

Note 18. OTHER POST EMPLOYMENT BENEFITS-(CONTINUED)

As of December 31, 2010 and 2009, the actuarially determined liability for unfunded OPEB obligation equaled \$33,872,000.

Funding Status

The Borough provides funding for the annual normal cost of OPEB benefits. The Borough has not provided any funding for its unfunded accrued OPEB obligation. Funding alternatives are being reviewed.

Note 19. DEFINED CONTRIBUTION RETIREMENT PROGRAM

Description of System

The Defined Contribution Retirement Program (DCRP) was established on July 1, 2007 for certain public employees under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007. The program provides eligible members, with a minimum base salary of \$1,500.00 or more, with a tax-sheltered, defined contribution retirement benefit, in addition to life insurance and disability coverage. The DCRP is jointly administered by the Division of Pensions and Benefits and Prudential Financial.

If an eligible elected or appointed official will earn less than \$5,000.00 annually, the official may choose to waive participation in the DCRP for that office or position. This waiver is irrevocable.

This retirement program is a new pension system where the value of the pension is based on the amount of the contribution made by the employee and employer and adjusted for membership earnings or losses. It is a Deferred Compensation Program where the employee has a portion of tax deferred salary placed into an account that the employee manages through investment options provided by the employer.

The law requires that three classes of employees enroll in the DCRP, detailed as follows:

- All elected officials taking office on or after July 1, 2007, except that a person who is reelected to an elected office held prior to that date without a break in service may remain in the Public Employee's Retirement System (PERS).
- A Governor appointee with the advice and consent of the Legislature or who serves at the pleasure of the Governor only during that Governor's term of office.

**BOROUGH OF RED BANK**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEARS ENDED DECEMBER 31, 2010 AND 2009**

Note 19. DEFINED CONTRIBUTION RETIREMENT PROGRAM - (CONTINUED)

Description of System - (Continued)

- Other employees commencing service after July 1, 2007, pursuant to an appointment by an elected official or elected governing body which include the statutory untenured chief administrative officer such as the Business Administrator, County Administrator or Municipal or County Manager, Department Heads, Legal Counsel, Municipal or County Engineer, Municipal Prosecutor and the Municipal Court Judge. Notwithstanding the foregoing requirements other employees who hold a professional license or certificate or meet other exceptions are permitted to remain in PERS.

Contributions Required and Made

Contributions made by employees for DCRP are currently 5.5% of their base wages. Member contributions are matched by a 3.0% employer contribution. Contributions to the plan were as follows:

<u>Fiscal Year</u>	<u>Employer</u>	<u>Employee</u>
2010	\$ 1,464.20	\$ 2,684.37
2009	328.32	601.92
2008	N/A	N/A

Note 20. FIXED ASSETS

The changes in fixed assets are summarized as follows:

<u>Type</u>	<u>December</u> <u>31, 2009</u>	<u>Increased</u>	<u>December</u> <u>31, 2010</u>
Land and Buildings	\$ 18,053,582.00	\$	\$ 18,053,582.00
Contents	2,551,481.00		2,551,481.00
Vehicles and Equipment	<u>9,357,358.00</u>	<u>3,854.00</u>	<u>9,361,212.00</u>
	<u>\$ 29,962,421.00</u>	<u>\$ 3,854.00</u>	<u>\$ 29,966,275.00</u>

**BOROUGH OF RED BANK**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEARS ENDED DECEMBER 31, 2010 AND 2009**

Note 21. SUBSEQUENT EVENTS

The Borough has considered all events occurring through the date of the independent auditor's report for disclosure as subsequent events.

On March 9, 2011, Borough representatives received positive findings from the New Jersey Local Finance Board on their application requesting approval for authorization to issue Early Retirement Incentive ("ERI") refunding bonds. Refunding Bond Ordinance 2011-3 was adopted and the Borough completed the refunding transaction by issuing \$575,000 of Taxable General Obligation Refunding Bonds.

**COMBINING AND INDIVIDUAL FUND**  
**AND ACCOUNT GROUP STATEMENTS**

**CURRENT FUND**

**BOROUGH OF RED BANK**  
**CURRENT FUND**  
**COMPARATIVE STATEMENTS OF ASSETS, LIABILITIES AND FUND BALANCE -**  
**REGULATORY BASIS**  
**AS OF DECEMBER 31, 2010 AND 2009**

	<u>December 31,</u>	
	<u>2010</u>	<u>2009</u>
<b><u>ASSETS</u></b>		
Cash and Cash Equivalents	\$ 2,670,984.75	\$ 1,962,460.40
Intergovernmental Receivable:		
Due from State of New Jersey:		
Senior Citizens' and Veterans' Deductions	5,256.08	4,756.08
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes	1,133,421.82	859,076.05
Liens Receivable:		
Tax Title Liens Receivable	66,040.00	53,963.78
Demolition	8,930.09	8,930.09
Property Acquired for Taxes - Assessed Valuation	301,000.00	301,000.00
Other Accounts Receivable:		
Revenue Accounts Receivable	43,999.50	49,748.61
Interfunds Receivable	9,097.95	23,083.10
Due from Local School District		2,204.81
Deferred Charges:		
Special Emergency Authorizations N.J.S. 40A:4-53	<u>755,000.00</u>	<u>39,980.00</u>
	<u>4,993,730.19</u>	<u>3,305,202.92</u>
Federal and State Grant Fund:		
Cash and Cash Equivalents	173,840.46	172,257.19
Federal and State Grants Receivable	140,378.44	143,547.93
Interfund Receivable	<u>50,098.73</u>	<u>50,317.64</u>
	<u>364,317.63</u>	<u>366,122.76</u>
Total Assets	<u>\$ 5,358,047.82</u>	<u>\$ 3,671,325.68</u>

**BOROUGH OF RED BANK**  
**CURRENT FUND**  
**COMPARATIVE STATEMENTS OF ASSETS, LIABILITIES AND FUND BALANCE -**  
**REGULATORY BASIS**  
**AS OF DECEMBER 31, 2010 AND 2009**

	<u>December 31,</u>	
	<u>2010</u>	<u>2009</u>
 <b><u>LIABILITIES, RESERVES AND</u></b>		
<b><u>FUND BALANCE</u></b>		
Current Fund:		
Liabilities:		
Appropriation Reserves	\$ 838,281.20	\$ 631,784.53
Prepaid Taxes	185,253.28	131,071.19
Payroll Taxes Payable	2,884.69	7,258.33
Tax Overpayments	54,085.97	54,298.01
Local School District Tax Payable	52,118.21	
Regional High School District Tax Payable	22,086.00	28,567.13
Due County for Added Taxes	23,153.02	36,796.74
Special Emergency Note Payable	750,000.00	
Reserve for Encumbrances	187,792.13	127,974.08
Reserve for State Tax Appeals	44,721.48	188,370.15
Reserve for Sale of Municipal Assets	320.52	26,673.30
Reserve for Revaluation	908.35	908.35
Reserve for Severance Liabilities	502,177.18	
Interfunds Payable	358,197.52	274,452.16
	3,021,979.55	1,508,153.97
Reserve for Receivables and Other Assets	1,562,489.06	1,295,801.63
Fund Balance	409,261.58	501,247.32
Total Current Fund	4,993,730.19	3,305,202.92
Federal and State Grant Fund:		
Reserve for Federal and State Grants:		
Appropriated	169,937.54	165,903.94
Unappropriated	4,147.53	18,042.25
Reserve for Encumbrances	15,232.56	7,176.57
Interfunds Payable	175,000.00	175,000.00
Total Federal and State Grant Fund	364,317.63	366,122.76
Total Liabilities, Reserves and Fund Balance	\$ 5,358,047.82	\$ 3,671,325.68



**BOROUGH OF RED BANK**  
**CURRENT FUND**  
**COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -**  
**REGULATORY MODIFIED ACCRUAL BASIS**  
**FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

	<u>2010</u>	<u>2009</u>
Revenues and Other Income Realized:		
Fund Balance Utilized	\$ 350,000.00	\$ 1,255,000.00
Miscellaneous Revenues Anticipated	5,089,249.34	3,808,198.06
State Aid	2,011,681.00	2,528,825.00
Federal and State Grants	157,183.89	222,406.13
Receipts from Delinquent Taxes	849,803.52	965,911.37
Receipts from Current Taxes	10,525,142.55	10,736,805.17
Taxes Allocated to School, County and Special Districts	27,638,174.50	26,878,884.86
Non-Budget Revenues	128,367.17	218,948.26
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	95,734.66	131,037.79
Current Budget Appropriations Canceled	153,185.05	8,591.58
Cancellation of Appropriated Reserves - Grant Fund	31,608.00	22,485.00
Interfunds Liquidated	23,287.91	20,002.37
	<hr/>	<hr/>
Total Income	47,053,417.59	46,797,095.59
	<hr/>	<hr/>
Expenditures:		
Budget and Emergency Appropriations:		
Within "CAPS":		
General Government	763,280.00	864,445.46
Land Use Administration	174,715.71	184,325.66
Insurance		
Public Safety	5,087,993.00	5,038,821.00
Public Works	1,315,445.00	1,304,440.00
Landfill/Solid Waste Disposal Costs	359,200.00	455,000.00
Health and Welfare	192,325.00	238,641.00
Parks and Recreation	441,105.00	469,293.75
Utility Expenses and Bulk Purchases	630,000.00	675,000.00
Uniform Construction Code	280,610.00	335,375.00
Reserve for Sick and Severance Pay	823,383.04	80,059.00
Contingent	500.00	1,425.00
Insurance	2,610,023.31	2,428,157.75
Deferred Charges and Statutory Expenditures	1,582,042.41	1,516,422.33
Excluded from "CAPS":		
General Government	1,359,841.12	1,315,832.61
Statutory Expenditures	10,073.00	
Insurance	84,883.00	

**BOROUGH OF RED BANK**  
**CURRENT FUND**  
**COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -**  
**REGULATORY MODIFIED ACCRUAL BASIS**  
**FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

	<u>2010</u>	<u>2009</u>
Expenditures (Continued):		
Budget and Emergency Appropriations (Continued):		
State and Federal Grants	\$ 157,183.89	\$ 222,406.13
Capital Improvements	50,000.00	80,000.00
Municipal Debt Service	3,215,777.69	3,289,398.51
Deferred Charges	34,980.00	67,718.86
Reserve for Uncollected Taxes	948,926.66	1,004,998.61
Special Improvement District Tax	512,120.00	512,120.00
County Taxes	6,007,886.18	5,812,750.23
Due to County for Added and Omitted Taxes	23,153.02	36,796.74
Local District School Taxes	12,417,731.00	12,127,552.00
Regional High School District Tax	8,427,284.30	8,340,246.53
Cancellation of Grants Receivable - Grant Fund	31,608.00	25,491.00
Refund of Prior Year Revenue	3,333.00	14,833.78
	<hr/>	<hr/>
Total Expenditures	47,545,403.33	46,441,550.95
	<hr/>	<hr/>
Excess/(Deficit) in Revenue over Expenditures	(491,985.74)	355,544.64
Adjustment to Income Before Fund Balance:		
Expenditures included above which are by statute deferred charges to budgets of succeeding years	750,000.00	
	<hr/>	<hr/>
Statutory Excess to Fund Balance	258,014.26	355,544.64
Fund Balance, January 1	501,247.32	1,400,702.68
	<hr/>	<hr/>
	759,261.58	1,756,247.32
Decreased by:		
Utilized as Anticipated Revenue	350,000.00	1,255,000.00
	<hr/>	<hr/>
Fund Balance, December 31	\$ 409,261.58	\$ 501,247.32
	<hr/> <hr/>	<hr/> <hr/>

BOROUGH OF RED BANK  
CURRENT FUND  
STATEMENT OF REVENUES - STATUTORY BASIS  
YEAR ENDED DECEMBER 31, 2010

	Budget As Modified	Added by N.J.S.A. 40A:4-87	Realized	Excess or (Deficit)
Surplus Anticipated	\$ 350,000.00	\$	\$ 350,000.00	\$
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	91,000.00		91,376.00	376.00
Other	42,000.00		47,880.00	5,880.00
Fees and Permits:				
Other	244,000.00		221,438.50	(22,561.50)
Uniform Construction Code Official Fees	513,000.00		637,830.18	124,830.18
Fines and Costs:				
Municipal Court	843,000.00		716,576.22	(126,423.78)
Interest and Costs on Taxes	170,000.00		207,244.13	37,244.13
Interest on Investments and Deposits	50,000.00		33,809.66	(16,190.34)
	1,953,000.00		1,956,154.69	3,154.69
State Aid Without Offsetting Appropriations:				
Energy Receipts Tax	1,930,491.00		1,930,491.00	
Consolidated Municipal Property Tax Relief Aid	81,190.00		81,190.00	
	2,011,681.00		2,011,681.00	
Special Items of Revenue Offset with Appropriations:				
US Department of Agriculture - Summer Food Program	627.01		627.01	
State of New Jersey Body Armor Grant	1,525.55		1,525.55	
U.S. Older Americans Act - Senior Citizens	33,312.00		33,312.00	
State of New Jersey -DEP - Forestry Services	10,000.00		10,000.00	
Drunk Driving Enforcement Fund:				
Unappropriated - Police	11,635.88		11,635.88	
Clean Communities Program - Unappropriated	1,227.62		1,227.62	
Clean Communities Program - 2010	18,895.36		18,895.36	
COPS in Shops - 2010		6,500.00	6,500.00	
Pedestrian Safety Education - 2010		8,000.00	8,000.00	
CARS-E Grant - Passenger Rail		35,000.00	35,000.00	
Bullet Proof Vest Partnership Grant		7,776.00	7,776.00	
Recycling Tonnage Grant			4,551.74	
Over the Limit - Under Arrest - 2010 Statewide Crackdown		4,400.00	4,400.00	
Over the Limit - Under Arrest - Holiday		5,000.00	5,000.00	
Over the Limit - Under Arrest - 2010 Holiday Year End Crackdown		5,000.00	5,000.00	
State of NJ - Body Armor Fund - 2010		3,732.73	3,732.73	
	\$ 81,775.16	\$ 75,408.73	\$ 157,183.89	\$

**BOROUGH OF RED BANK**  
**CURRENT FUND**  
**STATEMENT OF REVENUES - STATUTORY BASIS**  
**YEAR ENDED DECEMBER 31, 2010**

	Budget As Modified	Added by N.J.S.A. 40A:4-87	Realized	Excess or (Deficit)
Special Items of Revenue with Prior Consent of the Director:				
Interlocal Service Agreements:				
Borough of Little Silver - Fire Services	\$ 12,000.00	\$	18,064.20	\$ 6,064.20
Township of Shrewsbury - Municipal Court	9,000.00		9,708.84	708.84
Borough of Little Silver - Interlocal Services - Construction	225,000.00		240,957.30	15,957.30
Red Bank Board of Education - Shared Services	11,500.00		11,500.00	
Franchise Tax Cable Television	128,300.00		128,324.93	24.93
Uniform Fire Safety Act	107,000.00		116,530.26	9,530.26
Landlord Registration Fees	15,000.00		15,360.00	360.00
Landlord Registration Fees - New Fees				
Increase in 2010 Fees and Permits	60,000.00		60,000.00	
Utility Operating Surplus of Current Year -Water/Sewer Utility	993,720.00		993,720.00	
Utility Operating Surplus of Current Years -Parking Utility	656,410.00		656,410.00	
Payment in Lieu of Taxes - Riverview Hospital	178,500.00		183,135.00	4,635.00
R.B.C. Field Rent	130,000.00		130,000.00	
Payment in Lieu of Taxes - Housing Authority,	102,500.00		109,743.81	7,243.81
Reserve for Payment of Bonds	157,000.00		157,000.00	
Hotel Occupancy Tax	130,000.00		150,213.88	20,213.88
Reserve for Sale of Municipal Assets	26,673.30		26,673.30	
Cancellation of 2009 Appropriation Reserves	50,000.00		50,000.00	
Cancellation of Various Trust Other Reserves	25,753.13		25,753.13	0.00
General Capital Fund Balance	50,000.00		50,000.00	
	3,068,356.43		3,133,094.65	64,738.22
Receipts from Delinquent Taxes	850,000.00		849,803.52	(196.48)
Amount to be Raised by Taxation for Support of Municipal Budget:				
Local Tax for Municipal Purposes	10,982,066.51		10,525,142.55	(456,923.96)
Budget Totals	19,296,879.10	75,408.73	18,983,060.30	(389,227.53)
Non-Budget Revenue			128,367.17	128,367.17
	\$ 19,296,879.10	\$ 75,408.73	\$ 19,111,427.47	\$ (260,860.36)

BOROUGH OF RED BANK  
CURRENT FUND  
STATEMENT OF EXPENDITURES - STATUTORY BASIS  
YEAR ENDED DECEMBER 31, 2010

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	<u>Canceled</u>
<b>GENERAL GOVERNMENT</b>						
General Administration:						
Salaries and Wages	\$ 85,390.00	\$ 85,390.00	\$ 85,328.42	\$ 61.58	\$	
Other Expenses	13,525.00	13,525.00	10,138.05	2,423.80	963.35	
Municipal Clerk:						
Salaries and Wages	35,930.00	35,930.00	34,023.50		1,906.50	
Other Expenses	33,000.00	33,000.00	22,046.00	2,411.40	8,542.60	
Financial Administration:						
Salaries and Wages	59,650.00	59,650.00	58,856.27		793.73	
Other Expenses	5,175.00	5,175.00	5,089.67		85.33	
Audit Services:						
Other Expenses	25,000.00	25,000.00	14,500.00		10,500.00	
Mayor and Borough Council:						
Salaries and Wages	28,870.00	28,870.00	28,863.60		6.40	
Tax Assessment Administration:						
Salaries and Wages	74,220.00	74,220.00	72,658.08		1,561.92	
Other Expenses	36,773.85	36,773.85	9,283.52	14,150.50	13,333.83	
Revenue Administration:						
Salaries and Wages	47,270.00	47,570.00	47,551.17		18.83	
Other Expenses	4,000.00	8,700.00	8,520.00	180.00		
Legal Services and Costs:						
Other Expenses	171,776.15	171,776.15	119,582.01		52,194.14	
Engineering Services:						
Other Expenses	60,000.00	65,000.00	62,770.04		2,229.96	
<b>LAND USE ADMINISTRATION</b>						
Planning Board:						
Salaries and Wages	53,580.00	56,080.00	56,080.00			
Other Expenses	42,750.00	40,250.00	29,218.48	6,619.11	4,412.41	
Zoning Board of Adjustment:						
Salaries and Wages	53,580.00	53,580.00	52,764.04		815.96	
Other Expenses	19,950.00	9,805.71	976.95		8,828.76	
Plan Endorsement	15,000.00	15,000.00	14,562.94		437.06	
<b>INSURANCE</b>						
Liability Insurance	276,000.00	276,485.30	276,485.30			
Worker Compensation Insurance	287,200.00	287,200.00	287,200.00			
Employee Group Insurance	2,036,217.00	2,035,338.01	1,986,531.62		48,806.39	
Unemployment Insurance	11,000.00	11,000.00	11,000.00			

**BOROUGH OF RED BANK**  
**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - STATUTORY BASIS**  
**YEAR ENDED DECEMBER 31, 2010**

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	<u>Canceled</u>
<b>PUBLIC SAFETY</b>						
Fire Department:						
Other Expenses	\$ 141,100.00	\$ 141,100.00	\$ 91,019.60	\$ 20,424.25	\$ 29,656.15	\$
Uniform Fire Safety Act (P.L. 1983, Ch. 383):						
Salaries and Wages	75,700.00	75,700.00	75,700.00			
Other Expenses	11,400.00	11,400.00	7,269.91	576.90	3,553.19	
Police Department:						
Salaries and Wages	4,456,822.00	4,443,418.00	4,169,852.74		273,565.26	
Other Expenses	180,000.00	193,404.00	161,254.15	7,145.14	25,004.71	
Aid to Volunteer Ambulance Companies	20,000.00	20,000.00	11,366.42	4,562.49	4,051.09	
Office of Emergency Management:						
Other Expenses	3,800.00	3,800.00			3,800.00	
Municipal Court:						
Salaries and Wages	174,570.00	174,570.00	165,238.04		9,331.96	
Other Expenses	24,601.00	24,601.00	19,355.83	2,240.87	3,004.30	
<b>PUBLIC WORKS FUNCTIONS</b>						
Streets and Road Maintenance:						
Salaries and Wages	149,300.00	150,900.00	150,900.00			
Other Expenses	75,000.00	93,400.00	83,586.32	9,799.90	13.78	
Solid Waste Collection:						
Salaries and Wages	471,940.00	473,040.00	472,320.00		720.00	
Other Expenses	75,000.00	73,900.00	57,990.30	5,114.77	10,794.93	
Public Buildings and Grounds:						
Salaries and Wages	258,950.00	251,420.00	244,729.61		6,690.39	
Other Expenses	201,000.00	188,630.00	147,768.03	34,228.25	6,533.72	
Code Enforcement:						
Salaries and Wages	84,255.00	84,255.00	70,503.35		13,751.65	
<b>LANDFILL/SOLID WASTE DISPOSAL COSTS</b>						
Landfill:						
Other Expenses	359,200.00	359,200.00	354,457.47		4,742.53	
<b>HEALTH AND WELFARE</b>						
Visiting Nurse Association	33,710.00	33,710.00	24,729.75		8,980.25	
Relocation Assistance	1,425.00	1,425.00			1,425.00	
Monmouth County Regional Health Commission	123,100.00	123,100.00	123,032.00		68.00	
Animal Control Services	34,090.00	34,090.00	31,752.54		2,337.46	

**BOROUGH OF RED BANK**  
**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - STATUTORY BASIS**  
**YEAR ENDED DECEMBER 31, 2010**

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	<u>Canceled</u>
<b>PARKS AND RECREATION FUNCTIONS</b>						
Recreation Services and Programs:						
Salaries and Wages	\$ 186,810.00	\$ 186,810.00	\$ 138,169.95	\$ 6,742.71	\$ 48,640.05	
Other Expenses	86,290.00	86,290.00	66,718.23		12,829.06	
Senior Citizens Center:						
Salaries and Wages	143,780.00	143,780.00	143,780.00			
Other Expenses	24,225.00	24,225.00	23,249.28	722.01	253.71	
<b>UTILITY EXPENSES AND BULK PURCHASES</b>						
Street Lighting	276,000.00	276,000.00	254,446.99		21,553.01	
Electricity	104,000.00	104,000.00	103,399.86		600.14	
Telephone	100,000.00	100,000.00	93,570.28		6,429.72	
Natural Gas	40,000.00	40,000.00	28,616.81		11,383.19	
Gasoline	100,000.00	100,000.00	88,038.82		11,961.18	
Energy Efficiency Audit	10,000.00	10,000.00	10,000.00			
<b>UNIFORM CONSTRUCTION CODE - APPROPRIATIONS</b>						
OFFSET BY DEDICATED REVENUES (N.J.A.C. 5:23-4.17)						
Salaries and Wages	255,340.00	255,340.00	255,340.00			
Other Expenses	25,270.00	25,270.00	24,034.93	280.44	954.63	
<b>OTHER RESERVES</b>						
Reserve for Sick Pay	109,000.00	73,383.04	73,383.04			
Reserve for Severance Liability		750,000.00	750,000.00			
<b>Technology Committee:</b>						
Salaries and Wages	38,000.00	38,000.00	30,892.50	6,303.00	804.50	
Other Expenses						
Municipal Prosecutor:						
Other Expenses	24,500.00	24,500.00	23,625.00		875.00	
Municipal Public Defender:						
Salaries and Wages	10,200.00	10,200.00	9,150.00		1,050.00	
Total Operations within "CAPS"	11,964,235.00	12,678,080.06	11,873,297.41	123,986.92	680,795.73	
<b>CONTINGENT</b>	<b>500.00</b>	<b>500.00</b>			<b>500.00</b>	
Total Operations Including Contingent - within "CAPS" Detail:	11,964,735.00	12,678,580.06	11,873,297.41	123,986.92	681,295.73	
Salaries and Wages	6,849,247.00	7,548,196.04	7,186,944.35	61.58	361,190.11	
Other Expenses (Including Contingent)	5,115,488.00	5,130,384.02	4,686,353.06	123,925.34	320,105.62	

**BOROUGH OF RED BANK**  
**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - STATUTORY BASIS**  
**YEAR ENDED DECEMBER 31, 2010**

	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	Canceled
<b>DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"</b>						
Deferred Charges:						
Prior Years Bills	\$ 17,981.12	\$ 17,983.12	\$ 17,983.12	\$	\$	\$
<b>Statutory Expenditures:</b>						
Contribution to:						
Public Employees' Retirement System	240,276.00	240,276.00	240,276.00			
Social Security System (O.A.S.I.)	360,000.00	360,000.00	333,627.00		26,373.00	
Consolidated Police and Firemen's Pension Fund	35,112.00	35,254.29	35,254.29			
Police and Firemen's Pension Fund	871,383.00	871,383.00	871,383.00			
Defined Contribution Retirement Program	2,400.00	2,400.00	1,464.20		935.80	
Public Employees' Retirement System - ERI	54,746.00	54,746.00	54,746.00			
<b>Total Deferred Charges and Statutory Expenditures - Municipal within "CAPS"</b>	<b>1,581,898.12</b>	<b>1,582,042.41</b>	<b>1,554,733.61</b>		<b>27,308.80</b>	
<b>Total General Appropriations for Municipal Purposes within "CAPS"</b>	<b>13,546,633.12</b>	<b>14,260,622.47</b>	<b>13,428,031.02</b>	<b>123,986.92</b>	<b>708,604.53</b>	
<b>OPERATIONS - EXCLUDED FROM "CAPS"</b>						
Other Operations - Excluded from "CAPS":						
Public Employees Retirement System	10,073.00	10,073.00	10,073.00			
LOSAP	65,550.00	65,550.00	58,650.00		6,900.00	
Municipal Stormwater Management:						
Salaries and Wages	125,740.00	126,940.00	126,940.00			
Other Expenses	19,000.00	17,800.00	3,309.47	1,334.75	13,155.78	
Maintenance of Free Public Library (P.L. 1985, Ch. 82)	683,018.16	683,018.16	584,480.01	60,381.70	38,156.45	
Interlocal Services:						
911 System - County of Monmouth	16,216.00	16,216.00	16,215.38		0.62	
Recycling Tax PL 2007 c. 311	46,000.00	46,000.00	42,402.10		3,597.90	
Employees Group Insurance	84,883.00	84,883.00	84,883.00			
Reserve for Tax Appeals		35,616.96	35,616.96			
<b>Total Other Operations - Excluded from "CAPS"</b>	<b>1,050,480.16</b>	<b>1,086,097.12</b>	<b>962,569.92</b>	<b>61,716.45</b>	<b>61,810.75</b>	



**BOROUGH OF RED BANK**  
**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - STATUTORY BASIS**  
**YEAR ENDED DECEMBER 31, 2010**

	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	Canceled
Uniform Construction Code Appropriations Offset by Increased Fee Revenues:						
Inspection of Building - Uniform Construction Code						
Salaries and Wages	\$ 63,700.00	\$ 63,700.00	\$ 56,591.78	\$ 7,108.22	\$	
Other Expenses	47,500.00	47,500.00	3,051.00		44,449.00	
	111,200.00	111,200.00	59,642.78		51,557.22	
<b>INTERLOCAL SERVICE AGREEMENTS</b>						
Board of Education						
Other Expenses	11,500.00	11,500.00	11,500.00			
Borough of Little Silver:						
Fire Services:						
Other Expenses	12,000.00	12,000.00	7,108.22	500.00	4,391.78	
Inspection of Building - Uniform Construction Code:						
Salaries and Wages	179,830.00	179,830.00	179,830.00			
Other Expenses	45,170.00	45,170.00	40,659.32	1,588.76	2,921.92	
Township of Shrewsbury:						
Municipal Court:						
Salaries and Wages	9,000.00	9,000.00	5.00		8,995.00	
Total Interlocal Municipal Service Agreements	257,500.00	257,500.00	239,102.54	2,088.76	16,308.70	
<b>PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES</b>						
U.S. Older American Act Grant:						
Senior Citizens Center:						
Salaries and Wages	28,525.00	28,525.00	28,525.00			
Other Expenses	4,787.00	4,787.00	4,787.00			
COPS in Shops Grant	6,500.00	6,500.00	6,500.00			
Pedestrian Safety	8,000.00	8,000.00	8,000.00			
Bulletproof Vest Grant	7,776.00	7,776.00	7,776.00			
Over the Limit - 2010 statewide Crackdown	4,400.00	4,400.00	4,400.00			
Over the Limit - Holiday	5,000.00	5,000.00	5,000.00			
Over the Limit - 2010 Holiday End of Year Crackdown	5,000.00	5,000.00	5,000.00			
CARS E Grant	35,000.00	35,000.00	35,000.00			
NJ - Drunk Driving Enforcement Fund - Police	11,635.88	11,635.88	11,635.88			
NJ - Recycling Tonnage Grant	4,551.74	4,551.74	4,551.74			
NJ Clean Grant - Unappropriated	1,227.62	1,227.62	1,227.62			
New Jersey Clean Communities Grant - 2010	18,895.36	18,895.36	18,895.36			
US Department of Agriculture - Summer Food Program:						
Other Expenses	627.01	627.01	627.01			
NJ - Body Armour Grant	1,525.55	5,258.28	5,258.28			
DEP NJ Forestry Service	10,000.00	10,000.00	10,000.00			
Total Public and Private Programs Offset by Revenues	81,775.16	157,183.89	157,183.89			
Total Operations - Excluded from "CAPS"	1,500,955.32	1,611,981.01	1,418,499.13	63,805.21	129,676.67	
<b>Detail:</b>						
Salaries and Wages	397,795.00	398,995.00	391,886.78	63,805.21	7,108.22	
Other Expenses	1,103,160.32	1,212,986.01	1,026,612.35		122,568.45	

**BOROUGH OF RED BANK**  
**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - STATUTORY BASIS**  
**YEAR ENDED DECEMBER 31, 2010**

	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	Canceled
<b>CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"</b>						
Capital Improvement Fund	\$ 50,000.00	\$ 50,000.00	\$ 50,000.00	\$	\$	
Total Capital Improvements Excluded from "CAPS"	50,000.00	50,000.00	50,000.00			
<b>MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"</b>						
Payment of Bond Principal	1,847,000.00	1,847,000.00	1,847,000.00			
Interest on Bonds	459,700.00	460,093.69	460,093.69			
Interest on Notes	21,042.00	21,042.00	20,983.10			58.90
Green Trust Loan Program:						
Loan Repayments for Principal and Interest	148,042.00	148,042.00	148,040.27			1.73
Capital Equipment Lease Approved Prior to 7/1/2007:						
Principal	447,600.00	447,600.00	315,800.00			131,800.00
Interest	85,194.33	85,194.33	63,869.91			21,324.42
Capital Equipment Lease Approved After 7/1/2007:						
Principal	95,000.00	95,000.00	95,000.00			
Interest	11,805.67	11,805.67	11,805.67			
Payment of Bond Principal on Public Library Debt	100,000.00	100,000.00	100,000.00			
Total Municipal Debt Service - Excluded from "CAPS"	3,215,384.00	3,215,777.69	3,062,592.64			153,185.05
<b>DEFERRED CHARGES - MUNICIPAL - EXCLUDED FROM "CAPS"</b>						
Deferred Charges:						
Special Emergency Authorizations - 5 Years (N.J.S. 40A:4-55)	34,980.00	34,980.00	34,980.00			
Total Deferred Charges - Municipal - Excluded from "CAPS"	34,980.00	34,980.00	34,980.00			
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	4,801,319.32	4,912,738.70	4,566,071.77	63,805.21	129,676.67	153,185.05
Subtotal General Appropriations	18,347,952.44	19,173,361.17	17,994,102.79	187,792.13	838,281.20	153,185.05
Subtotal General Appropriations	948,926.66	948,926.66	948,926.66			
<b>RESERVE FOR UNCOLLECTED TAXES</b>						
Total General Appropriations	\$ 19,296,879.10	\$ 20,122,287.83	\$ 18,943,029.45	\$ 187,792.13	\$ 838,281.20	\$ 153,185.05
Detail:						
Original Budget		\$ 19,296,879.10				
Added by N.J.S.A. 40A:4-53 - Special Emergency		750,000.00				
Added by N.J.S.A. 40A:4-87		75,408.73				
		\$ 20,122,287.83				

BOROUGH OF RED BANK  
CURRENT FUND  
STATEMENT OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year	Balance December 31, 2009	Tax Levy	Added Taxes	2009	Collections	2010	State Share Senior Citizens' and Veterans' Deductions Allowed	Remitted and Canceled	Transferred To Tax Title Liens	Balance December 31, 2010
2007	\$ 68.33	\$	\$	\$	\$	\$	\$	\$	\$	\$ 68.33
2008	3.43									3.43
2009	859,004.29					845,233.71			13,757.94	12.64
	859,076.05					845,233.71			13,757.94	84.40
2010		38,609,027.42	173,408.93	131,071.19		37,189,819.20	83,500.00	244,708.54		1,133,337.42
	\$ 859,076.05	\$ 38,609,027.42	\$ 173,408.93	\$ 131,071.19	\$ 38,035,052.91	\$ 83,500.00	\$ 244,708.54	\$ 13,757.94	\$	\$ 1,133,421.82

ANALYSIS OF 2010 PROPERTY TAX LEVY

Tax Yield:

General Purpose Tax

Special Improvement District Tax

\$ 38,095,246.79  
513,780.63

\$ 38,609,027.42

TAX LEVY

Local District School Tax

Regional High School District Tax

Special Improvement District Tax

County Taxes:

County Tax

Open Space Tax

\$ 12,617,731.00  
8,477,284.30  
513,780.63

5,655,246.61  
352,639.57

\$ 27,616,682.11

Local Tax for Municipal Purpose

Add: Additional Tax Levied

\$ 10,982,066.51  
10,278.80

\$ 38,609,027.42

BOROUGH OF RED BANK  
CURRENT FUND  
STATEMENT OF TAX TITLE LIENS RECEIVABLE

<u>BALANCE, DECEMBER 31, 2009</u>		\$	53,963.78
<u>INCREASED BY</u>			
Transferred from Taxes Receivable	\$	13,757.94	
Interest and Costs on 2010 Tax Sale		<u>2,887.79</u>	<u>16,645.73</u>
			70,609.51
<u>DECREASED BY</u>			
Cash Received			<u>4,569.51</u>
<u>BALANCE, DECEMBER 31, 2010</u>		\$	<u><u>66,040.00</u></u>

**BOROUGH OF RED BANK**  
**CURRENT FUND**  
**STATEMENT OF 2009 APPROPRIATION RESERVES**

	Balance December 31, 2009	Cancelled and Anticipated as Revenue	Transfers	Balance After Transfers and Cancellations	Paid or Charged	Balance Lapsed
	Appropriation Reserves	Reserve for Encumbrances				
<b>Salaries and Wages:</b>						
Operations - Within "CAPS":						
General Administration	\$ 6,194.31	\$	\$ (6,070.31)	\$ 124.00	\$	\$
Financial Administration	75.25		(75.25)			
Mayor and Borough Council	99.44			99.44		99.44
Tax Assessment Administration	662.18		(662.18)			
Revenue Administration	585.59		(585.59)			
Planning Board	948.73		(948.73)			
Zoning Board of Adjustment	2,566.86		(2,566.86)			
Police Department	5,227.51		6,772.49	12,000.00	12,000.00	
Streets and Roads	451.03		9,821.41	10,272.44	10,272.44	
Solid Waste Collection	1.71			1.71		1.71
Public Buildings and Grounds	2,227.56			2,227.56	2,227.56	
Recreation Services and Programs	2,028.99		(2,000.00)	28.99		28.99
Senior Citizens Center	836.70		(836.70)			
Municipal Public Defender	1,250.00			1,250.00	1,250.00	
<b>Total Salaries and Wages</b>	<b>\$ 23,135.86</b>	<b>\$</b>	<b>\$ 2,868.28</b>	<b>\$ 26,004.14</b>	<b>\$ 25,874.00</b>	<b>\$ 130.14</b>
<b>Other Expenses:</b>						
Operations - Within "CAPS":						
General Administration	\$ 3,643.72	\$ 3,527.67	\$	\$ 7,171.39	\$ 5,938.40	\$ 1,232.99
Municipal Clerk	3,022.17	1,476.61	1,765.89	6,264.67	6,086.49	178.18
Financial Administration	3,231.65		107.60	3,339.25	3,339.25	
Audit Services	625.00			625.00	625.00	
Tax Assessment Administration	2,114.95	237.80	(2,000.00)	2,352.75	2,352.75	
Revenue Administration	2,767.45			767.45	40.50	726.95
Legal Services and Costs	59,602.21	11,476.75		71,078.96	66,255.03	4,823.93
Engineering Services	4,143.96	2,000.00	11,000.00	17,143.96	15,394.56	1,749.40
Codification of Ordinances	14,518.75		(7,000.00)	7,518.75	6,960.00	558.75
Planning Board	9,643.39	5,004.54	0.69	5,005.23	165.23	4,840.00
Zoning Board of Adjustment - Other	9,011.17		(5,600.69)	4,042.70	2,965.68	1,077.02
Zoning Board of Adjustment Plan Endorsement	304.74			304.74	9,011.17	
Liability Insurance	11,938.41		(11,000.00)	938.41	304.74	
Employee General Group Insurance	317.69	1,530.00		1,847.69	(18.80)	
Fire Department	1,168.66	1,392.56		2,561.22	957.21	837.05
Uniform Fire Safety Act (P.L. 1983, Ch. 383)	11,209.88	6,378.22	(6,772.49)	10,815.61	1,035.28	1,525.94
Police Department	1,681.40	5,877.68	(1,681.40)	5,877.68	8,694.53	2,121.08
Aid to Volunteer Ambulance Companies	1,815.28	1,075.00	(1,815.28)	1,075.00	5,769.91	107.77
Office of Emergency Management	439.62	730.78		1,170.40	1,075.00	
Municipal Court	10,941.41	6,521.47	(4,221.41)	13,241.47	738.81	431.59
Streets and Road Maintenance	12,931.69	4,193.83		17,125.52	12,329.30	912.17
Solid Waste Collection					16,519.72	605.80

**BOROUGH OF RED BANK**  
**CURRENT FUND**  
**STATEMENT OF 2009 APPROPRIATION RESERVES**

	Balance December 31, 2009	Cancelled and Anticipated as Revenue	Transfers	Balance After Transfers and Cancellations	Paid or Charged	Balance Lapsed
	Appropriation Reserves	Encumbrances Reserve for				
Other Expenses (Continued):	\$	\$	\$	\$	\$	\$
Operations - Within "CAPS" (Continued):						
Street Lighting	51,039.75			51,039.75		
Electricity	10,093.48			10,093.48		
Telephone	8,332.98			8,332.98		153.03
Natural Gas	16,692.77		(573.78)	16,118.99		2,164.53
Gasoline	43,695.51		(20,000.00)	8,695.51		2,712.95
Energy Efficiency Audit	10,000.00			10,000.00		7,622.10
Public Buildings and Grounds	57.61	18,814.80	2,000.00	20,872.41		1,458.94
Landfill	116,906.39	126.84	(50,000.00)	42,033.23		1,125.86
Visiting Nurse Association - Contract	737.00		(737.00)		40,907.37	
Relocation Assistance	1,425.00			1,425.00		1,425.00
Shade Tree	431.36	22,000.00	222.95	22,654.31		
Recreation Services and Programs	499.11	8,523.94	2,000.00	11,023.05		6,484.05
Senior Citizens Center	283.76	1,361.03	(230.03)	1,414.76		
Uniform Construction Code - Appropriations Offset						
By Dedicated Revenues (N.J.A.C. 5:23-4.17)	43,576.50			43,576.50		1,177.40
Technology Committee	780.25			780.25		580.25
Reserve for Sick Pay	6,188.91			90,574.51		574.51
Municipal Prosecutor	2,100.00		84,385.60	2,100.00		
Statutory Expenditures:					2,100.00	
Contribution to:						
Social Security System (O.A.S.I.)	9,607.40			9,607.40		9,607.40
Defined Contribution Retirement Program	21.68			21.68		21.68
Contingent	1,405.00			1,405.00		1,405.00
Other Operations - Excluded from "CAPS":						
Length of Service Awards Program	1,150.00			1,150.00		1,150.00
Maintenance of Free Public Library (P.L. 1985, Ch. 82)	77,441.77			99,675.65		5,349.04
Municipal Stormwater Management	9,523.08	22,233.88		9,523.08		486.74
Interlocal Municipal Service Agreements:						
Inspection of Building - Uniform Construction Code:						
Other Expenses		1,105.35	54.80	1,160.15		934.21
Board of Education:					225.94	
Other Expenses			2,841.66	2,841.66		
Increased Fee Revenues:						
Inspection of Building - Uniform Construction Code:						
Other Expenses	31,574.79	2,380.80		23,955.59		19,190.09
Recycling Tax	11.37	4.53	4,384.61	4,400.51		
Total Other Expenses	\$ 608,648.67	\$ 127,974.08	\$ (2,868.28)	\$ 683,754.47	\$ 588,149.95	\$ 95,604.52
Grand Total	\$ 631,784.53	\$ 127,974.08	\$	\$ 709,758.61	\$ 614,023.95	\$ 95,734.66

BOROUGH OF RED BANK  
CURRENT FUND  
STATEMENT OF DEFERRED CHARGES

			2010 Severance Liability (40A:4-53)	2005 Revaluation (40A:4-53)	Special Emergency Authorization (40A:4-53)
	<u>Total</u>				
<u>BALANCE, DECEMBER 31, 2009</u>	\$ 39,980.00	\$	\$	29,980.00	\$ 10,000.00
<u>INCREASED BY</u>					
Amount Resulting from 2010	<u>750,000.00</u>		<u>750,000.00</u>		
	\$ 789,980.00	\$	\$ 750,000.00	\$ 29,980.00	\$ 10,000.00
<u>DECREASED BY</u>					
Raised in 2010 Budget	<u>34,980.00</u>			<u>29,980.00</u>	<u>5,000.00</u>
<u>BALANCE, DECEMBER 31, 2010</u>	<u>\$ 755,000.00</u>	<u>\$</u>	<u>\$ 750,000.00</u>	<u>\$</u>	<u>\$ 5,000.00</u>

**BOROUGH OF RED BANK**  
**CURRENT FUND**  
**STATEMENT OF SCHOOL TAX PAYABLE**

	<u>Regional High School</u>	<u>Local School District</u>
<u>BALANCE, DECEMBER 31, 2009</u>	\$ 4,195,123.49	\$ 6,054,519.69
Detail:		
Deferred	\$ 4,166,556.36	\$ 6,056,724.50
Payable/(Overpaid)	<u>28,567.13</u>	<u>(2,204.81)</u>
<u>INCREASED BY</u>		
Levy - School Year 7/1/2010 - 6/30/2011	<u>8,477,284.30</u>	<u>12,617,731.00</u>
	12,672,407.79	18,672,250.69
<u>DECREASED BY</u>		
Cash Disbursed	<u>8,433,765.43</u>	<u>12,363,407.98</u>
<u>BALANCE, DECEMBER 31, 2010</u>	<u>\$ 4,238,642.36</u>	<u>\$ 6,308,842.71</u>
Detail:		
Deferred	\$ 4,216,556.36	\$ 6,256,724.50
Payable	<u>22,086.00</u>	<u>52,118.21</u>
	<u>\$ 4,238,642.36</u>	<u>\$ 6,308,842.71</u>
<u>2010 LIABILITY FOR SCHOOL TAX</u>		
2010 School Taxes Paid	\$ 8,433,765.43	\$ 12,363,407.98
Add: School Taxes Payable		
December 31, 2010	<u>22,086.00</u>	<u>52,118.21</u>
	8,455,851.43	12,415,526.19
Less: School Taxes Payable/(Overpaid)		
December 31, 2009	<u>28,567.13</u>	<u>(2,204.81)</u>
Amount Charged to 2010 Operations	<u>\$ 8,427,284.30</u>	<u>\$ 12,417,731.00</u>



**BOROUGH OF RED BANK  
FEDERAL AND STATE GRANT FUND  
STATEMENT OF FEDERAL AND STATE GRANTS RECEIVABLE**

Grant	Balance December 31, 2009	2010 Budget Revenue Realized	Received	Unappropriated Reserve Applied	Cancelled	Balance December 31, 2010
U.S. Older Americans Act: 2009	\$ 33,312.00	\$	33,312.00	\$		33,312.00
2010						
State of New Jersey - Clean Communities Program						
2009		1,227.62				
2010		18,895.36	18,895.36	1,227.62		
State of New Jersey - Body Armor Grant						
2009		1,525.55	1,525.55			
2010		3,732.73	3,732.73			
State of New Jersey - DEP Forestry Grant						
2009		10,000.00				10,000.00
2010						
State of New Jersey: Municipal Stormwater Management Grant - 2008	7,655.00					7,655.00
Borough of Little Silver: Shared Services - Uniform Fire Code Services	2,300.00				2,300.00	
State of New Jersey: Drunk Driving Enforcement Fund: Police - Unappropriated		11,635.88		11,635.88		
State of New Jersey: Over the Limit Under Arrest - 2010 Statewide Crackdown						
Over the Limit Under Arrest - 2010 Holiday		4,400.00	4,400.00			5,000.00
Over the Limit Under Arrest - 2009 Year End Crackdown	5,000.00		5,000.00			
Over the Limit Under Arrest : 2010 Holiday Year End Crackdown		5,000.00				5,000.00

**BOROUGH OF RED BANK**  
**FEDERAL AND STATE GRANT FUND**  
**STATEMENT OF FEDERAL AND STATE GRANTS RECEIVABLE**

	Balance December 31, 2009	2010 Budget Revenue Realized	Received	Unappropriated Reserve Applied	Cancelled	Balance December 31, 2010
	\$	\$	\$	\$	\$	\$
Grant State of New Jersey - COPS in Shops - 2010			18,169.50			3,300.00
US Department of Justice: Edward Byrne JAG Grant 2009	25,845.00					7,675.50
State of New Jersey: Recycling Tonnage Grant		4,551.74		4,551.74		
State of New Jersey: DCA - Historic Trust - Reckless Estate	29,308.00				29,308.00	
State of New Jersey Department Of Agriculture: Summer Food Program 2009	38,927.93	627.01	13,267.99	627.01		25,659.94
State of New Jersey - Bullet Proof Vest Partnership Grant		7,776.00				7,776.00
State of New Jersey - Pedestrian Safety 2010		8,000.00	8,000.00			
State of New Jersey - ECARS Grant - Passenger Rail - 2010		35,000.00				35,000.00
State of New Jersey - Cops in Shops 2009	1,200.00		1,200.00			
Total Grants	\$ 143,547.93	\$ 157,183.89	\$ 110,703.13	\$ 18,042.25	\$ 31,608.00	\$ 140,378.44

**BOROUGH OF RED BANK**  
**SCHEDULE OF RESERVE FOR FEDERAL AND STATE**  
**GRANTS APPROPRIATED**

Grant	Balance December 31, 2009	Transferred from 2010 Budget Appropriations		Prior Year's Encumbrances Cancelled	Expended	Cancelled	Balance December 31, 2010
		Budget	Appropriation By 40A:4-87				
U.S. Older Americans Act:							
2009	\$ 13,743.75	\$	\$	\$ 1,045.34	\$ 412.44	\$	\$ 14,376.65
2010		33,312.00			29,031.95		4,280.05
State of NJ - Clean Communities Program:							
2009		1,227.62					1,227.62
2010		18,895.36					18,895.36
NJ DEP - Forestry Program - 2010		10,000.00			4,770.00		5,230.00
State of NJ - Recycling Tonnage Grant	29,565.14	4,551.74			29,371.46		4,745.42
State of NJ - Bullet Proof Vest - 2010							7,776.00
State of NJ - COPS in SHOPS	800.00		7,776.00				2,300.00
State of NJ - Pedestrian Safety Grant - 2010			6,500.00		5,000.00		
State of NJ - Drunk Driving Enforcement Fund:			8,000.00		8,000.00		
Police	10,940.75	11,635.88			9,238.95		13,337.68
Court	18,156.31				3,578.70		14,577.61

**BOROUGH OF RED BANK**  
**SCHEDULE OF RESERVE FOR FEDERAL AND STATE**  
**GRANTS APPROPRIATED**

	Balance December 31, 2009	Budget	Transferred from 2010 Budget Appropriations	Prior Year's Encumbrances Cancelled	Expended	Cancelled	Balance December 31, 2010
State of NJ - Over the Limit:	\$	\$	\$	\$	\$	\$	\$
Statewide Crackdown - 2009	2,825.00		4,400.00		2,825.00		
Statewide Crackdown - 2010			5,000.00		4,400.00		3,025.00
Holiday Program - 2010			5,000.00		1,975.00		5,000.00
Holiday Year-End Crackdown - 2010							
NJDCA - Historic Trust - Anthony Reckless Estate	29,308.00					29,308.00	
State of NJ - Click it or Ticket	5,000.00						5,000.00
State of NJ - Department of Agriculture: 2009 Summer Food Program	32,974.57	627.01			7,314.63		26,286.95
State of NJ - Cars - E Program - 2010			35,000.00				35,000.00
Little Silver Shared Services - Uniform Fire Services	2,300.00					2,300.00	
US Dept. Of Justice - Edward Byrne - JAG Grant	19,845.00				16,669.50		3,175.50
State of NJ - Body Armor Grant: 2009	445.42	1,525.55					445.42
2010			3,732.73				5,258.28
Totals	\$ 165,903.94	\$ 81,775.16	\$ 75,408.73	\$ 1,045.34	\$ 122,587.63	\$ 31,608.00	\$ 169,937.54

BOROUGH OF RED BANK  
STATEMENT OF RESERVE FOR STATE GRANTS- UNAPPROPRIATED  
CURRENT FUND

<u>State:</u>	<u>Balance</u> <u>December 31,</u> <u>2009</u>	<u>Realized</u> <u>as Revenue</u> <u>Budget</u>	<u>Received</u>	<u>Balance</u> <u>December 31,</u> <u>2010</u>
Drunk Driving Enforcement Fund:				
Police	\$ 11,635.88	\$ 11,635.88		
Municipal Court			4,147.53	\$ 4,147.53
State of NJ - Clean Communities Grant	1,227.62	1,227.62		
Department of Agriculture - Summer Food Program	627.01	627.01		
State of NJ - Recycling Tonnage Grant	4,551.74	4,551.74		
Totals	<u>\$ 18,042.25</u>	<u>\$ 18,042.25</u>	<u>\$ 4,147.53</u>	<u>\$ 4,147.53</u>

**TRUST FUNDS**

BOROUGH OF RED BANK  
TRUST FUNDS  
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES AND RESERVES -  
REGULATORY BASIS  
AS OF DECEMBER 31, 2010 AND 2009

	Assessment		Animal Control		Other		Totals	
	2010	2009	2010	2009	2010	2009	2010	2009
<u>ASSETS</u>								
Cash and Cash Equivalents	\$	51.52	\$	14,427.80	\$	2,824,045.56	\$	3,183,042.69
Assessments Receivable		3,101.27						
Accounts Receivable						877.19		
Intergovernmental Receivable				12,110.00				
Interfunds Receivable					34,850.57	14,326.58	34,850.57	
Total Assets	\$	<u>3,152.79</u>	\$	<u>14,427.80</u>	\$	<u>2,858,896.13</u>	\$	<u>3,198,246.46</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>								
Liabilities and Reserves:								
Accounts Payable	\$		\$		\$	91,201.37	\$	64,025.02
Various Reserves		3,101.27		7,329.85		2,767,694.76		3,116,078.00
Interfunds Payable		2.20		7,097.95				18,143.44
Total Other Liabilities and Reserves		3,103.47		14,427.80		2,858,896.13		3,198,246.46
Equity and Other Credits:								
Fund Balance		49.32						
Total Liabilities, Reserves and Fund Balance	\$	<u>0.00</u>	\$	<u>14,427.80</u>	\$	<u>2,858,896.13</u>	\$	<u>3,198,246.46</u>

**BOROUGH OF RED BANK**  
**ANIMAL CONTROL TRUST FUND**  
**STATEMENT OF RESERVE FOR ANIMAL CONTROL EXPENDITURES**

<u>BALANCE, DECEMBER 31, 2009</u>		\$ 5,273.80
<u>INCREASED BY</u>		
Dog License Fees Collected	\$ 4,287.60	
Cat License Fees Collected	1,376.00	
Animal Control Contracts	19,131.00	
Miscellaneous Receipts	<u>1,414.60</u>	<u>26,209.20</u>
		31,483.00
<u>DECREASED BY</u>		
Expenditures Under R.S. 4:19-15.11	19,851.94	
Excess Due to Current Fund	<u>4,301.21</u>	<u>24,153.15</u>
<u>BALANCE, DECEMBER 31, 2010</u>		\$ <u><u>7,329.85</u></u>

LICENSES AND PENALTY FEES COLLECTED

<u>Year</u>	<u>Amount</u>
2009	\$ 4,755.60
2008	<u>2,574.25</u>
	<u>\$ 7,329.85</u>

AUDITOR'S NOTE

R.S. 4:19-15.11

"There shall be transferred from such special account to the general funds of the Municipality any amounts then in such account which is in excess of the total amount paid into such special account during the last two fiscal years next preceding."



**BOROUGH OF RED BANK**  
**TRUST OTHER FUND**  
**STATEMENT OF VARIOUS RESERVES**

	Balance December 31, 2009	Receipts	Expenditures	Balance December 31, 2010
	\$	\$	\$	\$
Bid Deposits	601.10			601.10
TTL Redemption	41.06	473,332.43	473,132.46	241.03
Law Enforcement Trust	14,802.12	14,185.81	5,164.10	23,823.83
Vehicle Impound Costs	37,689.36	31,737.04	32,421.37	37,005.03
Tax Sale Premiums	238,800.00	112,300.00	89,200.00	261,900.00
Recycling	31,366.32	32,314.95	14,876.36	48,804.91
Uniform Fire Safety Act Penalty Monies	26,714.54	2,550.00	5,448.10	23,816.44
Recreation	8,752.94	71,627.00	55,410.68	24,969.26
Parking Offenses Adjudication Act	35,891.93	4,028.00	9,349.86	30,570.07
Neighborhood Preservation Program	1.74			1.74
Eisner Foundation:				
Charitable Scientific	343,338.03	7,500.00	40,127.64	310,710.39
Riverside Gardens Maintenance	8,464.62			8,464.62
Police - Forfeited Property	4,796.16	11,776.89	15,013.73	1,559.32
Police - Extra Duty Pay	8,439.00	180,578.00	118,830.50	70,186.50
Inspection Fees Escrow	107,236.03	46,684.33	21,969.33	131,951.03
Performance and Maintenance Escrow	658,277.58	115,369.06	221,190.31	552,456.33
Review Escrow	219,400.20	112,955.93	114,997.50	217,358.63
Dedicated Fire Penalty	7,726.54	3,134.00		10,860.54
Unemployment Trust	72,323.51	41,147.66	71,816.59	41,654.58
Police Donations	2,858.67		1,858.67	1,000.00
Manalapan RCA Agreement	1,137,219.84	52,047.61	290,712.56	898,554.89
Public Defender Fees	1,256.32	5,207.94	6,450.00	14.26
Council on Affordable Housing - Dev. Fees	79,646.49	7,088.05	80,519.52	6,215.02
Wayfinding Signs	30,000.00			30,000.00
Four Connections Fiberoptics	8,500.00		337.50	8,162.50
100th Anniversary Celebration	4,097.73		4,097.73	
K-Hov Traffic Improvements	9,170.00			9,170.00
K-Hov Parking Improvements	17,000.00	30.00	30.00	17,000.00
Yard Sales	1,356.17		1,223.43	132.74
Environmental Commission		200.00		200.00
Human Relations	310.00			310.00
	\$ 3,116,078.00	\$ 1,325,794.70	\$ 1,674,177.94	\$ 2,767,694.76

BOROUGH OF RED BANK  
TRUST OTHER FUND  
STATEMENT OF RESERVE FOR NEW JERSEY UNEMPLOYMENT  
COMPENSATION INSURANCE

<u>BALANCE, DECEMBER 31, 2009</u>		\$	72,323.51
<u>INCREASED BY</u>			
Payroll Deductions	\$	30,147.66	
Borough Contribution		<u>11,000.00</u>	<u>41,147.66</u>
			113,471.17
<u>DECREASED BY</u>			
Unemployment Compensation Claims and Assessments			<u>71,816.59</u>
<u>BALANCE, DECEMBER 31, 2010</u>		\$	<u><u>41,654.58</u></u>

**BOROUGH OF RED BANK**  
**ASSESSMENT TRUST FUND**  
**ANALYSIS OF TRUST ASSESSMENT CASH AND CASH EQUIVALENTS**

	Balance December 31, 2009	Receipts	Disbursed	Balance December 31, 2010
Due to Current Fund	\$ 2.20	\$ 0.27	\$ 2.47	\$
Fund Balance	49.32		49.32	
	<u>\$ 51.52</u>	<u>\$ 0.27</u>	<u>\$ 51.79</u>	<u>\$ 0.00</u>

**BOROUGH OF RED BANK  
ASSESSMENT TRUST FUND  
STATEMENT OF ASSESSMENTS RECEIVABLE**

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Annual Installments</u>	<u>Balance December 31, 2009</u>	<u>Cancelled</u>	<u>Balance December 31, 2010</u>
5-98	Sidewalks	10	\$ 3,101.27	\$ 3,101.27	\$ 0.00
			\$ 3,101.27	\$ 3,101.27	\$ 0.00

**GENERAL CAPITAL FUND**

**BOROUGH OF RED BANK**  
**GENERAL CAPITAL FUND**  
**COMPARATIVE STATEMENTS OF ASSETS, LIABILITIES, RESERVES**  
**AND FUND BALANCE - REGULATORY BASIS**  
**AS OF DECEMBER 31, 2010 AND 2009**

	<u>December 31,</u>	
<u>ASSETS</u>	<u>2010</u>	<u>2009</u>
Cash and Cash Equivalents	\$ 2,571,630.14	\$ 3,441,704.75
Intergovernmental Receivable:		
New Jersey Department of Transportation	302,500.00	220,000.00
New Jersey Department of Environmental Protection	287,500.00	287,500.00
	<u>590,000.00</u>	<u>507,500.00</u>
Interfunds Receivable:		
Due from Current Fund	158,248.22	109,134.52
Due from Federal and State Grant Fund	175,000.00	175,000.00
	<u>333,248.22</u>	<u>284,134.52</u>
Capital Lease Obligations - Unfunded	<u>1,678,200.00</u>	<u>2,302,700.00</u>
Deferred Charges to Future Taxation:		
Funded	11,243,222.78	13,315,624.90
Unfunded	2,640,311.70	1,392,611.70
	<u>13,883,534.48</u>	<u>14,708,236.60</u>
Total Assets	<u>\$ 19,056,612.84</u>	<u>\$ 21,244,275.87</u>
 <u>LIABILITIES, RESERVES AND</u> <u>FUND BALANCE</u>		
Bond Anticipation Notes	\$ 3,113,500.00	\$ 1,966,500.00
Serial Bonds	<u>9,331,000.00</u>	<u>11,176,000.00</u>
Refunding Serial Bonds	<u>483,000.00</u>	<u>585,000.00</u>
Green Trust Loan Payable	<u>939,222.78</u>	<u>1,064,624.90</u>
Capital Lease Payable - Principal	<u>1,678,200.00</u>	<u>2,302,700.00</u>

**BOROUGH OF RED BANK**  
**GENERAL CAPITAL FUND**  
**COMPARATIVE STATEMENTS OF ASSETS, LIABILITIES, RESERVES**  
**AND FUND BALANCE - REGULATORY BASIS**  
**AS OF DECEMBER 31, 2010 AND 2009**

	<u>December 31,</u>	
	<u>2010</u>	<u>2009</u>
<b><u>LIABILITIES, RESERVES AND</u></b>		
<b><u>FUND BALANCE (CONTINUED)</u></b>		
Other Liabilities and Reserves:		
Capital Improvement Fund	\$ 54,638.76	\$ 42,038.76
Reserve for Encumbrances	873,168.75	625,608.77
Reserve for:		
Payment of Bonds	46,027.89	203,027.89
Down Payment on Improvements	2,061.64	2,061.64
Grants Receivable - DOT	170,000.00	170,000.00
Future Boat Ramp Improvements	199,452.90	200,050.10
Marine Park Improvements	5,000.00	5,000.00
	<u>1,350,349.94</u>	<u>1,247,787.16</u>
Improvement Authorizations:		
Funded	1,365,561.34	1,512,817.36
Unfunded	718,681.06	1,275,161.49
	<u>2,084,242.40</u>	<u>2,787,978.85</u>
Fund Balance	<u>77,097.72</u>	<u>113,684.95</u>
Total Liabilities, Reserves and Fund Balance	<u>\$ 19,056,612.84</u>	<u>\$ 21,244,275.86</u>

There were Bonds and Notes Authorized But Not Issued of \$38,200.00 at December 31, 2010.

**BOROUGH OF RED BANK  
GENERAL CAPITAL FUND  
ANALYSIS OF CASH AND CASH EQUIVALENTS**

	Balance December 31, 2009	Receipts Other	Bond Anticipation Notes	Disbursements		Transfer		Balance December 31, 2010
				Improvement Authorizations	Other	From	To	
Fund Balance	\$ 113,684.95	\$ 13,412.77	\$	\$	\$ 50,000.00	\$	\$	\$ 77,097.72
Capital Improvement Fund	42,038.76					37,400.00	50,000.00	54,638.76
Due to Current Fund	(109,134.52)	886.30				50,000.00		(158,248.22)
Due from Federal and State Grant Fund	(175,000.00)							(175,000.00)
Due from NJ DOT - Ord 17-08	(50,000.00)							(50,000.00)
Due from NJ DOT - Ord 10-08		247,500.00				300,000.00		(52,500.00)
Due from NJDEP Ord 09-44	(287,500.00)					259,003.00		(287,500.00)
Due from NJDEP Ord 06-32/09-42/10-10		259,003.00						
Reserve for Future Boat Ramp Improvements	200,050.11				597.21			199,452.90
Reserve for Encumbrances	625,608.77				329,348.30			873,168.75
Reserve for Payment of Bonds	203,027.89				157,000.00	87,014.82	663,923.10	46,027.89
Reserve to Pay Bond Anticipation Notes - Ord. #31-05	351,388.30					1,388.30		350,000.00
Reserve to Pay Bond Anticipation Notes - Ord. # 39-05/#09-09	260,000.00							260,000.00
Reserves for Marine Park Improvements	5,000.00							5,000.00
Reserve for Down Payments on Improvements	2,061.64							2,061.64
Ordinance Number								
6-02								
Improvement Authorizations								
Acquisition of a Pumper Fire Truck	1,889.61							1,889.61
1-04	28,825.39						87,014.82	115,840.21
Renovations and Improvements to the Red Bank Library								
23-04/31-06	1,750.00			1,750.00				
Renovations and Improvements to Count Basie Park								
31-05	119,619.97			2,667.81	100,000.00		1,388.30	18,340.46
Acquisition of Waterfront Park								
37-05	199.73							199.73
Purchase of Pumper Fire Truck								



**BOROUGH OF RED BANK  
GENERAL CAPITAL FUND  
ANALYSIS OF CASH AND CASH EQUIVALENTS**

Ordinance Number	Balance December 31, 2009	Receipts Other	Bond Anticipation Notes	Disbursements		Transfer		Balance December 31, 2010
				Improvement Authorizations	Other	From	To	
39-05/ 09-09/10-10	\$ 243,410.14		\$	\$ 60,069.92	\$		259,003.00	\$ 442,343.22
49-05	21,993.43			979.68				21,013.75
08-06	271,506.60			14,351.87				257,154.73
32-06/ 09-42	183,716.58			181,998.06				1,718.52
21-07	125,867.61			5,806.50				120,061.11
17-08	210,549.79			46,367.49				164,182.30
09-27	30,000.00							30,000.00
09-44	1,021,150.00			899,953.46				121,196.54
10-08			747,000.00	288,928.56		683,923.10	337,400.00	131,548.34
10-17			500,000.00	498,057.82				1,942.18
	\$ 3,441,704.75	\$ 520,802.07	\$ 1,247,000.00	\$ 2,000,931.17	\$ 636,945.51	\$ 1,398,729.22	\$ 1,398,729.22	\$ 2,571,630.14

Bracketed amount denotes deficit.

**BOROUGH OF RED BANK**  
**GENERAL CAPITAL FUND**  
**STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION, UNFUNDED**

Ordinance Number	Improvement Description	Balance December 31, 2009	2010 Authorizations	Balance December 31, 2010	Analysis of Balance, December 31, 2010	
					Bond Anticipation Notes	Unfunded Improvement Authorization
31-05	Acquisition of Waterfront Park	\$ 98,611.70	\$	\$ 98,611.70	\$	\$ 98,611.70
49-05	Various 2005 Road Improvements	37,500.00		37,500.00		37,500.00
17-08	Phase II Road Improvements to Spring Street	328,000.00		328,000.00	163,817.70	164,182.30
06-32/ 09-42/10-10	Conversion and Development of Municipally Owned Land into Waterfront Park	133,000.00		133,000.00		133,000.00
44-09	Various Improvements to Count Basie Park	795,500.00		795,500.00	674,303.46	121,196.54
10-08	Various 2010 Road Improvements		747,700.00	747,700.00	615,451.66	162,248.34
10-17	Tax Appeal Judgments and Settlements		500,000.00	500,000.00	498,057.82	1,942.18
		<u>\$ 1,392,611.70</u>	<u>\$ 1,247,700.00</u>	<u>\$ 2,640,311.70</u>	<u>\$ 1,951,630.64</u>	<u>\$ 718,681.06</u>
Bond Anticipation Notes Outstanding				\$	3,113,500.00	
Less: Unexpended Note Proceeds						
Ordinance #:						
31-05				\$	350,000.00	
39-05/09-09					260,000.00	
17-08					164,182.30	
06-32/09-42/10-10					133,000.00	
44-09					121,196.54	
10-08					131,548.34	
10-17					1,942.18	
					<u>1,161,869.36</u>	
				\$	<u>1,951,630.64</u>	

**BOROUGH OF RED BANK  
GENERAL CAPITAL FUND  
STATEMENT OF IMPROVEMENT AUTHORIZATIONS**

Ordinance Number	Description	2010 Authorizations										
		Ordinance		Balance December 31, 2009		Deferred Charges to Future Taxation, Unfunded	Capital Improvement Fund	Grants	Paid or Charged	Prior Years Encumbrances Cancelled	Balance December 31, 2010	
		Date	Amount	Funded	Unfunded						Funded	Unfunded
6-02	Acquisition of a Pumper Fire Truck	03/12/02	\$ 575,000.00	\$ 1,889.61	\$	\$	\$	\$	\$	\$	1,889.61	\$
1-04	Renovations and Improvements to Red Bank Library	02/10/04	1,775,000.00	28,825.39					87,014.82		115,840.21	
23-04/ 31-06	Renovations and Improvements to Count Basie Park	06/22/04 06/12/06	575,000.00 250,000.00	1,750.00				1,750.00				
31-05	Acquisition of Waterfront Park	07/11/05	550,000.00	21,008.27	98,611.70			2,667.81			18,340.46	98,611.70
37-05	Purchase of a Pumper Fire Truck	09/26/05	525,000.00	199.73							199.73	
39-05/ 09-09	Various Improvements and Renovations to Marine Park	10/10/05 03/09/09	2,826,100.00 1,174,550.00	243,410.14				60,069.92			183,340.22	
49-05	Various 2005 Road Improvements	11/07/05	1,250,000.00	21,993.43	37,500.00			979.68			21,013.75	37,500.00
08-06	Various 2006 Road Improvements	03/13/06	1,210,000.00	271,506.60				14,351.87			257,154.73	
32-06/ 09-42 10-10	Conversion of Municipal Land to Waterfront Park	06/12/06 08/10/09 10/10/10		50,716.58	133,000.00						127,721.52	133,000.00
21-07	Various 2007 Road Improvements	2007	1,860,000.00	125,867.61				5,806.50			120,061.11	
17-08	Phase II Road Improvements to Spring Street	08/11/08	545,000.00	210,549.79				46,367.49			520,000.00	164,182.30
09-27	Leasing of Certain Capital Equipment	07/27/09	530,000.00	520,000.00				899,953.46				
09-44	Various Improvements to Count Basie Park	10/09/09	1,125,000.00	225,650.00	795,500.00							121,196.64
10-08	Various 2010 Road Improvements	02/22/10	1,115,100.00					952,851.66				162,248.34
10-17	Tax Appeal Judgements and Settlements	05/10/10	500,000.00					498,057.82				1,942.18
				\$ 1,512,817.36	\$ 1,275,161.49	\$ 1,247,700.00	\$ 37,400.00	\$ 589,003.00	\$ 2,664,854.27	\$ 87,014.82	\$ 1,365,561.34	\$ 718,681.06

**BOROUGH OF RED BANK  
GENERAL CAPITAL FUND  
STATEMENT OF BOND ANTICIPATION NOTES**

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Original Amount Issued</u>	<u>Date of Issue of Original Note</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance December 31, 2009</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance December 31, 2010</u>
31-05	Acquisition of Real Property Waterfront Park	\$ 540,000.00	12/03/09	12/03/09 12/02/10	12/02/10 11/30/11	1.07% 1.50%	\$ 450,000.00	\$ 350,000.00	\$ 450,000.00	\$ 350,000.00
05-39/ 09-09	Various Improvements and Renovations to Marine Park	1,785,000.00	12/03/09	12/03/09 12/02/10	12/02/10 11/30/11	1.07% 1.50%	260,000.00	260,000.00	260,000.00	260,000.00
06-32/ 09-42/10-10	Conversion and Development of Municipally Owned Land into Waterfront Park	351,500.00	12/03/09	12/03/09 12/02/10	12/02/10 11/30/11	1.07% 1.50%	133,000.00	133,000.00	133,000.00	133,000.00
17-08	Phase II Road Improvements to Spring Street	328,000.00	12/03/09	12/03/09 12/02/10	12/02/10 11/30/11	1.07% 1.50%	328,000.00	328,000.00	328,000.00	328,000.00
44-09	Various Improvements to Count Basie Park	795,500.00	12/03/09	12/03/09 12/02/10	12/02/10 11/30/11	1.07% 1.50%	795,500.00	795,500.00	795,500.00	795,500.00
10-08	Various 2010 Road Improvements	747,000.00	12/02/10	12/02/10	11/30/11	1.50%		747,000.00		747,000.00
17-10	Tax Appeal Judgments Refunding	500,000.00	12/02/10	12/02/10	11/30/11	1.50%		500,000.00		500,000.00
							<u>\$ 1,966,500.00</u>	<u>\$ 3,113,500.00</u>	<u>\$ 1,966,500.00</u>	<u>\$ 3,113,500.00</u>

**BOROUGH OF RED BANK**  
**GENERAL CAPITAL FUND**  
**STATEMENT OF SERIAL BONDS**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance December 31, 2009	Decrease	Balance December 31, 2010
			Date	December 31, 2010 Amount				
General Improvement	11/1/1995	\$ 2,985,000.00				\$ 200,000.00	\$ 200,000.00	\$
General Improvement	10/1/1998	3,273,000.00	2011	\$ 353,000.00	4.150%	663,000.00	310,000.00	353,000.00
General Improvement	8/1/2002	5,481,000.00	2011 2012 2013	550,000.00 615,000.00 696,000.00	Var.	2,391,000.00	530,000.00	1,861,000.00
General Improvement	6/15/2004	2,731,000.00	2011 2012 2013 2014	285,000.00 295,000.00 315,000.00 331,000.00	3.750% 3.750% 4.000% 4.000%	1,501,000.00	275,000.00	1,226,000.00
General Improvement	7/15/2007	7,391,000.00	2011 2012 2013 2014 2015 2016 2017 2018	550,000.00 600,000.00 640,000.00 700,000.00 740,000.00 830,000.00 890,000.00 941,000.00	4.125% 4.125% 4.125% 4.125% 4.250% 4.250% 4.250% 4.250%	6,421,000.00	530,000.00	5,891,000.00
						<u>\$ 11,176,000.00</u>	<u>\$ 1,845,000.00</u>	<u>\$ 9,331,000.00</u>

**BOROUGH OF RED BANK  
GENERAL CAPITAL FUND  
STATEMENT OF REFUNDING SERIAL BONDS**

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Maturities of Bonds</u>		<u>Interest Rate</u>	<u>Balance December 31, 2009</u>	<u>Decrease</u>	<u>Balance December 31, 2010</u>
			<u>Date</u>	<u>Amount</u>				
MCIA Refunding Bonds	2/1/2006	\$ 888,000.00	2011	\$ 100,000.00	3.75%	\$ 585,000.00	\$ 102,000.00	\$ 483,000.00
			2012	99,000.00	5.00%			
			2013	99,000.00	4.50%			
			2014	98,000.00	3.80%			
			2015	87,000.00	5.00%			
			2015	87,000.00	5.00%			
						<u>\$ 585,000.00</u>	<u>\$ 102,000.00</u>	<u>\$ 483,000.00</u>

**BOROUGH OF RED BANK**  
**GENERAL CAPITAL FUND**  
**STATEMENT OF INTERGOVERNMENTAL RECEIVABLES**

	NJ Department of Transportation				New Jersey Department of Environmental Protection		
	Various 2008 Road Improvements Ord. #17-08	Various 2007 Road Improvements Ord. #07-21	Various 2010 Road Improvements Ord. # 08-10	Various Improvements to Count Basie Park Ord. # 09-44	Conversion of Municipal Land to Waterfront Park Ords. # 06-32/09-42/10-10		
<u>Total</u>							
<u>BALANCE, DECEMBER 31, 2009</u>	\$ 507,500.00	\$ 50,000.00	\$ 170,000.00	\$ 287,500.00	\$		
<u>INCREASED BY</u>							
Grants Awarded	589,003.00		330,000.00			259,003.00	
	1,096,503.00	50,000.00	170,000.00	287,500.00		259,003.00	
<u>DECREASED BY</u>							
Receipts	506,503.00		247,500.00			259,003.00	
<u>BALANCE, DECEMBER 31, 2010</u>	\$ 590,000.00	\$ 50,000.00	\$ 170,000.00	\$ 287,500.00	\$		
Detail:							
Unreserved	\$ 420,000.00	\$ 50,000.00	\$ 82,500.00	\$ 287,500.00	\$		
Reserved	170,000.00	170,000.00					
	\$ 590,000.00	\$ 50,000.00	\$ 170,000.00	\$ 287,500.00	\$		

BOROUGH OF RED BANK  
GENERAL CAPITAL FUND  
STATEMENT OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance December 31, 2009</u>	<u>2010 Authorizations</u>	<u>Bond Anticipation Note Issued</u>	<u>Balance December 31, 2010</u>
49-05	Various 2005 Road Improvements	\$ 37,500.00	\$	\$	\$ 37,500.00
10-08	Various 2010 Road Improvements		747,700.00	747,000.00	700.00
10-17	Tax Appeal Judgements and Settlements		500,000.00	500,000.00	
		<u>\$ 37,500.00</u>	<u>\$ 1,247,700.00</u>	<u>\$ 1,247,000.00</u>	<u>\$ 38,200.00</u>



**UTILITY OPERATING FUNDS - COMBINED STATEMENTS**

**BOROUGH OF RED BANK**  
**COMBINED COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND**  
**FUND BALANCE - PARKING AND WATER-SEWER UTILITY OPERATING FUNDS - REGULATORY BASIS**  
**AS OF DECEMBER 31, 2010 AND 2009**

	Parking Utility		Water-Sewer Utility		Totals (Memorandum Only)	
	2010	2009	2010	2009	2010	2009
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ 931,179.96	\$ 743,583.12	\$ 944,717.99	\$ 526,712.03	\$ 1,875,897.95	\$ 1,270,295.15
Consumer Accounts Receivable			1,140,702.15	1,102,126.59	1,140,702.15	1,102,126.59
Water-Sewer Utility Liens Receivable			3,981.60	3,981.60	3,981.60	3,981.60
Interfunds Receivable	24.51		115,000.00	115,000.00	115,024.51	115,000.00
Inventory	540.00	11,625.00	2,990.00	6,372.00	3,530.00	17,997.00
Total Assets	\$ 931,744.47	\$ 755,208.12	\$ 2,207,391.74	\$ 1,754,192.22	\$ 3,139,136.21	\$ 2,509,400.34
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>						
<b>Liabilities:</b>						
Appropriation Reserves	\$ 50,380.49	\$ 7,204.72	\$ 72,319.15	\$ 4,312.12	\$ 122,699.64	\$ 11,516.84
Other Liabilities and Reserves:						
Reserve for Encumbrances	4,952.83	4,177.84	46,146.48	106,870.77	51,099.31	111,048.61
Interfunds Payable	2,000.00	2,269.80	170,534.21	153,453.69	172,534.21	155,723.49
Reserve for Parking Fee Variance	593,520.00	539,520.00	2,935.88	2,935.88	593,520.00	539,520.00
Customer Overpayments					2,935.88	2,935.88
Accrued Interest on Bonds and Notes	600,472.83	545,967.64	219,616.57	263,260.34	820,089.40	809,227.98
Reserve for Receivables and Inventory	4,175.29	6,236.05	143,403.93	142,104.51	147,579.22	148,340.56
Fund Balance	540.00	11,625.00	1,147,673.75	1,112,480.19	1,148,213.75	1,124,105.19
	276,175.86	184,174.71	624,378.34	232,035.06	900,554.20	416,209.77
Total Liabilities, Reserves and Fund Balance	\$ 931,744.47	\$ 755,208.12	\$ 2,207,391.74	\$ 1,754,192.22	\$ 3,139,136.21	\$ 2,509,400.34

**PARKING UTILITY OPERATING FUND**

**BOROUGH OF RED BANK**  
**PARKING UTILITY OPERATING FUND**  
**COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGE IN**  
**OPERATING FUND BALANCE - REGULATORY BASIS**  
**FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

	<u>2010</u>	<u>2009</u>
Revenue and Other Income Realized:		
Parking Fees	\$ 720,894.75	\$ 785,567.94
Increase in Parking Fees	260,000.00	
Riverview Hospital - Lease Agreement	298,895.52	310,428.33
Reserve for Payment of Bonds	57,100.00	
Increase in Broad Street Parking Fees	151,742.03	
Non-Budget Revenue	743.66	3,455.35
Other Credits to Income - Unexpended Balance of Appropriation Reserves	5,725.19	18,045.97
Current Year's Budget Appropriations Cancelled	<u>131,900.00</u>	<u>100,000.00</u>
Total Income	<u>1,627,001.15</u>	<u>1,217,497.59</u>
Expenditures:		
Operating	635,012.00	729,100.00
Debt Service	187,578.00	189,700.00
Deferred Charges and Statutory Expenditures	56,000.00	62,000.00
Surplus Transferred to Current Fund	<u>656,410.00</u>	<u>135,000.00</u>
Total Expenditures	<u>1,535,000.00</u>	<u>1,115,800.00</u>
Excess in Revenues/ Statutory Excess to Fund Balance	92,001.15	101,697.59
Fund Balance, January 1	<u>184,174.71</u>	<u>182,477.12</u>
	276,175.86	284,174.71
Decreased by:		
Transferred to Current Fund	<u>                    </u>	<u>100,000.00</u>
Fund Balance, December 31	<u>\$ 276,175.86</u>	<u>\$ 184,174.71</u>

**BOROUGH OF RED BANK**  
**PARKING UTILITY OPERATING FUND**  
**STATEMENT OF REVENUES - REGULATORY BASIS**  
**YEAR ENDED DECEMBER 31, 2010**

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Parking Fees	\$ 780,000.00	\$ 720,894.75	\$ (59,105.25)
Riverview Hospital - Lease Agreement	297,900.00	298,895.52	995.52
Parking Utility Capital Fund Balance	57,100.00	57,100.00	
Increase in Parking Fees	260,000.00	260,000.00	
Increase in Broad Street Parking Fees	<u>140,000.00</u>	<u>151,742.03</u>	<u>11,742.03</u>
	\$ 1,535,000.00	\$ 1,488,632.30	\$ (46,367.70)
Non-Budget Revenue	<u>                    </u>	<u>743.66</u>	<u>743.66</u>
	<u>\$ 1,535,000.00</u>	<u>\$ 1,489,375.96</u>	<u>\$ (45,624.04)</u>

**ANALYSIS OF NON-BUDGET REVENUES**

Miscellaneous:

Interest on Investments:

Capital Fund

\$ 743.66

\$ 743.66

BOROUGH OF RED BANK  
PARKING UTILITY OPERATING FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2010

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	<u>Canceled</u>
<u>OPERATING</u>						
Salaries and Wages	\$ 242,340.00	\$ 242,340.00	\$ 238,791.11	\$ 4,952.83	\$ 3,548.89	\$ 50,000.00
Other Expenses	392,672.00	392,672.00	290,887.57		46,831.60	
Total Operating	635,012.00	635,012.00	529,678.68	4,952.83	50,380.49	50,000.00
<u>DEBT SERVICE</u>						
Payment of Bond Principal	95,000.00	95,000.00	95,000.00			
Interest on Bonds	10,678.00	10,678.00	10,678.00			
Capital Lease	81,900.00	81,900.00				81,900.00
Total Debt Service	187,578.00	187,578.00	105,678.00			81,900.00
<u>DEFERRED CHARGES AND STATUTORY EXPENDITURES</u>						
Statutory Expenditures:						
Contribution to:						
Public Employees' Retirement System	35,000.00	35,000.00	35,000.00			
Social Security System (O.A.S.I.)	21,000.00	21,000.00	21,000.00			
Total Deferred Charges and Statutory Expenditures	56,000.00	56,000.00	56,000.00			
Surplus (General Budget)	656,410.00	656,410.00	656,410.00			
Total Parking Utility Appropriations	\$ 1,535,000.00	\$ 1,535,000.00	\$ 1,347,766.68	\$ 4,952.83	\$ 50,380.49	\$ 131,900.00

**BOROUGH OF RED BANK**  
**PARKING UTILITY OPERATING FUND**  
**STATEMENT OF 2009 APPROPRIATION RESERVES**

	<u>Balance</u>			<u>Balance</u>		<u>Balance</u>
	<u>December 31, 2009</u>	<u>Reserve for</u>		<u>After</u>	<u>Paid or</u>	<u>Lapsed</u>
	<u>Appropriation</u>	<u>Encumbrances</u>		<u>Transfers</u>	<u>Charged</u>	
	<u>Reserves</u>					
Operating:						
Salaries and Wages	\$ 52.60	\$	\$ 52.60	\$	\$	52.60
Other Expenses	2,280.30	4,177.84	6,458.14	5,657.37	800.77	
Statutory Expenditures:						
Contribution to Soc. Security	4,871.82		4,871.82		4,871.82	
	<u>7,204.72</u>	<u>\$ 4,177.84</u>	<u>\$ 11,382.56</u>	<u>\$ 5,657.37</u>	<u>\$ 5,725.19</u>	

**BOROUGH OF RED BANK**  
**PARKING UTILITY OPERATING FUND**  
**STATEMENT OF ACCRUED INTEREST ON BONDS AND NOTES**

BALANCE DECEMBER 31, 2009 \$ 6,236.05

INCREASED BY

2010 Budget Appropriation:  
Interest on Bonds

10,678.00

\$ 16,914.05

DECREASED BY

Cash Disbursed

12,738.76

BALANCE DECEMBER 31, 2010 \$ 4,175.29

ANALYSIS OF ACCRUAL

	<u>Date of Issue</u>	<u>Accrual Period</u>	<u>Interest Rate</u>	<u>Amount Outstanding December 31, 2010</u>	<u>Accrual</u>
<u>Serial Bonds</u>					
Serial Bonds - 2002	8/1/2002	5 Months	Var.	\$ 180,000.00	\$ 2,768.75
Serial Bonds - 2004	6/15/2004	5 Months	Var.	<u>90,000.00</u>	<u>1,406.25</u>
				<u>\$ 270,000.00</u>	4,175.00
Add: Excess to be utilized in 2011 budget					<u>0.29</u>
					<u>\$ 4,175.29</u>



**WATER-SEWER UTILITY OPERATING FUND**

**BOROUGH OF RED BANK**  
**WATER-SEWER UTILITY OPERATING FUND**  
**COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGE IN**  
**OPERATING FUND BALANCE - REGULATORY BASIS**  
**FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

	<u>2010</u>	<u>2009</u>
Revenue and Other Income Realized:		
Collection of Water-Sewer Rents	\$ 6,118,207.01	\$ 5,886,983.55
Additional Rents - Rate Increase	400,000.00	
Water and Sewer Connection Fees	61,724.98	68,512.49
Miscellaneous	139,269.68	100,764.02
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	3,390.03	9,058.96
Current Appropriations Cancelled		115,000.00
Total Income	<u>6,722,591.70</u>	<u>6,180,319.02</u>
Expenditures:		
Operating	4,193,201.00	4,608,176.00
Capital Improvement Fund	17,500.00	155,000.00
Debt Service	1,000,827.42	929,000.00
Deferred Charges and Statutory Expenditures	125,000.00	128,024.00
Surplus - General Budget	<u>993,720.00</u>	<u>355,000.00</u>
Total Expenditures	<u>6,330,248.42</u>	<u>6,175,200.00</u>
Excess in Revenues/ Statutory Excess to Fund Balance	392,343.28	5,119.02
Fund Balance, January 1	<u>232,035.06</u>	<u>396,916.04</u>
	624,378.34	402,035.06
Decreased by:		
Transferred to Current Fund		<u>170,000.00</u>
Fund Balance, December 31	<u>\$ 624,378.34</u>	<u>\$ 232,035.06</u>

**BOROUGH OF RED BANK**  
**WATER-SEWER UTILITY OPERATING FUND**  
**STATEMENT OF REVENUES - REGULATORY BASIS**  
**YEAR ENDED DECEMBER 31, 2010**

	<u>Anticipated</u>	<u>Realized</u>	Excess or <u>(Deficit)</u>
Rents and Other Charges	\$ 5,807,748.42	\$ 6,118,207.01	\$ 310,458.59
Water and Sewer Connection Fees	25,000.00	61,724.98	36,724.98
Increase in Water and Sewer Fees	400,000.00	400,000.00	
Miscellaneous	<u>97,500.00</u>	<u>133,502.13</u>	<u>36,002.13</u>
	\$ 6,330,248.42	\$ 6,713,434.12	\$ 383,185.70
Non-Budget Revenue	<u>                    </u>	<u>5,767.55</u>	<u>5,767.55</u>
	<u>\$ 6,330,248.42</u>	<u>\$ 6,719,201.67</u>	<u>\$ 388,953.25</u>

## Non-Budget Revenue:

Capital Fund Interest  
Sundry

\$ 5,532.22  
235.33  
\$ 5,767.55

BOROUGH OF RED BANK  
WATER-SEWER UTILITY OPERATING FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2010

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>
<u>OPERATING</u>					
Salaries and Wages	\$ 688,950.00	\$ 703,950.00	\$ 699,116.23	\$	4,833.77
Other Expenses	1,467,751.00	1,445,251.00	1,372,885.48	46,141.98	26,223.54
Regional Sewer Authority Charges	1,363,000.00	1,363,000.00	1,359,457.00		3,543.00
Manasquan River Water Purchases	681,000.00	681,000.00	643,281.16		37,718.84
Total Operating	4,200,701.00	4,193,201.00	4,074,739.87	46,141.98	72,319.15
<u>CAPITAL IMPROVEMENTS</u>					
Capital Improvement Fund	10,000.00	17,500.00	17,500.00		
Total Capital Improvements	10,000.00	17,500.00	17,500.00		
<u>DEBT SERVICE</u>					
Payment of Bond Principal	648,053.42	648,053.42	648,053.42		
Interest on Bonds	352,774.00	352,774.00	352,774.00		
Total Debt Service	1,000,827.42	1,000,827.42	1,000,827.42		
<u>DEFERRED CHARGES AND STATUTORY EXPENDITURES</u>					
Statutory Expenditures:					
Contribution to:					
Public Employees' Retirement System	75,000.00	75,000.00	75,000.00		
Social Security System (O.A.S.I.)	50,000.00	50,000.00	50,000.00		
Total Deferred Charges and Statutory Expenditures	125,000.00	125,000.00	125,000.00		
Surplus (General Budget)	993,720.00	993,720.00	993,720.00		
Total Water-Sewer Utility Appropriations	\$ 6,330,248.42	\$ 6,330,248.42	\$ 6,211,787.29	\$ 46,141.98	\$ 72,319.15

**BOROUGH OF RED BANK**  
**WATER-SEWER UTILITY OPERATING FUND**  
**STATEMENT OF CONSUMER ACCOUNTS RECEIVABLE**

<u>BALANCE, DECEMBER 31, 2009</u>	\$ 1,102,126.59
<u>INCREASED BY</u>	
Rents Charged in 2010	<u>6,556,782.57</u>
	7,658,909.16
<u>DECREASED BY</u>	
Collections - Net	<u>6,518,207.01</u>
<u>BALANCE, DECEMBER 31, 2010</u>	<u>\$ 1,140,702.15</u>

**STATEMENT OF WATER-SEWER UTILITY LIENS RECEIVABLE**

<u>BALANCE, DECEMBER 31, 2009</u>	\$ 3,981.60
<u>AND</u>	
<u>BALANCE, DECEMBER 31, 2010</u>	<u>\$ 3,981.60</u>

**BOROUGH OF RED BANK**  
**WATER - SEWER UTILITY OPERATING FUND**  
**STATEMENT OF 2009 APPROPRIATION RESERVES**

	<u>Balance</u>			<u>Balance</u>		<u>Balance</u>
	<u>December 31, 2009</u>			<u>After</u>	<u>Paid or</u>	<u>Lapsed</u>
	<u>Appropriation</u>	<u>Reserve for</u>		<u>Transfers</u>	<u>Charged</u>	
	<u>Reserves</u>	<u>Encumbrances</u>				
Operating:						
Other Expenses	\$ 4,236.21	\$ 106,870.77	\$	111,106.98	\$ 107,792.86	\$ 3,314.12
Manasquan River Water Purchases	75.91			75.91		75.91
	<u>\$ 4,312.12</u>	<u>\$ 106,870.77</u>	\$	<u>111,182.89</u>	<u>\$ 107,792.86</u>	<u>\$ 3,390.03</u>

**BOROUGH OF RED BANK**  
**WATER-SEWER UTILITY OPERATING FUND**  
**STATEMENT OF ACCRUED INTEREST ON BONDS AND NOTES**

<u>BALANCE DECEMBER 31, 2009</u>	\$ 142,104.51
<u>INCREASED BY</u>	
2010 Budget Appropriation:	
Interest on Bonds	<u>352,774.00</u>
	494,878.51
<u>DECREASED BY</u>	
Cash Disbursed	<u>351,474.58</u>
<u>BALANCE DECEMBER 31, 2010</u>	<u>\$ 143,403.93</u>

ANALYSIS OF ACCRUAL

	<u>Date of Issue</u>	<u>Accrual Period</u>	<u>Interest Rate</u>	<u>Amount Outstanding December 31, 2010</u>	<u>Accrual</u>
<u>Serial Bonds</u>					
2002 Series	8/1/2002	5 Months	Var.	\$ 420,000.00	\$ 6,465.63
2004 Series	6/15/2004	5 Months	Var.	1,710,000.00	28,591.14
2007 Series	7/15/2007	5.5 Months	Var.	5,505,000.00	96,747.40
NJEIT Bonds	11/23/2009	5 Months	Var.	<u>680,000.00</u>	<u>11,598.96</u>
				<u>\$ 8,315,000.00</u>	<u>\$ 143,403.13</u>
<u>Bond Anticipation Notes</u>					
Ord 09-10	12/1/2010	1 Month	1.50%	\$ 477,000.00	596.25
				<u>\$ 477,000.00</u>	<u>596.25</u>
					\$ 143,999.38
Less deficit to be raised in 2011 Budget					<u>(595.45)</u>
					<u>\$ 143,403.93</u>

**UTILITY CAPITAL FUNDS - COMBINED STATEMENTS**



**BOROUGH OF RED BANK**  
**COMBINED COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND**  
**FUND BALANCE - PARKING AND WATER-SEWER UTILITY CAPITAL FUNDS - REGULATORY BASIS**  
**AS OF DECEMBER 31, 2010 AND 2009**

	<u>Parking Utility</u>		<u>Water-Sewer Utility</u>		<u>Totals</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ 80,904.30	\$ 148,413.13	\$ 1,358,335.98	\$ 1,522,484.22	\$ 1,439,240.28	\$ 1,670,897.35
Fixed Capital	3,549,558.93	3,549,558.93	10,213,299.70	9,065,403.29	13,762,858.63	12,614,962.22
Fixed Capital Authorized and Uncompleted	315,000.00	315,000.00	11,897,826.00	12,527,500.00	12,212,826.00	12,842,500.00
Interfund Receivable	3,864,558.93	3,864,558.93	22,111,125.70	21,592,903.29	25,975,684.63	25,457,462.22
Due from New Jersey Environmental Infrastructure Trust		269.80	170,534.21	153,453.69	170,534.21	153,723.49
Total Assets	\$ 3,945,463.23	\$ 4,013,241.86	\$ 24,280,142.89	\$ 25,739,068.20	\$ 28,225,606.12	\$ 29,752,310.06
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>						
Serial Bonds	\$ 270,000.00	\$ 365,000.00	\$ 8,972,022.58	\$ 9,620,076.00	\$ 9,242,022.58	\$ 9,985,076.00
Bond Anticipation Notes			477,000.00		477,000.00	
Improvement Authorizations:						
Funded	37,703.17	48,406.31	1,405,754.37	3,855,370.23	1,443,457.54	3,903,776.54
Unfunded			465,676.19	439,773.00	465,676.19	439,773.00
Capital Improvement Fund	37,703.17	48,406.31	1,871,430.56	4,295,143.23	1,909,133.73	4,343,549.54
Reserve for Payment of Bonds	3,400.00	3,400.00	574.00	25,500.00	3,974.00	28,900.00
Reserve for Encumbrances	39,768.64	96,868.64			39,768.64	96,868.64
Interfunds Payable	24.51		735,582.04	265,294.68	735,582.04	265,294.68
Reserve for Amortization	43,193.15	100,268.64	736,156.04	290,794.68	779,349.19	391,063.32
Deferred Reserve for Amortization	3,594,558.93	3,499,558.93	11,995,331.05	11,347,277.63	15,589,889.98	14,846,836.56
Fund Balance			228,202.66	185,776.66	228,202.66	185,776.66
Total Liabilities, Reserves and Fund Balance	\$ 3,945,463.23	\$ 4,013,241.86	\$ 24,280,142.89	\$ 25,739,068.20	\$ 28,225,606.12	\$ 29,752,310.06

There were Bonds and Notes Authorized But Not Issued at December 31, 2010 in the Parking Utility Capital Fund of \$ None and in the Water-Sewer Utility Capital Funds of \$xxx.

**PARKING UTILITY CAPITAL FUND**

**BOROUGH OF RED BANK**  
**PARKING UTILITY CAPITAL FUND**  
**ANALYSIS OF CASH AND CASH EQUIVALENTS**

	Balance December 31, 2009	Receipts Other	Improvement Authorizations	Disbursements	Transfer To	From	Balance December 31, 2010
Fund Balance	\$ 7.98	\$	\$				\$ 7.98
Due (from)/to Parking Utility Operating Fund	(269.80)	743.66		57,549.35	57,100.00		24.51
Capital Improvement Fund	3,400.00						3,400.00
Reserve for Payment of Bonds	96,868.64					57,100.00	39,768.64
Improvement Authorizations:							
Ordinance Number							
02-04 Acquisition and Installation of Parking Meters and the Resurfacing of Parking Lots	48,406.31		10,703.14				37,703.17
	\$ 148,413.13	\$ 743.66	\$ 10,703.14	\$ 57,549.35	\$ 57,100.00	\$ 57,100.00	\$ 80,904.30

BOROUGH OF RED BANK  
PARKING UTILITY CAPITAL FUND  
STATEMENT OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

<u>Ordinance Number</u>	<u>Description</u>	<u>Ordinance Date</u>	<u>Ordinance Amount</u>	<u>Balance December 31, 2010 and 2009</u>
02-04	Acquisition and Installation of Parking Meters and the Resurfacing of Parking Lots	2/10/2004	\$ 315,000.00	\$ 315,000.00
			\$	\$ 315,000.00

There was no change during the year.

**BOROUGH OF RED BANK**  
**PARKING UTILITY CAPITAL FUND**  
**STATEMENT OF SERIAL BONDS**

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Maturities of Bonds Outstanding December 31, 2010</u>		<u>Interest Rate</u>	<u>Balance December 31, 2009</u>	<u>Decreased</u>	<u>Balance December 31, 2010</u>
			<u>Date</u>	<u>Amount</u>				
Parking Utility Bonds	8/1/2002	\$ 535,000.00	2011-13	\$ 60,000.00	3.625% - 3.750%	\$ 235,000.00	\$ 55,000.00	\$ 180,000.00
Parking Utility Bonds	6/15/2004	315,000.00	2011-12	45,000.00	3.750%	130,000.00	40,000.00	90,000.00
						<u>\$ 440,000.00</u>	<u>\$ 170,000.00</u>	<u>\$ 270,000.00</u>

**BOROUGH OF RED BANK**  
**PARKING UTILITY CAPITAL FUND**  
**STATEMENT OF IMPROVEMENT AUTHORIZATIONS**

<u>Ordinance Number</u>	<u>Description</u>	<u>Ordinance Date</u>	<u>Amount</u>	<u>Balance December 31, 2009 Funded</u>	<u>Paid or Charged</u>	<u>Balance December 31, 2010 Funded</u>
02-04	Acquisition and Installation of Parking Meters and the Resurfacing of Parking Lots	2/10/2004	\$ 315,000.00	\$ 48,406.31	\$ 10,703.14	\$ 37,703.17
				\$ 48,406.31	\$ 10,703.14	\$ 37,703.17

**WATER-SEWER UTILITY CAPITAL FUND**

**BOROUGH OF RED BANK**  
**WATER-SEWER UTILITY CAPITAL FUND**  
**ANALYSIS OF CASH AND CASH EQUIVALENTS**

	Balance December 31, 2009	Bond Anticipation Note Proceeds	Other Receipts	Disbursements		Transfer	Balance December 31, 2010
				Improvement Authorizations	Other	To From	
Due (from)/to Water-Sewer Utility Operating Fund	\$ (153,453.69)	\$	\$ 5,523.22	\$	\$ 5,103.74	\$ 17,500.00	\$ (170,534.21)
Capital Improvement Fund	25,500.00					42,426.00	574.00
Reserve for Payment of Bonds	265,294.68				265,294.68	2,103.59	2,103.59
Reserve for Encumbrances	(2,470,227.00)		1,830,080.00			735,562.04	735,562.04
Due from NJEIT							(640,147.00)
Improvement Authorizations:							
Ordinance Number	Description						
26-02	Various 2002 Improvements to the Water-Sewer Facility	2,103.59				2,103.59	
15-03	Acquisition and Installation of Replacement Water Meters and Improvements to Water Facilities	394,220.85		16,989.55		804.45	376,426.85
35-04/ 23-05	Reconstruction of the Sewer Main Along Maple Ave.	541,511.20		11,578.00		90,000.00	439,933.20
48-05	Replacement of Sanitary Sewer Lines	35,363.91		30,392.73			4,971.18
9-06	Repair and Replacement of Sewer Lines and Hydrant Installation	37,456.64					37,456.64
10-06	Various Facility Improvements	269,385.49		90,070.85		17,811.42	161,503.22
22-07	Water Mains, Fire Hydrant Valves and Sewer Pump Stations	119,188.12		14,429.99		34,128.00	70,630.13
23-07	Various 2007 Capital Improvements	49,823.36					49,823.36
24-08	Various 2008 Capital Improvements	2,406,317.07		1,988,895.11		194,838.17	222,583.79
09-10	Various 2010 Capital Improvements		477,000.00	53,996.81		398,000.00	25,003.19
39-10	Septic Tank 2010 Improvements						
		\$ 1,522,484.22	\$ 477,000.00	\$ 2,206,353.04	\$ 270,398.42	\$ 797,611.63	\$ 1,358,335.98
			\$ 1,835,603.22	\$	\$	\$	\$
						42,426.00	42,426.00



**BOROUGH OF RED BANK**  
**WATER-SEWER UTILITY CAPITAL FUND**  
**STATEMENT OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED**

<u>Ordinance Number</u>	<u>Description</u>	<u>Ordinance Date</u>	<u>Ordinance Amount</u>	<u>Balance December 31, 2009</u>	<u>2010 Authorizations</u>	<u>Transferred to Fixed Capital</u>	<u>Canceled</u>	<u>Balance December 31, 2010</u>
26-02	Various 2002 Improvements to the Water-Sewer Facility	11/26/2002	\$ 1,150,000.00	\$ 1,150,000.00	\$	\$ 1,147,896.41	\$ 2,103.59	\$
5-03/ 37-03	Various 2003 Water System and Sanitary Sewer Repairs	2/25/2003 9/23/2003	410,000.00	410,000.00				410,000.00
15-03	Acquisition and Installation of Replacement Water Meters and Improvements to Water Facilities	5/27/2003	1,330,000.00	1,316,500.00				1,316,500.00
35-04/ 23-05	Reconstruction of the Sewer Main along Maple Ave.	9/28/2004, 5/23/2005	1,000,000.00 945,000.00	1,945,000.00				1,945,000.00
48-05	Replacement of Sanitary Sewer Lines	11/7/2005	200,000.00	200,000.00				200,000.00
9-06	Repair and Replacement of Sewer Lines and Hydrant Installation	3/13/2006	250,000.00	250,000.00				250,000.00
10-06	Various Facility Improvements	3/13/2006	2,425,000.00	2,425,000.00				2,425,000.00
22-07	Water Mains, Fire Hydrant Valves and Sewer Pump Stations	5/29/2007	1,140,000.00	1,140,000.00				1,140,000.00
23-07	Various 2007 Capital Improvements	5/29/2007	400,000.00	400,000.00				400,000.00
24-08/ 4-09/24-09	Various 2008 Capital Improvements	9/22/2008	675,000.00	3,291,000.00				3,291,000.00
09-10	Various 2010 Capital Improvements	2/22/2010	477,900.00		477,900.00			477,900.00
39-10	Septic Tank 2010 Improvements	12/8/2010	42,426.00		42,426.00			42,426.00
				<u>\$ 12,527,500.00</u>	<u>\$ 520,326.00</u>	<u>\$ 1,147,896.41</u>	<u>\$ 2,103.59</u>	<u>\$ 11,897,826.00</u>

**BOROUGH OF RED BANK**  
**WATER-SEWER UTILITY CAPITAL FUND**  
**STATEMENT OF SERIAL BONDS**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance December 31, 2009	Decreased	Balance December 31, 2010
			Date	Amount				
Water-Sewer Bonds	8/1/2002	\$ 1,200,000.00	2011	\$ 130,000.00	3.625%	\$ 545,000.00	\$ 125,000.00	\$ 420,000.00
			2012	140,000.00	3.700%			
			2013	150,000.00	3.750%			
Water-Sewer Bonds	6/15/2004	2,780,000.00	2011	210,000.00	3.750%	1,910,000.00	200,000.00	1,710,000.00
			2012	220,000.00	3.750%			
			2013	230,000.00	4.000%			
			2014	245,000.00	4.000%			
			2015	250,000.00	4.100%			
			2016	275,000.00	4.125%			
			2017	280,000.00	4.250%			
Water-Sewer Bonds	7/15/2007	6,385,000.00	2011	300,000.00	4.125%	5,805,000.00	300,000.00	5,505,000.00
			2012	340,000.00	4.125%			
			2013	370,000.00	4.125%			
			2014	405,000.00	4.125%			
			2015	435,000.00	4.250%			
			2016	455,000.00	4.250%			
			2017	455,000.00	4.250%			
			2018	480,000.00	4.250%			
			2019	550,000.00	4.250%			
			2020	560,000.00	4.250%			
NJ/EIT Trust Bonds	11/23/09	680,000.00	2021	575,000.00	4.250%			
			2022	580,000.00	4.250%			
			2011	25,000.00	2.000%	680,000.00		680,000.00
			2012	25,000.00	3.000%			
			2013	25,000.00	5.000%			
			2014	25,000.00	5.000%			
			2015	30,000.00	5.000%			
			2016	30,000.00	5.000%			
			2017	30,000.00	5.000%			
			2018	30,000.00	5.000%			

**BOROUGH OF RED BANK**  
**WATER-SEWER UTILITY CAPITAL FUND**  
**STATEMENT OF SERIAL BONDS**

Purpose NJ/EIT Trust Bonds (Continued)	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2010		Interest Rate	Balance December 31, 2009	Decreased	Balance December 31, 2010
			Date	Amount				
			2019	\$ 35,000.00	\$ 4.000%	\$	\$	\$
			2020	35,000.00	4.000%			
			2021	35,000.00	4.000%			
			2022	40,000.00	3.500%			
			2023	40,000.00	4.000%			
			2024	40,000.00	4.000%			
			2025	45,000.00	3.750%			
			2026	45,000.00	4.000%			
			2027	45,000.00	4.000%			
			2028	50,000.00	4.000%			
			2029	50,000.00	4.000%			
NJEIT Fund Loan	11/23/09	2,040,227.00	2011	34,580.13	0.000%	680,076.00	23,053.42	657,022.58
			2012	34,580.13	0.000%			
			2013	34,580.13	0.000%			
			2014	34,580.13	0.000%			
			2015	34,580.13	0.000%			
			2016	34,580.13	0.000%			
			2017	34,580.13	0.000%			
			2018	34,580.13	0.000%			
			2019	34,580.13	0.000%			
			2020	34,580.13	0.000%			
			2021	34,580.13	0.000%			
			2022	34,580.13	0.000%			
			2023	34,580.13	0.000%			
			2024	34,580.13	0.000%			
			2025	34,580.13	0.000%			
			2026	34,580.13	0.000%			
			2027	34,580.13	0.000%			
			2028	34,580.13	0.000%			
			2029	34,580.13	0.000%			
						\$ 9,620,076.00	\$ 648,053.42	\$ 8,972,022.58

**BOROUGH OF RED BANK**  
**WATER-SEWER UTILITY CAPITAL FUND**  
**STATEMENT OF IMPROVEMENT AUTHORIZATIONS**

Ordinance Number	Description	Ordinance		Balance December 31,		Improvement Authorization Cancelled	Paid or Charged	Balance December 31,	
		Date	Amount	Funded	Unfunded			Funded	Unfunded
26-02	Various 2002 Improvements to the Water-Sewer Facility	11/26/2002	\$ 1,150,000.00	\$ 2,103.59	\$	\$	\$	\$	\$
15-03	Acquisition and Installation of Replacement Water Meters and	5/27/2003	1,330,000.00	394,220.85			17,794.00	376,426.85	
35-04/ 23-05/18-08	Reconstruction of the Sewer Main Along Maple Ave.	9/28/2004, 5/23/2005, 8/11/08	1,000,000.00 945,000.00	541,511.20			101,578.00	439,933.20	
48-05	Replacement of Sanitary Sewer Lines	11/7/2005	200,000.00	35,363.91			30,392.73	4,971.18	
9-06	Repair and Replacement of Sewer Lines and Hydrant Installation	3/13/2006	250,000.00	37,456.64				37,456.64	
10-06	Various Facility Improvements	3/13/2006	2,425,000.00	269,385.49			107,882.27	161,503.22	
22-07	Water Mains, Fire Hydrant Valves and Sewer Pump Stations	5/29/2007	1,140,000.00	119,188.12			48,557.99	70,630.13	
23-07	Various 2007 Capital Improvements	5/29/2007	400,000.00	49,823.36				49,823.36	
24-08/4-09/ 24-09	Various 2008 Capital Improvements	9/22/2008, 2/23/2009,	3,291,000.00	2,406,317.07	439,773.00		2,183,733.28	222,583.79	439,773.00
10-09	Various 2010 Capital Improvements	2/22/2010	477,900.00		477,900.00		451,996.81		25,903.19
10-39	Septic Tank 2010 Improvements (Local Improvement)	12/8/2010	42,426.00		42,426.00			42,426.00	
				\$ 3,855,370.23	\$ 439,773.00	\$ 520,326.00	\$ 2,941,935.08	\$ 1,405,754.37	\$ 485,676.19

BOROUGH OF RED BANK  
WATER-SEWER UTILITY CAPITAL FUND  
DUE FROM NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST

BALANCE, DECEMBER 31, 2009 \$ 2,470,227.00

DECREASED BY  
Cash Received 1,830,080.00

BALANCE, DECEMBER 31, 2010 \$ 640,147.00

BOROUGH OF RED BANK  
WATER-SEWER UTILITY CAPITAL FUND  
STATEMENT OF BOND ANTICIPATION NOTES

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Date of Issue of Original Note</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Increased</u>	<u>Balance December 31, 2010</u>
09-10	Various 2010 Capital Improvements	12/1/2010	12/1/2010	11/30/2011	1.50%	\$ 477,000.00	\$ 477,000.00
						<u>\$ 477,000.00</u>	<u>\$ 477,000.00</u>

**BOROUGH OF RED BANK**  
**WATER-SEWER UTILITY CAPITAL FUND**  
**STATEMENT OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED**

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance December 31, 2009</u>	<u>2010 Authorizations</u>	<u>Bond Anticipation Notes Issued</u>	<u>Balance December 31, 2010</u>
24-08/ 4-09/24-09	Various 2008 Water/Sewer Improvements	\$ 439,773.00	\$	\$	\$ 439,773.00
09-10	Various 2010 Capital Improvements		477,900.00	477,000.00	900.00
		<u>\$ 439,773.00</u>	<u>\$ 477,900.00</u>	<u>\$ 477,000.00</u>	<u>\$ 440,673.00</u>

**GENERAL FIXED ASSETS ACCOUNT**



**BOROUGH OF RED BANK**  
**GENERAL FIXED ASSETS ACCOUNT**  
**COMPARATIVE STATEMENTS OF GENERAL FIXED ASSETS**  
**AS OF DECEMBER 31, 2010 AND 2009**

	December 31,	
	<u>2010</u>	<u>2009</u>
General Fixed Assets:		
Land and Buildings	\$ 18,053,582.00	\$ 18,053,582.00
Contents	2,551,481.00	2,551,481.00
Vehicles and Equipment	<u>9,361,212.00</u>	<u>9,357,358.00</u>
	<u>\$ 29,966,275.00</u>	<u>\$ 29,962,421.00</u>
Investment in General Fixed Assets	<u>\$ 29,966,275.00</u>	<u>\$ 29,962,421.00</u>

**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**

The Honorable Mayor and Members of the  
Borough of Red Bank Council  
Borough of Red Bank  
County of Monmouth  
State of New Jersey

We have audited the financial statements - regulatory basis of the Borough of Red Bank, (the "Borough") as of and for the year ended December 31, 2010, and have issued our report thereon dated June 2, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and 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.

As described in Note 1, the Borough prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with the modified accrual basis, with certain exceptions, and the budget laws of New Jersey, which is a comprehensive regulatory basis of accounting other than accounting principles generally accepted in the United States of America.

**Internal Control Over Financial Reporting**

In planning and performing our audit we considered the Borough's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Borough's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough's internal control over financial reporting.

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 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.

**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-(CONTINUED)**

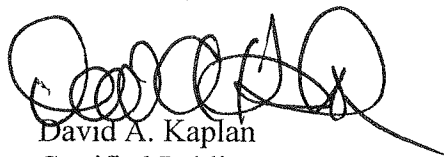
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material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

Compliance and Other Matters

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

However, we noted certain matters that we reported to the management of the Borough within the Comments and Recommendations section of this report.

This report is intended solely for the information and use of the members of the Borough's governing body and its management and for filing with the Division of Local Government Services, Department of Community Affairs, State of New Jersey and is not intended to be and should not be used by anyone other than these specified parties.



David A. Kaplan  
Certified Public Accountant  
Registered Municipal Accountant #433

DAK CPA

DAK CPA, Certified Public Accountants

Long Branch, New Jersey  
June 2, 2011

**STATISTICAL SECTION**

**BOROUGH OF RED BANK**  
**CURRENT FUND EXPENDITURES BY FUNCTION**  
**FOR THE LAST TEN (10) FISCAL YEARS**  
**(ABSTRACTED FROM ANNUAL AUDIT OF BOROUGH RECORDS)**

Function	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
General Government	\$ 2,123,121.12	\$ 2,180,278.07	\$ 2,262,928.67	\$ 2,457,480.41	\$ 2,432,221.89	\$ 2,381,841.25	\$ 1,726,271.00	\$ 1,637,855.00	\$ 1,414,941.00	\$ 1,357,576.00
Land Use Administration	174,715.71	184,325.66	181,800.00	198,000.00	179,700.00	148,000.00	148,400.00	122,500.00	143,100.00	125,455.00
Insurance	2,694,906.31	2,428,157.75	2,480,500.00	2,340,000.00	2,179,000.00	1,785,000.00	1,620,000.00	1,330,000.00	1,140,400.00	1,056,500.00
Public Safety	5,087,993.00	5,038,821.00	4,841,439.18	4,737,600.00	4,248,400.00	4,084,100.00	3,881,035.00	3,854,806.00	3,667,015.00	3,494,090.00
Public Works	1,315,445.00	1,304,440.00	1,406,526.00	1,381,380.00	1,251,000.00	1,183,677.10	1,183,605.00	1,160,000.00	1,270,000.00	1,105,020.00
Landfill/Solid Waste Disposal Costs	359,200.00	455,000.00	525,000.00	580,000.00	580,000.00	528,000.00	470,000.00	610,000.00	608,100.00	633,200.00
Health and Welfare	192,325.00	238,641.00	217,886.01	198,065.99	134,500.00	118,450.00	122,537.00	122,190.00	182,028.00	162,968.00
Parks and Recreation	441,105.00	469,293.75	454,007.00	445,734.00	399,500.00	375,100.00	342,250.00	332,350.00	356,050.00	326,085.00
Utility Expenses and Bulk Purchases	630,000.00	675,000.00	657,773.82	587,000.00	545,000.00	520,900.00	487,500.00	474,200.00	481,500.00	419,300.00
Uniform Construction Code	280,610.00	335,375.00	295,210.00	283,100.00	345,150.00	330,650.00	364,810.00	363,000.00	362,000.00	345,500.00
Contingent and Celebration	500.00	1,425.00	1,500.00	2,200.00	2,200.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00
Deferred Charges and Statutory										
Expenditures	1,627,095.41	1,584,141.19	1,241,060.73	723,089.96	843,456.08	823,499.41	950,278.69	706,611.24	643,849.13	714,740.30
State and Federal Grants	157,183.89	222,406.13	190,977.13	2,568,346.04	106,464.97	216,317.59	710,175.50	364,922.56	449,964.79	563,587.86
Judgements			66,603.84							
Capital Improvements	50,000.00	80,000.00	30,000.00	60,000.00	140,000.00	171,250.00	100,000.00	100,000.00	60,000.00	30,000.00
Debt Service	3,215,777.69	3,289,398.51	3,484,439.00	2,787,078.37	2,771,891.56	2,454,331.87	2,451,842.91	2,243,452.00	1,934,011.00	1,956,899.90
Reserve for Sick/Severance Pay	823,383.04	80,059.00	35,956.88	50,000.00	100,000.00	130,000.00				
Reserve for Uncollected Taxes	948,926.66	1,004,998.61	870,673.81	861,775.24	50,000.00	696,669.92	707,587.40	720,857.47	813,696.60	925,661.71
	<u>\$ 20,122,287.83</u>	<u>\$ 19,571,760.67</u>	<u>\$ 19,244,282.07</u>	<u>\$ 20,260,850.01</u>	<u>\$ 16,308,484.50</u>	<u>\$ 15,929,287.14</u>	<u>\$ 15,267,792.50</u>	<u>\$ 14,144,244.27</u>	<u>\$ 13,508,155.52</u>	<u>\$ 13,218,083.77</u>

Appropriations divided between inside "CAPS" and outside "CAPS" have been combined.

BOROUGH OF RED BANK  
 PARKING UTILITY OPERATING FUND EXPENDITURES BY FUNCTION  
 FOR THE LAST TEN (10) FISCAL YEARS  
 (ABSTRACTED FROM ANNUAL AUDIT OF BOROUGH RECORDS)

	Fiscal Year									
Function	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Operating	\$ 635,012.00	\$ 729,100.00	\$ 792,234.00	\$ 791,480.00	\$ 723,500.00	\$ 638,300.00	\$ 475,000.00	\$ 395,000.00	\$ 318,500.00	\$ 212,140.00
Capital Improvements	187,578.00	189,700.00	245,766.00	247,118.75	243,459.18	236,272.12	193,784.00	240,452.00	236,175.00	7,500.00
Debt Service	56,000.00	62,000.00	47,000.00	47,000.00	29,586.25	28,727.84	60,600.00	15,600.00	7,000.00	293,100.00
Deferred Charges and Statutory Expenditures	656,410.00	135,000.00	100,000.00							6,350.00
Surplus Transferred to Current Fund	\$ 1,535,000.00	\$ 1,115,800.00	\$ 1,185,000.00	\$ 1,085,598.75	\$ 996,545.43	\$ 903,299.96	\$ 729,384.00	\$ 651,052.00	\$ 561,675.00	\$ 519,090.00

**BOROUGH OF RED BANK**  
**WATER-SEWER UTILITY OPERATING FUND EXPENDITURES BY FUNCTION**  
**FOR THE LAST TEN (10) FISCAL YEARS**  
**(ABSTRACTED FROM ANNUAL AUDIT OF BOROUGH RECORDS)**

Function	Fiscal Year									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Operating	\$ 4,193,201.00	\$ 4,608,176.00	\$ 4,906,532.05	\$ 5,082,104.62	\$ 4,523,807.89	\$ 4,051,882.00	\$ 4,070,246.00	\$ 4,284,686.00	\$ 4,301,785.00	\$ 4,013,000.00
Capital Improvements	17,500.00	155,000.00				55,000.00	60,000.00	80,597.04	10,000.00	42,000.00
Debt Service	1,000,827.42	929,000.00	1,193,645.00	898,554.38	726,064.25	593,368.61	355,045.00	326,376.00	253,651.00	191,862.00
Deferred Charges and Statutory Expenditures	125,000.00	128,024.00	279,259.40	122,307.04	145,984.36	546,840.01	492,428.25	172,082.38	64,020.00	60,120.00
Surplus General Budget	993,720.00	355,000.00	200,000.00	286,000.00						
	<u>\$ 6,330,248.42</u>	<u>\$ 6,175,200.00</u>	<u>\$ 6,579,436.45</u>	<u>\$ 6,388,966.04</u>	<u>\$ 5,395,856.50</u>	<u>\$ 5,247,090.62</u>	<u>\$ 4,977,719.25</u>	<u>\$ 4,863,751.42</u>	<u>\$ 4,629,456.00</u>	<u>\$ 4,306,982.00</u>

**BOROUGH OF RED BANK**  
**CURRENT FUND REVENUES BY SOURCE**  
**FOR THE LAST TEN (10) FISCAL YEARS**  
**(ABSTRACTED FROM ANNUAL AUDIT OF BOROUGH RECORDS)**

Source	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Fund Balance Anticipated	\$ 350,000.00	\$ 1,255,000.00	\$ 1,300,000.00	\$ 1,300,000.00	\$ 1,185,769.05	\$ 1,237,887.89	\$ 1,040,000.00	\$ 588,777.21	\$ 757,688.00	\$ 824,725.00
Taxes (1)	10,525,142.55	10,736,805.17	10,344,639.22	8,663,680.47	7,760,128.96	7,900,988.20	7,552,516.73	7,208,499.04	6,593,617.13	6,533,054.13
Delinquent Taxes	849,803.52	965,911.37	962,570.81	728,820.90	678,059.56	604,858.25	632,738.36	741,909.67	605,567.10	674,534.09
Miscellaneous Revenues	5,089,249.34	3,808,198.06	3,794,444.35	4,227,425.27	4,148,567.70	3,380,932.84	3,136,652.29	2,706,634.51	2,351,495.86	1,995,892.74
State Aid	2,011,681.00	2,528,825.00	2,943,666.00	2,770,744.00	2,843,480.00	2,818,510.00	2,818,510.00	2,713,834.66	2,645,580.00	2,596,715.00
Federal and State Grants/Interlocal	157,183.89	222,406.13	190,977.13	2,588,346.04	106,464.97	216,317.59	524,588.50	343,958.56	441,826.79	733,355.86
Non-budget Revenues and Other										
Items	432,182.79	401,065.00	692,422.65	667,064.74	464,533.37	315,547.12	141,337.59	188,299.10	296,275.26	451,181.42
	<u>\$ 19,415,243.09</u>	<u>\$ 19,918,210.73</u>	<u>\$ 20,228,720.16</u>	<u>\$ 20,926,081.42</u>	<u>\$ 17,187,003.61</u>	<u>\$ 16,475,041.89</u>	<u>\$ 15,846,343.47</u>	<u>\$ 14,491,912.75</u>	<u>\$ 13,692,050.14</u>	<u>\$ 13,809,458.24</u>

(1) Excludes tax allocated to county, school and special improvement district.



**BOROUGH OF RED BANK**  
**PROPERTY TAX RATES**  
**PER \$100 OF ASSESSED VALUATION**  
**FOR THE LAST TEN (10) FISCAL YEARS**

<u>Year</u>	<u>Borough</u>	<u>County</u>	<u>County Open Space Fund</u>	<u>District School</u>	<u>Regional High School</u>	<u>Total</u>	<u>Collection Rates Current</u>	<u>Delinquent Taxes as Percent of Levy</u>
2010	\$ 0.484	\$ 0.249	\$ 0.016	\$ 0.556	\$ 0.374	\$ 1.679	97.05%	2.94%
2009	0.462	0.238	0.016	0.530	0.367	1.613	98.16%	2.44%
2008	0.445	0.231	0.015	0.538	0.365	1.594	97.38%	2.73%
2007 *	0.384	0.237	0.015	0.534	0.371	1.541	97.09%	3.02%
2006	0.836	0.528	0.030	1.200	0.834	3.428	97.99%	2.12%
2005	0.792	0.492	0.029	1.165	0.745	3.223	97.89%	2.21%
2004	0.749	0.460	0.028	1.135	0.704	3.076	98.43%	1.66%
2003	0.734	0.462	0.030	1.102	0.646	2.974	97.89%	2.20%
2002	0.690	0.437	0.019	0.964	0.587	2.697	97.33%	2.84%
2001	0.671	0.391	0.018	0.918	0.520	2.518	97.19%	2.80%

Source: Tax Collector.

\* Revaluation

**BOROUGH OF RED BANK**  
**MUNICIPAL PROPERTY TAX LEVIES AND COLLECTIONS**  
**FOR THE LAST TEN (10) FISCAL YEARS**

<u>Year Ended December 31,</u>	<u>Total Tax Levy *</u>	<u>Current Tax Collections</u>	<u>Percentage of Collections</u>
2010	\$ 38,537,727.81	\$ 37,404,390.39	97.05%
2009	37,413,630.34	36,726,439.35	98.16%
2008	37,210,091.47	36,238,095.23	97.38%
2007	35,414,391.89	34,387,238.22	97.09%
2006	34,148,086.45	33,462,074.21	97.99%
2005	31,879,009.84	31,206,487.37	97.89%
2004	30,150,721.08	29,680,324.58	98.43%
2003	29,002,082.53	28,389,025.01	97.88%
2002	26,242,985.17	25,542,961.19	97.33%
2001	24,640,379.99	23,948,795.54	97.19%

\* Net of cancellations.

**BOROUGH OF RED BANK**  
**DELINQUENT TAXES AND TAX TITLE LIENS**  
**FOR THE LAST TEN (10) FISCAL YEARS**

<u>Year Ended December 31,</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2010	\$ 66,040.00	\$ 1,133,421.82	\$ 1,199,461.82	3.11%
2009	53,963.78	859,076.05	913,039.83	2.44%
2008	53,514.75	964,090.82	1,017,605.57	2.73%
2007	45,541.00	1,022,711.47	1,068,252.47	3.02%
2006	41,077.99	681,742.14	722,820.13	2.12%
2005	33,514.28	672,522.47	706,036.75	2.21%
2004	32,673.70	466,988.29	499,661.99	1.66%
2003	29,265.49	608,726.07	637,991.56	2.20%
2002	59,622.89	692,190.81	751,813.70	2.86%
2001	59,114.41	631,800.79	690,915.20	2.80%

**BOROUGH OF RED BANK**  
**ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**  
**FOR THE LAST TEN (10) FISCAL YEARS**

<u>Year Ended December 31,</u>	<u>Aggregate Assessed Valuations of Real Property</u>	<u>Estimated Full Cash Valuations</u>	<u>Percentage of Net Assessed to Estimated Full Cash Valuations</u>
2010	\$ 2,259,382,600	\$ 2,213,778,758	102.06%
2009	2,278,411,100	2,349,056,818	96.99%
2008	2,271,728,671	2,361,292,466	96.49%
2007	* 2,238,531,929	2,274,699,653	98.41%
2006	968,840,300	2,141,083,536	45.25%
2005	959,795,000	1,902,844,964	50.44%
2004	957,334,500	1,563,761,026	61.22%
2003	949,655,100	1,299,473,317	73.08%
2002	953,190,300	1,175,762,057	81.07%
2001	952,064,700	1,027,592,768	92.65%

\* Revaluation

Source: Table of Equalized Valuations, State of New Jersey, Division of Taxation.

**BOROUGH OF RED BANK**  
**SCHEDULE OF TEN LARGEST TAXPAYERS**

<u>Taxpayer</u>	<u>Assessed Value - 2010</u>	<u>As a Percent of Net Assessed Valuation Taxable</u>
#1	\$ 37,545,000	1.66%
#2	25,038,000	1.11%
#3	24,354,900	1.08%
#4	22,160,900	0.98%
#5	20,438,900	0.90%
#6	19,111,500	0.85%
#7	14,772,764	0.65%
#8	14,000,000	0.62%
#9	14,000,000	0.62%
#10	10,600,000	0.47%
	<u>\$ 214,040,964</u>	<u>9.47%</u>

Source: Red Bank Tax Assessor

**BOROUGH OF RED BANK**  
**COMPUTATION OF LEGAL DEBT MARGIN**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2010**

Average Equalized Valuation	\$ <u>2,299,510,342.66</u>
Borrowing Margin - 3½% of Average Equalized Valuation	\$ 80,482,861.99
Net Debt	<u>13,347,506.59</u>
Remaining Borrowing Power	\$ <u>67,135,355.40</u>

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Municipal Debt - Borough of Red Bank	\$ <u>31,298,495.94</u>	\$ <u>17,950,989.35</u>	\$ 13,347,506.59
Overlapping Debt Apportioned to the Municipality:			
County of Monmouth (1) 2.09871%			<u>10,244,540.46</u>
			\$ <u>23,592,047.05</u>

Source: (1) County of Monmouth Director of Finance.

**BOROUGH OF RED BANK**  
**RATIO OF BONDED DEBT, BOND ANTICIPATION NOTES AND**  
**LOANS TO EQUALIZED VALUE AND DEBT PER CAPITA**  
**FOR THE LAST TEN (10) FISCAL YEARS**

<u>Year Ended</u> <u>December 31,</u>	<u>Borough</u> <u>Population (1)</u>	<u>Equalized</u> <u>Valuation (2)</u>	<u>Net</u> <u>Debt (3)</u>	<u>Ratio of</u> <u>Net Debt to</u> <u>Equalized</u> <u>Valuation</u>	<u>Net</u> <u>Debt Per</u> <u>Capita</u>
2010	12,206	\$ 2,213,778,758.00	\$ 13,347,506.59	0.60%	\$ 1,093.52
2009	11,844	2,339,711,542.00	14,015,208.71	0.60%	1,183.32
2008	11,844	2,345,040,730.00	15,250,681.84	0.65%	1,287.63
2007	11,844	2,264,471,395.00	17,214,453.79	0.76%	1,453.43
2006	11,844	2,141,083,536.00	17,281,292.46	0.81%	1,459.08
2005	11,844	1,588,693,102.00	18,392,921.21	1.16%	1,552.93
2004	11,844	1,346,332,133.00	17,790,505.11	1.32%	1,502.07
2003	11,844	1,167,609,381.00	17,348,327.19	1.49%	1,464.74
2002	11,844	1,183,988,382.00	17,790,505.11	1.43%	1,502.07
2001	11,844	1,035,669,137.00	14,405,498.24	1.39%	1,216.27

(1) U.S. Bureau of the Census Population Division

(2) Per the State of New Jersey only Real Property included.

(3) Per Annual Debt Statement or amendments thereto - includes Self-Liquidating Net Debt, if applicable.

**BOROUGH OF RED BANK**  
**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES (1)**  
**FOR BONDED DEBT, BOND ANTICIPATION NOTES AND LOANS (2)**  
**FOR THE LAST TEN (10) FISCAL YEARS**

Year Ended December 31,	Bond and Note Principal	Interest on Bonds and Notes	Green Trust Loans	Capital Equipment Lease	Total Municipal Debt Service	Total Current Fund Governmental Fund Expenditures	Ratio of Debt Service to Current Fund Expenditures
2010	\$ 1,947,000.00	\$ 481,076.79	\$ 148,040.27	\$ 486,475.58	\$ 3,062,592.64	\$ 19,130,821.58	16.01%
2009	1,988,000.00	541,789.66	144,939.87	606,077.40	3,280,806.93	18,931,384.56	17.33%
2008	1,919,000.00	632,492.86	144,939.88	638,812.12	3,335,244.86	18,556,622.68	17.97%
2007	1,444,000.00	638,584.23	162,623.98	376,420.95	2,621,629.16	19,282,838.23	13.60%
2006	1,400,000.00	477,521.60	163,594.83	717,603.70	2,758,720.13	15,536,461.33	17.76%
2005	1,365,000.00	495,958.31	163,595.04	569,205.02	2,593,758.37	15,599,551.55	16.63%
2004	1,065,000.00	488,241.50	163,594.85	740,374.27	2,457,210.62	15,267,792.50	16.09%
2003	1,010,000.00	526,129.00	163,595.15	543,503.81	2,243,227.96	14,144,644.27	15.86%
2002	668,650.00	413,039.84	163,594.84	655,408.08	1,900,692.76	13,508,155.52	14.07%
2001	628,650.00	568,481.08	163,594.86	566,748.94	1,927,474.88	13,218,083.77	14.58%

(1) Actual Paid or Charged Amounts.

(2) Excludes Parking Utility, Water-Sewer Utility and Special Assessment Debt.



BOROUGH OF RED BANK  
CALCULATION OF "SELF-LIQUIDATING PURPOSE" PER N.J.S. 40A:2-45  
PARKING UTILITY OPERATING FUND

Cash Receipts from Parking Fees or Other Charges		\$ 1,489,375.96
Deductions:		
Operating and Maintenance Cost	\$ 691,012.00	
Debt Service	<u>187,578.00</u>	
Total Deductions		<u>878,590.00</u>
Excess in Revenue		\$ <u><u>610,785.96</u></u>

**BOROUGH OF RED BANK**  
**CALCULATION OF "SELF-LIQUIDATING PURPOSE" PER N.J.S. 40A:2-45**  
**WATER-SEWER UTILITY OPERATING FUND**

Cash Receipts from Fees, Rents or Other Charges		\$ 6,719,201.67
Deductions:		
Operating and Maintenance Cost	\$ 4,318,201.00	
Debt Service	<u>1,000,827.42</u>	
Total Deductions		<u>5,319,028.42</u>
Excess in Revenue		\$ <u><u>1,400,173.25</u></u>

**BOROUGH OF RED BANK**  
**DEMOGRAPHIC STATISTICS**  
**FOR THE LAST TEN (10) FISCAL YEARS**  
**UNAUDITED**

<u>Year Ended</u> <u>December 31,</u>	<u>Unemployment</u> <u>Rate</u>
2010	10.7%
2009	10.6%
2008	6.5%
2007	3.7%
2006	4.1%
2005	4.0%
2004	4.4%
2003	5.4%
2002	5.3%
2001	4.3%

Source : NJ Department of Labor and Workforce Development Website.

**BOROUGH OF RED BANK**  
**MISCELLANEOUS STATISTICS**  
**DECEMBER 31, 2010**

Date of Incorporation	March 10, 1908
Form of Government	Borough
Area	1.8 square miles
Total Number of Employees (includes part-time)	167

Source: Borough Records.

**SINGLE AUDIT SECTION**

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND NEW  
JERSEY OMB CIRCULAR 04-04**

The Honorable Mayor and Members  
of the Borough of Red Bank Council  
Borough of Red Bank  
County of Monmouth  
State of New Jersey

Compliance

We have audited the compliance of the Borough of Red Bank, County of Monmouth, State of New Jersey, ("the Borough"), with the types of compliance requirements described in the U.S. OMB *Circular A-133 Compliance Supplement* and the *New Jersey State Grant Compliance Supplement* that could have a direct and material effect on each of the Borough's major federal and state programs for the year ended December 31, 2010. The Borough's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal and state programs is the responsibility of the Borough's management. Our responsibility is to express an opinion on the Borough's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments*; and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments*. Those standards, OMB Circular A-133 and New Jersey OMB's Circular 04-04 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Borough's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Borough's compliance with those requirements.

In our opinion, the Borough, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the year ended December 31, 2010.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS**  
**APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL**  
**OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND NEW**  
**JERSEY OMB CIRCULAR 04-04 (CONTINUED)**

Internal Control Over Compliance

Management of the Borough is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal and state programs. In planning and performing our audit, we considered the Borough's internal control over compliance with the requirements that could have a direct and material effect on a major federal and state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey's OMB Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Borough's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis.

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

This report is intended solely for the information and use of management, the Borough governing body, others within the entity, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



David A. Kaplan  
Certified Public Accountant  
Registered Municipal Accountant #433

DAK CPA

DAK CPA, Certified Public Accountants

Long Branch, New Jersey  
June 2, 2011

**BOROUGH OF RED BANK**  
**COUNTY OF MONMOUTH**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

Federal CFDA Number	State Account Number	Grant Year	Award Amount	Cash Received	Expenditures	Cumulative Total Expenditures
<b>Federal Grantor/ Pass Trough</b>						
<b>Current Fund :</b>						
Department of Law and Public Safety:						
Pass - through Programs from						
State of NJ Department of Law and Public Safety						
16.727	N/A	2009	\$ 6,000.00	\$ 1,200.00	\$ 800.00	\$ 6,000.00
16.727	N/A	2010	6,500.00	3,200.00	4,200.00	4,200.00
Cops in Shops						
Over the Limit Under Arrest - Statewide						
20.601	N/A	2010	4,400.00	4,400.00	4,400.00	4,400.00
Crackdown						
Over the Limit Under Arrest - Statewide						
20.601	N/A	2010	5,000.00		1,975.00	1,975.00
Crackdown						
Over the Limit Under Arrest - Holiday						
20.601	N/A	2009	5,000.00	5,000.00	2,825.00	5,000.00
Total Department of Law and Public Safety						
				13,800.00	14,200.00	21,575.00
Department of Justice :						
Edward Byrne Recovery Justice Grant						
16.738	N/A	2009	25,845.00	18,169.50	16,669.50	16,669.50
Total Department of Justice						
			25,845.00	18,169.50	16,669.50	16,669.50
Department of Health and Senior Services:						
US Older Americans Act						
93.044	N/A	2009	33,312.00	33,312.00	27,493.09	27,493.09
93.044	N/A	2010	33,312.00		412.00	412.00
Total Department of Health and Senior Services						
				33,312.00	27,905.09	27,905.09
Department of Environmental Protection:						
Pass - through Programs from						
State of NJ Division of Parks and Forestry						
Forestry Program						
10.688	FY10-100-042-4870-012	2009	7,000.00		4,770.00	4,770.00
Total Department of Environmental Protection						
					4,770.00	4,770.00
Sewer Capital Fund						
Department of Environmental Protection:						
Pass - Through the State of New Jersey						
ARRA - Environmental Infrastructure Trust Loan						
66.468	1340001-001	2009	2,380,208.00	1,790,227.00	1,949,042.11	2,205,041.52
66.468	1340001-001	2009	510,000.00	39,853.00	39,853.00	39,853.00
Total Department of Environmental Protection						
				1,830,080.00	1,988,895.11	2,244,894.52
Total Federal Financial Assistance						
			\$ 1,895,361.50	\$ 2,052,439.70	\$ 2,315,814.11	\$ 2,315,814.11



**BOROUGH OF RED BANK  
COUNTY OF MONMOUTH**

**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2010**

Schedule II

<u>State Grantor</u>	<u>Grant or State Account Number</u>	<u>Grant Year</u>	<u>Award Amount</u>	<u>Cash Received</u>	<u>Remitted to Grantor</u>	<u>Expenditures</u>	<u>Cumulative Total Expenditures</u>
Current Fund:							
State of NJ Department of Law and Public Safety :							
NJ Drunk Driving Enforcement Fund:							
Police							
Court							
Pedestrian Safety Fund	9735-760-098-4900-001-X100-6020 PSF11-01-04	2009 \$ 11,635.88 \$ 2008 3,625.55 2010 8,000.00				\$ 9,238.95 \$ 3,578.70 8,000.00	9,238.95 3,578.70 8,000.00
Total Department of Law and Public Safety				8,000.00			
NJ Department of Agriculture:							
Summer Food Program	13-1216	2009	47,872.50		7,314.63		20,817.65
Total Department of Agriculture							47,872.50
Department of Environmental Protection :							
Solid Waste Administration :							
Direct Programs:							
Recycling Tonnage	4906-752-042-4900-001-V42y-6020	2008	22,177.32				
Recycling Tonnage	4906-752-042-4900-001-V42y-6020	2009	24,329.71			5,041.75 24,329.71	5,041.75 24,329.71
Total Department of Environmental Protection						29,371.46	29,371.46
General Capital Fund:							
NJ Department of Transportation :							
Road Program - Chestnut Street Phase I	480-078-06320	2009	130,000.00	130,000.00		130,000.00	130,000.00
Road Program - Chestnut Street Phase II	480-078-06320	2010	200,000.00	117,500.00		200,000.00	200,000.00
Total Department of Transportation				247,500.00		330,000.00	330,000.00
NJ Department of Environmental Protection:							
Green Acres - Count Basie Park Phase II Improvements	1339-08-041	2009	287,500.00			287,500.00	287,500.00
Green Acres - Conversion of Municipal Land to Waterfront Park	P27889	2010	259,003.00	259,003.00		181,996.00	181,996.00
Total Department of Environmental Protection				259,003.00		469,496.00	469,496.00
Total State Awards			\$ 514,503.00 \$		7,314.63 \$	849,685.11 \$	897,557.61

**BOROUGH OF RED BANK**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**AND STATE FINANCIAL ASSISTANCE**  
**YEAR ENDED DECEMBER 31, 2010**

Note 1. **GENERAL**

The accompanying schedules of expenditures of federal awards and state financial assistance present the activity of all federal awards and state financial assistance programs of the Borough of Red Bank (the "Borough"). The Borough is defined in Note 1 to the basic financial statements. All federal awards and state financial assistance received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedules of expenditures of federal awards and state financial assistance.

Note 2. **BASIS OF ACCOUNTING**

The accompanying schedules of expenditures of federal awards and state financial assistance are presented using the regulatory basis of accounting described in Note 2 to the Borough's basic financial statements. The information in these schedules is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*.

Note 3. **RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

Amounts reported in the accompanying schedules agree with amounts reported in the Borough's basic financial statements.

Note 4. **RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

Note 5. **FEDERAL AND STATE LOANS OUTSTANDING**

The Borough has loans outstanding with the State of New Jersey Environmental Infrastructure Trust which includes Federal and State portions.

Note 6. **OTHER**

Requirements to have State and Federal Single Audits include Loan Programs. Participation by the Borough in the Environmental Infrastructure Loan Program necessitated a Federal and State Single Audit. The Borough has opted to utilize ARRA funds first for the majority of the project completed to date.

**BOROUGH OF RED BANK**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2010**

**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued: Unqualified, dated  
June 2, 2011

Internal control over financial reporting:

1. Material weakness(es) identified?        yes   ✓   no

2. Reportable condition(s) identified that are not  
considered to be material weaknesses?        yes   ✓   no

Noncompliance material to general-purpose financial  
statements noted?        yes   ✓   no

**Federal Awards**

Internal control over major programs:

1. Material weakness(es) identified?        yes   ✓   no

2. Reportable condition(s) identified that are not  
considered to be material weaknesses?        yes   ✓   no

Type of auditor's report issued on compliance for major programs: Unqualified, dated  
June 2, 2011

Any audit findings disclosed that are required to be reported  
in accordance with section .510(a) of Circular A-133?        yes   ✓   no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>66.468</u>	<u>ARRA - New Jersey Environmental Infrastructure Trust Loan</u>

Dollar threshold used to distinguish between Type A and Type B Programs: \$300,000.00

**BOROUGH OF RED BANK**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2010**

**Section I - Summary of Auditor's Results (Continued)**

**State Financial Assistance**

Internal control over major programs:

- |  |           |             |
|--|-----------|-------------|
| 1. Material weakness(es) identified?   | _____ yes | <u>✓</u> no |
| 2. Reportable condition(s) identified that are not considered to be material weaknesses? | _____ yes | <u>✓</u> no |

Unqualified, dated  
June 2, 2011

Type of auditor's report issued on compliance for major programs:

Any audit findings disclosed that are required to be reported in accordance with section .510(a) of Circular A-133?	_____ yes	<u>✓</u> no
---	-----------	-------------

Identification of major programs:

<u>State Grant Number</u>	<u>Name of State Program</u>
<u>480-078-06320</u>	<u>Road Program 2010 - Chestnut Street Phase I &amp; II</u>
<u>P27889</u>	<u>Green Acres - Conversion of Municipal Land to Waterfront Park</u>

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000.00

Auditee qualified as low-risk auditee?

\_\_\_\_\_ yes ✓ No

**Section II - Schedule of Financial Statement Findings**

None.

**Section III – Schedule of Federal and and State Financial Assistance Findings and Questioned Costs**

None.

**BOROUGH OF RED BANK**  
**SUMMARY SCHEDULE OF PRIOR YEAR'S FINDINGS**

**FOR THE YEAR ENDED DECEMBER 31, 2009:**

No prior year single audit therefore no prior year single audit findings.

**AUDITOR'S COMMENTS AND RECOMMENDATIONS**

**GENERAL COMMENTS**  
**DECEMBER 31, 2010**

Contracts And Agreements Required To Be Advertised for N.J.S. 40A:11-4

N.J.S. 40A:11-4a states "Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which exceeds the bid threshold (N.J.S. 40A:11-3), 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 therefore, except as is provided otherwise in this act or specifically by any other law. The governing body of a contracting unit may, by resolution approved by a majority of the governing body and subject to subsections b. and c. of this section, disqualify a bidder who would otherwise be determined to be the lowest responsible bidder, if the governing body finds that it has had prior negative experience with the bidder.

If the purchasing agent is a qualified purchasing agent, the governing body of the contracting unit may establish that the bid threshold may be up to \$29,000.00 and after July 1st \$36,000.00. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contract pursuant to this section.

The governing body of the municipality has the responsibility of determining whether the expenditures in any category will exceed \$29,000.00/\$36,000.00 within the fiscal year. Where questions arise as to whether any contract or agreement might result in violation of the statute, the solicitor's opinion shall be sought before a commitment is made.

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

Summer Food Lunch Service Program	Water and Sewer Connections and
Count Basie Synthetic Turf Field Project	Force Main Account
Sewer Cleaning and Television Inspection	2010 Road Program
Force Account	Supply and Delivery of Water Treatment
	Chemicals

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

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

Our examination of expenditures revealed that no payments were made in excess of \$29,000.00/\$36,000.00 "for the performance of any work or the furnishing or hiring of any materials or supplies" other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provision of N.J.S. 40A:11-6.

**GENERAL COMMENTS (CONTINUED)**  
**DECEMBER 31, 2010**

Collection of Interest on Delinquent Taxes and Utility Charges

The statute provides the method for authorizing interest and the maximum rates to be charged for the nonpayment of taxes and assessments on or before the date when they would become delinquent.

The Governing Body, in January 2011, adopted the following resolution authorizing interest to be charged on delinquent taxes and assessments:

RESOLVED, that in accordance with N.J.S. 54:4-67, as amended, the Tax Collector is hereby authorized and directed to charge eight percent (8%) per annum on the first \$1,500.00 of the delinquency and eighteen percent (18%) per annum on any amount in excess of \$1,500.00 becoming delinquent after the due date, and if a delinquency is in excess of \$10,000.00 and remains in arrears beyond December 31st, an additional penalty of six percent (6%) shall be charged against the delinquency. There is a ten-day grace period of quarterly tax payments made by cash, check or money order.

Water-Sewer Utility delinquencies are charged interest at the rate of one and one-half percent per month pursuant to New Jersey Statutes.

It appears, from an examination of the Tax Collector and Water-Sewer Utility Collector's records, that interest was collected in accordance with the foregoing resolutions and statutes.

Delinquent Taxes, Tax Title Liens and Delinquent Water-Sewer Rents and Liens

The detail of all unpaid taxes for 2010 and prior years and tax title liens is being properly carried in the Tax Collector's records. An abstract taken from these records as at December 31, 2010 covering all unpaid charges on that date was verified with the accounting control figures shown in this report.

The 2010 tax sale was complete.

Inspection of tax sale certificates on file revealed that all tax sale certificates were available for audit.



**GENERAL COMMENTS (CONTINUED)**  
**DECEMBER 31, 2010**

**Delinquent Taxes, Tax Title Liens and Delinquent Water-Sewer Rents and Liens**  
**(Continued)**

The following comparison is made of the number of tax title liens receivable on December 31<sup>st</sup> of the last three (3) years.

<u>Year</u>	<u>Number of Liens</u>
2010	7
2009	11
2008	7

It is essential to good management that all means provided by statute be utilized to liquidate tax title liens in order to get such properties back on a taxpaying basis. Certain liens have been in existence for greater than two years.

The detail of all unpaid Water-Sewer rents for 2010 and prior years is being properly carried in the Water-Sewer Collector's records. An abstract taken from these records as at December 31, 2010, covering all unpaid charges on that date was verified with the accounting control figures shown in this report.

**OTHER COMMENTS**

**Cash Balances**

The cash balances in all funds were verified by independent certifications obtained from the depositories as at December 31, 2010. Supplemental bank reconciliations were reviewed as of March 31, 2011.

Cash counts were made at various dates in all departments of the Borough and bank balances were independently reconciled to the records or to such schedules of receipts and disbursements provided for audit.

The change funds and petty cash funds were counted.

**Interfunds**

There are interfunds outstanding between the various funds at December 31, 2010. We have been advised all interfunds will be liquidated in the subsequent year.

**OTHER COMMENTS (Continued)**  
**DECEMBER 31, 2010**

**Revenues**

Receipts from licenses, fees, fines and costs, etc., for all departments, including the Municipal Court, were checked to the records maintained to the extent deemed necessary.

**Finding**

**Condition:** Our examination of the tax and utility collections revealed that validation of payments made were not being consistently made on the tax and water-sewer billing stubs.

**Criteria:** Internal controls are weakened when those controls are not monitored for continued compliance. Also, when "stubs" are not validated, the audit trail is more difficult to follow.

**Recommendation:** It is recommended that receipt validation for all tax and sewer payments be made.

**Expenditures**

The vouchers for all funds were examined to the extent deemed necessary to determine that they carried the properly executed certifications as required by statute.

**Payroll**

An examination was made of the employees' compensation records for the year 2010 to determine that salaries were paid in conformity with the amounts of salaries and wages authorized by ordinance. Vouchers for overtime and part-time wages were checked. No exceptions were noted for those employees that we tested.

**Water - Sewer Utility Capital Fund**

**Finding:**

**Condition:** Our examination of the Water-Sewer Utility Capital Fund revealed three purchase orders were created during 2010 to encumber funds against three bond ordinances totaling \$846,000.00. The intent of these encumbrances was to preclude expenditures against these bond ordinances until future capital improvement plans were finalized. By year end, these encumbrances became unnecessary but were never cancelled.

**Criteria:** Technical Accounting Directives and internal control policies of the Borough.

**Recommendation:** It is recommended that all open purchase orders at year end be review for accuracy.

**OTHER COMMENTS (Continued)**  
**DECEMBER 31, 2010**

**Miscellaneous Comments**

The confirmations sent to the Local and Regional Boards of Education verified the correct school taxes payable at December 31, 2010.

All of the foregoing comments and recommendations were discussed at an audit exit conference held at the Borough Hall with the appropriate Borough Officials.

**Appreciation**

I desire to express my appreciation for the cooperation received from the Borough Officials and Employees and the courtesies extended during the course of the audit.

**Status of Prior Year's Recommendations**

The prior year's corrective action plan approved by the Mayor and Borough Council was successful in correcting all of the areas addressed in the prior year's recommendations.

**RECOMMENDATIONS**  
**DECEMBER 31, 2010**

It is recommended:

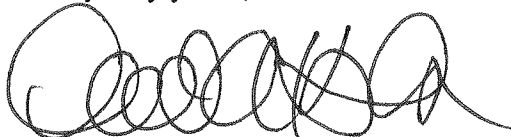
2010-1 That receipt validation for all tax and sewer payments received be made.

2010-2 That all open purchase orders at year end be reviewed for accuracy.

The issues noted in my audit were not of such magnitude that they would affect my ability to express an opinion on the financial statements taken as a whole.

Should any questions arise as to my comments or recommendations, or should you desire assistance in implementing my recommendations, please do not hesitate to call me.

Very truly yours,

A handwritten signature in black ink, appearing to read 'David A. Kaplan', with a stylized, cursive flourish at the end.

David A. Kaplan  
Certified Public Accountant  
Registered Municipal Accountant #433

For The Firm  
DAK CPA Certified Public Accountants