

**COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE
BOROUGH OF RED BANK**

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

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

Presented by

**Colleen Lapp
Chief Financial Officer
Borough of Red Bank**

BOROUGH OF RED BANK
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2011

	<u>Page</u>
<u>INTRODUCTORY SECTION</u>	
Letter of Transmittal	1-5
Table of Organization	6
Roster of Officials	7
Consultants and Advisors	8-9
<u>FINANCIAL SECTION</u>	
Independent Auditors' Report	10-11
<u>Exhibit Number</u>	
<u>GENERAL PURPOSE FINANCIAL STATEMENTS</u>	
A-1 Combined Statement of Assets, Liabilities, Reserves and Fund Balance - All Fund Types and Account Groups - Regulatory Basis	12-13
A-2 Combined Statement of Revenues, Expenses and Changes in Fund Balance - Budget and Actual - Current, Parking Utility and Water-Sewer Utility Operating Funds - Regulatory Basis	14-16
A-3 Statement of General Capital Fund Balance - Regulatory Basis	17
A-4 Statement of Parking Utility Capital Fund Balance - Regulatory Basis	18
Notes to Financial Statements	19-50
<u>COMBINING AND INDIVIDUAL FUND AND ACCOUNT GROUP STATEMENTS</u>	
Current Fund:	
B-1 Comparative Statements of Assets, Liabilities and Fund Balance - Regulatory Basis	51-52
B-2 Comparative Statements of Operations and Changes in Fund Balance - Modified Accrual Basis	53-54
B-3 Statement of Revenues - Regulatory Basis	55-56
B-4 Statement of Expenditures - Regulatory Basis	57-62
B-5 Statement of Taxes Receivable and Analysis of Property Tax Levy	63
B-6 Statement of Tax Title Liens Receivable	64

BOROUGH OF RED BANK
TABLE OF CONTENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2011

<u>Exhibit Number</u>		<u>Page</u>
<u>COMBINING AND INDIVIDUAL FUND AND ACCOUNT GROUP STATEMENTS (CONTINUED)</u>		
Current Fund (Continued):		
B-7	Statement of 2010 Appropriation Reserves	65-66
B-8	Statement of Deferred Charges	67
B-9	Statement of School Tax Payable	68
B-10	Statement of State and Federal Grants Receivable	69
B-11	Statement of Reserve for State and Federal Grants - Appropriated	70-71
B-12	Statement of Reserve for State and Federal Grants - Unappropriated	72
Trust Funds:		
C-1	Comparative Statement of Assets, Liabilities and Reserves - Statutory Basis	73
C-2	Statement of Reserve for Animal Control Expenditures	74
C-3	Statement of Various Reserves	75
C-4	Statement of Reserve for New Jersey Unemployment Compensation Insurance	76
General Capital Fund:		
D-1	Comparative Statements of Assets, Liabilities, Reserves and Fund Balance - Modified Accrual Basis	77-78
D-2	Analysis of Cash and Cash Equivalents	79-80
D-3	Statement of Deferred Charges to Future Taxation, Unfunded	81
D-4	Statement of Improvement Authorizations	82
D-5	Statement of Bond Anticipation Notes	83
D-6	Statement of Serial Bonds	84
D-7	Statement of Refunding Serial Bonds	85
D-8	Statement of Intergovernmental Receivables	86
D-9	Statement of Bonds and Notes Authorized but not Issued	87

BOROUGH OF RED BANK
TABLE OF CONTENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2011

		<u>Page</u>
<u>Exhibit</u> <u>Number</u>		
<u>COMBINING AND INDIVIDUAL FUND AND ACCOUNT</u>		
<u>GROUP STATEMENTS (CONTINUED)</u>		
Utility Operating Funds - Combined Statements:		
E-1	Combined Comparative Statement of Assets, Liabilities, Reserves and Fund Balance – Parking and Water-Sewer Utility Operating Funds - Statutory Basis	88
Parking Utility Operating Fund:		
EP-1	Comparative Statements of Operations and Change in Operating Fund Balance - Statutory Basis	89
EP-2	Statement of Revenues - Statutory Basis	90
EP-3	Statement of Expenditures - Statutory Basis	91
EP-4	Statement of 2010 Appropriation Reserves	92
EP-5	Statement of Accrued Interest on Bonds and Notes	93
Water-Sewer Utility Operating Fund:		
EWS-1	Comparative Statements of Operations and Change in Operating Fund Balance - Statutory Basis	94
EWS-2	Statement of Revenues - Statutory Basis	95
EWS-3	Statement of Expenditures - Statutory Basis	96
EWS-4	Statement of Consumer Accounts Receivable	97
EWS-5	Statement of Water-Sewer Utility Liens Receivable	97
EWS-6	Statement of 2010 Appropriation Reserves	98
EWS-7	Statement of Accrued Interest on Bonds and Notes	99
Utility Capital Funds - Combined Statements:		
F-1	Combined Comparative Statement of Assets, Liabilities, Reserves and Fund Balance – Parking and Water-Sewer Utility Capital Funds - Statutory Basis	100
Parking Utility Capital Fund:		
FP-1	Analysis of Cash and Cash Equivalents	101
FP-2	Statement of Fixed Capital Authorized and Uncompleted	102
FP-3	Statement of Serial Bonds	103
FP-4	Statement of Improvement Authorizations	104

BOROUGH OF RED BANK
TABLE OF CONTENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2011

		<u>Page</u>
<u>Exhibit</u> <u>Number</u>		
<u>COMBINING AND INDIVIDUAL FUND AND ACCOUNT</u>		
<u>GROUP STATEMENTS (CONTINUED)</u>		
Water-Sewer Utility Capital Fund:		
FWS-1	Analysis of Cash and Cash Equivalents	105
FWS-2	Statement of Fixed Capital Authorized and Uncompleted	106
FWS-3	Statement of Serial Bonds	107-108
FWS-4	Statement of Improvement Authorizations	109
FWS-5	Due from New Jersey Environmental Infrastructure Trust	110
FWS-6	Statement of Bonds and Notes Authorized but not Issued	111
General Fixed Assets Account:		
G-1	Comparative Statements of General Fixed Assets	112
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 <i>Government Auditing Standards</i>		
		113-114
<u>STATISTICAL SECTION</u>		
H-1	Current Fund Expenditures by Function	115
H-2	Parking Utility Operating Fund Expenditures by Function	116
H-3	Water-Sewer Utility Operating Fund Expenditures by Function	117
H-4	Current Fund Revenues by Source	118
H-5	Property Tax Rates Per \$100 of Assessed Valuation	119
H-6	Municipal Property Tax Levies and Collections	120
H-7	Delinquent Taxes and Tax Title Liens	121
H-8	Assessed and Estimated Actual Value of Taxable Property	122
H-9	Schedule of Ten Largest Taxpayers	123
H-10	Computation of Legal Debt Margin	124
H-11	Ratio of Bonded Debt, Bond Anticipation Notes and Loans to Equalized Value and Debt Per Capita	125
H-12	Ratio of Annual Debt Service Expenditures for Bonded Debt, Bond Anticipation Notes and Loans	126
H-13	Calculation of "Self-Liquidating Purpose" Per N.J.S. 40A:2-45 Parking Utility Operating Fund	127
H-14	Calculation of "Self-Liquidating Purpose" Per N.J.S. 40A:2-45 Water-Sewer Utility Operating Fund	128
H-15	Demographic Statistics	129
H-16	Miscellaneous Statistics	130

BOROUGH OF RED BANK
TABLE OF CONTENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2011

	<u>Page</u>
<u>AUDITOR'S COMMENTS AND RECOMMENDATIONS</u>	
General Comments:	
Contracts and Agreements Required to be Advertised for N.J.S. 40A:11-4	131
Collection of Interest on Delinquent Taxes and Utility Charges	132-133
Delinquent Taxes, Tax Title Liens and Delinquent Water-Sewer Rents and Liens	132-133
Other Comments:	
Cash Balances	133-134
Interfunds	134
Revenues	134
Expenditures	134-135
Payroll	135
Miscellaneous Comments	135
Appreciation	135
Status of Prior Year's Recommendations	135
Recommendations	136

INTRODUCTORY SECTION

June 4, 2012

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, 2011 and 2010 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

2011 saw an increase in our Current Fund Balance of \$685,983. 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 \$48,674,724 and total expenditures of \$47,988,741. The following schedules summarize municipal revenues and expenses for 2011 and 2010.

Comparative Summary of Current Fund Revenues

	<u>2011</u>	<u>2010</u>		<u>Increase/(Decrease)</u>	
				\$	%
Fund Balance	\$ 250,000	\$ 350,000	\$ (100,000)	(28.57)	%
Municipal/Library Purposes Tax	11,450,688	10,525,143	925,545	8.79	
Delinquent Tax Receipts	1,133,337	849,803	283,534	33.36	
Miscellaneous Anticipated Revenues	5,202,032	5,089,249	112,783	2.22	
Intergovernmental Revenue	2,267,466	2,168,865	98,601	4.55	
Other Credits to Income	484,135	305,601	178,534	58.42	
Miscellaneous Revenue	188,790	126,582	62,208	49.14	
	<u>\$ 20,976,449</u>	<u>\$ 19,415,243</u>	<u>\$ 1,561,206</u>	<u>8.04</u>	<u>%</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 2011 over 2010 was approximately 0.10% as follows:

Function	2011	2010	Increase/(Decrease)	
			\$	%
General Government	\$ 2,161,681	\$ 2,123,121	\$ 38,560	1.82
Land Use Administration	202,780	174,716	28,064	16.06
Insurance	2,847,507	2,694,906	152,601	5.66
Public Safety	5,025,595	5,087,993	(62,398)	(1.23)
Public Works	1,514,180	1,315,445	198,735	15.11
Landfill/Solid Waste Disposal Costs	329,200	359,200	(30,000)	(8.35)
Health and Welfare	212,240	192,325	19,915	10.35
Parks and Recreation	435,215	441,105	(5,890)	(1.34)
Utility Expenses and Bulk Purchases	629,700	630,000	(300)	(0.05)
Uniform Construction Code	317,340	280,610	36,730	13.09
Contingent	500	500		
Deferred Charges and Statutory Expenditures	2,025,688	1,627,095	398,593	24.50
State and Federal Grants	255,785	157,184	98,601	62.73
Capital Improvements	50,000	50,000		
Municipal Debt Service	3,139,173	3,215,778	(76,605)	(2.38)
Reserve for Sick and Severance Pay	15,000	823,383	(808,383)	(98.18)
Reserve for Uncollected Taxes	980,171	948,927	31,244	3.29
	<u>\$ 20,141,755</u>	<u>\$ 20,122,288</u>	<u>\$ 19,467.00</u>	<u>0.10%</u>

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 5% more than anticipated which resulted in a increase in fund balance of \$289,722. Significant improvements to the Borough's water treatment infrastructure occurred during 2011.

The Parking Utility operates metered municipal parking lots and owns a 450 car parking garage, which it leases to Riverview Medical Center. Revenues in 2011 exceeded expenses by \$123,692 which was greater than 2010's results of operations.

Both the Parking Utility and Water-Sewer Utility remained self-liquidating for 2011.

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 2012 budget. Future development should be added to the tax rolls in 2013. 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 2011, funds were invested in the New Jersey Cash Management Fund and at TD Bank.

DEBT ADMINISTRATION

The current outstanding net debt of the Borough is \$12,089,612.19, which represents .543% of its average equalized value. Debt service appropriations for 2011 for the Current Fund were 15.6% 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.

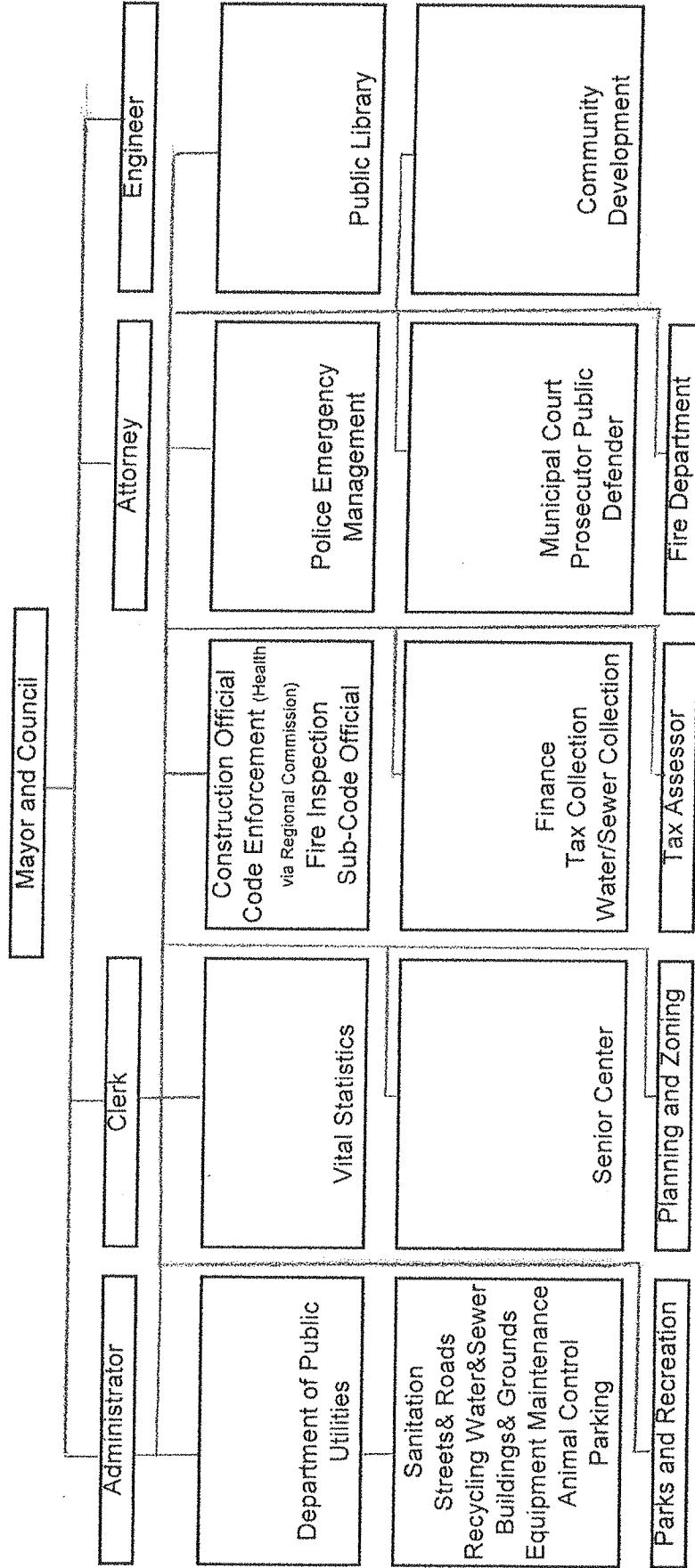
ACKNOWLEDGMENTS

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,

Colleen Lapp
Chief Financial Officer

BOROUGH OF RED BANK
TABLE OF ORGANIZATION



BOROUGH OF RED BANK
ROSTER OF OFFICIALS
DECEMBER 31, 2011

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

Colleen Lapp, Treasurer, Water-Sewer Comptroller,
Parking Utility Collector and Chief Financial Officer

Dale O'Connor, Tax Collector

Mitchell Elias, Tax Assessor

Stanley Sickels, Borough Administrator, Construction Code Official and Fire Marshall

Pamela Borghi, Borough Clerk

William Himelman, Magistrate

Daniel O'Hern, Attorney

Frances Pastoriza, Municipal Court Administrator

Fred Corscione, Building Subcode Official

Christine Ballard, Engineer

Jacqueline Reynolds, Senior Center Director

BOROUGH OF RED BANK
CONSULTANTS AND ADVISORS
DECEMBER 31, 2011

AUDIT FIRM

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

ATTORNEY

Daniel O'Hern
Byrnes O'Hern, LLC
28 Leroy Place
Red Bank, New Jersey 07701

BOND COUNSEL

Parker McCay P.A.
9000 Midlantic Drive
Suite 300
PO Box 5054
Mount Laurel, New Jersey 08054

BOROUGH OF RED BANK
CONSULTANTS AND ADVISORS (CONTINUED)
DECEMBER 31, 2011

OFFICIAL NAMED DEPOSITORIES

Amboy National Bank

Bank of America

Bank of New York/Mellon

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, 2011 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, 2011, 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, 2011, 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, 2011 on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 4, 2012, 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.



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

DAK CPA
DAK CPA, Certified Public Accountants

Long Branch, New Jersey
June 4, 2012

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, 2011

(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2010)

	Governmental Funds			General Fixed Assets Account			Totals Memorandum Only	
	Current	General Capital	Trust Funds	Operating	Utilities	Capital	2011	2010
ASSETS AND OTHER DEBITS								
Cash and Cash Equivalents	\$ 2,494,272.40	\$ 2,141,523.77	\$ 2,535,374.93	\$ 2,199,298.93	\$ 2,349,746.09	\$ 277,284.00	\$ 11,720,216.12	\$ 11,396,226.48
Intergovernmental Receivables	10,756.08	820,000.00	16,440.65				1,124,480.73	1,235,403.08
Receivables and Other Assets:								
Delinquent Property Taxes	1,041,029.66			843,427.16			1,041,029.66	1,133,421.82
Consumer Accounts Receivable							843,427.16	1,140,702.15
Assessments Receivable								
Inventory				3,981.60				
Liens Receivable	34,978.22						38,955.82	3,530.00
Demolition Liens Receivable	8,930.09						8,930.09	70,021.60
Property Acquired for Taxes - Assessed								8,930.09
Valuation	301,000.00						301,000.00	
Other Accounts Receivable	174,724.87						174,724.87	
Interfunds Receivable	18,547.79						640,006.22	
Capital Lease Obligations, Unfunded				2,675.99			2,717,900.00	
Deferred Charges				115,000.00			13,994,251.78	
Fixed Assets							28,005,881.45	
Federal and State Grant Fund:							30,570,614.51	
Cash and Cash Equivalents	171,342.14						171,342.14	
Federal and State Grants Receivable	287,940.00						287,940.00	
Interfunds Receivable	52,371.72						52,371.72	
Total Assets and Other Debits	\$ 5,200,892.97	\$ 19,401,923.78	\$ 2,554,491.57	\$ 3,161,707.69	\$ 30,803,445.75	\$ 30,570,614.51	\$ 91,693,076.27	\$ 88,619,001.92

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, 2011
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2010)

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 YEAR ENDED DECEMBER 31, 2011

		Current Fund		Variance Favorable (Unfavorable)		Utility Operating Funds (1)		Variance Favorable (Unfavorable)
		Final Budget	Actual	Final Budget		Actual		
Revenues:								
Fund Balance Anticipated		\$ 250,000.00	\$ 250,000.00	\$ 6,245,723.42	\$ 6,560,981.38			\$ 315,257.96
Water-Sewer Rents and Connection Fees				991,000.00	1,081,357.89			90,357.89
Parking Meter and Lot Fees		5,032,455.00	5,202,032.25	413,900.00	407,239.38			(6,660.62)
Miscellaneous Revenues		2,011,681.00	2,011,681.00					
State Aid		255,784.84	255,784.84					
Federal and State Grants								
Receipts from Delinquent Taxes		7,549,920.84	7,719,498.09	169,577.25	7,650,623.42	8,049,578.65		398,955.23
Amount to be Raised by Taxes for Support of Municipal Budget:								
Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes		10,750,728.35	10,709,581.64	(41,146.71)				
Minimum Library Levy		741,106.00	741,106.00					
Budget Totals		20,141,755.19	20,303,523.15	161,767.96	7,650,623.42	8,049,578.65		398,955.23
Non-budget Revenues								
Other Credits to Income								
Taxes Allocated to School, County and Special Districts								
Total Revenues		\$ 20,141,755.19	\$ 48,670,256.95	\$ 28,528,501.76	\$ 7,650,623.42	\$ 8,164,037.34		\$ 513,413.92

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 YEAR ENDED DECEMBER 31, 2011

	Current Fund		Utility Operating Funds (1)		Variance Favorable (Unfavorable)	Variance Favorable (Unfavorable)
	Final Budget	Actual	Final Budget	Actual		
Expenditures:						
Current:					\$	\$
General Government	\$ 2,161,681.00	\$ 2,161,681.00	\$ 202,780.00	\$ 202,780.00		
Land Use Administration	2,847,507.00		2,847,507.00			
Insurance	5,025,595.00		5,025,595.00			
Public Safety	1,514,180.00		1,514,180.00			
Public Works	329,200.00		329,200.00			
Landfill/Solid Waste Disposal Costs	212,240.00		212,240.00			
Health and Welfare	435,215.00		435,215.00			
Parks and Recreation	629,700.00		629,700.00			
Utility Expenses and Bulk Purchases	317,340.00		317,340.00			
Uniform Construction Code	500.00		500.00			
Contingent	255,784.84		255,784.84			
State and Federal Grants						
Operating						
Capital Improvements	50,000.00		50,000.00			
Debt Service	3,139,173.50		3,139,173.50			
Deferred Charges and Statutory						
Expenditures	2,025,688.00		2,025,688.00			
Surplus - General Budget						
Reserve for Sick and Severance Pay	15,000.00		15,000.00			
Reserve for Uncollected Taxes	980,170.85		980,170.85			
Total Budget Expenditures	<u>20,141,755.19</u>	<u>20,141,755.19</u>			<u>7,650,623.42</u>	<u>7,650,623.42</u>
Other Expenditures						
County, School and Special District Taxes						
Total Expenditures	\$ 20,141,755.19	\$ 47,988,741.19	\$ (27,846,986.00)	\$ 7,650,623.42	\$ 7,650,623.42	\$ 7,650,623.42

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 YEAR ENDED DECEMBER 31, 2011

	Current Fund		Utility Operating Funds (1)		Variance Favorable (Unfavorable)
	Final Budget	Actual	Final Budget	Actual	
Excess/(Deficit) in Revenues over Expenditures/ Statutory Excess to Fund Balance					
Fund Balance, January 1	681,515.76	681,515.76			513,413.92
Decreased By:					
Utilization as Anticipated Revenue	409,261.58	409,261.58			900,554.20
Transferred to Current Fund	409,261.58	1,090,777.34	681,515.76	900,554.20	1,413,968.12
	250,000.00	250,000.00			513,413.92
	250,000.00	250,000.00			200,000.00
					200,000.00
Fund Balance, December 31	\$ 159,261.58	\$ 840,777.34	\$ 681,515.76	\$ 700,554.20	\$ 1,213,968.12
					\$ 513,413.92

(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

BALANCE, DECEMBER 31, 2010 \$ 77,097.72

DECREASED BY

Appropriated to Finance 2011 ERI Refunding	\$ 27,000.00
Transferred to Current Fund as Anticipated Revenue	<u>50,000.00</u>
	<u>77,000.00</u>

BALANCE, DECEMBER 31, 2011 \$ 97.72

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

BALANCE, DECEMBER 31, 2010 \$ 7.98

AND

BALANCE, DECEMBER 31, 2011 \$ 7.98

NOTES TO FINANCIAL STATEMENTS

BOROUGH OF RED BANK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010

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, 2011 AND 2010

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 31st 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, 2011 AND 2010

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, 2011 AND 2010

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, 2011 AND 2010

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, 2011 AND 2010

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, 2011 was \$9,365,361.87.

BOROUGH OF RED BANK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2011 AND 2010

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, 2011 AND 2010

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, 2011 is as follows:

	<u>Parking</u> <u>Utility</u>	<u>Water-</u> <u>Sewer</u> <u>Utility</u>	<u>Total</u> <u>Enterprise</u> <u>Fund</u>
Revenue and Other Income Realized:			
Parking Fees	\$ 1,081,357.89	\$	\$ 1,081,357.89
Water-Sewer Rents		6,542,701.38	6,542,701.38
Water and Sewer Connection Fees		18,280.00	18,280.00
Riverview Hospital - Lease Agreement	310,851.36		310,851.36
Reserve for Payment of Bonds			
Current Budget Appropriations Cancelled	375.32	13,761.26	14,136.58
Non-Budget Revenue	1,012.62	96,388.02	97,400.64
Other Credits to Income - Unexpended Balance of Appropriation Reserves	<u>42,994.50</u>	<u>56,314.99</u>	<u>99,309.49</u>
 Total Income	 <u>1,436,591.69</u>	 <u>6,727,445.65</u>	 <u>8,164,037.34</u>
 Expenditures:			
Operating	487,700.00	4,171,600.78	4,659,300.78
Capital Improvement Fund		10,000.00	10,000.00
Debt Service	114,200.00	1,051,122.64	1,165,322.64
Deferred Charges and Statutory Expenditures	56,000.00	115,000.00	171,000.00
Surplus General Budget	655,000.00	990,000.00	1,645,000.00
Total Expenditures	<u>1,312,900.00</u>	<u>6,337,723.42</u>	<u>7,650,623.42</u>
 Statutory Excess to Fund Balance	 123,691.69	 389,722.23	 513,413.92
 Fund Balance, January 1	 <u>276,175.86</u>	 <u>624,378.34</u>	 <u>900,554.20</u>
 Decreased by:	 399,867.55	 1,014,100.57	 1,413,968.12
Transferred to Current Fund	<u>100,000.00</u>	<u>100,000.00</u>	<u>200,000.00</u>
 Fund Balance, December 31	 <u>\$ 299,867.55</u>	 <u>\$ 914,100.57</u>	 <u>\$ 1,213,968.12</u>

BOROUGH OF RED BANK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2011 AND 2010

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 are 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>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	* <u>2007</u>
Tax Rate	\$ 1.712	\$ 1.679	\$ 1.613	\$ 1.594	\$ 1.541
Apportionment of Tax Rate:					
Municipal	0.509	0.484	0.462	0.445	0.384
County	0.242	0.249	0.238	0.231	0.237
County Open Space Fund	0.015	0.016	0.016	0.015	0.015
District School	0.569	0.556	0.530	0.538	0.534
Regional High School	0.377	0.374	0.367	0.365	0.371

* Revaluation.

BOROUGH OF RED BANK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2011 AND 2010

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

Assessed Valuations

<u>Year</u>	<u>Amount</u>
2011	\$ 2,259,057,134.00
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

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2011	\$ 39,279,344.20	\$ 38,168,792.40	97.17%
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%

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>
2011	\$ 34,978.22	\$ 1,041,029.66	\$ 1,076,007.88	2.74%
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%

BOROUGH OF RED BANK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2011 AND 2010

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>
2011	\$ 301,000.00
2010	301,000.00
2009	301,000.00
2008	301,000.00
2007	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>
2011	\$ 6,245,426.39	\$ 6,542,701.38
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

BOROUGH OF RED BANK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2011 AND 2010

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</u>	<u>Percentage of Fund Balance Utilized in Budget</u>
-------------	--------------------------------	--	--	--

Current Fund

2011	\$ 840,777.34	\$ 500,000.00	\$	59.47%
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%

Water-Sewer Utility Operating Fund

2011	\$ 914,100.57	\$ 399,500.00	\$ 100,000.00	43.70%
2010	624,378.34	None	0.00	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%

Parking Utility Operating Fund

2011	\$ 299,867.55	\$ 70,000.00	\$ 100,000.00	23.34%
2010	276,175.86	None	0.00	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

BOROUGH OF RED BANK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2011 AND 2010

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 1/55th 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, 2011 AND 2010

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%) through October 1, 2011 and six and one-half percent (6½%) thereafter, and for PFRS were eight and one-half percent (8½%) through October 1, 2011 and ten percent (10%) thereafter 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>
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
2011	458,597.00	217,969.15	942,017.00	319,629.52

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, 2011 AND 2010

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	
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>\$ 7,976,000.00</u>	<u>\$ 1,027,142.50</u>		<u>\$ 165,000.00</u>	<u>\$ 7,563.75</u>	

Calendar Year	Water-Sewer Capital			Total		Grand Totals
	Principal	Interest		Principal	Interest	
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>\$ 8,272,442.45</u>	<u>\$ 1,824,798.78</u>		<u>\$ 16,413,442.45</u>	<u>\$ 2,859,505.03</u>	<u>\$ 19,272,947.48</u>

BOROUGH OF RED BANK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2011 AND 2010

Note 9. MUNICIPAL DEBT (CONTINUED)

Summary of Municipal Debt (Excluding Current and Operating Debt)

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Issued:			
General (Includes Trust Assessment)			
Bonds and Notes	\$ 11,903,500.00	\$ 12,927,500.00	\$ 13,727,500.00
Loans Payable	983,508.08	939,222.78	1,064,624.90
Water-Sewer Utility			
Bonds and Notes	10,784,610.45	9,449,022.58	9,620,076.00
Parking Utility			
Bonds and Notes	<u>165,000.00</u>	<u>270,000.00</u>	<u>365,000.00</u>
	<u>23,836,618.53</u>	<u>23,585,745.36</u>	<u>24,777,200.90</u>
Authorized but not Issued:			
General			
Bonds and Notes	73,632.00	38,200.00	37,500.00
Water-Sewer Utility			
Bonds and Notes	<u>440,673.00</u>	<u>440,673.00</u>	<u>439,773.00</u>
	<u>514,305.00</u>	<u>478,873.00</u>	<u>477,273.00</u>
Total Debt	<u>24,350,923.53</u>	<u>24,064,618.36</u>	<u>25,254,473.90</u>
Less:			
2011 ERI Refunding Bonds	540,000.00	None	None
MCIA Guaranty 2011	160,000.00		
Reserves for Payment of			
Bonds and Notes:			
General Capital	171,027.89	656,027.89	203,027.89
Water-Sewer Utility	0.00	2,103.59	None
Parking Utility	<u>0.00</u>	<u>39,768.64</u>	<u>96,868.64</u>
	<u>871,027.89</u>	<u>697,900.12</u>	<u>299,896.53</u>
Net Bonds and Notes Issued and			
 Authorized but not Issued	<u>\$ 23,479,895.64</u>	<u>\$ 23,366,718.24</u>	<u>\$ 24,954,577.37</u>

BOROUGH OF RED BANK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2011 AND 2010

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 .543%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Regional School District	\$ 2,772,675.80	\$ 2,772,675.80	\$ None
Local School District	3,880,000.00	3,880,000.00	None
Water-Sewer Utility	11,225,283.45	11,225,283.45	None
Parking Utility	165,000.00	165,000.00	None
General	<u>12,960,640.08</u>	<u>871,027.89</u>	<u>12,089,612.19</u>
	\$ 31,003,599.33	\$ 18,913,987.14	\$ 12,089,612.19

Net debt, \$12,089,612.19 divided by Equalized Valuation Basis per N.J.S. 40A:2-2, \$2,226,123,529.00 equals .543%. The debt shown above is in agreement with the Annual Debt Statement.

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

Deductions:

Operating and Maintenance Costs	\$ 4,286,600.78	
Debt Service	<u>1,037,361.38</u>	<u>5,323,962.16</u>
Excess in Revenue		\$ <u>1,333,407.24</u>

BOROUGH OF RED BANK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2011 AND 2010

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	\$ 1,393,221.87
 Deductions:	
Operating and Maintenance Costs	\$ 543,700.00
Debt Service	<u>113,824.68</u>
	<u>657,524.68</u>
Excess in Revenue	<u>\$ 735,697.19</u>

1998 General Obligation Bonds

On October 1, 1998 the Borough issued \$3,623,000.00 of General Obligation Bonds consisting of \$3,273,000.00 General Improvement Bonds and \$350,000.00 Water-Sewer Utility Bonds. The final maturity of \$353,000.00 was paid on October 1, 2011 at an interest rate of 4.150%.

2002 General Obligation Bonds

On August 1, 2002, the Borough issued \$7,216,000.00 of General Obligation Bonds consisting of \$5,481,000.00 General Improvement Bonds, \$1,200,000 in Water-Sewer Utility Bonds and \$535,000.00 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.

2004 General Obligation Bonds

On June 15, 2004, the Borough issued \$5,826,000.00 General Obligation Bonds consisting of \$2,731,000.00 General Improvement Bonds, \$2,780,000.00 Water-Sewer Utility Bonds and \$315,000.00 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 4.00%. The Bonds are not callable prior to maturity.

BOROUGH OF RED BANK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2011 AND 2010

Note 9. MUNICIPAL DEBT (CONTINUED)

2007 General Obligation Bonds

On July 15, 2007, the Borough issued \$13,776,000.00 General Obligation Bonds consisting of \$7,391,000.00 General Improvement Bonds and \$6,385,000.00 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 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.

2009 New Jersey Environmental Infrastructure Trust Bonds

On December 2, 2009 the Borough issued \$680,000.00 of NJEIT Trust Series A Bonds. The Bonds mature annually in amounts ranging from \$25,000.00 to \$50,000.00 on August 1 through 2029. Interest rates range from 2% to 5%.

BOROUGH OF RED BANK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2011 AND 2010

Note 9. MUNICIPAL DEBT (CONTINUED)

2009 New Jersey Environmental Infrastructure Fund Bonds

On December 2, 2009 the Borough issued \$2,040,227.00 NJEIT Fund Series A Bonds. The American Recovery and Reinvestment Act provided principal forgiveness funding of \$1,360,151.00, making the Borough's net obligation to repay \$680,076.00. 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.

Special Emergency Notes and Tax Appeal Refunding Notes

There were special emergency and tax appeal refunding notes outstanding as follows:

	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Amount</u>
Special Emergency	1.40%	12/21/11	5/30/12	\$ 600,000.00
Tax Appeal Refunding	1.60%	6/1/11	5/30/12	<u>400,000.00</u>
				<u>\$ 1,000,000.00</u>

Bond Anticipation Notes

There were bond anticipation notes outstanding as follows:

	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Amount</u>
General Capital Fund	1.13%	11/28/11	11/28/12	\$ 2,987,500.00
Water-Sewer Capital Fund	1.13%	11/28/11	11/28/12	<u>2,512,168.00</u>
				<u>\$ 5,499,668.00</u>

BOROUGH OF RED BANK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2011 AND 2010

Note 9. MUNICIPAL DEBT (CONTINUED)

Schedule of Changes in Bonded Debt

<u>Type</u>	<u>December 31, 2010</u>	<u>Issued</u>	<u>Payments</u>	<u>December 31, 2011</u>
General Improvements	\$ 9,331,000.00		\$ 1,738,000.00	\$ 7,593,000.00
Water- Sewer Utility	8,972,022.58		699,580.13	8,272,442.45
Parking Utility	270,000.00		105,000.00	165,000.00
Refunding	483,000.00	540,000.00	100,000.00	923,000.00
	<u>\$ 19,056,022.58</u>	<u>\$ 540,000.00</u>	<u>\$ 2,642,580.13</u>	<u>\$ 16,953,442.45</u>

Bonds and Notes Authorized but not Issued

At December 31, 2011, the Borough has authorized but not issued bonds and notes as follows:

General Capital Fund	\$ 73,632.00
Water-Sewer Utility Capital Fund	<u>440,673.00</u>
	<u>\$ 514,305.00</u>

At December 31, 2011, the Borough's bonded debt is as follows:

General Serial Bonds

\$5,481,000 2002 Bonds due in annual installments of \$615,000 to \$696,000 through August 2013 at interest rates ranging from 3.625% to 3.75%.	\$ 1,311,000.00
\$2,731,000 2004 Bonds due in annual installments of \$295,000 to \$331,000 through February 2014 at interest rates ranging from 3.75% to 4%.	941,000.00
\$7,391,000 2007 Bonds due in annual installments of \$600,000 to \$941,000 through July 2018 at interest rates ranging from 4.125% to 4.25%.	<u>5,341,000.00</u>
	<u>\$ 7,593,000.00</u>

BOROUGH OF RED BANK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2011 AND 2010

Note 9. MUNICIPAL DEBT (CONTINUED)

Refunding Serial Bonds

\$888,000 2006 General Refunding Serial Bonds due in annual installments of \$87,000 to \$99,000 through February 2015 at interest rates ranging from 3.80% to 5%. \$ 383,000.00

\$540,000 2011 Pension Early Retirement Incentive Refunding Bonds due in annual installments of \$33,000 to \$81,000 through 2021 at interest rates ranging from 2.04% to 5.70%. 540,000.00
\$ 923,000.00

Water-Sewer Utility Capital Fund Serial Bonds

\$1,200,000 2002 Bonds due in annual installments of \$140,000 to \$150,000 through August, 2013 at interest rates ranging from 3.70% to 3.75%. \$ 290,000.00

\$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%. 1,500,000.00

\$6,385,000 2007 Bonds due in annual installments ranging from \$340,000 to \$580,000 through July 2022 at interest rates ranging from 4.125% to 4.25%. 5,205,000.00

\$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 3% to 5%. 655,000.00

\$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%. 622,442.45

\$ 8,272,442.45

BOROUGH OF RED BANK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2011 AND 2010

Note 9. MUNICIPAL DEBT (CONTINUED)

Parking Utility Capital Serial Bonds

\$535,000 2002 Bonds due in annual installments of \$60,000 through August 2013 at interest rates ranging from 3.625% to 3.75% \$ 120,000.00

\$315,000 2004 Bonds due in a final annual installments of \$45,000 in February 2012 at an interest rate of 3.75%. 45,000.00

\$ 165,000.00

Grand Total \$ 16,953,442.45

Green Trust Loan Agreements

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

Riverside Gardens Acq.			
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	
2012	\$ 57,354.11	\$ 3,225.54	
2013	58,506.92	2,072.72	
2014	59,682.91	896.73	
	<u>\$ 175,543.94</u>	<u>\$ 6,194.99</u>	

<u>Year</u>	<u>Riverside Gardens Dev. 1&2</u>		<u>Waterfront Acquistion</u>		<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
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
2025-29			47,801.02	2,420.76	47,800.92	2,420.76
	<u>\$ 483,855.18</u>	<u>\$ 44,701.88</u>	<u>\$ 164,109.06</u>	<u>\$ 31,200.86</u>	<u>\$ 823,508.08</u>	<u>\$ 82,097.73</u>

BOROUGH OF RED BANK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2011 AND 2010

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>2011</u>	2012 Budget Appropriation	Balance to Succeeding Budgets
Current Fund:			
Special Emergency Appropriations per N.J.S.A. 40A:4-53	\$ <u>605,000.00</u>	\$ <u>155,000.00</u>	\$ <u>450,000.00</u>

The appropriations in the 2012 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		
	<u>2010</u>	<u>2011</u>	Increase/ (Decrease)	<u>2010</u>	<u>2011</u>	Increase/ (Decrease)
Balance of Tax	\$ 6,308,842.71	\$ 6,134,079.71	\$ (174,763.00)	\$ 4,238,642.36	\$ 4,260,521.81	\$ 21,879.45
Deferred Payable	<u>6,256,724.50</u>	<u>6,256,724.50</u>	<u> </u>	<u>4,216,556.36</u>	<u>4,216,556.36</u>	<u> </u>
Tax Payable	\$ <u>(2,204.81)</u>	\$ <u>(122,644.79)</u>	\$ <u>(174,763.00)</u>	\$ <u>22,086.00</u>	\$ <u>43,965.45</u>	\$ <u>21,879.45</u>

BOROUGH OF RED BANK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2011 AND 2010

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	\$ 18,547.79	\$ 327,320.94
Federal and State Grant	52,371.72	175,000.00
General Capital	333,248.23	
Trust Other	2,675.99	
Water-Sewer Operating	115,000.00	171,509.21
Water-Sewer Capital	170,534.21	
Parking Operating		2,000.00
Animal Control	<hr/>	<hr/>
	\$ <u>692,377.94</u>	\$ <u>692,377.94</u>

The Current Fund has interfunds due from the Parking Operating Fund and the excess due from the Animal Control 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, 2011 AND 2010

Note 13. CAPITAL LEASE

The Borough is a participant in the Monmouth County Improvement Authority's Capital Equipment Pooled Lease Program. At December 31, 2011, the Borough's outstanding principal capital lease obligation to the County was \$2,717,900.00. 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>
2012	\$ 832,100.00
2013	479,200.00
2014	498,500.00
2015	437,100.00
2016	310,000.00
2017-2021	<u>161,000.00</u>
	<u>\$ 2,717,900.00</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, 2011 AND 2010

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>
2011	\$ 40.36	\$ 18,334.54	\$ 16,000.00	\$ 52,080.67	\$ 23,948.81
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

BOROUGH OF RED BANK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2011 AND 2010

Note 16. CONTINGENT LIABILITIES

A. Compensated Absences

The Borough has a contingent liability for accrued sick time costs at December 31, 2011 of \$2,176,319.00. 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, 2011.

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, 2011 of \$5,255.90. 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 bona fide 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, 2011 AND 2010

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 2011 annual OPEB cost:

Normal Cost	\$ 830,700
Amortization Cost	<u>1,958,800</u>
	2,789,500
Less: Retiree Costs Paid	<u>1,140,741</u>
ARC	<u><u>\$ 1,648,759</u></u>

BOROUGH OF RED BANK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2011 AND 2010

Note 18. OTHER POST EMPLOYMENT BENEFITS-(CONTINUED)

As of December 31, 2011 and 2010, 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 or DCRP, established July 1, 2007, provides retirement benefits for eligible employees and their beneficiaries. The Retirement Plan is a tax-qualified defined contribution money purchase pension plan and is a "governmental plan" within the meaning of the Internal Revenue Code. The Plan is currently administered for the Division of Pensions and Benefits by Prudential Financial. The program also provides eligible members with employer-provided group life insurance and group long-term disability benefits.

DCRP Membership Eligibility

Employees who are eligible for membership in the DCRP include:

State or local officials elected on or after July 1, 2007.

State of local officials appointed on or after July 1, 2007.

Employees enrolled in PERS or TPAF on or after July 1, 2007 who earn a salary in excess of established Maximum Compensation limits.

Employees enrolled in PFRS or SPRS after May 10, 2010 who earn a salary in excess of established Maximum Compensation limits.

Employees whose service began between July 1, 2007 and May 10, 2010 and who earn a salary of \$5,000 or more but below \$7,800 making them ineligible for Tier 3 enrollment in the PERS or TPAF.

BOROUGH OF RED BANK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2011 AND 2010

Note 19. DEFINED CONTRIBUTION RETIREMENT PROGRAM - (CONTINUED)

DCRP Membership Eligibility- (Continued)

Employees whose service began after May 21, 2010 and who earn a salary of \$5,000 or more but work less than the minimum required hours (32 hours per week for local government employees), making them ineligible for Tier 4 enrollment in PERS or TPAF.

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>
2011	\$ 4,981.30	\$ 6,852.14
2010	1,464.20	2,684.37
2009	328.32	601.92

Note 20. FIXED ASSETS

The changes in the Borough's fixed assets are summarized as follows:

<u>Type</u>	<u>December 31, 2010</u>	<u>Increased</u>	<u>December 31, 2011</u>
Land and Buildings	\$ 18,053,582.00	\$ 18,053,582.00	
Contents	2,551,481.00		2,551,481.00
Vehicles and Equipment	9,361,212.00	604,339.51	9,965,551.51
	<u>\$ 29,966,275.00</u>	<u>\$ 604,339.51</u>	<u>\$ 30,570,614.51</u>

BOROUGH OF RED BANK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2011 AND 2010

Note 21. SUBSEQUENT EVENTS

The Borough has considered all events occurring through the date of the independent auditor's report, June 4, 2012 for disclosure as subsequent events.

The Borough passed Bond Ordinance 2012-3, authorizing the issuance of \$1,045,000 in bonds or notes for the acquisition of a fire truck.

The Borough passed Bond Ordinance 2012-4, authorizing the issuance of \$1,604,490 in bonds and notes for various improvements to and the acquisition of capital equipment for the Phase III Count Basie Park project.

**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, 2011 AND 2010

	December 31,	
	<u>2011</u>	<u>2010</u>
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 2,494,272.40	\$ 2,670,984.75
Intergovernmental Receivable:		
Due from State of New Jersey:		
Senior Citizens' and Veterans' Deductions	10,756.08	5,256.08
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes	1,041,029.66	1,133,421.82
Liens Receivable:		
Tax Title Liens Receivable	34,978.22	66,040.00
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	52,080.08	43,999.50
Interfunds Receivable	18,547.79	9,097.95
Due from Local School District	122,644.79	
Deferred Charges:		
Special Emergency Authorizations N.J.S. 40A:4-53	605,000.00	755,000.00
	<u>4,689,239.11</u>	<u>4,993,730.19</u>
Federal and State Grant Fund:		
Cash and Cash Equivalents	171,342.14	173,840.46
Federal and State Grants Receivable	287,940.00	140,378.44
Interfund Receivable	52,371.72	50,098.73
	<u>511,653.86</u>	<u>364,317.63</u>
Total Assets	<u>\$ 5,200,892.97</u>	<u>\$ 5,358,047.82</u>

BOROUGH OF RED BANK
CURRENT FUND
COMPARATIVE STATEMENTS OF ASSETS, LIABILITIES AND FUND BALANCE -
REGULATORY BASIS
AS OF DECEMBER 31, 2011 AND 2010

	December 31,	
	<u>2011</u>	<u>2010</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Current Fund:		
Liabilities:		
Appropriation Reserves	\$ 599,551.44	\$ 838,281.20
Prepaid Taxes	180,707.49	185,253.28
Payroll Taxes Payable	15,443.31	2,884.69
Due to State of NJ - Training Fees	6,817.10	
Tax Overpayments	44,755.99	54,085.97
Local School District Tax Payable		52,118.21
Regional High School District Tax Payable	43,965.45	22,086.00
Due County for Added Taxes	10,983.57	23,153.02
Special Emergency Note Payable	600,000.00	750,000.00
Reserve for Encumbrances	207,246.53	187,792.13
Reserve for State Tax Appeals	5,255.90	44,721.48
Reserve for Sale of Municipal Assets	3,527.13	320.52
Reserve for Revaluation	908.35	908.35
Reserve for Severance Liabilities	222,767.94	502,177.18
Interfunds Payable	<u>327,320.94</u>	<u>358,197.52</u>
	2,269,251.14	3,021,979.55
Reserve for Receivables and Other Assets	1,579,210.63	1,562,489.06
Fund Balance	<u>840,777.34</u>	<u>409,261.58</u>
Total Current Fund	<u>4,689,239.11</u>	<u>4,993,730.19</u>
Federal and State Grant Fund:		
Reserve for Federal and State Grants:		
Appropriated	293,013.63	169,937.54
Unappropriated	40,908.88	4,147.53
Reserve for Encumbrances	2,731.35	15,232.56
Interfunds Payable	<u>175,000.00</u>	<u>175,000.00</u>
Total Federal and State Grant Fund	<u>511,653.86</u>	<u>364,317.63</u>
Total Liabilities, Reserves and Fund Balance	<u>\$ 5,200,892.97</u>	<u>\$ 5,358,047.82</u>

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, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
Revenues and Other Income Realized:		
Fund Balance Utilized	\$ 250,000.00	\$ 350,000.00
Miscellaneous Revenues Anticipated	5,202,032.25	5,089,249.34
State Aid	2,011,681.00	2,011,681.00
Federal and State Grants	255,784.84	157,183.89
Receipts from Delinquent Taxes	1,133,337.42	849,803.52
Receipts from Current Taxes	11,450,687.64	10,525,142.55
Taxes Allocated to School, County and Special Districts	27,698,275.61	27,638,174.50
Non-Budget Revenues	184,323.17	128,367.17
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	417,015.19	95,734.66
Current Budget Appropriations Canceled	33,734.47	153,185.05
Cancellation of Appropriated Reserves - Grant Fund	26,287.61	31,608.00
Interfunds Liquidated	7,097.75	23,287.91
 Total Income	 48,670,256.95	 47,053,417.59
Expenditures:		
Budget and Emergency Appropriations:		
Within "CAPS":		
General Government	735,340.00	763,280.00
Land Use Administration	202,780.00	174,715.71
Public Safety	5,025,595.00	5,087,993.00
Public Works	1,514,180.00	1,315,445.00
Landfill/Solid Waste Disposal Costs	329,200.00	359,200.00
Health and Welfare	212,240.00	192,325.00
Parks and Recreation	435,215.00	441,105.00
Utility Expenses and Bulk Purchases	629,700.00	630,000.00
Uniform Construction Code	317,340.00	280,610.00
Reserve for Sick and Severance Pay	15,000.00	823,383.04
Contingent	500.00	500.00
Insurance	2,789,930.00	2,610,023.31
Deferred Charges and Statutory Expenditures	1,705,688.00	1,582,042.41
Excluded from "CAPS":		
General Government	1,426,341.00	1,359,841.12
Statutory Expenditures	10,073.00	10,073.00
Insurance	57,577.00	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, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
Expenditures (Continued):		
Budget and Emergency Appropriations (Continued):		
State and Federal Grants	\$ 255,784.84	\$ 157,183.89
Capital Improvements	50,000.00	50,000.00
Municipal Debt Service	3,139,173.50	3,215,777.69
Deferred Charges	320,000.00	34,980.00
Reserve for Uncollected Taxes	980,170.85	948,926.66
Special Improvement District Tax	512,120.00	512,120.00
County Taxes	5,807,986.81	6,007,886.18
Due to County for Added and Omitted Taxes	10,983.57	23,153.02
Local District School Taxes	12,846,142.00	12,417,731.00
Regional High School District Tax	8,521,043.23	8,427,284.30
Cancellation of Grants Receivable - Grant Fund	25,660.60	31,608.00
Local District School Taxes Overpaid	122,644.79	
Refund of Prior Year Revenue	405.00	3,333.00
	<hr/>	<hr/>
Total Expenditures	<hr/> <u>47,988,741.19</u>	<hr/> <u>47,545,403.33</u>
Excess/(Deficit) in Revenue over Expenditures	681,515.76	(491,985.74)
Adjustment to Income Before Fund Balance:		
Expenditures included above which are by statute deferred charges to budgets of succeeding years	<hr/> <u>750,000.00</u>	<hr/> <u>750,000.00</u>
Statutory Excess to Fund Balance	681,515.76	258,014.26
Fund Balance, January 1	<hr/> <u>409,261.58</u>	<hr/> <u>501,247.32</u>
	1,090,777.34	759,261.58
Decreased by:		
Utilized as Anticipated Revenue	<hr/> <u>250,000.00</u>	<hr/> <u>350,000.00</u>
Fund Balance, December 31	<hr/> <u>\$ 840,777.34</u>	<hr/> <u>\$ 409,261.58</u>

BOROUGH OF RED BANK
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2011

	Budget As Modified	Added by N.J.S.A. <u>40A:4-87</u>	Realized	Excess or (Deficit)
Surplus Anticipated	\$ 250,000.00	\$ 250,000.00	\$ 250,000.00	\$ 0
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	91,000.00		90,876.00	(124.00)
Other	42,000.00		45,540.00	3,540.00
Fees and Permits:				
Other	264,000.00	326,763.50	62,763.50	
Uniform Construction Code Official Fees	615,000.00	688,844.36	73,844.36	
Fines and Costs:				
Municipal Court	535,000.00	545,227.67	10,427.67	
Interest and Costs on Taxes	200,000.00	231,726.35	31,726.35	
Interest on Investments and Deposits	33,000.00	7,198.14	(25,801.86)	
	<u>1,780,000.00</u>	<u>1,936,376.02</u>	<u>156,376.02</u>	
State Aid Without Offsetting Appropriations:				
Energy Receipts Tax	1,969,880.00	1,969,880.00		
Consolidated Municipal Property Tax Relief Aid	<u>41,801.00</u>	<u>41,801.00</u>		
	<u>2,011,681.00</u>	<u>2,011,681.00</u>		
Special Items of Revenue Offset with Appropriations:				
U.S. Older Americans Act - Senior Citizens				
Community Development Block Grant - Cedar Crossing	33,312.00	187,797.00	33,312.00	
Clean Communities Program - 2011		17,480.95	187,797.00	
Recycling Tonnage Grant	12,794.89		17,480.95	
Over the Limit - Under Arrest - 2011		4,400.00	12,794.89	
	<u>\$ 46,106.89</u>	<u>\$ 209,677.95</u>	<u>\$ 255,784.84</u>	<u>\$ 0</u>

BOROUGH OF RED BANK
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2011

	Budget As Modified	Added by N.J.S.A. 40A:4-87	Realized	Excess or (Deficit)
Interlocal Service Agreements:				
Borough of Little Silver - Fire Services	\$ 17,000.00	\$ 9,000.00	\$ 9,168.50	\$ 1,757.35
Township of Shrewsbury - Municipal Court				168.50
Borough of Little Silver - Interlocal Services - Construction	240,000.00	11,500.00	11,787.00	(2,404.92)
Red Bank Board of Education - Shared Services				287.00
Other Special Items:				
Franchise Tax Cable Television	150,955.00	150,955.62	115,185.68	0.62
Uniform Fire Safety Act	107,000.00	8,185.68	8,185.68	0.00
Landlord Registration Fees	15,000.00	585.00	15,585.00	585.00
Utility Operating Surplus of Current Year - Water/Sewer Utility	990,000.00	990,000.00	990,000.00	0.00
Utility Operating Surplus of Current Year - Parking Utility	655,000.00	655,000.00	655,000.00	0.00
Utility Operating Surplus of Prior Years - Water/Sewer Utility	100,000.00	100,000.00	100,000.00	0.00
Utility Operating Surplus of Prior Years -Parking Utility	100,000.00	100,000.00	100,000.00	0.00
Payment in Lieu of Taxes - Riverview Hospital	183,000.00	183,135.04	183,135.04	135.04
R.B.C. Field Rent	130,000.00	130,000.00	130,000.00	0.00
Payment in Lieu of Taxes - Housing Authority	109,000.00	89,050.23	89,050.23	(19,949.77)
Reserve for Payment of Bonds	45,000.00	45,000.00	45,000.00	0.00
Hotel Occupancy Tax	130,000.00	134,436.73	134,436.73	24,436.73
Cancellation of 2010 Appropriation Reserves	200,000.00	200,000.00	200,000.00	0.00
Cancellation of Various Trust Other Reserves	10,000.00	10,000.00	10,000.00	0.00
General Capital Fund Balance	50,000.00	50,000.00	50,000.00	0.00
	3,252,455.00	3,255,656.23	3,255,656.23	13,201.23
Receipts from Delinquent Taxes	1,100,000.00	1,133,337.42	1,133,337.42	33,337.42
Sub-totals	8,440,242.89	209,677.95	8,852,835.51	202,914.67
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes	10,750,728.35	10,709,581.64	10,709,581.64	(41,146.71)
Minimum Library Levy	741,106.00	741,106.00	741,106.00	
Total Amount to be Raised by Taxes for Support of Municipal Budget	11,491,834.35	11,450,687.64	11,450,687.64	(41,146.71)
Budget Totals	19,932,077.24	209,677.95	20,303,523.15	161,767.96
Non-Budget Revenue			184,323.17	184,323.17
	\$ 19,932,077.24	\$ 209,677.95	\$ 20,487,846.32	\$ 346,091.13

BOROUGH OF RED BANK
CURRENT FUND
STATEMENT OF EXPENDITURES - STATUTORY BASIS
YEAR ENDED DECEMBER 31, 2011

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	<u>Canceled</u>
<u>GENERAL GOVERNMENT</u>						
General Administration:						
Salaries and Wages	\$ 87,890.00	\$ 87,890.00	\$ 81,507.78	\$ 1,952.82	\$ 6,379.22	\$ 3,561.37
Other Expenses	13,525.00	13,525.00	8,070.81			
Municipal Clerk:						
Salaries and Wages	45,000.00	25,000.00	19,943.90		5,056.10	
Other Expenses	33,000.00	33,000.00	20,775.36	2,438.64	9,786.00	
Codification of Ordinances						
Financial Administration:						
Salaries and Wages	81,960.00	81,960.00	81,710.00		250.00	
Other Expenses	5,175.00	10,175.00	4,855.43	4,934.00	405.57	
Audit Services:						
Other Expenses	25,000.00	25,000.00	22,875.00		2,125.00	
Mayor and Borough Council:						
Salaries and Wages	29,210.00	29,210.00	29,200.56		9.44	
Tax Assessment Administration:						
Salaries and Wages	77,980.00	47,980.00	41,894.43		6,085.57	
Other Expenses	23,773.85	25,373.85	19,299.68	6,001.80	82.37	
Revenue Administration:						
Salaries and Wages	48,700.00	43,700.00	39,314.49		4,385.51	
Other Expenses	4,000.00	7,000.00	4,239.30	2,754.63	6.07	
Legal Services and Costs:						
Other Expenses	171,776.15	136,776.15	110,676.63		18,599.52	
Engineering Services:						
Other Expenses	60,000.00	77,000.00	74,036.92	2,300.00	663.08	
Codification of Ordinances:						
Other Expenses	10,000.00	10,000.00		10,000.00		
<u>LAND USE ADMINISTRATION</u>						
Planning Board:						
Salaries and Wages	60,665.00	60,665.00	60,072.28		592.72	
Other Expenses	34,225.00	33,225.00	14,727.78		18,191.22	
Zoning Board of Adjustment:						
Salaries and Wages	60,665.00	60,665.00	56,098.31		4,566.69	
Other Expenses	34,225.00	33,225.00	23,337.21	1,418.08	8,449.71	
Plan Endorsement	15,000.00	15,000.00	10,170.50		4,829.50	
<u>INSURANCE</u>						
Liability Insurance	276,000.00	205,400.00	199,795.91		635.00	4,969.09
Worker Compensation Insurance	287,200.00	284,000.00	284,000.00			
Employee Group Insurance	2,205,030.00	2,252,530.00	2,174,514.89			78,015.11
Unemployment Insurance	11,000.00	36,000.00	36,000.00			
Employee Opt Out - Group Insurance	12,000.00	12,000.00	12,000.00			

BOROUGH OF RED BANK
CURRENT FUND
STATEMENT OF EXPENDITURES - STATUTORY BASIS
YEAR ENDED DECEMBER 31, 2011

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	<u>Canceled</u>
PUBLIC SAFETY						
Fire Department:						
Other Expenses	\$ 120,000.00	\$ 129,500.00	\$ 107,627.20	\$ 12,741.02	\$ 9,131.78	\$
Uniform Fire Safety Act (P.L. 1983, Ch. 383):						
Salaries and Wages	87,354.00	87,354.00	87,354.00	8,497.01	504.95	2,398.04
Other Expenses	11,400.00	11,400.00				
Police Department:						
Salaries and Wages	4,446,000.00	4,360,850.00	4,334,635.22	107,845.47	33,695.01	68,459.52
Other Expenses	210,000.00	210,000.00	21,100.00	17,928.71	1,800.05	1,371.24
Aid to Volunteer First Aid Companies	21,100.00					
Office of Emergency Management:						
Other Expenses						
Municipal Court:						
Salaries and Wages	5,500.00	5,500.00	2,340.03	2,703.91	456.06	
Other Expenses						
170,790.00	175,290.00	170,420.21			4,869.79	
24,601.00	24,601.00	12,809.56			11,341.44	
PUBLIC WORKS FUNCTIONS						
Streets and Road Maintenance:						
Salaries and Wages	215,970.00	200,970.00	194,216.86	36,726.73	26,662.01	6,753.34
Other Expenses	75,000.00	70,000.00				6,611.26
Solid Waste Collection:						
Salaries and Wages	492,380.00	517,380.00	515,901.92	66,634.95	6,183.41	1,478.08
Other Expenses	65,000.00	73,000.00				181.64
Public Buildings and Grounds:						
Salaries and Wages	286,250.00	295,750.00	293,000.44	244,936.49	15,527.52	2,689.56
Other Expenses	195,000.00	269,000.00				8,535.99
Code Enforcement:						
Salaries and Wages	87,380.00	88,080.00	88,080.00			
LANDFILL/SOLID WASTE DISPOSAL COSTS						
Landfill:						
Other Expenses	359,200.00	329,200.00	312,805.19			16,394.81
HEALTH AND WELFARE						
Board of Health - Local Health Agency:						
Salaries and Wages						
Visiting Nurse Association	33,710.00	32,135.00	18,547.32		6,182.44	7,405.24
Monmouth County Organization of Social Services - Contract (R. S. 40:13)						
Relocation Assistance	1,425.00	1,425.00				
Monmouth County Regional Health Commission	140,700.00	141,950.00	141,947.00			
Animal Control Services	35,550.00	36,730.00	36,578.34			

BOROUGH OF RED BANK
CURRENT FUND
STATEMENT OF EXPENDITURES - STATUTORY BASIS
YEAR ENDED DECEMBER 31, 2011

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	<u>Canceled</u>
<u>PARKS AND RECREATION FUNCTIONS</u>						
Recreation Services and Programs:						
Salaries and Wages	\$ 176,000.00	\$ 176,000.00	\$ 169,172.07	\$ 14,020.22	\$ 6,827.93	\$
Other Expenses	83,640.00	83,640.00	56,300.64		13,319.14	
Senior Citizens Center:						
Salaries and Wages	147,600.00	151,350.00	150,880.64		469.36	
Other Expenses	24,225.00	24,225.00	18,331.50	540.52	5,352.98	
<u>UTILITY EXPENSES AND BULK PURCHASES</u>						
Street Lighting	276,000.00	276,000.00	255,160.44		20,839.56	
Electricity	104,000.00	104,000.00	89,889.92		14,110.08	
Telephone	96,200.00	96,200.00	90,165.44		6,034.56	
Natural Gas	40,000.00	40,000.00	35,555.60		4,464.40	
Gasoline	100,000.00	113,500.00	111,194.93		2,305.07	
Energy Efficiency Audit						
<u>UNIFORM CONSTRUCTION CODE - APPROPRIATIONS</u>						
OFFSET BY DEDICATED REVENUES (N.J.A.C. 5:23-4.17)						
Salaries and Wages	254,870.00	292,870.00	290,120.00		2,750.00	
Other Expenses	25,270.00	24,470.00	19,198.80	3,798.39	1,562.81	
<u>OTHER RESERVES</u>						
Reserve for Accumulated Sick Pay						
Salaries and Wages	15,000.00	15,000.00	15,000.00			
Other Expenses						
Technology Committee						
Other Expenses	38,000.00	43,500.00	38,843.75	4,093.75	562.50	
Municipal Prosecutor						
Other Expenses	24,500.00	24,500.00	23,100.00		1,400.00	
<u>CONTINGENT</u>						
Total Operations within "CAPS"						
Municipal Public Defender					1,250.00	
Other Expenses						
Total Operations within "CAPS"	\$ 12,213,795.00	\$ 12,206,520.00	\$ 11,603,246.35	\$ 169,144.17	\$ 434,129.48	\$
CONTINGENT					500.00	
Total Operations including Contingent - within "CAPS"	\$ 12,213,795.00	\$ 12,207,020.00	\$ 11,603,246.35	\$ 169,144.17	\$ 434,629.48	\$
Detail:						
Salaries and Wages	\$ 7,074,670.15	\$ 6,845,410.15	\$ 6,738,682.54	\$ 7,500.00	\$ 99,227.61	\$
Other Expenses (including Contingent)	5,139,124.85	5,361,609.85	4,864,563.81	161,644.17	335,401.87	

BOROUGH OF RED BANK
CURRENT FUND
STATEMENT OF EXPENDITURES - STATUTORY BASIS
YEAR ENDED DECEMBER 31, 2011

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	<u>Canceled</u>
DEFERRED CHARGES AND STATUTORY EXPENDITURES -						
MUNICIPAL WITHIN "CAPS"						
Deferred Charges:						
Prior Years Bills	\$ 29,455.00	\$ 29,455.00	\$ 29,454.69	\$	\$ 0.31	\$
Statutory Expenditures:						
Contribution to:						
Public Employees' Retirement System	350,837.00	348,837.00	348,597.00		240.00	
Social Security System (O.A.S.I.)	370,000.00	370,000.00	359,991.89		10,008.11	
Consolidated Police and Firemen's Pension Fund	10,304.00	10,304.00	10,303.76		0.24	
Police and Firemen's Pension Fund	942,017.00	942,092.00	942,088.74		3.26	
Defined Contribution Retirement Program	<u>3,800.00</u>	<u>5,000.00</u>	<u>4,981.30</u>		<u>18.70</u>	
Total Deferred Charges and Statutory Expenditures -						
Municipal within "CAPS"	<u>1,706,413.00</u>	<u>1,705,688.00</u>	<u>1,695,417.38</u>		<u>10,270.62</u>	
Total General Appropriations for Municipal Purposes within "CAPS"	<u>13,920,208.00</u>	<u>13,912,708.00</u>	<u>13,298,663.73</u>	<u>169,144.17</u>	<u>444,900.10</u>	
OPERATIONS - EXCLUDED FROM "CAPS"						
Other Operations - Excluded from "CAPS":						
Public Employees Retirement System	65,550.00	65,550.00	65,550.00			
LOSAP						
Municipal Stormwater Management:						
Salaries and Wages	130,590.00	138,090.00	137,637.16		452.84	
Other Expenses	19,000.00	19,000.00	4,732.25		14,247.75	
Maintenance of Free Public Library (P.L. 1985, Ch. 82)	741,106.00	741,106.00	653,237.31	37,102.36	50,746.33	
Interlocal Services:						
911 System - County of Monmouth	17,895.00	17,895.00	17,894.48		0.52	
Recycling Tax PL 2007 c. 311	46,000.00	46,000.00	43,214.85		2,785.15	
Employee Group Insurance	57,577.00	57,577.00	57,577.00			
Reserve for Tax Appeals	<u>25,000.00</u>	<u>25,000.00</u>	<u>25,000.00</u>			
Total Other Operations - Excluded from "CAPS"	<u>\$ 1,102,718.00</u>	<u>\$ 1,110,218.00</u>	<u>\$ 1,004,883.05</u>	<u>\$ 37,102.36</u>	<u>\$ 68,232.59</u>	

BOROUGH OF RED BANK
CURRENT FUND
STATEMENT OF EXPENDITURES - STATUTORY BASIS
YEAR ENDED DECEMBER 31, 2011

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	<u>Canceled</u>
Uniform Construction Code Appropriations Offset by Increased Fee Revenues						
Inspection of Building - Uniform Construction Code	\$ 63,700.00	\$ 63,700.00	\$ 63,700.00	\$ 63,700.00	\$ 47,500.00	\$ 47,500.00
Salaries and Wages	47,500.00	47,500.00				
Other Expenses						
Board of Education	<u>111,200.00</u>	<u>111,200.00</u>	<u>63,700.00</u>	<u>63,700.00</u>	<u>47,500.00</u>	<u>47,500.00</u>
Other Expenses	11,500.00	11,500.00	11,118.38			381.62
Borough of Little Silver:						
Fire Services:						
Other Expenses						
Inspection of Building - Uniform Construction Code:						
Salaries and Wages	17,000.00	17,000.00				17,000.00
Other Expenses						
Township of Shrewsbury:						
Municipal Court:						
Salaries and Wages	9,000.00	9,000.00	9,000.00			
Total Interlocal Municipal Service Agreements	<u>262,500.00</u>	<u>262,500.00</u>	<u>222,551.25</u>	<u>1,000.00</u>	<u>38,918.75</u>	<u>38,918.75</u>
Public and Private Programs Offset by Revenues:						
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			
Recycling Tonnage Grant	12,794.89	12,794.89	12,794.89			
Over the Limit - 2011						
CDBG - Cedar Crossing Improvement Program						
Clean Communities Grant						
Total Public and Private Programs Offset by Revenues	<u>46,106.89</u>	<u>255,784.84</u>	<u>255,784.84</u>	<u>255,784.84</u>	<u>255,784.84</u>	<u>255,784.84</u>
Total Operations - Excluded from "CAPS"	<u>\$ 1,522,524.89</u>	<u>\$ 1,739,702.84</u>	<u>\$ 1,546,949.14</u>	<u>\$ 38,102.36</u>	<u>\$ 154,651.34</u>	<u>\$ 154,651.34</u>
Detail:						
Salaries and Wages	\$ 402,845.00	\$ 410,145.00	\$ 409,692.16	\$ 452.84	\$ 452.84	\$ 452.84
Other Expenses	1,119,879.89	1,329,557.84	1,137,256.98	38,102.36	154,198.50	154,198.50

BOROUGH OF RED BANK
CURRENT FUND
STATEMENT OF EXPENDITURES - STATUTORY BASIS
YEAR ENDED DECEMBER 31, 2011

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	<u>Canceled</u>
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"						
Capital Improvement Fund	\$ 50,000.00	\$ 50,000.00	\$ 50,000.00	\$ 50,000.00	\$ 50,000.00	\$ 50,000.00
Total Capital Improvements Excluded from "CAPS"	<u>50,000.00</u>	<u>50,000.00</u>	<u>50,000.00</u>	<u>50,000.00</u>	<u>50,000.00</u>	<u>50,000.00</u>
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"						
Payment of Bond Principal	1,738,000.00	1,738,000.00	1,738,000.00	1,738,000.00	1,738,000.00	1,738,000.00
Payment of Principal on Tax Appeal Refunding Notes	100,000.00	100,000.00	100,000.00	100,000.00	100,000.00	100,000.00
Interest on Bonds	396,812.50	396,812.50	396,812.50	396,812.50	395,504.73	395,504.73
Interest on Notes	44,000.00	44,000.00	44,000.00	44,000.00	44,000.00	44,000.00
Green Trust Loan Program						
Loan Repayments for Principal and Interest	133,924.00	133,924.00	133,924.00	133,924.00	133,923.46	133,923.46
Capital Lease Obligations:						
Principal and Interest	626,437.00	626,437.00	626,437.00	626,437.00	594,010.84	594,010.84
Payment of Bond Principal on Public Library Debt	100,000.00	100,000.00	100,000.00	100,000.00	100,000.00	100,000.00
Total Municipal Debt Service - Excluded from "CAPS"	<u>3,139,173.50</u>	<u>3,139,173.50</u>	<u>3,105,439.03</u>	<u>3,105,439.03</u>	<u>3,105,439.03</u>	<u>3,105,439.03</u>
DEFERRED CHARGES - MUNICIPAL - EXCLUDED FROM "CAPS"						
Overexpenditure of 2010 Appropriation Reserves:						
Blizzard	170,000.00	170,000.00	170,000.00	170,000.00	170,000.00	170,000.00
Special Emergency Authorizations - 5 Years (N.J.S. 40A:4-55)	<u>150,000.00</u>	<u>150,000.00</u>	<u>150,000.00</u>	<u>150,000.00</u>	<u>150,000.00</u>	<u>150,000.00</u>
Total Deferred Charges - Municipal - Excluded from "CAPS"	<u>320,000.00</u>	<u>320,000.00</u>	<u>320,000.00</u>	<u>320,000.00</u>	<u>320,000.00</u>	<u>320,000.00</u>
Total General Appropriations for Municipal Purposes Excluded from "CAPS"						
Total General Appropriations - Excluded from "CAPS"	<u>5,031,698.39</u>	<u>5,248,876.34</u>	<u>5,022,388.17</u>	<u>38,102.36</u>	<u>154,651.34</u>	<u>33,734.47</u>
Subtotal General Appropriations	\$ 18,951,906.39	\$ 19,161,584.34	\$ 18,321,051.90	\$ 207,246.53	\$ 599,551.44	\$ 33,734.47
RESERVE FOR UNCOLLECTED TAXES						
Total General Appropriations	<u>980,170.85</u>	<u>980,170.85</u>	<u>980,170.85</u>	<u>980,170.85</u>	<u>980,170.85</u>	<u>980,170.85</u>
Detail:						
Original Budget	\$ 19,932,077.24					
Added by N.J.S.A. 40A:4-87		\$ 209,677.95				
	<u>\$ 20,141,755.19</u>					

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

ANALYSIS OF 2011 PROPERTY TAX | E/N

Tax Yield: General Purpose Tax Special Improvement

TAXI

<u>TAX LEVY</u>	Local District School Tax	Regional High School District Tax	Special Improvement District Tax	County Taxes:	County Tax	Open Space Tax

Local Tax for Municipal Purpose
Add: Additional Tax Levied

\$ 39,279,344.20

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

<u>BALANCE, DECEMBER 31, 2010</u>	\$ 66,040.00
<u>INCREASED BY</u>	
Transferred from Taxes Receivable	<u>21,213.13</u>
	87,253.13
<u>DECREASED BY</u>	
Cash Received	\$ 15,410.57
Cancelled	<u>36,864.34</u> <u>52,274.91</u>
<u>BALANCE, DECEMBER 31, 2011</u>	\$ <u>34,978.22</u>

BOROUGH OF RED BANK
CURRENT FUND
STATEMENT OF 2010 APPROPRIATION RESERVES

	Balance December 31, 2010	Reserve for Encumbrances	Provided by 2011 Appropriation	Transfers	Balance After Transfers	Paid or Charged	Balance Lapsed
Salaries and Wages:							
Operations - Within "CAPS":							
General Administration	\$ 1,906.50	\$ 61.58	\$	\$	\$ 61.58	\$ 51.72	\$ 9.86
Municipal Clerk	793.73			(700.00)	1,906.50	1,906.50	
Financial Administration	6.40				93.73	93.73	
Mayor and Borough Council	1,561.92				6.40	6.40	
Tax Assessment Administration	18.83				1,561.92	1,561.92	
Revenue Administration	815.96				18.83	18.83	
Zoning Board of Adjustment	273,565.26				815.96	815.96	
Police Department	9,331.96				273,565.26	273,565.26	
Municipal Court	720.00				9,331.96	9,331.96	
Solid Waste Collection	6,680.39				720.00	720.00	
Public Buildings and Grounds	13,751.65				6,680.39	6,680.39	
Code Enforcement	2,337.46				13,751.65	13,751.65	
Animal Control Services	48,640.05				2,337.46	2,337.46	
Recreation Services and Programs	1,050.00				48,640.05	48,640.05	
Municipal Public Defender					1,050.00	1,050.00	
Inspection of Buildings							
Uniform Construction Code	7,108.22						
Township of Shrewsbury							
Municipal Court	8,985.00						
Total Salaries and Wages	\$ 377,293.33	\$ 61.58	\$	\$ (700.00)	\$ 8,995.00	\$ 376,654.91	\$ 51.72
Other Expenses:							
Operations - Within "CAPS":							
General Administration	\$ 963.35	\$ 2,423.60	\$	\$ 500.00	\$ 3,886.95	\$ 2,664.43	\$ 1,222.52
Municipal Clerk	8,542.60	2,411.40			10,954.00	7,440.14	3,513.86
Financial Administration	85.33			700.00	795.33	186.00	599.33
Audit Services	10,500.00				10,500.00	8,000.00	2,500.00
Tax Assessment Administration	13,333.83	14,150.50		(5,000.00)	22,484.33	24,180.00	22,242.53
Revenue Administration		180.00					
Legal Services and Costs	52,194.14			5,000.00	57,159.14	57,159.12	35.02
Engineering Services	2,229.96				2,229.96	1,646.00	583.96
Planning Board	4,412.41	6,619.11			11,031.52	3,570.67	7,460.85
Zoning Board of Adjustment - Other	8,828.76				8,828.76	773.00	8,055.76
Zoning Board of Adjustment Plan Endorsement	437.06						
Employee General Group Insurance	48,806.39						
Fire Department	29,656.15	20,424.25		(40,650.00)	8,156.39	6,813.35	1,343.04
Uniform Fire Safety Act (P.L. 1983, Ch. 383)	3,553.19	576.90			50,080.40	23,954.30	26,126.10
Police Department	25,004.71	7,145.14			4,130.09	771.00	3,359.09
Aid to Volunteer Ambulance Companies	4,051.09	4,562.49			32,149.85	8,125.38	24,024.47
Other Expenses (Continued):							
Operations - Within "CAPS" (Continued):							
Office of Emergency Management							
Municipal Court	3,800.00	2,240.37			5,245.17	2,439.37	
Streets and Road Maintenance	3,004.30	13.78			179,813.68	179.10	2,805.80
Solid Waste Collection	10,794.93	5,114.77			15,909.70	15,388.74	520.96

BOROUGH OF RED BANK
CURRENT FUND
STATEMENT OF 2010 APPROPRIATION RESERVES

	Balance December 31, 2010	Appropriation Reserves	Reserve for Encumbrances	Provided by 2011 Appropriation	Transfers	Balance After Transfers	Paid or Charged	Balance Lapsed
Street Lighting	\$ 21,553.01			\$ 2,300.00	\$ 23,853.01	\$ 23,732.63	\$ 70.38	
Electricity	600.14			12,200.00	12,800.14	12,717.06	83.08	
Telephone	6,429.72			2,300.00	8,729.72	8,630.26	99.46	
Natural Gas	11,333.19			1,000.00	12,383.19	12,282.52	100.67	
Gasoline	11,961.18			2,500.00	14,461.18	10,617.62	3,843.56	
Public Buildings and Grounds	6,533.72					37,604.66	3,157.31	
Landfill	34,228.25			18,000.00	22,742.53	22,627.65	114.88	
Visiting Nurse Association - Contract	4,742.53					8,980.25	8,980.25	
Relocation Assistance	8,980.25					1,425.00	1,425.00	
Monmouth County Regional Health Commission	1,425.00						68.00	
Recreation Services and Programs	68.00						68.00	
Senior Citizens Center	12,829.06			6,742.71	19,571.77	4,596.50	14,975.27	
Uniform Construction Code - Appropriations Offset	253.71			722.01	550.00	1,1235.07	561.00	
By Dedicated Revenues (N.J.A.C. 5:23-4.17)	954.63			280.44	7,107.50	6,804.50	303.00	
Technology Committee	804.50			6,303.00	1,300.00	2,175.00	75.00	
Municipal Prosecutor	875.00							
Statutory Expenditures								
Contribution to:								
Social Security System (O.A.S.I.)	26,373.00					26,373.00		
Defined Contribution Retirement Program	935.80					935.80	935.80	
Contingent	500.00					500.00	500.00	
Other Operations - Excluded from "CAPS":								
Length of Service Awards Program	6,900.00					6,900.00	4,600.00	
Maintenance of Free Public Library (P.L. 1985, Ch. 82)	38,156.45			60,381.70	98,538.15	85,682.32	12,855.83	
Municipal Stormwater Management	13,155.78			1,334.75	14,490.53	12,600.00	1,890.53	
Interlocal Services:								
911 System-C-County of Monmouth	0.62					0.62	0.62	
Recycling Tax P.L. 2007 c. 311	3,597.90					3,597.90	3,007.71	
Interlocal Municipal Service Agreements:							590.19	
Inspection of Building - Uniform Construction Code:								
Other Expenses	2,921.92			1,588.76	4,510.68	4,510.68		
Fire Services:								
Other Expenses	4,391.78			500.00	4,891.78	4,891.78		
Increased Fee Revenues:								
Inspection of Building - Uniform Construction Code:								
Other Expenses	44,449.00					44,449.00	9,061.96	
Total Other Expenses	\$ 460,987.87		\$ 187,730.55		\$ 700.00	\$ 819,418.42	\$ 579,006.42	
Grand Total	\$ 838,281.20		\$ 187,792.13		\$ 170,000.00		\$ 1,196,073.33	\$ 579,058.14
								\$ 617,015.19

BOROUGH OF RED BANK
CURRENT FUND
STATEMENT OF DEFERRED CHARGES

		2010	Special	
		Severance	Emergency	
	Total	Liability	Authorization	
		(40A:4-53)	(40A:4-53)	
<u>BALANCE, DECEMBER 31, 2010</u>	\$ 755,000.00	\$ 750,000.00	\$ 5,000.00	
<u>DECREASED BY</u>				
Raised in 2011 Budget	<u>150,000.00</u>	<u>150,000.00</u>	<u> </u>	
<u>BALANCE, DECEMBER 31, 2011</u>	<u>\$ 605,000.00</u>	<u>\$ 600,000.00</u>	<u>\$ 5,000.00</u>	

BOROUGH OF RED BANK
CURRENT FUND
STATEMENT OF SCHOOL TAX PAYABLE

	Regional High School	Local School District
<u>BALANCE, DECEMBER 31, 2010</u>	\$ 4,238,642.36	\$ 6,308,842.71
Detail:		
Deferred Payable	\$ 4,216,556.36 <u>22,086.00</u>	\$ 6,256,724.50 <u>52,118.21</u>
<u>INCREASED BY</u>		
Levy - School Year 7/1/2011 - 6/30/2012	<u>8,521,043.23</u>	<u>12,846,142.00</u>
	12,759,685.59	19,154,984.71
<u>DECREASED BY</u>		
Cash Disbursed	<u>8,499,163.78</u>	<u>13,020,905.00</u>
<u>BALANCE, DECEMBER 31, 2011</u>	<u>\$ 4,260,521.81</u>	<u>\$ 6,134,079.71</u>
Detail:		
Deferred Payable/(Overpaid)	\$ 4,216,556.36 <u>43,965.45</u>	\$ 6,256,724.50 <u>(122,644.79)</u>
	<u>\$ 4,260,521.81</u>	<u>\$ 6,134,079.71</u>
<u>2011 LIABILITY FOR SCHOOL TAX</u>		
2011 School Taxes Paid	\$ 8,499,163.78	\$ 13,020,905.00
Add: School Taxes Payable/(Overpaid)		
December 31, 2011	<u>43,965.45</u>	<u>(122,644.79)</u>
	8,543,129.23	12,898,260.21
Less: School Taxes Payable		
December 31, 2010	<u>22,086.00</u>	<u>52,118.21</u>
Amount Charged to 2011 Operations	<u>\$ 8,521,043.23</u>	<u>\$ 12,846,142.00</u>

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

	<u>Grant</u>	2011		2011		2011		<u>Balance December 31, 2011</u>
		<u>Balance December 31, 2010</u>	<u>Budget Revenue Realized</u>	<u>Received</u>	<u>Due from Current Fund</u>	<u>Cancelled</u>	<u>Balance December 31, 2011</u>	
U.S. Older Americans Act: 2010 2011		\$ 33,312.00	\$ 33,312.00	\$ 33,312.00	\$ 33,312.00	\$	\$	\$ 33,312.00
State of New Jersey - Clean Communities Program 2011				17,480.95	17,480.95			
State of New Jersey - DEP Forestry		10,000.00						10,000.00
State of New Jersey: Municipal Stormwater Management Grant 2008		7,655.00						7,655.00
State of New Jersey: Over the Limit Under Arrest - 2011 Statewide Crackdown Over the Limit Under Arrest - 2010 Holiday Over the Limit Under Arrest : 2010 Holiday Year End Crackdown		4,400.00	5,000.00	3,600.00	4,400.00			1,400.00 5,000.00
State of New Jersey - COPS in Shops - 2010		3,300.00			3,300.00			
US Department of Justice: Edward Byrne JAG Grant 2009		7,675.50			7,674.84			0.66
State of New Jersey: Recycling Tonnage Grant		12,794.89			12,794.89			
State of New Jersey Department Of Agriculture: Summer Food Program 2009		25,659.94						25,659.94
State of New Jersey - Bullet Proof Vest Partnership Grant		7,776.00						7,776.00
State of New Jersey - ECARS Grant - Passenger Rail - 2010		35,000.00		187,797.00				35,000.00
Community Development Block Grant - 2011 - Cedar Crossing								187,797.00
Total Grants		\$ 140,378.44	\$ 255,784.84	\$ 78,162.68	\$ 4,400.00	\$ 25,660.60	\$ 287,940.00	

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

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

	Transferred from 2011 Budget Appropriations				Prior Year's Encumbrances Cancelled	Expended	Cancelled	Encumbered	Balance December 31, 2011
	<u>Grant</u>	<u>Budget</u>	<u>Appropriation By 40A:4-87</u>	<u>\$</u>					
State of NJ - Click it or Ticket	\$ 5,000.00	\$		\$	\$	\$	\$	\$	\$ 5,000.00
State of NJ - Department of Agriculture: 2009 Summer Food Program	26,286.95								
State of NJ - Cars - E Program - 2010	35,000.00								
US Dept. Of Justice - Edward Byrne - JAG Grant	3,175.50								
State of NJ - Body Armor Grant: 2009	445.42								
	5,258.28								
CDBG - Cedar Crossing - 2011			187,797.00						
Totals	\$ 169,937.54	\$ 46,106.89	\$ 209,677.95	\$ 1,538.86	\$ 105,228.65	\$ 26,287.61	\$ 2,731.35		\$ 293,013.63

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

<u>State:</u>	<u>Balance December 31, 2010</u>	<u>Received</u>	<u>Balance December 31, 2011</u>
Drunk Driving Enforcement Fund:			
Police	\$ 4,147.53	\$ 10,779.58	\$ 10,779.58
Municipal Court		2,561.90	6,709.43
State of NJ - COPS in SHOPS		2,300.00	2,300.00
State of NJ -Body Armor Grant		3,823.09	3,823.09
State of NJ - Recycling Tonnage Grant		17,296.78	17,296.78
Totals	\$ <u>4,147.53</u>	\$ <u>36,761.35</u>	\$ <u>40,908.88</u>

TRUST FUNDS

BOROUGH OF RED BANK
TRUST FUNDS
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES AND RESERVES -
REGULATORY BASIS
AS OF DECEMBER 31, 2011 AND 2010

	Animal Control		Other		Totals	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
<u>ASSETS</u>						
Cash and Cash Equivalents	\$ 9,178.54	\$ 14,427.80	\$ 2,526,196.39	\$ 2,824,045.56	\$ 2,535,374.93	\$ 2,838,473.36
Intergovernmental Receivable	<u>16,440.65</u>		<u>2,675.99</u>	<u>34,850.57</u>	<u>16,440.65</u>	<u>2,675.99</u>
Interfunds Receivable						
Total Assets	<u>\$ 25,619.19</u>	<u>\$ 14,427.80</u>	<u>\$ 2,528,872.38</u>	<u>\$ 2,858,896.13</u>	<u>\$ 2,554,491.57</u>	<u>\$ 2,873,323.93</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>						
Liabilities and Reserves:						
Accounts Payable	\$ 28.20	\$ 7,329.85	\$ 114,302.85	\$ 91,201.37	\$ 114,331.05	\$ 91,201.37
Various Reserves	<u>9,043.20</u>	<u>7,097.95</u>	<u>2,414,569.53</u>	<u>2,767,694.76</u>	<u>2,423,612.73</u>	<u>2,775,024.61</u>
Interfunds Payable	<u>16,547.79</u>				<u>16,547.79</u>	<u>7,097.95</u>
Total Other Liabilities and Reserves	<u>25,619.19</u>	<u>14,427.80</u>	<u>2,528,872.38</u>	<u>2,858,896.13</u>	<u>2,554,491.57</u>	<u>2,873,323.93</u>
Total Liabilities, Reserves and Fund Balance	<u>\$ 25,619.19</u>	<u>\$ 14,427.80</u>	<u>\$ 2,528,872.38</u>	<u>\$ 2,858,896.13</u>	<u>\$ 2,554,491.57</u>	<u>\$ 2,873,323.93</u>

Liabilities and Reserves:
 Accounts Payable
 Various Reserves
 Interfunds Payable

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

BALANCE, DECEMBER 31, 2010 \$ 7,329.85

INCREASED BY

Dog License Fees Collected	\$ 4,093.20
Cat License Fees Collected	1,395.00
Animal Control Contracts	19,662.65
Miscellaneous Receipts	<u>1,985.20</u>
	<u>27,136.05</u>
	34,465.90

DECREASED BY

Expenditures Under R.S. 4:19-15.11	8,941.41
Excess Due to Current Fund	<u>16,481.29</u>
	<u>25,422.70</u>

BALANCE, DECEMBER 31, 2011 \$ 9,043.20

LICENSES AND PENALTY FEES COLLECTED

<u>Year</u>	<u>Amount</u>
2009	\$ 4,755.60
2010	<u>4,287.60</u>
	<u>\$ 9,043.20</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 FUND
STATEMENT OF VARIOUS RESERVES

	Balance December 31, 2010	Receipts	Expenditures	Balance December 31, 2011
Bid Deposits	\$ 601.10	\$ 975,441.43	\$ 970,376.16	\$ 601.10
TTL Redemption	241.03	1,606.74	4,403.81	5,306.30
Law Enforcement Trust	23,823.83	57,634.51	27,315.62	21,026.76
Vehicle Impound Costs	37,005.03	310,400.00	230,300.00	67,323.92
Tax Sale Premiums	261,900.00	50,943.87	42,234.97	342,000.00
Recycling	48,804.91	1,845.00	875.00	57,513.81
Uniform Fire Safety Act Penalty Monies	23,816.44	38,883.00	42,236.51	24,786.44
Recreation	24,969.26	3,310.00	5,288.21	21,615.75
Parking Offenses Adjudication Act	30,570.07			28,591.86
Neighborhood Preservation Program	1.74			1.74
Eisner Foundation:				
Charitable Scientific	310,710.39	32,227.00	31,622.74	311,314.65
Riverside Gardens Maintenance	8,464.62			8,464.62
Police - Forfeited Property	1,559.32	1,075.80	1,029.00	1,606.12
Police - Extra Duty Pay	70,186.50	149,330.00	123,932.04	95,584.46
Inspection Fees Escrow	131,951.03	9,196.98	141,148.01	
Performance and Maintenance Escrow	552,456.33		2,970.98	549,485.35
Review Escrow	217,358.63		32,320.76	185,037.87
Dedicated Fire Penalty	10,860.54	2,112.50	8,738.60	4,234.44
Unemployment Trust	41,654.58	34,374.90	52,080.67	23,948.81
Police Donations	1,000.00	2,730.00	2,130.00	1,600.00
Manalapan RCA Agreement	898,554.89	8,218.09	449,460.41	457,312.57
Public Defender Fees	14.26	3,885.00	2,630.00	1,269.26
Council on Affordable Housing - Dev. Fees	6,215.02	4,976.93	10,000.00	11,191.95
Wayfinding Signs	30,000.00			20,000.00
Four Connections Fiberoptics	8,162.50		1,471.50	6,691.00
K-Hov Traffic Improvements	9,170.00			9,170.00
K-Hov Parking Improvements	17,000.00			17,000.00
Yard Sales	132.74			132.74
Environmental Commission	200.00	900.00		200.00
Human Relations	310.00	1,353.00	1,253.00	310.00
Shade Tree				100.00
	<u>\$ 2,767,694.76</u>	<u>\$ 1,690,444.75</u>	<u>\$ 2,043,569.98</u>	<u>\$ 2,414,569.53</u>

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

BALANCE, DECEMBER 31, 2010 \$ 41,654.58

INCREASED BY

Payroll Deductions	\$ 18,334.54
Borough Contribution	16,000.00
Interest Earned on Investments and Deposits	<u>40.36</u>
	<u>34,374.90</u>
	76,029.48

DECREASED BY

Unemployment Compensation Claims and Assessments	<u>52,080.67</u>
---	------------------

BALANCE, DECEMBER 31, 2011 \$ 23,948.81

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, 2011 AND 2010

	December 31,	
	<u>2011</u>	<u>2010</u>
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 2,141,523.77	\$ 2,571,630.14
Intergovernmental Receivable:		
New Jersey Department of Transportation	532,500.00	302,500.00
New Jersey Department of Environmental Protection	<u>287,500.00</u>	<u>287,500.00</u>
	<u>820,000.00</u>	<u>590,000.00</u>
Interfunds Receivable:		
Due from Current Fund	158,248.23	158,248.22
Due from Federal and State Grant Fund	<u>175,000.00</u>	<u>175,000.00</u>
	<u>333,248.23</u>	<u>333,248.22</u>
Capital Lease Obligations - Unfunded	<u>2,717,900.00</u>	<u>1,678,200.00</u>
Deferred Charges to Future Taxation:		
Funded	9,829,508.08	11,243,222.78
Unfunded	<u>3,559,743.70</u>	<u>2,640,311.70</u>
	<u>13,389,251.78</u>	<u>13,883,534.48</u>
Total Assets	<u>\$ 19,401,923.78</u>	<u>\$ 19,056,612.84</u>

**LIABILITIES, RESERVES AND
FUND BALANCE**

Bond Anticipation Notes	\$ 3,387,500.00	\$ 3,113,500.00
Serial Bonds	<u>7,593,000.00</u>	<u>9,331,000.00</u>
Refunding Serial Bonds	<u>923,000.00</u>	<u>483,000.00</u>
Green Trust Loan Payable	<u>823,508.08</u>	<u>939,222.78</u>
Capital Lease Payable - Principal	<u>2,717,900.00</u>	<u>1,678,200.00</u>

**BOROUGH OF RED BANK
GENERAL CAPITAL FUND**
**COMPARATIVE STATEMENTS OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS**
AS OF DECEMBER 31, 2011 AND 2010

	December 31,	
	2011	2010
<u>LIABILITIES, RESERVES AND FUND BALANCE (CONTINUED)</u>		
Other Liabilities and Reserves:		
Capital Improvement Fund	\$ 54,638.76	\$ 54,638.76
Reserve for Encumbrances	233,313.86	873,168.75
Reserve for:		
Payment of Bonds	171,027.89	46,027.89
Down Payment on Improvements	2,061.64	2,061.64
Grants Receivable - D.O.T.	196,667.40	199,452.90
Future Boat Ramp Improvements	5,000.00	5,000.00
	<hr/> 662,709.55	<hr/> 1,350,349.94
Improvement Authorizations:		
Funded	1,724,819.48	1,365,561.34
Unfunded	<hr/> 1,569,388.95	<hr/> 718,681.06
	<hr/> 3,294,208.43	<hr/> 2,084,242.40
Fund Balance	<hr/> 97.72	<hr/> 77,097.72
Total Liabilities, Reserves and Fund Balance	<hr/> \$ 19,401,923.78	<hr/> \$ 19,056,612.84

There were Bonds and Notes Authorized But Not Issued of \$73,632.00 at December 31, 2011.

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

	<u>Refunding Bond Proceeds</u>	<u>Receipts Other</u>	<u>Bond Anticipation Notes</u>	<u>Improvement Authorizations</u>	<u>Disbursements</u>	<u>Other</u>	<u>From</u>	<u>To</u>	<u>Transfer</u>	<u>Balance December 31, 2011</u>
Balance December 31, 2010	\$ 77,097.72	\$ 50,000.00	\$ 0.01	\$ 77,000.00	\$ 50,000.00	\$ 0.01				\$ 97.72
Fund Balance	\$ 54,638.76									\$ 54,638.76
Capital Improvement Fund	(158,248.22)									(158,248.22)
Due to Current Fund	(175,000.00)									(175,000.00)
Due from Federal and State Grant Fund	(50,000.00)									(82,500.00)
Due from NJ DOT - Ord 17-08	50,000.00									
Due from NJ DOT - Ord 10-08	(82,500.00)									
Due from NJ DOT - Ord 11-06	(287,500.00)									(450,000.00)
Due from NJDEP Ord 09-44	199,452.90									(287,500.00)
Reserve for Future Boat Ramp Improvements	873,168.75									196,667.40
Reserve for Encumbrances	46,027.89									
Reserve for Payment of Bonds	350,000.00									
Reserve to Pay Bond Anticipation Notes - Ord. #31-05	260,000.00									
Reserve to Pay Bond Anticipation Notes - Ord. # 39-05/#09-09	5,000.00									
Reserves for Marine Park Improvements	2,061.64									
Reserve for Down Payments on Improvements										
Ordinance Number										
02-06	Acquisition of a Pumper Fire Truck	1,889.61								1,889.61
04-01	Renovations and Improvements to the Red Bank Library	115,840.21								107,680.21
05-31	Acquisition of Waterfront Park	18,340.46								13,353.20
37-05	Purchase of Pumper Fire Truck	199.73								199.73

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

Ordinance Number	Improvement Authorizations	Balance December 31, 2010	Refunding Bond Proceeds	Receipts Other	Disbursements			Transfer To	Balance December 31, 2011
					Bond Anticipation Notes	Improvement Authorizations	Other		
39-05/ 09-09/10-10	Various improvements and Renovations to Marine Park	\$ 183,340.22	\$	\$ 7,423.14	\$	\$	\$	\$ 15,139.20	\$ 175,624.16
05-49	Various 2005 Road Improvements	21,013.75							21,013.75
06-08	Various 2006 Road Improvements	257,154.73							257,154.73
06-32/ 09-42/10-10	Conversion of Municipal Land to Waterfront Park	260,721.52			28,315.46				232,406.06
07-21	Various 2007 Road Improvements	120,061.11			43,555.23				209,245.65
08-17	Phase II Road Improvements to Spring Street	164,182.30							285,751.53
09-27	Leasing of Certain Capital Equipment	30,000.00							164,182.30
09-44	Various Improvements to Count Basie Park	121,196.54			51,528.41				30,000.00
10-08	Various 2010 Road Improvements	161,548.34			100,435.34				66,892.77
10-17	Tax Appeal Judgements and Settlements	1,942.18							51,126.00
11-03	Refunding of Unfunded Accrued Pension ERI	540,000.00			543,998.00				1,942.18
11-06	Various 2011 Roadway Improvements				984,000.00				(3,998.00)
					79,624.52				
						177,628.98			
							500,000.00		1,226,746.50
								\$ 970,342.83	\$ 2,141,523.77

Bracketed amount denotes deficit.

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

Address: Unexpended Note Proceeds
Ordinance #: 08-17
06-32/09-42/10-10
09-44
10-08
10-17
11-06

BOROUGH OF RED BANK
GENERAL CAPITAL FUND
STATEMENT OF IMPROVEMENT AUTHORIZATIONS

Ordinance Number	Description	Date	Ordinance Amount	Balance December 31, 2010		Capital Improvement Fund	Grants	Paid or Charged	Prior Years Encumbrances Cancelled	Balance December 31, 2011					
				Funded						Funded	Unfunded				
				Deferred Charges to Future Taxation, Unfunded	Capital Improvement Fund										
2011 Authorizations															
02-06	Acquisition of a Pumper Fire Truck	03/12/02	\$ 575,000.00	\$ 1,889.61	\$					\$ 1,889.61	\$				
04-01	Renovations and Improvements to Red Bank Library	02/10/04	1,775,000.00	115,840.21						107,680.21					
04-23/06-31	Renovations and Improvements to count Basie Park	06/22/04 06/12/06	575,000.00 250,000.00												
05-31	Acquisition of Waterfront Park	07/11/05	550,000.00	18,340.46	98,611.70			4,987.26		13,353.20	98,611.70				
05-37	Purchase of a Pumper Fire Truck	09/26/05	525,000.00	199.73						199.73					
05-39/09-09	Various Improvements and Renovations to Marine Park	10/10/05 03/05/09	2,826,100.00 1,174,550.00	183,340.22				7,716.06		175,624.16					
05-49	Various 2005 Road Improvements	11/07/05	1,250,000.00	21,013.75	37,500.00					21,013.75	37,500.00				
08-06	Various 2006 Road Improvements	03/13/06	1,210,000.00	257,154.73						257,154.73					
08-32/09-42	Conversion of Municipal Land to Waterfront Park	06/12/06 08/10/09 10/10/10	859,003.00	127,721.52	133,000.00			28,315.46		99,406.06	133,000.00				
07-21	Various 2007 Road Improvements	05/22/07	1,860,000.00	120,061.11				43,555.23		209,245.65	285,751.53				
08-17	Phase II Road Improvements to Spring Street	08/11/08	545,000.00		164,182.30										
09-27	Leasing of Certain Capital Equipment	07/27/09	530,000.00	520,000.00						520,000.00					
09-44	Various Improvements to Count Basie Park	10/09/09	1,125,000.00	121,196.54				54,303.77		66,892.77					
10-08	2010 Road Program	02/22/10	1,115,100.00	162,248.34				138,205.66		27,783.32	51,826.00				
10-17	Tax Appeal Judgements and Settlements	05/10/10	500,000.00	1,942.18						1,942.18					
11-03	Refunding of Accrued ERI Pension Liability	07/27/11	575,000.00		575,000.00			543,998.00							
11-06	Various 2011 Roadway Improvements	05/25/11	1,484,432.00	\$ 1,365,561.34	\$ 718,681.06	\$ 1,555,432.00	\$ 50,000.00	450,000.00	\$ 1,086,494.94	\$ 237,028.97	\$ 242,746.50				
											\$ 1,724,819.48				
											\$ 1,563,388.95				

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, 2010</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance December 31, 2011</u>
05-31	Acquisition of Real Property Waterfront Park	\$ 540,000.00	12/03/09	12/02/10	11/30/11	1.50%	\$ 350,000.00		\$ 350,000.00	\$ 350,000.00
05-39/09-09	Various Improvements and Renovations to Marine Park	1,785,000.00	12/03/09	12/02/10	11/30/11	1.50%	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	12/02/10	11/30/11	1.50% 1.13%	133,000.00			133,000.00
08-17	Phase II Road Improvements to Spring Street	328,000.00	12/03/09	12/02/10	11/30/11	1.50% 1.13%	328,000.00			328,000.00
09-44	Various Improvements to Count Basie Park	795,500.00	12/03/09	12/02/10	11/30/11	1.50% 1.13%	795,500.00			795,500.00
10-08	Various Road Improvements	747,000.00	12/02/10	12/02/10	11/30/11	1.50% 1.13%	747,000.00			747,000.00
10-17	Tax Appeal Refunding Note	500,000.00	06/02/10	06/02/10	06/01/11	1.50%	500,000.00			500,000.00
11-06	Various Roadway Improvements	984,000.00	11/29/11	11/29/11	11/28/12	1.13%		984,000.00		984,000.00
							\$ 3,113,500.00	\$ 3,387,500.00	\$ 3,113,500.00	\$ 3,387,500.00

BOROUGH OF RED BANK
GENERAL 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</u>		<u>Interest Rate</u>	<u>Balance December 31, 2010</u>	<u>Decrease</u>	<u>Balance December 31, 2011</u>
			<u>Date</u>	<u>Amount</u>				
General Improvement	10/1/1998	\$ 3,273,000.00						
			2012	\$ 615,000.00		\$ 353,000.00	\$ 353,000.00	\$ 353,000.00
			2013	696,000.00	Var.	1,861,000.00	550,000.00	1,311,000.00
General Improvement	8/1/2002	5,481,000.00						
			2012	295,000.00	3.750%	1,226,000.00	285,000.00	941,000.00
			2013	315,000.00	4.000%			
			2014	331,000.00	4.000%			
General Improvement	6/1/2004	2,731,000.00						
			2012	600,000.00	4.125%	5,891,000.00	550,000.00	5,341,000.00
			2013	640,000.00	4.125%			
			2014	700,000.00	4.125%			
			2015	740,000.00	4.250%			
			2016	830,000.00	4.250%			
			2017	890,000.00	4.250%			
			2018	941,000.00	4.250%			
						\$ 9,331,000.00	\$ 1,738,000.00	\$ 7,593,000.00

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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2011			Interest Rate	Balance December 31, 2010	Increase	Decrease	Balance December 31, 2011
			Date	Amount	Interest Rate					
MCIA Refunding Bonds	2/1/2006	\$ 888,000.00	2012	\$ 99,000.00	5.00%	\$ 483,000.00	\$ 100,000.00	\$ 383,000.00		
			2013	\$ 99,000.00	4.50%					
			2014	\$ 98,000.00	3.80%					
			2015	\$ 87,000.00	5.00%					
Pension ERI Refunding Bonds	4/3/2011	540,000.00	2012	\$ 33,000.00	2.04%					
			2013	\$ 34,000.00	2.42%					
			2014	\$ 41,000.00	2.80%					
			2015	\$ 46,000.00	3.38%					
			2016	\$ 49,000.00	3.95%					
			2017	\$ 56,000.00	4.42%					
			2018	\$ 60,000.00	4.88%					
			2019	\$ 65,000.00	5.10%					
			2020	\$ 75,000.00	5.40%					
			2021	\$ 81,000.00	5.70%					
						\$ 483,000.00	\$ 540,000.00	\$ 100,000.00	\$ 923,000.00	

BOROUGH OF RED BANK
 GENERAL CAPITAL FUND
STATEMENT OF INTERGOVERNMENTAL RECEIVABLES

		NUDOT			NADEP		
		Various 2008 Road Improvements Ord. # 08-17	Various 2007 Road Improvements Ord. #07-21	Various 2011 Road Improvements Ord. #11-06	Various 2010 Road Improvements Ord. # 10-08	Various Improvements to Court Basic Park Ord. # 09-44	
<u>Total</u>							
<u>BALANCE, DECEMBER 31, 2010</u>	\$ 590,000.00	\$ 50,000.00	\$ 170,000.00	\$	\$ 82,500.00	\$ 287,500.00	
<u>INCREASED BY</u>				450,000.00			
Grants Awarded							
	1,040,000.00	50,000.00	170,000.00	450,000.00	82,500.00	287,500.00	
<u>DECREASED BY</u>							
Receipts							
	220,000.00	50,000.00	170,000.00				
<u>BALANCE, DECEMBER 31, 2011</u>	\$ 820,000.00	\$	\$	\$ 450,000.00	\$ 82,500.00	\$ 287,500.00	
Detail:							
Unreserved							
	\$ 820,000.00	\$	\$	\$ 450,000.00	\$ 82,500.00	\$ 287,500.00	
	\$ 820,000.00	\$	\$	\$ 450,000.00	\$ 82,500.00	\$ 287,500.00	

BOROUGH OF RED BANK
GENERAL CAPITAL FUND

STATEMENT OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ordinance Number	Improvement Description	Balance December 31, <u>2010</u>	2011 Authorizations	Refunding Bonds Issued	Bond Anticipation Note <u>Issued</u>	Balance December 31, 2011
05-49	Various 2005 Road Improvements	\$ 37,500.00	\$	\$	\$	\$ 37,500.00
10-08	Various 2010 Road Improvements	700.00				700.00
11-03	Refunding ERI Pension Obligations	575,000.00	540,000.00			35,000.00
11-06	Various 2011 Roadway Improvements	\$ 38,200.00	\$ 984,432.00	\$ 540,000.00	\$ 984,000.00	\$ 432.00
		<u>\$ 38,200.00</u>	<u>\$ 1,559,432.00</u>	<u>\$ 540,000.00</u>	<u>\$ 984,000.00</u>	<u>\$ 73,632.00</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, 2011 AND 2010

	Parking Utility		Water-Sewer Utility		Totals (Memorandum Only)	
	2011	2010	2011	2010	2011	2010
ASSETS						
Cash and Cash Equivalents	\$ 907,234.56	\$ 931,179.96	\$ 1,292,064.37	\$ 944,717.99	\$ 2,199,298.93	\$ 1,875,897.95
Consumer Accounts Receivable			843,427.16	1,140,702.15	843,427.16	1,140,702.15
Water-Sewer Utility Liens Receivable			3,981.60	3,981.60	3,981.60	3,981.60
Interfunds Receivable			115,000.00	115,000.00	115,000.00	115,024.51
Inventory	24.51	540.00	2,182.00	2,990.00	8,315.50	3,530.00
Total Assets	\$ 913,368.06	\$ 931,744.47	\$ 2,256,655.13	\$ 2,207,391.74	\$ 3,170,023.19	\$ 3,139,136.21
LIABILITIES, RESERVES AND FUND BALANCE						
Liabilities:						
Appropriation Reserves	\$ 21,811.28	\$ 50,380.49	\$ 100,232.82	\$ 72,319.15	\$ 122,044.10	\$ 122,699.64
Other Liabilities and Reserves:						
Reserve for Encumbrances	5,831.76	4,952.83	61,304.91	46,146.48	67,136.67	51,099.31
Interfunds Payable	2,000.00	2,000.00	171,509.21	170,534.21	173,509.21	172,534.21
Reserve for Parking Fee Variance	573,900.25	593,520.00			573,900.25	593,520.00
Customer Overpayments			19,909.32	2,935.88	19,909.32	2,935.88
Accrued Interest on Bonds and Notes	581,732.01	600,472.83	252,723.44	219,616.57	834,455.45	820,089.40
Reserve for Receivables and Inventory	3,823.72	4,175.29	140,007.54	143,403.93	143,831.26	147,579.22
Fund Balance	6,133.50	540.00	849,590.76	1,147,673.75	855,724.26	1,148,213.75
Total Liabilities, Reserves and Fund Balance	\$ 913,368.06	\$ 931,744.47	\$ 2,256,655.13	\$ 2,207,391.74	\$ 3,170,023.19	\$ 3,139,136.21

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 2011 AND 2010

	<u>2011</u>	<u>2010</u>
Revenue and Other Income Realized:		
Parking Fees	\$ 1,081,357.89	\$ 720,894.75
Increase in Parking Fees	260,000.00	
Riverview Hospital - Lease Agreement	310,851.36	298,895.52
Reserve for Payment of Bonds	57,100.00	
Increase in Broad Street Parking Fees	151,742.03	
Non-Budget Revenue	1,012.62	743.66
Other Credits to Income - Unexpended Balance of Appropriation Reserves	42,994.50	5,725.19
Current Year's Budget Appropriations Cancelled	<u>375.32</u>	<u>131,900.00</u>
 Total Income	 <u>1,436,591.69</u>	 <u>1,627,001.15</u>
Expenditures:		
Operating	487,700.00	635,012.00
Debt Service	114,200.00	187,578.00
Deferred Charges and Statutory Expenditures	56,000.00	56,000.00
Surplus Transferred to Current Fund	<u>655,000.00</u>	<u>656,410.00</u>
 Total Expenditures	 <u>1,312,900.00</u>	 <u>1,535,000.00</u>
Excess in Revenues/		
Statutory Excess to Fund Balance	123,691.69	92,001.15
 Fund Balance, January 1	 <u>276,175.86</u>	 <u>184,174.71</u>
 Decreased by:		
Transferred to Current Fund	<u>100,000.00</u>	<u> </u>
 Fund Balance, December 31	 <u>\$ 299,867.55</u>	 <u>\$ 276,175.86</u>

BOROUGH OF RED BANK
PARKING UTILITY OPERATING FUND
STATEMENT OF REVENUES - STATUTORY BASIS
YEAR ENDED DECEMBER 31, 2011

	<u>Anticipated</u>	<u>Realized</u>	Excess or (Deficit)
Parking Fees	\$ 991,000.00	\$ 1,081,357.89	\$ 90,357.89
Riverview Hospital - Lease Payment	297,900.00	310,851.36	12,951.36
Increase in Broad Street Parking Fees	<u>24,000.00</u>		<u>(24,000.00)</u>
	\$ 1,312,900.00	\$ 1,392,209.25	\$ 79,309.25
Non-Budget Revenue		<u>1,012.62</u>	<u>1,012.62</u>
	<u>\$ 1,312,900.00</u>	<u>\$ 1,393,221.87</u>	<u>\$ 80,321.87</u>

ANALYSIS OF NON-BUDGET REVENUES

Miscellaneous:

Interest on Investments:

Capital Fund

\$ 1,012.62

\$ 1,012.62

BOROUGH OF RED BANK
PARKING UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2011

	<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	\$ 231,660.00	\$ 231,660.00	\$ 229,890.05	\$ 5,831.76	\$ 1,769.95	\$ 14,697.41
Other Expenses	256,040.00	256,040.00	235,510.83			
Total Operating	<u>487,700.00</u>	<u>487,700.00</u>	<u>465,400.88</u>	<u>5,831.76</u>	<u>16,467.36</u>	
<u>DEBT SERVICE</u>						
Payment of Bond Principal	105,000.00	105,000.00	105,000.00			
Interest on Bonds	9,200.00	9,200.00	8,824.68			
Total Debt Service	<u>114,200.00</u>	<u>114,200.00</u>	<u>113,824.68</u>			
<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	15,656.08			
Total Deferred Charges and Statutory Expenditures	<u>56,000.00</u>	<u>56,000.00</u>	<u>50,656.08</u>			
Surplus (General Budget)						
	655,000.00	655,000.00	655,000.00			
Total Parking Utility Appropriations	<u>\$ 1,312,900.00</u>	<u>\$ 1,312,900.00</u>	<u>\$ 1,284,881.64</u>	<u>\$ 5,831.76</u>	<u>\$ 21,811.28</u>	<u>\$ 375.32</u>

BOROUGH OF RED BANK
PARKING UTILITY OPERATING FUND
STATEMENT OF 2010 APPROPRIATION RESERVES

	Balance December 31, 2010		Balance After Transfers		Paid or Charged	Balance Lapsed
	Appropriation Reserves	Reserve for Encumbrances				
Operating:						
Salaries and Wages	\$ 3,548.89	\$ 4,952.83	\$ 3,548.89	\$ 51,784.43	\$ 12,338.82	\$ 3,548.89
Other Expenses	<u>46,831.60</u>	<u>4,952.83</u>				<u>39,445.61</u>
	<u>\$ 50,380.49</u>	<u>\$ 4,952.83</u>	<u>\$ 55,333.32</u>	<u>\$ 12,338.82</u>	<u>\$ 42,994.50</u>	

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

BALANCE DECEMBER 31, 2010 \$ 4,175.29

INCREASED BY

2011 Budget Appropriation:

Interest on Bonds

8,824.68

\$ 12,999.97

DECREASED BY

Cash Disbursed

9,176.25

BALANCE DECEMBER 31, 2011

\$ 3,823.72

ANALYSIS OF ACCRUAL

<u>Serial Bonds</u>	<u>Date of Issue</u>	<u>Accrual Period</u>	<u>Interest Rate</u>	<u>Amount Outstanding December 31, 2011</u>	<u>Accrual</u>
Serial Bonds - 2002	8/1/2002	5 Months	Var.	\$ 120,000.00	\$ 1,862.50
Serial Bonds - 2004	6/15/2004	5 Months	Var.	<u>45,000.00</u>	<u>703.13</u>
				\$ 165,000.00	\$ 2,565.63
Excess to be utilized in 2012 budget					<u>1,258.10</u>
					\$ <u>3,823.72</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, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
Revenue and Other Income Realized:		
Collection of Water-Sewer Rents	\$ 6,508,626.38	\$ 6,118,207.01
Additional Rents - Rate Increase	34,075.00	400,000.00
Water and Sewer Connection Fees	18,280.00	61,724.98
Miscellaneous	96,388.02	133,502.13
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	56,314.99	3,390.03
Current Appropriations Cancelled	<u>13,761.26</u>	<u></u>
 Total Income	 <u>6,727,445.65</u>	 <u>6,722,591.70</u>
Expenditures:		
Operating	4,171,600.78	4,193,201.00
Capital Improvement Fund	10,000.00	17,500.00
Debt Service	1,051,122.64	1,000,827.42
Deferred Charges and Statutory Expenditures	115,000.00	125,000.00
Surplus - General Budget	<u>990,000.00</u>	<u>993,720.00</u>
 Total Expenditures	 <u>6,337,723.42</u>	 <u>6,330,248.42</u>
Excess in Revenues/		
Statutory Excess to Fund Balance	389,722.23	392,343.28
 Fund Balance, January 1	 <u>624,378.34</u>	 <u>232,035.06</u>
 Decreased by:		
Transferred to Current Fund	 <u>100,000.00</u>	 <u></u>
 Fund Balance, December 31	 <u>\$ 914,100.57</u>	 <u>\$ 624,378.34</u>

BOROUGH OF RED BANK
WATER-SEWER UTILITY OPERATING FUND
STATEMENT OF REVENUES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2011

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess</u>
Rents and Other Charges	\$ 6,207,748.42	\$ 6,508,626.38	\$ 300,877.96
Water and Sewer Connection Fees	3,900.00	18,280.00	14,380.00
Increase in Water and Sewer Fees	34,075.00	34,075.00	
Miscellaneous	<u>92,000.00</u>	<u>96,388.02</u>	<u>4,388.02</u>
	<u>\$ 6,337,723.42</u>	<u>\$ 6,657,369.40</u>	<u>\$ 319,645.98</u>

BOROUGH OF RED BANK
WATER-SEWER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2011

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	<u>Canceled</u>
OPERATING						
Salaries and Wages	\$ 650,260.00	\$ 650,260.00	\$ 642,902.14	\$ 61,304.91	\$ 7,357.86	\$ 68,504.27
Other Expenses	1,409,840.78	1,407,340.78	1,277,531.60			
Regional Sewer Authority Charges	1,433,000.00	1,433,000.00	1,426,122.00		6,878.00	
Manasquan River Water Purchases	681,000.00	681,000.00	665,818.16		15,181.84	
Total Operating	<u>4,174,100.78</u>	<u>4,171,600.78</u>	<u>4,012,373.90</u>	<u>61,304.91</u>	<u>97,921.97</u>	
CAPITAL IMPROVEMENTS						
Capital Improvement Fund	<u>10,000.00</u>	<u>10,000.00</u>	<u>10,000.00</u>			
Total Capital Improvements	<u>10,000.00</u>	<u>10,000.00</u>	<u>10,000.00</u>			
DEBT SERVICE						
Payment of Bond Principal	699,580.13	699,580.13	699,580.13			
Interest on Bonds	334,042.51	334,042.51	329,401.64		4,640.87	
Interest on Notes	5,000.00	17,500.00	8,379.61		9,120.39	
Total Debt Service	<u>1,038,622.64</u>	<u>1,051,122.64</u>	<u>1,037,361.38</u>		<u>13,761.26</u>	
DEFERRED CHARGES AND STATUTORY EXPENDITURES						
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	40,000.00	37,689.15		2,310.85	
Total Deferred Charges and Statutory Expenditures	<u>125,000.00</u>	<u>115,000.00</u>	<u>112,689.15</u>		<u>2,310.85</u>	
SURPLUS (GENERAL BUDGET)	<u>990,000.00</u>	<u>990,000.00</u>	<u>990,000.00</u>			
Total Water-Sewer Utility Appropriations	<u>\$ 6,337,723.42</u>	<u>\$ 6,337,723.42</u>	<u>\$ 6,162,424.43</u>	<u>\$ 61,304.91</u>	<u>\$ 100,232.82</u>	<u>\$ 13,761.26</u>

Exhibit EWS-4

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

<u>BALANCE, DECEMBER 31, 2010</u>	\$ 1,140,702.15
<u>INCREASED BY</u>	
Rents Charged in 2011	<u>6,245,426.39</u>
	7,386,128.54
<u>DECREASED BY</u>	
Collections - Net	<u>6,542,701.38</u>
<u>BALANCE, DECEMBER 31, 2011</u>	\$ <u>843,427.16</u>

Exhibit EWS-5

STATEMENT OF WATER-SEWER UTILITY LIENS RECEIVABLE

<u>BALANCE, DECEMBER 31, 2010</u>	\$ 3,981.60
<u>AND</u>	
<u>BALANCE, DECEMBER 31, 2011</u>	\$ <u>3,981.60</u>

BOROUGH OF RED BANK
WATER - SEWER UTILITY OPERATING FUND
STATEMENT OF 2010 APPROPRIATION RESERVES

	Balance December 31, 2010		Balance After Transfers	Paid or Charged	Balance Lapsed
	Appropriation Reserves	Reserve for Encumbrances			
Operating:					
Salaries and Wages	\$ 4,833.77	\$ 46,141.98	\$ 4,833.77	\$ 62,146.14	\$ 4,833.77
Other Expenses	26,223.54		72,365.52		10,219.38
Regional Sewer Authority Charges	3,543.00		3,543.00		3,543.00
Manasquan River Water Purchases	37,718.84		37,718.84		37,718.84
	<u>\$ 72,319.15</u>	<u>\$ 46,141.98</u>	<u>\$ 118,461.13</u>	<u>\$ 62,146.14</u>	<u>\$ 56,314.99</u>

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

BALANCE DECEMBER 31, 2010 \$ 143,403.93

INCREASED BY

2011 Budget Appropriation:

Interest on Bonds \$ 329,401.64
 Interest on Notes 8,379.61 337,781.25

DECREASED BY

Cash Disbursed 341,177.64

BALANCE DECEMBER 31, 2011 \$ 140,007.54

ANALYSIS OF ACCRUAL

	<u>Date of Issue</u>	<u>Accrual Period</u>	<u>Interest Rate</u>	Amount Outstanding December 31, 2011	<u>Accrual</u>
<u>Serial Bonds</u>					
2002 Series	8/1/2002	5 Months	Var.	\$ 290,000.00	\$ 4,502.08
2004 Series	6/15/2004	5 Months	Var.	1,500,000.00	25,309.90
2007 Series	7/15/2007	5.5 Months	Var.	5,205,000.00	91,591.15
2009 NJEIT Trust Bonds	11/23/2009	5 Months	Var.	655,000.00	11,598.96
2009 NJEIT Fund Bonds	11/23/2009	5 months	0.00%	<u>622,442.45</u>	
				\$ 8,272,442.45	\$ 133,002.09

Bond Anticipation Notes

Ords. 09-10,11-02,11-07 11/17/2011 43 days 1.13% \$ 2,512,168.00 \$ 3,390.73

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, 2011 AND 2010

	Parking Utility 2011	2010	Water-Sewer Utility 2011	2010	Totals 2011	2010
ASSETS						
Cash and Cash Equivalents	\$ 80,879.79	\$ 80,904.30	\$ 2,268,866.30	\$ 1,358,335.98	\$ 2,349,746.09	\$ 1,439,240.28
Fixed Capital	3,549,558.93	3,549,558.93	10,408,328.52	10,213,299.70	13,957,887.45	13,762,858.63
Fixed Capital Authorized and Uncompleted	315,000.00	315,000.00	13,732,994.00	11,897,826.00	14,047,994.00	12,212,826.00
3,864,558.93	3,864,558.93	24,141,322.52	22,111,125.70	28,005,881.45	25,975,684.63	
Interfund Receivable	-----	-----	170,534.21	170,534.21	170,534.21	170,534.21
Due from New Jersey Environmental Infrastructure Trust	-----	-----	277,284.00	640,147.00	277,284.00	640,147.00
Total Assets	<u>\$ 3,945,438.72</u>	<u>\$ 3,945,463.23</u>	<u>\$ 26,858,007.03</u>	<u>\$ 24,280,142.89</u>	<u>\$ 30,803,445.75</u>	<u>\$ 28,225,606.12</u>
LIABILITIES, RESERVES AND FUND BALANCE						
Serial Bonds	\$ 165,000.00	\$ 270,000.00	\$ 8,272,442.45	\$ 8,972,022.58	\$ 8,437,442.45	\$ 9,242,022.58
Bond Anticipation Notes	-----	-----	2,512,168.00	477,000.00	2,512,168.00	477,000.00
Improvement Authorizations:	-----	-----	-----	-----	-----	-----
Funded	37,703.17	37,703.17	1,040,081.24	1,405,754.37	1,077,784.41	1,443,457.54
Unfunded	-----	-----	1,615,832.53	465,676.19	1,615,832.53	465,676.19
37,703.17	37,703.17	2,655,913.77	1,871,430.56	2,693,616.94	1,909,133.73	
Capital Improvement Fund	3,400.00	3,400.00	10,574.00	574.00	13,974.00	3,974.00
Reserve for Payment of Bonds	39,768.64	39,768.64	7,074.77	2,103.59	46,843.41	41,872.23
Reserve for Encumbrances	-----	-----	483,794.97	735,582.04	483,794.97	735,582.04
Interfunds Payable	-----	24.51	-----	-----	-----	24.51
43,168.64	43,193.15	501,443.74	738,259.63	544,612.38	781,452.78	
3,699,558.93	3,594,558.93	12,699,940.00	11,995,331.05	16,399,498.93	15,589,889.98	
Reserve for Amortization	-----	-----	216,099.07	226,099.07	216,099.07	226,099.07
Deferred Reserve for Amortization	-----	-----	-----	-----	7.98	7.98
Fund Balance	<u>7.98</u>	<u>7.98</u>	<u>-----</u>	<u>-----</u>	<u>-----</u>	<u>-----</u>
Total Liabilities, Reserves and Fund Balance	<u>\$ 3,945,438.72</u>	<u>\$ 3,945,463.23</u>	<u>\$ 26,858,007.03</u>	<u>\$ 24,280,142.89</u>	<u>\$ 30,803,445.75</u>	<u>\$ 28,225,606.12</u>

There were Bonds and Notes Authorized But Not Issued at December 31, 2011 in the Parking Utility Capital Fund of \$ None and in the Water-Sewer Utility Capital Funds of \$440,673.00.

PARKING UTILITY CAPITAL FUND

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

	<u>Balance December 31, 2010</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance December 31, 2011</u>
Fund Balance	\$ 7.98			\$ 7.98
Due (from)/to Parking Utility Operating Fund	24.51			24.51
Capital Improvement Fund	3,400.00			3,400.00
Reserve for Payment of Bonds	39,768.64			39,768.64
Improvement Authorizations:				
	<u>Ordinance Number</u>	<u>Description</u>		
	02-04	Acquisition and Installation of Parking Meters and the Resurfacing of Parking Lots	37,703.17	37,703.17
			\$ 80,904.30	\$ 80,904.30
			\$ 286.77	\$ 286.77
			\$ 311.28	\$ 311.28
				<u>\$ 80,879.79</u>

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, 2011 and 2010</u>
02-04	Acquisition and Installation of Parking Meters and the Resurfacing of Parking Lots	2/10/2004	\$ 315,000.00	\$ <u>315,000.00</u>

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, 2011</u>		<u>Interest Rate</u>	<u>Balance December 31, 2010</u>	<u>Decreased</u>	<u>Balance December 31, 2011</u>
			<u>Date</u>	<u>Amount</u>				
Parking Utility Bonds	8/1/2002	\$ 535,000.00	2012-13	\$ 60,000.00	3.750%	\$ 180,000.00	\$ 60,000.00	\$ 120,000.00
Parking Utility Bonds	6/15/2004	315,000.00	2012	45,000.00	3.750%	<u>90,000.00</u>	<u>45,000.00</u>	<u>45,000.00</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, 2010</u>	<u>Paid or Charged</u>	<u>Balance December 31, 2011 Funded</u>
02-04	Acquisition and Installation of Parking Meters and the Resurfacing of Parking Lots	2/10/2004	\$ 315,000.00	\$ <u>37,703.17</u>	\$ <u>37,703.17</u>	\$ <u>37,703.17</u>

WATER-SEWER UTILITY CAPITAL FUND

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

Bracketed amount denotes deficit.

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, 2010</u>	<u>Authorization</u>	<u>Transferred to Fixed Capital</u>	<u>Canceled</u>	<u>Balance December 31, 2011</u>
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
03-15	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
05-48	Replacement of Sanitary Sewer Lines	11/7/2005	200,000.00	200,000.00				195,028.82
06-09	Repair and Replacement of Sewer Lines and Hydrant Installation	3/13/2006	250,000.00	250,000.00				250,000.00
06-10	Various Facility Improvements	3/13/2006	2,425,000.00	2,425,000.00				2,425,000.00
07-22	Water Mains, Fire Hydrant Valves and Sewer Pump Stations	5/29/2007	1,140,000.00	1,140,000.00				1,140,000.00
07-23	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
10-09	Various 2010 Capital Improvements	2/22/2010	477,900.00	477,900.00				477,900.00
10-39	Septic Tank 2010 Improvements	12/8/2010	42,426.00	42,426.00				42,426.00
11-02	Various 2011 Capital Improvements	2/28/2011	1,846,000.00	1,846,000.00				1,846,000.00
11-07	Various 2011 Sewer and Drainage Improvements	5/25/2011	189,168.00	189,168.00				189,168.00
			\$ 11,897,826.00	\$ 2,035,168.00	\$ 195,028.82	\$ 4,971.18	\$ 13,732,994.00	

BOROUGH OF RED BANK
WATER-SEWER 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, 2011</u>		<u>Interest Rate</u>	<u>Balance December 31, 2010</u>	<u>Decreased</u>	<u>Balance December 31, 2011</u>
			<u>Date</u>	<u>Amount</u>				
Water-Sewer Bonds	8/1/2002	\$ 1,200,000.00	2012	\$ 140,000.00	3.700%	\$ 420,000.00	\$ 130,000.00	\$ 290,000.00
			2013	150,000.00	3.750%			
Water-Sewer Bonds	6/15/2004	2,780,000.00	2012	220,000.00	3.750%	1,710,000.00	210,000.00	1,500,000.00
			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	2012	340,000.00	4.125%	5,505,000.00	300,000.00	5,205,000.00
			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%			
			2021	575,000.00	4.250%			
			2022	580,000.00	4.250%			
NJEIT Trust Bonds	11/23/09	680,000.00	2012	25,000.00	3.000%	680,000.00	25,000.00	655,000.00
			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%			
			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%			

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

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Maturity of Bonds Outstanding</u>		<u>Interest Rate</u>	<u>Balance December 31, 2010</u>	<u>Decreased</u>	<u>Balance December 31, 2011</u>
			<u>Date</u>	<u>Amount</u>				
NJETT Fund Loan	11/23/09	\$ 2,040,227.00	2012	\$ 34,580.13	0.000%	\$ 657,022.58	\$ 34,580.13	\$ 622,442.45
			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%			
						\$ 8,972,022.58	\$ 699,580.13	\$ 8,272,442.45

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>Balance December 31, 2010</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance December 31, 2011</u>
10-09	Various 2010 Capital Improvements	12/1/2010	12/1/2010	11/30/2011	1.50%	\$ 477,000.00	\$ 477,000.00	\$ 477,000.00	\$ 477,000.00
11-02	Various 2011 Capital Improvements	11/29/2011	11/29/2011	11/28/2012	1.13%	\$ 477,000.00	\$ 1,846,000.00	\$ 1,846,000.00	\$ 1,846,000.00
11-07	Various 2011 Drainage Improvements	11/29/2011	11/29/2011	11/28/2012	1.13%	\$ 477,000.00	\$ 189,168.00	\$ 189,168.00	\$ 189,168.00
						<u>\$ 477,000.00</u>	<u>\$ 2,512,168.00</u>	<u>\$ 477,000.00</u>	<u>\$ 2,512,168.00</u>

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

Ordinance Number	Description	Ordinance Date	Amount	Balance December 31,			Paid or Charged	Cancelled	Funded	\$ 353,002.39	Balance December 31, 2011	Unfunded
				Funded	Unfunded	Authorizations						
15-03	Acquisition and Installation of Replacement Water Meters and Improvements to Water Facilities	5/27/2003	\$ 1,330,000.00	\$ 376,426.85	\$	\$	\$ 804.45	\$ 24,228.91	\$	\$	353,002.39	
35-04/ 23-05-18-08	Reconstruction of the Sewer Main Along Maple Ave.	9/28/2004, 5/12/2005, 8/11/08	1,000,000.00 945,000.00	439,933.20			71,989.36	303,020.74			208,901.82	
48-05	Replacement of Sanitary Sewer Lines	11/7/2005	200,000.00	4,971.18							4,971.18	
9-06	Repair and Replacement of Sewer Lines and Hydrant Installation	3/13/2006	250,000.00	37,456.64							18,538.88	
10-06	Various Facility Improvements	3/13/2006	2,425,000.00	161,503.22							126,346.11	
22-07	Water Mains, Fire Hydrant Valves and Sewer Pump Stations	2007	1,140,000.00	70,630.13							72,964.57	
23-07	Various 2007 Capital Improvements	2007	400,000.00	49,823.36							41,293.56	
24-084-09/ 24-09	Various 2008 Capital Improvements	9/22/2008, 2/23/2009	3,291,000.00	222,583.79	439,773.00						49,823.36	
10-09	Various 2010 Capital Improvements	2010	477,900.00	25,903.19							204,899.90	
10-39	Septic Tank 2010 Improvements (Local Improvement)	2010	42,426.00	42,426.00							5,604.20	
11-02	Various 2011 Capital Improvements	2/28/2011	1,846,000.00								986,891.53	
11-07	Various 2011 Drainage Improvements	5/25/2011	189,168.00								189,168.00	
			\$ 1,405,754.37	\$ 465,676.19	\$ 2,035,168.00		\$ 250,917.75	\$ 1,496,531.36	\$ 4,971.18	\$ 1,040,081.24	\$ 1,615,832.53	

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

Ordinance Number	Improvement Description	Balance		Bond Anticipation Notes Issued	Balance December 31, 2011
		December 31, 2010	Authorizations		
24-08/ 4-09/24-09	Various 2008 Water/Sewer Improvements	\$ 439,773.00		\$	\$ 439,773.00
10-09	Various 2010 Capital Improvements	900.00			900.00
11-02	Various 2011 Capital Improvements			1,846,000.00	1,846,000.00
11-07	Various 2011 Sewer and Drainage Improvements			189,168.00	189,168.00
		\$ 440,673.00	\$ 2,035,168.00	\$ 2,035,168.00	\$ 440,673.00

GENERAL FIXED ASSETS ACCOUNT

BOROUGH OF RED BANK
GENERAL FIXED ASSETS ACCOUNT
COMPARATIVE STATEMENTS OF GENERAL FIXED ASSETS
AS OF DECEMBER 31, 2011 AND 2010

	December 31,	
	<u>2011</u>	<u>2010</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>9,965,551.51</u>	<u>9,361,212.00</u>
	<u>\$ 30,570,614.51</u>	<u>\$ 29,966,275.00</u>
Investment in General Fixed Assets	<u>\$ 30,570,614.51</u>	<u>\$ 29,966,275.00</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, 2011, and have issued our report thereon dated June 4, 2012. 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 a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

**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 4, 2012

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	Fiscal Year					
	2011	2010	2009	2008	2007	2006
General Government	\$ 2,161,681.00	\$ 2,123,121.12	\$ 2,180,278.07	\$ 2,262,928.67	\$ 2,457,480.41	\$ 2,432,221.89
Land Use Administration	202,780.00	174,715.71	184,325.66	181,800.00	198,000.00	179,700.00
Insurance	2,847,507.00	2,694,906.31	2,428,157.75	2,480,500.00	2,340,000.00	2,179,000.00
Public Safety	5,025,595.00	5,087,993.00	5,038,821.00	4,841,439.18	4,737,600.00	4,248,400.00
Public Works	1,514,180.00	1,315,445.00	1,304,440.00	1,406,526.00	1,381,380.00	1,251,000.00
Landfill/Solid Waste Disposal Costs	329,200.00	359,200.00	455,000.00	525,000.00	580,000.00	528,000.00
Health and Welfare	212,240.00	192,325.00	238,641.00	217,886.01	198,065.99	134,500.00
Parks and Recreation	435,215.00	441,105.00	469,293.75	454,007.00	445,734.00	399,500.00
Utility Expenses and Bulk Purchases	629,700.00	630,000.00	675,000.00	657,773.82	587,000.00	545,000.00
Uniform Construction Code	317,340.00	280,610.00	335,375.00	295,210.00	283,100.00	345,150.00
Contingent and Celebration	500.00	500.00	1,425.00	1,500.00	2,200.00	2,200.00
Deferred Charges and Statutory Expenditures	2,025,688.00	1,627,095.41	1,584,141.19	1,241,080.73	723,089.96	843,456.08
State and Federal Grants	255,784.84	157,183.89	222,406.13	190,977.13	2,568,346.04	106,464.97
Judgements					66,603.84	216,317.59
Capital Improvements	50,000.00	50,000.00	80,000.00	30,000.00	60,000.00	140,000.00
Debt Service	3,139,173.50	3,215,777.69	3,299,398.51	3,484,439.00	2,787,078.37	2,771,891.56
Reserve for Sick/Severance Pay	15,000.00	823,383.04	80,059.00	35,956.88	50,000.00	100,000.00
Reserve for Uncollected Taxes	980,170.85	948,926.66	1,004,998.61	870,673.81	861,775.24	50,000.00
	<u>\$ 20,141,755.19</u>	<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>

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

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

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									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Operating	\$ 4,171,600.78	\$ 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	\$ 4,284,696.00	\$ 4,301,785.00
Capital Improvements	10,000.00	17,500.00	155,000.00				55,000.00	60,000.00	80,597.04	10,000.00
Debt Service	1,051,122.64	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
Deferred Charges and Statutory										
Expenditures	115,000.00	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
Surplus General Budget	990,000.00	993,720.00	355,000.00	200,000.00	286,000.00					
	<u>\$ 6,337,723.42</u>	<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>\$ 4,639,456.00</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	Fiscal Year									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Fund Balance Anticipated	\$ 250,000.00	\$ 350,000.00	\$ 1,255,000.00	\$ 1,300,000.00	\$ 1,185,769.05	\$ 1,237,887.89	\$ 1,040,000.00	\$ 588,777.21	\$ 757,688.00	
Taxes (1)	\$ 11,450,687.64	\$ 10,525,142.55	\$ 10,736,805.17	\$ 10,344,639.22	\$ 8,663,680.47	\$ 7,760,128.96	\$ 7,552,516.73	\$ 7,208,499.04	\$ 6,593,617.13	
Delinquent Taxes	1,133,337.42	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
Miscellaneous Revenues	5,202,032.25	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
State Aid	2,011,681.00	2,528,825.00	2,943,686.00	2,770,744.00	2,843,480.00	2,818,510.00	2,818,510.00	2,713,834.66	2,645,580.00	
Federal and State Grants/Interlocal	255,784.84	157,183.89	222,406.13	190,977.13	2,568,346.04	106,464.97	216,317.59	524,588.50	343,958.56	441,826.79
Non-budget Revenues and Other Items	<u>\$ 668,456.19</u>	<u>432,182.79</u>	<u>401,065.00</u>	<u>692,422.65</u>	<u>667,084.74</u>	<u>464,533.37</u>	<u>315,547.12</u>	<u>141,337.59</u>	<u>188,299.10</u>	<u>296,275.26</u>
	<u>\$ 20,971,981.34</u>	<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>

(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>
2011	\$ 0.509	\$ 0.242	\$ 0.015	\$ 0.569	\$ 0.377	\$ 1.712	97.29%	2.66%
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%

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>
2011	\$ 39,231,035.19	\$ 38,168,792.40	97.29%
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%

* 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>
2011	\$ 34,978.22	\$ 1,041,029.66	\$ 1,076,007.88	2.79%
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%

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>
2011	\$ 2,248,335,831	\$ 2,124,880,286	105.81%
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%

* 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 - 2011</u>	<u>As a Percent of Net Assessed Valuation Taxable</u>
#1	\$ 37,545,000	1.66%
#2	23,350,000	1.03%
#3	20,670,900	0.92%
#4	20,438,900	0.90%
#5	19,111,500	0.85%
#6	12,300,000	0.54%
#7	10,721,303	0.47%
#8	10,508,700	0.47%
#9	9,074,300	0.40%
#10	<u>9,000,000</u>	<u>0.40%</u>
	<u>\$ 184,739,603</u>	<u>8.18%</u>

Source: Red Bank Tax Assessor

BOROUGH OF RED BANK
COMPUTATION OF LEGAL DEBT MARGIN
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011

Average Equalized Valuation \$ 2,226,123,529.00

Borrowing Margin - 3½% of Average Equalized Valuation \$ 77,914,323.51

Net Debt 12,089,612.19

Remaining Borrowing Power \$ 65,824,711.32

	<u>Gross Debt</u>	<u>Deductions</u>	
Municipal Debt - Borough of Red Bank	\$ <u>31,003,599.33</u>	\$ <u>18,913,987.14</u>	\$ 12,089,612.19
Overlapping Debt Apportioned to the Municipality:			
County of Monmouth (1) 1.84407%			<u>8,425,057.24</u>
			<u>\$ 20,514,669.43</u>

Source: (1) County of Monmouth Annual Debt Statement

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 December 31.</u>	<u>Borough Population (1)</u>	<u>Equalized Valuation (2)</u>	<u>Net Debt (3)</u>	<u>Ratio of Net Debt to Equalized Valuation</u>
2011	12,206	\$ 2,124,880,286.00	\$ 12,089,612.19	0.57%
2010	12,206	2,213,778,758.00	13,347,506.59	0.60%
2009	11,844	2,339,711,542.00	14,015,208.71	0.60%
2008	11,844	2,345,040,730.00	15,250,681.84	0.65%
2007	11,844	2,264,471,395.00	17,214,453.79	0.76%
2006	11,844	2,141,083,536.00	17,281,292.46	0.81%
2005	11,844	1,588,693,102.00	18,392,921.21	1.16%
2004	11,844	1,346,332,133.00	17,790,505.11	1.32%
2003	11,844	1,167,609,381.00	17,348,327.19	1.49%
2002	11,844	1,183,988,382.00	17,790,505.11	1.43%
				1,502.07
				1,464.74
				1,502.07

(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

<u>Year Ended December 31</u>	<u>Bond and Note Principal</u>	<u>Interest on Bonds and Notes</u>	<u>Green Trust Loans</u>	<u>Capital Equipment Lease</u>	<u>Municipal Debt Service</u>	<u>Total Current Fund Governmental Fund Expenditures</u>	<u>Total Current Fund Governmental Fund Expenditures</u>	<u>Ratio of Debt Service to Current Fund Expenditures</u>
2011	\$ 1,938,000.00	\$ 439,504.73	\$ 133,923.46	\$ 594,010.84	\$ 3,105,439.03	\$ 19,508,469.28		15.92%
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%

(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	\$ 1,393,221.87
Deductions:	
Operating and Maintenance Cost	\$ 543,700.00
Debt Service	<u>113,824.68</u>
Total Deductions	<u>657,524.68</u>
Excess in Revenue	\$ <u>735,697.19</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	\$ 6,657,369.40
 Deductions:	
Operating and Maintenance Cost	\$ 4,286,600.78
Debt Service	<u>1,037,361.38</u>
 Total Deductions	 <u>5,323,962.16</u>
 Excess in Revenue	 <u>\$ 1,333,407.24</u>

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

<u>Year Ended December 31,</u>	<u>Unemployment Rate</u>
2011	10.9%
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%

Source : NJ Department of Labor and Workforce Development Website.

BOROUGH OF RED BANK
MISCELLANEOUS STATISTICS
DECEMBER 31, 2011

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.

AUDITOR'S COMMENTS AND RECOMMENDATIONS

GENERAL COMMENTS
DECEMBER 31, 2011

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 is 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 \$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. Under N.J.S.A 40A:11-9(b) the Borough appointed their Administrator as their Qualified Purchasing Agent. Accordingly, the 2011 bid threshold was \$36,000.00.

The governing body of the municipality has the responsibility of determining whether the expenditures in any category will exceed \$36,000.00 within the calendar 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:

Bodman Place Pump Station and Force
Main and Trunk Line Repair
Locust Avenue Septic Tank Abandonment
and Pump Station
Shrewsbury Avenue Water Main

Bodman Place Trunk Line Casing
Contract 2

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 \$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, 2011

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 2011 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, 2011 covering all unpaid charges on that date was verified with the accounting control figures shown in this report.

The 2011 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, 2011

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 31st of the last three (3) years.

<u>Year</u>	<u>Number of Liens</u>
2011	6
2010	7
2009	11

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 2011 and prior years is being properly carried in the Water-Sewer Collector's records. An abstract taken from these records as at December 31, 2011, 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, 2011. Supplemental bank reconciliations were reviewed as of February 28, 2012.

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.

Finding:

Condition: Our examination revealed bank reconciliations were not prepared timely in many instances. The payroll account was omitted from the Borough's unaudited financial statement because it was not completed at that time. We did receive the December, 2011 bank reconciliation for audit and made an adjusting entry to reflect the ending balance. We also noted the payroll bank reconciliation is prepared by the same employee that administers and prepares the payroll. Other bank reconciliations we examined had stale dated outstanding checks and various reconciling items reflected. Supplemental reconciliations were available only through February, 2012.

OTHER COMMENTS (CONTINUED)
DECEMBER 31, 2011

Cash Balances - Continued

Criteria: The Borough's internal control policy requires all bank reconciliations be prepared timely and accurately.

Cause: The Borough had turnover in both the Chief Financial Officer and Human Resources Director.

Client Response: The Borough is aware of the importance of timely and accurate bank reconciliations and has taken measures to prepare all bank reconciliations accurately and timely. The payroll account reconciliation function has been segregated from the payroll department.

Recommendation: It is recommended that all bank reconciliations be prepared timely and accurately and that the payroll account reconciliation be performed by the Chief Financial Officer.

Interfunds

There are interfunds outstanding between the various funds at December 31, 2011. We have been advised all interfunds will be liquidated in the subsequent year.

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.

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 2011 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.

Miscellaneous Comments

Finding:

Condition: We noted the Borough provides interlocal dog warden services to surrounding communities. Fees for these services are prescribed by resolution of the governing body. We noted fees due from three of the interlocal service recipients totaling \$12,144.30 went uncollected at year end.

OTHER COMMENTS (CONTINUED)
DECEMBER 31, 2011

Miscellaneous Comments-Continued

Criteria: Sound internal controls and the Borough's policies and procedures.

Cause: An oversight which has subsequently been corrected.

Recommendation: None, in as much as the amounts due the Borough have been collected and the process for monitoring these receivables has been strengthened,

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 both of the prior year's audit recommendations.

RECOMMENDATIONS
DECEMBER 31, 2011

It is recommended:

2011-1 That all bank reconciliations be prepared timely and accurately and that the payroll account reconciliation be performed by the Chief Financial Officer.

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,



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

For The Firm
DAK CPA Certified Public Accountants