

COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE

BOROUGH OF RED BANK

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

FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

Presented by

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

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INTRODUCTORY SECTION

June 3, 2013

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, 2012 and 2011 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

2012 saw a decrease in our Current Fund Balance of \$3,498. 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 \$49,541,335 and total expenditures of \$49,498,833. The following schedules summarize municipal revenues and expenses for 2012 and 2011.

Comparative Summary of Current Fund Revenues

	<u>2012</u>	<u>2011</u>	<u>Increase/(Decrease)</u>	
			<u>\$</u>	<u>%</u>
Fund Balance	\$ 500,000	\$ 250,000	\$ 250,000	100.00 %
Municipal/Library Purposes Tax	11,361,405	11,450,688	(89,283)	(0.78)
Delinquent Tax Receipts	1,024,210	1,133,337	(109,127)	(9.63)
Miscellaneous Anticipated				
Revenues	5,290,796	5,202,032	88,764	1.71
Intergovernmental Revenue	2,209,921	2,267,466	(57,545)	(2.54)
Other Credits to Income	626,584	484,135	142,449	29.42
Miscellaneous Revenue	<u>281,847</u>	<u>188,790</u>	<u>93,057</u>	<u>49.29</u>
	<u>\$ 21,294,763</u>	<u>\$ 20,976,449</u>	<u>\$ 318,314</u>	<u>1.52 %</u>

1. Municipal/Library Purposes Taxes - These are the taxes levied on all property owners residing in the Borough. Revenues depicted above represent only the portion of taxes received that the Borough retains.
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 2012 over 2011 was approximately 5.14% as follows:

<u>Function</u>	<u>2012</u>	<u>2011</u>	<u>Increase/(Decrease)</u>	
			<u>\$</u>	<u>%</u>
General Government	\$ 2,328,283	\$ 2,161,681	\$ 166,602	7.71
Land Use Administration	189,950	202,780	(12,830)	(6.33)
Insurance	3,204,450	2,847,507	356,943	12.54
Public Safety	5,229,944	5,025,595	204,349	4.07
Public Works	1,977,600	1,514,180	463,420	30.61
Landfill/Solid Waste Disposal Costs	359,200	329,200	30,000	9.11
Health and Welfare	218,175	212,240	5,935	2.80
Parks and Recreation	465,225	435,215	30,010	6.90
Utility Expenses and Bulk Purchases	625,000	629,700	(4,700)	(0.75)
Uniform Construction Code	286,170	317,340	(31,170)	(9.82)
Contingent	1,000	500	500	100.00
Deferred Charges and Statutory Expenditures	1,786,265	2,025,688	(239,423)	(11.82)
State and Federal Grants	198,240	255,785	(57,545)	(22.50)
Capital Improvements	100,000	50,000	50,000	100.00
Municipal Debt Service	3,185,524	3,139,173	46,351	1.48
Reserve for Sick and Severance Pay		15,000	(15,000)	(100.00)
Judgements	25,000		25,000	100.00
Reserve for Uncollected Taxes	<u>997,004</u>	<u>980,171</u>	<u>16,833</u>	<u>1.72</u>
	<u>\$ 21,177,030</u>	<u>\$ 20,141,755</u>	<u>\$ 1,035,275.00</u>	<u>5.14%</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. Overall fund balance fell by \$89,548 from 2011 levels. Water-Sewer Utility revenues realized were about 6% more than anticipated. Significant improvements to the Borough's water treatment infrastructure occurred during 2012.

The Parking Utility operates metered municipal parking lots and owns a 450 car parking garage, which it leases to Riverview Medical Center. Revenues in 2012 exceeded expenses by \$88,479 which was less than 2011's results of operations.

Both the Parking Utility and Water-Sewer Utility remained self-liquidating for 2012.

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 2013 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 2012, 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 \$13,523,174 which represents .64% of its average equalized value. Debt service appropriations for 2012 for the Current Fund were 15.7% of the total Current Fund budget.

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.

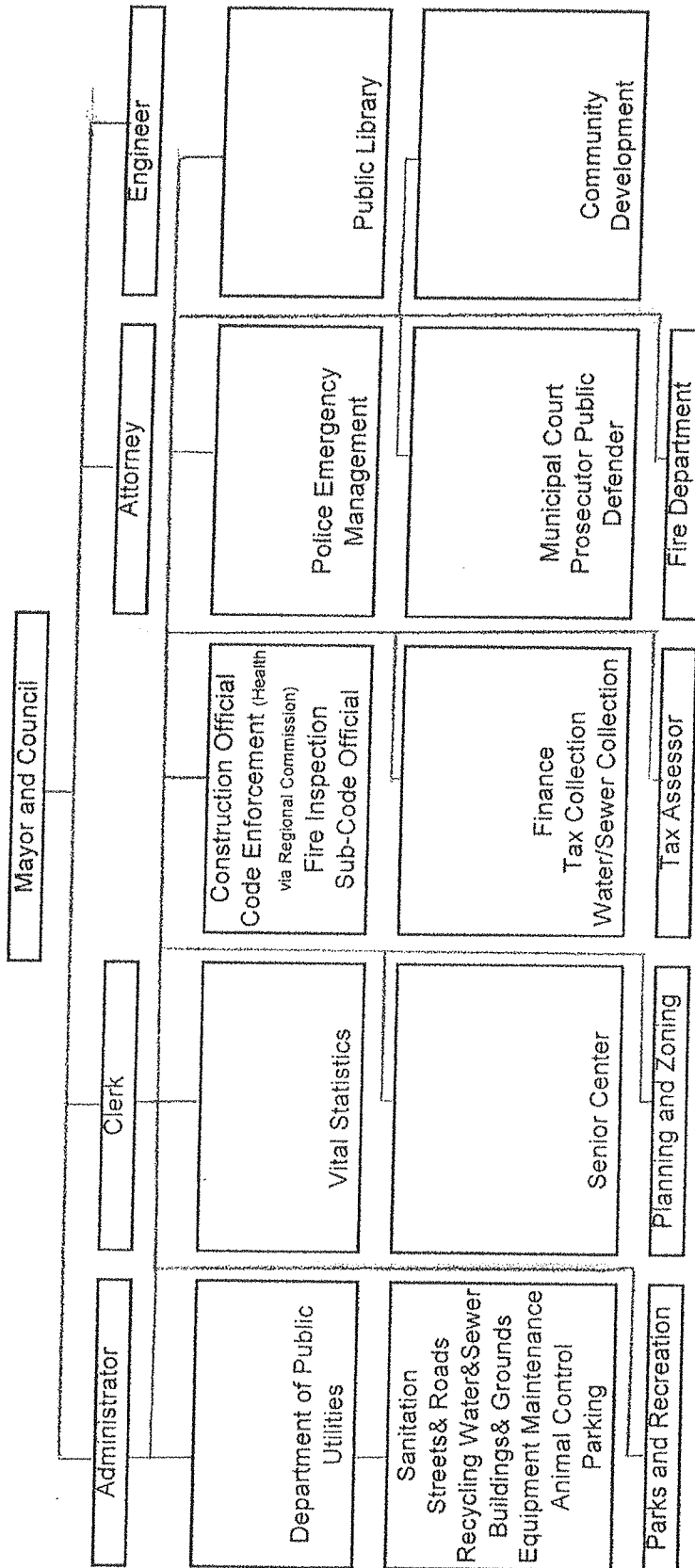
ACKNOWLEDGMENTS

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, 2012

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

Constance Ludden, Tax and Utility Collector
Mitchell Elias, Tax Assessor
Stanley Sickels, Borough Administrator, Construction Code Official and Fire Marshal
Pamela Borghi, Borough Clerk
William Himelman, Magistrate
Daniel O'Hern, Attorney
Frances Pastoriza, Municipal Court Administrator
Christine Ballard, Engineer
Jacqueline Reynolds, Senior Center Director
Gary Watson, Assistant Administrator, Director of Public Utilities
Donna Barr, Director of Planning and Zoning

BOROUGH OF RED BANK
CONSULTANTS AND ADVISORS
DECEMBER 31, 2012

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, 2012

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

To the Honorable Mayor and Members of the Borough of Red Bank Council:

We have audited the accompanying financial statements – regulatory basis of the various funds and accounts and the related notes to financial statements of the Borough of Red Bank (the “Borough”) as of and for the year ended December 31, 2012 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.

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Service, Department of Community Affairs, State of New Jersey (“the Division”). This includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in 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 auditing requirements prescribed by the Division. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

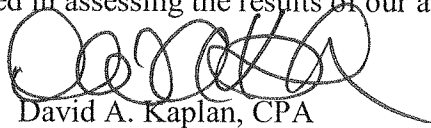
INDEPENDENT AUDITOR'S REPORT (CONTINUED)

In our opinion, because of the Borough's policy to prepare its financial statements on the basis of accounting discussed above, 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, 2012, or the results of its operations for the year then ended.

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, 2012, 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, 2012 on the basis of accounting described in Note 1.

The information included in the introductory section and supplementary schedules is presented for purposes of additional analysis and is not a required part of the financial statements, but is presented as additional analytical data as required by the Division. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 3, 2013, 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.



David A. Kaplan, CPA

Registered Municipal Accountant #433

DAK CPA

DAK CPA, Certified Public Accountants

Long Branch, New Jersey
June 3, 2013

GENERAL PURPOSE FINANCIAL STATEMENTS

BOROUGH OF RED BANK
COMBINED STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE -
ALL FUND TYPES AND ACCOUNT GROUPS - REGULATORY BASIS
DECEMBER 31, 2012
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2011)

	Governmental Funds				Trust Funds	Utilities		General Fixed Assets Account	Totals	
	Current	General Capital	Operating	Capital		Operating	Capital		Memorandum Only	2011
ASSETS AND OTHER DEBITS										
Cash and Cash Equivalents	\$ 3,112,847.75	\$ 4,073,982.32	\$ 1,744,921.57	\$ 1,500,647.82	\$				\$ 12,925,543.20	\$ 11,720,216.12
Intergovernmental Receivables	10,006.08								10,006.08	1,124,480.73
Receivables and Other Assets:										
Delinquent Property Taxes	940,771.26		853,991.94						940,771.26	1,041,029.66
Consumer Accounts Receivable			13,746.24						853,991.94	843,427.16
Inventory			4,438.55						13,746.24	
Liens Receivable	73,982.43								78,420.98	38,959.82
Demolition Liens Receivable	8,930.09								8,930.09	8,930.09
Property Acquired for Taxes - Assessed										
Valuation	301,000.00								301,000.00	301,000.00
Other Accounts Receivable	37,377.11	571,563.00							608,940.11	174,724.87
Interfunds Receivable	5,303.16	175,000.00			13,186.03	1,790.83			195,280.02	640,006.22
Capital Lease Obligations, Unfunded		2,375,800.00							2,375,800.00	2,717,900.00
Deferred Charges	904,000.00	13,688,701.22							14,592,701.22	13,994,251.78
Fixed Capital									28,221,384.45	28,005,881.45
Fixed Assets									30,991,782.06	30,570,614.51
Federal and State Grant Fund:										
Cash and Cash Equivalents	483,663.00								483,663.00	171,342.14
Federal and State Grants Receivable	87,243.76								87,243.76	287,940.00
Interfunds Receivable	64,026.72								64,026.72	52,371.72
Total Assets and Other Debits	\$ 6,029,151.36	\$ 20,885,046.54	\$ 2,618,889.13	\$ 2,506,329.77	\$ 2,506,329.77	\$ 2,618,889.13	\$ 29,722,032.27	\$ 30,991,782.06	\$ 92,753,231.13	\$ 91,693,076.27

See Notes to Financial Statements.

BOROUGH OF RED BANK
COMBINED STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE -
ALL FUND TYPES AND ACCOUNT GROUPS - REGULATORY BASIS
DECEMBER 31, 2012
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2011)

LIABILITIES, RESERVES AND FUND BALANCE	Governmental Funds			Trust Funds	Utilities		General Fixed Assets Account	Totals	
	Current	General Capital			Operating	Capital		2012	Memorandum Only 2011
Liabilities and Reserves:									
Appropriation Reserves	\$ 896,511.34	\$ 3,284,069.44	\$ 2,494,750.40	\$ 147,198.26	\$ 193,319.81	\$ 1,043,709.60	\$ 721,595.54	\$ 5,148,590.71	
Other Liabilities and Reserves	1,303,185.55	1,941,457.13		436,338.22	1,597,993.03	7,711,663.42	5,987,825.37	5,987,825.37	
Improvement Authorizations									
Accrued Interest on Bonds and Notes				120,187.02		120,187.02	143,831.26	143,831.26	
Reserve for Amortization					17,129,750.06	17,129,750.06	16,294,498.93	16,294,498.93	
Deferred Reserve for Amortization					566,099.07	566,099.07	216,099.07	216,099.07	
Interfunds Payable	79,003.58						79,003.58	517,377.94	
Accounts Payable	6,874.00		11,579.37			18,453.37			
Intergovernmental Payable									
Bond Anticipation Notes		300,000.00				300,000.00	5,899,668.00	5,899,668.00	
Special Emergency Notes	904,000.00	12,511,000.00			10,234,862.32	904,000.00	600,000.00	600,000.00	
Serial and Refunding Bonds		705,467.52				22,745,862.32	17,058,442.45	17,058,442.45	
Loans Payable		1,885,800.00				705,467.52	823,508.08	823,508.08	
Capital Lease Payable - Principal									
Reserve for Receivables and Other Assets	1,367,364.05			872,176.73		1,885,800.00	2,717,900.00	2,717,900.00	
Federal and State Grant Fund:						2,239,540.78	2,426,619.39	2,426,619.39	
Interfund Payable	175,000.00					175,000.00	175,000.00	175,000.00	
Reserve for Encumbrances	85,173.89					85,173.89	2,731.35	2,731.35	
Unappropriated/Appropriated Reserves	374,759.59					374,759.59	333,922.51	333,922.51	
Total Liabilities and Reserves	5,191,872.00	20,627,794.09	2,506,329.77	1,575,900.23	29,722,024.29	59,623,920.38	59,067,610.60	59,067,610.60	
Equity and Other Credits:									
Investment in General Fixed Assets									
Fund Balance	837,279.36	257,252.45		1,042,988.90	7.98	30,991,782.06	30,570,614.51	30,570,614.51	
Total Equity and Other Credits	837,279.36	257,252.45		1,042,988.90	7.98	2,137,528.69	2,054,851.16	2,054,851.16	
Total Liabilities, Reserves and Fund Balance	\$ 6,029,151.36	\$ 20,885,046.54	\$ 2,506,329.77	\$ 2,618,889.13	\$ 29,722,032.27	\$ 92,753,231.13	\$ 91,693,076.27	\$ 91,693,076.27	

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 - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2012

	Current Fund			Variance Favorable (Unfavorable)	Utility Operating Funds (1)			Variance Favorable (Unfavorable)
	Final Budget	Actual			Final Budget	Actual		
Revenues:								
Fund Balance Anticipated	\$ 500,000.00	\$ 500,000.00	\$	\$	469,500.00	\$ 469,500.00	\$	405,529.76
Water-Sewer Rents and Connection Fees					6,515,000.00	6,920,529.76		66,002.87
Parking Meter and Lot Fees					1,390,000.00	1,456,002.87		29,323.50
Miscellaneous Revenues	5,214,609.89	5,290,724.41		76,114.52	115,000.00	144,323.50		
State Aid	2,011,681.00	2,011,681.00						
Federal and State Grants	198,239.69	198,239.69						
	7,924,530.58	8,000,645.10		76,114.52	8,489,500.00	8,990,356.13		500,856.13
Receipts from Delinquent Taxes				(25,789.58)				
Amount to be Raised by Taxes for Support of Municipal Budget:	1,050,000.00	1,024,210.42						
Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes	11,036,632.73	10,649,538.62		(387,094.11)				
Minimum Library Levy	711,866.48	711,866.48						
Budget Totals	20,723,029.79	20,386,260.62		(336,769.17)	8,489,500.00	8,990,356.13		500,856.13
Non-budget Revenues								
Other Credits to Income		273,925.05		273,925.05		3,169.34		3,169.34
Taxes Allocated to School, County and Special Districts		626,613.85		626,613.85		94,495.31		94,495.31
		28,254,535.94		28,254,535.94				
Total Revenues	\$ 20,723,029.79	\$ 49,541,335.46	\$	\$ 28,818,305.67	\$ 8,489,500.00	\$ 9,088,020.78	\$	\$ 598,520.78

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 - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2012

	Current Fund			Utility Operating Funds (1)		
	Final Budget	Actual	Variance Favorable (Unfavorable)	Final Budget	Actual	Variance Favorable (Unfavorable)
Expenditures:						
Current:						
General Government	\$ 2,328,283.48	\$ 2,328,283.48	\$	\$	\$	\$
Land Use Administration	189,950.00	189,950.00				
Insurance	3,204,450.00	3,204,450.00				
Public Safety	5,229,944.00	5,229,944.00				
Public Works	1,977,600.00	1,977,600.00				
Landfill/Solid Waste Disposal Costs	359,200.00	359,200.00				
Health and Welfare	218,175.00	218,175.00				
Parks and Recreation	465,225.00	465,225.00				
Utility Expenses and Bulk Purchases	625,000.00	625,000.00				
Uniform Construction Code	286,170.00	286,170.00				
Contingent	1,000.00	1,000.00				
State and Federal Grants	198,239.69	198,239.69				
Operating				5,479,419.87	5,479,419.87	
Capital Improvements	100,000.00	100,000.00				
Debt Service	3,185,524.00	3,185,524.00		1,186,580.13	1,186,580.13	
Deferred Charges and Statutory						
Expenditures	1,786,264.92	1,786,264.92		178,500.00	178,500.00	
Judgements	25,000.00	25,000.00				
Surplus - General Budget				1,645,000.00	1,645,000.00	
Reserve for Uncollected Taxes	997,003.70	997,003.70				
Total Budget Expenditures	21,177,029.79	21,177,029.79		8,489,500.00	8,489,500.00	
Other Expenditures		67,267.71	(67,267.71)			
County, School and Special District Taxes		28,254,535.94	(28,254,535.94)			
Total Expenditures	\$ 21,177,029.79	\$ 49,498,833.44	\$ (28,321,803.65)	\$ 8,489,500.00	\$ 8,489,500.00	\$

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 - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2012

	Current Fund		Variance Favorable (Unfavorable)	Utility Operating Funds (1)		
	Final Budget	Actual		Final Budget	Actual	Variance Favorable (Unfavorable)
Excess/(Deficit) in Revenues over Expenditures	\$ (454,000.00)	\$ 42,502.02	\$ 496,502.02	\$	\$ 598,520.78	\$ 598,520.78
Adjustment to Income Before Fund Balance: Expenditures included above which are by statute deferred charges to budgets of succeeding years	454,000.00	454,000.00				
Statutory Excess to Fund Balance		496,502.02	496,502.02		598,520.78	598,520.78
Fund Balance, January 1	840,777.34	840,777.34		1,213,968.12	1,213,968.12	
Decreased By:	840,777.34	1,337,279.36	496,502.02	1,213,968.12	1,812,488.90	598,520.78
Utilization as Anticipated Revenue Transferred to Current Fund	500,000.00	500,000.00		469,500.00	469,500.00	(300,000.00)
	500,000.00	500,000.00		469,500.00	769,500.00	(300,000.00)
Fund Balance, December 31	\$ 340,777.34	\$ 837,279.36	\$ 496,502.02	\$ 744,468.12	\$ 1,042,988.90	\$ 898,520.78

(1) Includes Parking and Water-Sewer Utilities.

See Notes to Financial Statements.

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

<u>BALANCE, DECEMBER 31, 2011</u>	\$ 97.72
<u>INCREASED BY</u>	
Funded Improvement Authorization Cancelled	<u>257,154.73</u>
<u>BALANCE, DECEMBER 31, 2012</u>	<u>\$ 257,252.45</u>

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

<u>BALANCE, DECEMBER 31, 2011</u>	\$	7.98
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AND

<u>BALANCE, DECEMBER 31, 2012</u>	\$	<u>7.98</u>
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NOTES TO FINANCIAL STATEMENTS

BOROUGH OF RED BANK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011

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, 2012 AND 2011

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, 2012 AND 2011

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, 2012 AND 2011

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, 2012 AND 2011

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, 2012 AND 2011

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, 2012 was \$13,416,067.24.

BOROUGH OF RED BANK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2012 AND 2011

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, 2012 AND 2011

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, 2012 is as follows:

	<u>Parking Utility</u>	<u>Water- Sewer Utility</u>	<u>Total Enterprise Fund</u>
Revenue and Other Income Realized:			
Operating Fund Balance Appropriated	\$ 70,000.00	\$ 399,500.00	\$ 469,500.00
Parking Fees	1,132,717.47		1,132,717.47
Water-Sewer Rents		6,626,893.58	6,626,893.58
Water and Sewer Connection Fees		293,636.18	293,636.18
Riverview Hospital - Lease Agreement	323,285.40		323,285.40
Reserve for Payment of Bonds	20,000.00		20,000.00
Current Budget Appropriations Cancelled		54,454.33	54,454.33
Non-Budget Revenue	2,449.34	125,043.50	127,492.84
Other Credits to Income - Unexpended Balance of Appropriation Reserves	<u>20,026.57</u>	<u>20,014.41</u>	<u>40,040.98</u>
Total Income	<u>1,568,478.78</u>	<u>7,519,542.00</u>	<u>9,088,020.78</u>
Expenditures:			
Operating	662,500.00	4,816,919.87	5,479,419.87
Capital Improvement Fund			
Debt Service	107,500.00	1,079,080.13	1,186,580.13
Deferred Charges and Statutory Expenditures	55,000.00	123,500.00	178,500.00
Surplus General Budget	655,000.00	990,000.00	1,645,000.00
Total Expenditures	<u>1,480,000.00</u>	<u>7,009,500.00</u>	<u>8,489,500.00</u>
Statutory Excess to Fund Balance	88,478.78	510,042.00	598,520.78
Fund Balance, January 1	<u>299,867.55</u>	<u>914,100.57</u>	<u>1,213,968.12</u>
	388,346.33	1,424,142.57	1,812,488.90
Decreased by:			
Utilized as Anticipated Revenue	70,000.00	399,500.00	469,500.00
Transferred to Current Fund	<u>100,000.00</u>	<u>200,000.00</u>	<u>300,000.00</u>
Fund Balance, December 31	<u>\$ 218,346.33</u>	<u>\$ 824,642.57</u>	<u>\$ 1,042,988.90</u>

BOROUGH OF RED BANK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2012 AND 2011

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>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Tax Rate	\$ 1.757	\$ 1.712	\$ 1.679	\$ 1.613	\$ 1.594
Apportionment of Tax Rate:					
Municipal	0.523	0.509	0.484	0.462	0.445
County	0.247	0.242	0.249	0.238	0.231
County Open Space Fund	0.014	0.015	0.016	0.016	0.015
District School	0.588	0.569	0.556	0.530	0.538
Regional High School	0.385	0.377	0.374	0.367	0.365

* Revaluation.

BOROUGH OF RED BANK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2012 AND 2011

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

Assessed Valuations

<u>Year</u>	<u>Amount</u>
2012	\$ 2,236,728,471.00
2011	2,259,057,134.00
2010	2,268,924,764.00
2009	2,287,756,376.00
2008	2,271,728,671.00

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2012	\$ 39,463,704.02	\$ 38,668,937.34	97.98%
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%

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>
2012	\$ 73,982.43	\$ 940,771.26	\$ 1,014,753.69	2.57%
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%

BOROUGH OF RED BANK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2012 AND 2011

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>
2012	\$ 301,000.00
2011	301,000.00
2010	301,000.00
2009	301,000.00
2008	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>
2012	\$ 6,638,975.00	\$ 6,626,893.58
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

BOROUGH OF RED BANK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2012 AND 2011

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

2012	\$ 837,279.36	\$ 500,000.00		59.72%
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%

Water-Sewer Utility Operating Fund

2012	\$ 824,642.57	\$ 361,656.00	\$ 200,000.00	43.86%
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

Parking Utility Operating Fund

2012	\$ 218,346.33	\$ 58,681.36	\$ 100,000.00	26.88%
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

BOROUGH OF RED BANK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2012 AND 2011

Note 8. PENSION PLANS

Description of Systems

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

Public Employees' Retirement System

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

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

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

BOROUGH OF RED BANK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2012 AND 2011

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 6.5% through July 1, 2012 and 6.64% thereafter, and for PFRS were ten percent (10%) 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>
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
2012	448,832.00	247,990.86	874,534.00	381,122.50

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, 2012 AND 2011

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
2013	\$ 2,089,000.00	\$ 368,338.90	\$ 60,000.00	\$ 2,250.00
2014	1,485,000.00	299,901.50		
2015	1,203,000.00	251,430.60		
2016	1,229,000.00	207,547.95		
2017	1,311,000.00	161,792.60		
2018	1,386,000.00	112,882.25		
2019	470,000.00	82,064.50		
2020	510,000.00	70,282.00		
2021	556,000.00	57,248.50		
2022	530,000.00	45,440.00		
2023	555,000.00	34,840.00		
2024	575,000.00	23,740.00		
2025	612,000.00	12,240.00		
	<u>\$ 12,511,000.00</u>	<u>\$ 1,727,748.80</u>	<u>\$ 60,000.00</u>	<u>\$ 2,250.00</u>

Calendar Year	Water-Sewer Capital		Total		Grand Totals
	Principal	Interest	Principal	Interest	
2013	\$ 934,580.13	\$ 327,518.52	\$ 3,083,580.13	\$ 698,107.42	\$ 3,781,687.55
2014	834,580.13	297,136.39	2,319,580.13	597,037.89	2,916,618.02
2015	874,580.13	265,764.51	2,077,580.13	517,195.11	2,594,775.24
2016	929,580.13	232,055.13	2,158,580.13	439,603.08	2,598,183.21
2017	939,580.13	196,895.75	2,250,580.13	358,688.35	2,609,268.48
2018	694,580.13	166,777.00	2,080,580.13	279,659.25	2,360,239.38
2019	774,580.13	140,389.50	1,244,580.13	222,454.00	1,467,034.13
2020	794,580.13	112,302.00	1,304,580.13	182,584.00	1,487,164.13
2021	824,580.13	83,483.25	1,380,580.13	140,731.75	1,521,311.88
2022	849,580.13	53,939.50	1,379,580.13	99,379.50	1,478,959.63
2023	289,580.13	36,314.50	844,580.13	71,154.50	915,734.63
2024	304,580.13	30,414.50	879,580.13	54,154.50	933,734.63
2025	314,580.13	24,214.50	926,580.13	36,454.50	963,034.63
2026	314,580.13	17,827.00	314,580.13	17,827.00	332,407.13
2027	331,580.13	11,092.00	331,580.13	11,092.00	342,672.13
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>\$ 10,174,862.32</u>	<u>\$ 2,002,124.05</u>	<u>\$ 22,745,862.32</u>	<u>\$ 3,732,122.85</u>	<u>\$ 26,477,985.17</u>

BOROUGH OF RED BANK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2012 AND 2011

Note 9. MUNICIPAL DEBT (CONTINUED)

Summary of Municipal Debt (Excluding Current and Operating Debt)

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Issued:			
General (Includes Trust Assessment)			
Bonds and Notes	\$ 12,811,000.00	\$ 11,903,500.00	\$ 12,927,500.00
Loans Payable	705,467.52	983,508.08	939,222.78
Water-Sewer Utility			
Bonds and Notes	10,174,862.32	10,784,610.45	9,449,022.58
Parking Utility			
Bonds and Notes	60,000.00	165,000.00	270,000.00
	<u>23,751,329.84</u>	<u>23,836,618.53</u>	<u>23,585,745.36</u>
Authorized but not Issued:			
General			
Bonds and Notes	172,243.70	73,632.00	38,200.00
Water-Sewer Utility			
Bonds and Notes	290,673.00	440,673.00	440,673.00
	<u>462,916.70</u>	<u>514,305.00</u>	<u>478,873.00</u>
Total Debt	<u>24,214,246.54</u>	<u>24,350,923.53</u>	<u>24,064,618.36</u>
Less:			
2011 ERI Refunding Bonds	507,000.00	540,000.00	None
MCIA Guaranty 2011	160,000.00	160,000.00	
Reserves for Payment of			
Bonds and Notes:			
General Capital	165,536.81	171,027.89	656,027.89
Water-Sewer Utility	7,074.77	0.00	2,103.59
Parking Utility	19,768.64	0.00	39,768.64
	<u>859,380.22</u>	<u>871,027.89</u>	<u>697,900.12</u>
Net Bonds and Notes Issued and			
Authorized but not Issued	<u>\$ 23,354,866.32</u>	<u>\$ 23,479,895.64</u>	<u>\$ 23,366,718.24</u>

BOROUGH OF RED BANK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2012 AND 2011

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 .640%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Regional School District	\$ 2,523,195.89	\$ 2,523,195.89	\$ None
Local School District	3,610,850.67	3,610,850.67	None
Water-Sewer Utility	10,465,535.32	10,465,535.32	None
Parking Utility	60,000.00	60,000.00	None
General	<u>13,688,711.22</u>	<u>165,536.81</u>	<u>13,523,174.41</u>
	<u>\$ 30,348,293.10</u>	<u>\$ 16,825,118.69</u>	<u>\$ 13,523,174.41</u>

Net debt, \$13,523,174.41 divided by Equalized Valuation Basis per N.J.S. 40A:2-2, \$2,113,820,108.33 equals .640%. 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		\$ 7,444,353.26
Deductions:		
Operating and Maintenance Costs	\$ 4,940,419.87	
Debt Service	<u>1,074,625.80</u>	<u>6,015,045.67</u>
Excess in Revenue		<u>\$ 1,429,307.59</u>

BOROUGH OF RED BANK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2012 AND 2011

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			\$ 1,526,002.87
Deductions:			
Operating and Maintenance Costs	\$ 717,500.00		
Debt Service	<u>107,500.00</u>	<u>825,000.00</u>	
Excess in Revenue			\$ <u>701,002.87</u>

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.

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.

BOROUGH OF RED BANK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2012 AND 2011

Note 9. MUNICIPAL DEBT (CONTINUED)

2007 General Obligation Bonds-Continued

Redemption

The Bonds maturing prior to February 1, 2017 are not subject to redemption prior to their stated maturities. The Bonds 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, 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.

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%.

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.

2012 General Obligation Bonds

On November 1, 2012 the Borough issued \$8,299,000.00 General Obligation Bonds consisting of \$5,637,000.00 General Improvement Bonds and \$2,662,000.00 Water-Sewer Utility Bonds. The Bonds mature annually on October 1 of each year in various amounts through 2027. Interest rates range from 2% to 2.1%. The Bonds are callable prior to maturity as described below.

Redemption

The Bonds maturing prior to October 1, 2023 are not subject to redemption prior to their stated maturities. The Bonds maturing on or after October 1, 2023 are subject to redemption at the option of the Borough, in whole or in part on any date, on or after October 1, 2022, upon notice as required, at a redemption price equal to one hundred percent (100%) of the principal amount of bonds being redeemed, plus accrued interest to the redemption date.

BOROUGH OF RED BANK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2012 AND 2011

Note 9. MUNICIPAL DEBT (CONTINUED)

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	1.19%	3/29/12	3/29/13	\$ 450,000.00
Special Emergency	1.03%	12/5/12	5/28/13	454,000.00
Tax Appeal Refunding	1.60%	5/2/12	5/28/13	<u>300,000.00</u>
				<u>\$ 1,204,000.00</u>

Bond Anticipation Notes

There were no bond anticipation notes outstanding at December 31, 2012.

Schedule of Changes in Bonded Debt

<u>Type</u>	<u>December 31, 2011</u>	<u>Issued</u>	<u>Payments</u>	<u>December 31, 2012</u>
General Improvements \$	7,593,000.00	\$ 5,637,000.00	\$ 1,510,000.00	\$ 11,720,000.00
Water - Sewer Utility	8,272,442.45	2,662,000.00	759,580.13	10,174,862.32
Parking Utility	165,000.00		105,000.00	60,000.00
Refunding	<u>923,000.00</u>		<u>132,000.00</u>	<u>791,000.00</u>
	<u>\$ 16,953,442.45</u>	<u>\$ 8,299,000.00</u>	<u>\$ 2,506,580.13</u>	<u>\$ 22,745,862.32</u>

BOROUGH OF RED BANK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2012 AND 2011

Note 9. MUNICIPAL DEBT (CONTINUED)

Bonds and Notes Authorized but not Issued

At December 31, 2012, 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, 2012, the Borough's bonded debt is as follows:

General Serial Bonds

\$5,481,000 2002 Bonds due in a final annual installment of \$696,000 during August, 2013 at an interest rate of 3.75%.	\$ 696,000.00
\$2,731,000 2004 Bonds due in annual installments of \$315,000 to \$331,000 through February 2014 at interest rates of 4%.	646,000.00
\$7,391,000 2007 Bonds due in annual installments of \$640,000 to \$941,000 through July 2018 at interest rates ranging from 4.125% to 4.25%.	4,741,000.00
\$5,637,000 2012 Bonds due in annual installments of \$305,000 to \$612,000 through October 2025 at interest rates ranging from 2% to 2.1%.	<u>5,637,000.00</u>
	<u>\$ 11,720,000.00</u>

BOROUGH OF RED BANK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2012 AND 2011

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%. \$ 284,000.00

\$540,000 2011 Pension Early Retirement Incentive Refunding Bonds due in annual installments of \$34,000 to \$81,000 through 2021 at interest rates ranging from 2.42% to 5.70%. 507,000.00

\$ 791,000.00

Water-Sewer Utility Capital Fund Serial Bonds

\$1,200,000 2002 Bonds due in a final annual installment of \$150,000 during August, 2013 at an interest rate of 3.75%. \$ 150,000.00

\$2,780,000 2004 Bonds due in annual installments ranging from \$230,000 to \$280,000 through February, 2017 at interest rates ranging from 4% to 4.25%. 1,280,000.00

\$6,385,000 2007 Bonds due in annual installments ranging from \$370,000 to \$580,000 through July 2022 at interest rates ranging from 4.125% to 4.25%. 4,865,000.00

\$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 3.5% to 5%. 630,000.00

\$2,040,227 2009 NJEIT Series A Fund Loan Bonds due in semiannual installments of \$34,580.13 through August, 2029 at an interest rate of 0%. 587,862.32

\$2,662,000 2012 Bonds due in annual installments of \$125,000 to \$252,000 through October, 2027 at interest rates ranging from 2% to 2.1%. 2,662,000.00

\$ 10,174,862.32

BOROUGH OF RED BANK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2012 AND 2011

Note 9. MUNICIPAL DEBT (CONTINUED)

Parking Utility Capital Serial Bonds

\$535,000 2002 Bonds due in a final annual installment of
\$60,000 during August, 2013 at an interest rate of 3.75%. \$ 60,000.00

Grand Total \$ 22,745,862.32

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:

<u>Year</u>	<u>Riverside Gardens Acq.</u>	
	<u>Principal</u>	<u>Interest</u>
2013	\$ 58,506.92	\$ 2,072.72
2014	59,682.91	896.73
	<u>\$ 118,189.83</u>	<u>\$ 2,969.45</u>

<u>Year</u>	<u>Riverside Gardens Dev. 1&2</u>		<u>Waterfront Acquisition</u>		<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
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>\$ 431,086.56</u>	<u>\$ 35,287.30</u>	<u>\$ 156,191.23</u>	<u>\$ 27,958.07</u>	<u>\$ 705,467.52</u>	<u>\$ 66,214.82</u>

BOROUGH OF RED BANK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2012 AND 2011

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, 2012, the following deferred charges are shown on the Balance Sheets of the various funds.

	Balance December 31, <u>2011</u>	2012 <u>Authorization</u>	2012 Budget <u>Appropriation</u>	Balance to Succeeding <u>Budgets</u>
Current Fund:				
Special Emergency Appropriations per N.J.S.A. 40A:4-53	\$ <u>605,000.00</u>	\$ <u>454,000.00</u>	\$ <u>155,000.00</u>	\$ <u>904,000.00</u>

The appropriations in the 2013 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>2011</u>	<u>2012</u>	Increase/ (Decrease)	<u>2011</u>	<u>2012</u>	Increase/ (Decrease)
Balance of Tax \$	6,134,079.71	\$ 6,326,073.71	\$ 191,994.00	\$ 4,260,521.81	\$ 4,325,856.12	\$ 65,334.31
Deferred Payable	<u>6,256,724.50</u>	<u>6,256,724.50</u>		<u>4,216,556.36</u>	<u>4,216,556.36</u>	
Tax Payable/(Ov \$	<u>(122,644.79)</u>	<u>\$ 69,349.21</u>	<u>\$ 191,994.00</u>	<u>\$ 43,965.45</u>	<u>\$ 109,299.76</u>	<u>\$ 65,334.31</u>

BOROUGH OF RED BANK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2012 AND 2011

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	\$ 5,303.16	\$ 79,003.58
Federal and State Grant	64,026.72	
General Capital	175,000.00	
Trust Other	13,186.03	
Water-Sewer Operating	1,790.83	175,000.00
Animal Control		5,303.16
	<u>\$ 259,306.74</u>	<u>\$ 259,306.74</u>

The Current Fund has an interfund due from the Animal Control Fund which represents the excess in the Animal Control Trust Fund Reserve. 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, 2012 AND 2011

Note 13. CAPITAL LEASES

The Borough is a participant in the Monmouth County Improvement Authority's Capital Equipment Pooled Lease Program. At December 31, 2012, the Borough's outstanding principal capital lease obligation to the County was \$1,885,800.00. 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>
2013	\$ 479,200.00
2014	498,500.00
2015	437,100.00
2016	310,000.00
2017	<u>161,000.00</u>
	<u>\$ 1,885,800.00</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, 2012 AND 2011

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</u> <u>December 31,</u>	<u>Interest</u> <u>Earned</u>	<u>Employee</u> <u>Contributions</u>	<u>Borough</u> <u>Contribution</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2012	\$ 71.58	\$ 24,283.21	\$ 15,000.00	\$ 52,683.76	\$ 10,619.84
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

BOROUGH OF RED BANK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2012 AND 2011

Note 16. CONTINGENT LIABILITIES

A. Compensated Absences

The Borough has a contingent liability for accrued sick time costs at December 31, 2012 of \$2,414,787.00. 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, 2012.

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, 2012 of \$50,000.00. Should the appeals, when finally adjudicated, exceed the amounts provided, a charge to fund balance will result.

Note 17. LOSAP

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

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

BOROUGH OF RED BANK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2012 AND 2011

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	4.5%
Mortality	RP 2000 Combined Healthy Male Mortality
Turnover	NJ State Pension Ultimate Withdrawal Rates
Amortization Period	30 years
Health Care Trend Costs	8% increase in 2014, reducing by .5% per annum leveling at 5% in 2020
Actuarial Method	Projected Unit Credit Cost Funding
Amortization Method	Straight – Line Basis
Assumed Retirement Age	First Eligibility after age 55 and 25 years of service

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 2012 annual OPEB cost:

Normal Cost	\$1,826,486
Amortization Cost	<u>2,739,012</u>
ARC	<u>\$ 4,565,498</u>

BOROUGH OF RED BANK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2012 AND 2011

Note 18. OTHER POST EMPLOYMENT BENEFITS-(CONTINUED)

As of December 31, 2012 and 2011, the actuarially determined liability for unfunded OPEB obligations was \$44,615,454 and \$33,872,000, respectively.

Funding Status

The Borough provides funding for the retiree health care costs annually. 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 or 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, 2012 AND 2011

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% employer contribution. Contributions to the plan were as follows:

<u>Fiscal Year</u>	<u>Employer</u>	<u>Employee</u>
2012	\$ 5,645.10	\$ 6,882.89
2011	4,981.30	6,852.14
2010	1,464.20	2,684.37

Note 20. FIXED ASSETS

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

<u>Type</u>	<u>December 31, 2011</u>	<u>Increases</u>	<u>Deletions</u>	<u>December 31, 2012</u>
Land and Buildings	\$ 18,053,582.00	\$	\$	\$ 18,053,582.00
Contents	2,551,481.00			2,551,481.00
Vehicles and Equipment	<u>9,965,551.51</u>	<u>542,834.55</u>	<u>121,667.00</u>	<u>10,386,719.06</u>
	<u>\$ 30,570,614.51</u>	<u>\$ 542,834.55</u>	<u>\$ 121,667.00</u>	<u>\$ 30,991,782.06</u>

BOROUGH OF RED BANK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2012 AND 2011

Note 21. SUBSEQUENT EVENTS

The Borough has considered all events occurring through the date of the independent auditor's report, June 3, 2013 for disclosure as subsequent events.

The Borough approved a 2013 Bond Ordinance authorizing the issuance of \$500,000.00 in bonds or notes for Lake Avenue Water System Improvements.

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, 2012 AND 2011

	<u>December 31,</u>	
	<u>2012</u>	<u>2011</u>
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 3,112,847.75	\$ 2,494,272.40
Intergovernmental Receivable:		
Due from State of New Jersey:		
Senior Citizens' and Veterans' Deductions	10,006.08	10,756.08
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes	940,771.26	1,041,029.66
Liens Receivable:		
Tax Title Liens Receivable	73,982.43	34,978.22
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	37,377.11	52,080.08
Interfunds Receivable	5,303.16	18,547.79
Due from Local School District		122,644.79
Deferred Charges:		
Special Emergency Authorizations N.J.S. 40A:4-53	904,000.00	605,000.00
	<u>5,394,217.88</u>	<u>4,689,239.11</u>
Federal and State Grant Fund:		
Cash and Cash Equivalents	483,663.00	171,342.14
Federal and State Grants Receivable	87,243.76	287,940.00
Interfund Receivable	64,026.72	52,371.72
	<u>634,933.48</u>	<u>511,653.86</u>
Total Assets	<u>\$ 6,029,151.36</u>	<u>\$ 5,200,892.97</u>

BOROUGH OF RED BANK
CURRENT FUND
COMPARATIVE STATEMENTS OF ASSETS, LIABILITIES AND FUND BALANCE -
REGULATORY BASIS
AS OF DECEMBER 31, 2012 AND 2011

	<u>December 31,</u>	
	<u>2012</u>	<u>2011</u>
 <u>LIABILITIES, RESERVES AND</u>		
<u>FUND BALANCE</u>		
Current Fund:		
Liabilities:		
Appropriation Reserves	\$ 896,511.34	\$ 599,551.44
Prepaid Taxes	174,148.96	180,707.49
Payroll Taxes Payable	14,276.33	15,443.31
Accounts Payable	6,874.00	
Due to State of NJ - Training Fees	7,922.00	6,817.10
Tax Overpayments	24,091.84	44,755.99
Local School District Tax Payable	69,349.21	
Regional High School District Tax Payable	109,299.76	43,965.45
Due County for Added Taxes	15,568.67	10,983.57
Special Emergency Notes Payable	904,000.00	600,000.00
Reserve for Encumbrances	635,552.88	207,246.53
Reserve for State Tax Appeals	50,000.00	5,255.90
Reserve for Sale of Municipal Assets	3,527.13	3,527.13
Reserve for Revaluation	908.35	908.35
Reserve for Severance Liabilities	188,137.07	222,767.94
Reserve for Recovery from Hurricane Sandy	10,403.35	
Interfunds Payable	79,003.58	327,320.94
	<u>3,189,574.47</u>	<u>2,269,251.14</u>
Reserve for Receivables and Other Assets	1,367,364.05	1,579,210.63
Fund Balance	<u>837,279.36</u>	<u>840,777.34</u>
Total Current Fund	<u>5,394,217.88</u>	<u>4,689,239.11</u>
Federal and State Grant Fund:		
Reserve for Federal and State Grants:		
Appropriated	320,848.76	293,013.63
Unappropriated	53,910.83	40,908.88
Reserve for Encumbrances	85,173.89	2,731.35
Interfunds Payable	<u>175,000.00</u>	<u>175,000.00</u>
Total Federal and State Grant Fund	<u>634,933.48</u>	<u>511,653.86</u>
Total Liabilities, Reserves and Fund Balance	<u>\$ 6,029,151.36</u>	<u>\$ 5,200,892.97</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, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
Revenues and Other Income Realized:		
Fund Balance Utilized	\$ 500,000.00	\$ 250,000.00
Miscellaneous Revenues Anticipated	5,290,724.41	5,202,032.25
State Aid	2,011,681.00	2,011,681.00
Federal and State Grants	198,239.69	255,784.84
Receipts from Delinquent Taxes	1,024,210.42	1,133,337.42
Receipts from Current Taxes	11,361,405.10	11,450,687.64
Taxes Allocated to School, County and Special Districts	28,254,535.94	27,698,275.61
Non-Budget Revenues	273,925.05	184,323.17
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	484,195.37	417,015.19
Current Budget Appropriations Canceled	1,195.90	33,734.47
Cancellation of Appropriated Reserves - Grant Fund	30.00	26,287.61
Interfunds Liquidated	18,547.79	7,097.75
Local District School Tax Overpayment Returned	122,644.79	
Total Income	<u>49,541,335.46</u>	<u>48,670,256.95</u>
Expenditures:		
Budget and Emergency Appropriations:		
Within "CAPS":		
General Government	971,185.00	735,340.00
Land Use Administration	189,950.00	202,780.00
Public Safety	5,229,944.00	5,025,595.00
Public Works	1,977,600.00	1,514,180.00
Landfill/Solid Waste Disposal Costs	359,200.00	329,200.00
Health and Welfare	218,175.00	212,240.00
Parks and Recreation	465,225.00	435,215.00
Utility Expenses and Bulk Purchases	625,000.00	629,700.00
Uniform Construction Code	286,170.00	317,340.00
Reserve for Sick and Severance Pay		15,000.00
Contingent	1,000.00	500.00
Insurance	3,012,711.00	2,789,930.00
Deferred Charges and Statutory Expenditures	1,631,264.92	1,705,688.00
Excluded from "CAPS":		
General Government	1,357,098.48	1,426,341.00
Judgements	25,000.00	
Insurance	191,739.00	57,577.00

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, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
Expenditures (Continued):		
Budget and Emergency Appropriations (Continued):		
State and Federal Grants	\$ 198,239.69	\$ 255,784.84
Capital Improvements	100,000.00	50,000.00
Municipal Debt Service	3,185,524.00	3,139,173.50
Deferred Charges	155,000.00	320,000.00
Reserve for Uncollected Taxes	997,003.70	980,170.85
Special Improvement District Tax	512,120.00	512,120.00
County Taxes	5,876,252.49	5,807,986.81
Due to County for Added and Omitted Taxes	15,568.67	10,983.57
Local District School Taxes	13,198,883.00	12,846,142.00
Regional High School District Tax	8,651,711.78	8,521,043.23
Cancellation of Grants Receivable - Grant Fund	7,685.00	25,660.60
Local District School Taxes Overpaid		122,644.79
Refund of Prior Year Revenue	59,582.71	405.00
	<hr/>	<hr/>
Total Expenditures	49,498,833.44	47,988,741.19
	<hr/>	<hr/>
Excess/(Deficit) in Revenue over Expenditures	42,502.02	681,515.76
Adjustment to Income Before Fund Balance:		
Expenditures included above which are by statute deferred charges to budgets of succeeding years	454,000.00	
	<hr/>	<hr/>
Statutory Excess to Fund Balance	496,502.02	681,515.76
Fund Balance, January 1	840,777.34	409,261.58
	<hr/>	<hr/>
	1,337,279.36	1,090,777.34
Decreased by:		
Utilized as Anticipated Revenue	500,000.00	250,000.00
	<hr/>	<hr/>
Fund Balance, December 31	\$ 837,279.36	\$ 840,777.34
	<hr/> <hr/>	<hr/> <hr/>

BOROUGH OF RED BANK
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2012

	Budget As Modified	Added by N.J.S.A. 40A:4-87	Realized	Excess or (Deficit)
Surplus Anticipated	\$ 500,000.00	\$	\$ 500,000.00	\$
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	\$ 90,000.00	\$	\$ 91,376.00	\$ 1,376.00
Other	45,000.00		45,982.00	982.00
Fees and Permits:				
Other	350,000.00		332,004.04	(17,995.96)
Uniform Construction Code Official Fees	688,000.00		486,130.04	(201,869.96)
Fines and Costs:				
Municipal Court	546,000.00		681,103.57	135,103.57
Interest and Costs on Taxes	231,000.00		258,844.59	27,844.59
Interest on Investments and Deposits	5,000.00		8,759.11	3,759.11
	\$ 1,955,000.00	\$	\$ 1,904,199.35	\$ (50,800.65)
State Aid Without Offsetting Appropriations:				
Energy Receipts Tax	2,011,681.00		2,011,681.00	
	\$ 2,011,681.00	\$	\$ 2,011,681.00	\$
Special Items of Revenue Offset with Appropriations:				
U.S. Older Americans Act - Senior Citizens	\$ 33,312.00	\$	\$ 33,312.00	\$
Drunk Driving Enforcement Fund:				
Police	10,779.58	16,114.97	26,894.55	
Court	6,709.43	2,671.17	9,380.60	
Clean Communities Program - 2012	17,532.67		17,532.67	
COPS in Shops - 2012	8,000.00	8,000.00	16,000.00	
NJDOT - Pedestrian Safety Education - 2012		14,000.00	14,000.00	
Body Armor Fund - 2012 Unappropriated	3,823.09		3,823.09	
Recycling Tonnage Grant	17,296.78		17,296.78	
Baseball Tomorrow Fund - 2012		60,000.00	60,000.00	
	\$ 97,453.55	\$ 100,786.14	\$ 198,239.69	\$

BOROUGH OF RED BANK
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2012

	Budget As Modified	Added by N.J.S.A. 40A:4-87	Realized	Excess or (Deficit)
Special Items of Revenue with Prior Consent of the Director:				
Interlocal Service Agreements:				
Borough of Little Silver - Fire Services	\$ 18,000.00	\$	\$ 18,511.70	\$ 511.70
Township of Shrewsbury - Municipal Court	9,000.00		9,422.50	422.50
Borough of Little Silver - Interlocal Services - Construction	235,000.00		210,381.75	(24,618.25)
Red Bank Board of Education - Shared Services	12,082.00		12,082.00	
Franchise Tax Cable Television	157,000.00		157,790.36	790.36
Uniform Fire Safety Act	110,000.00		115,299.61	5,299.61
Landlord Registration Fees	15,000.00		16,500.00	1,500.00
Utility Operating Surplus of Current Year -Water/Sewer Utility	990,000.00		990,000.00	
Utility Operating Surplus of Current Year -Parking Utility	655,000.00		655,000.00	
Utility Operating Surplus of Prior Years -Water/Sewer Utility	200,000.00		200,000.00	
Utility Operating Surplus of Prior Years -Parking Utility	100,000.00		100,000.00	
Payment in Lieu of Taxes - Riverview Hospital	183,000.00		196,338.20	13,338.20
R.B.C. Field Rent	130,000.00		180,000.00	50,000.00
Payment in Lieu of Taxes - Housing Authority/River Street/Habcoore	89,000.00		147,693.81	58,693.81
Reserve for Payment of Bonds	171,027.89		171,027.89	
Hotel Occupancy Tax	140,000.00		160,977.24	20,977.24
Federal Emergency Management Agency - Irene	20,500.00		20,500.00	
Cancellation of Various Trust Other Reserves	25,000.00		25,000.00	
	\$ 3,259,609.89	\$	\$ 3,386,525.06	\$ 126,915.17
	\$ 1,050,000.00	\$	\$ 1,024,210.42	\$ (25,789.58)
Receipts from Delinquent Taxes				
Amount to be Raised by Taxation for Support of Municipal Budget:				
Local Tax for Municipal Purposes	\$ 11,036,632.73	\$	\$ 10,649,538.62	\$ (387,094.11)
Minimum Library Levy	711,866.48		711,866.48	
	\$ 11,748,499.21	\$	\$ 11,361,405.10	\$ (387,094.11)
Total Amount to be Raised by Taxes for Support of Municipal Budget				
Budget Totals	\$ 20,622,243.65	\$ 100,786.14	\$ 20,386,260.62	\$ (336,769.17)
Non-Budget Revenue			273,925.05	273,925.05
	\$ 20,622,243.65	\$ 100,786.14	\$ 20,660,185.67	\$ (62,844.12)

BOROUGH OF RED BANK
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2012

	<u>Budget</u>	<u>Emergency Appropriation</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	<u>Canceled</u>
GENERAL GOVERNMENT							
General Administration:							
Salaries and Wages	\$ 90,350.00	\$	\$ 90,350.00	\$ 80,011.66	\$	\$ 10,338.34	\$
Other Expenses	13,525.00		13,525.00	6,963.87	2,574.42	3,986.71	
Municipal Clerk:							
Salaries and Wages	46,350.00		76,350.00	73,308.13		3,041.87	
Other Expenses	33,000.00		33,000.00	18,155.88	3,619.03	11,225.09	
Codification of Ordinances							
Financial Administration:							
Salaries and Wages	78,500.00		78,500.00	73,249.92		5,250.08	
Other Expenses	40,000.00		40,000.00	37,214.58	755.16	2,030.26	
Audit Services:							
Other Expenses	25,000.00		25,000.00	24,500.00		500.00	
Mayor and Borough Council:							
Salaries and Wages	29,210.00		29,210.00	29,200.56		9.44	
Tax Assessment Administration:							
Salaries and Wages	74,500.00		74,500.00	71,193.17		3,306.83	
Other Expenses	45,000.00		45,000.00	14,965.73	19,160.02	10,874.25	
Revenue Administration:							
Salaries and Wages	49,500.00		49,500.00	45,603.54		3,896.46	
Other Expenses	20,000.00		20,000.00	16,075.79	872.66	3,051.55	
Legal Services and Costs:							
Other Expenses	175,000.00		192,500.00	145,393.90	29,870.02	17,236.08	
Engineering Services:							
Other Expenses	79,000.00		104,000.00	87,194.59	7,603.50	9,201.91	
Codification of Ordinances:							
Other Expenses	10,000.00		10,000.00		9,887.05	112.95	
LAND USE ADMINISTRATION							
Planning Board:							
Salaries and Wages	63,500.00		63,500.00	58,774.88		4,725.12	
Other Expenses	29,975.00		29,975.00	11,374.18	491.59	18,109.23	
Zoning Board of Adjustment:							
Salaries and Wages	63,500.00		63,500.00	58,774.87		4,725.13	
Other Expenses	29,975.00		29,975.00	16,125.80	962.70	12,886.50	
Plan Endorsement							
Rent Leveling Board:							
Salaries and Wages	3,000.00		3,000.00	3,000.00			

BOROUGH OF RED BANK

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2012

	Budget	Emergency Appropriation	Budget After Modification	Paid or Charged	Encumbered	Reserved	Canceled
INSURANCE							
Liability Insurance	\$ 260,000.00	\$	\$ 260,000.00	\$ 260,000.00	\$	\$	\$
Worker Compensation Insurance	383,000.00		383,000.00	379,965.94		3,034.06	
Employee Group Insurance	2,417,261.00		2,341,211.00	2,299,292.13	90.00	41,828.87	
Unemployment Insurance	15,000.00		15,000.00	15,000.00			
Employee Opt Out - Group Insurance	13,500.00		13,500.00	12,312.50		1,187.50	
PUBLIC SAFETY							
Fire Department:							
Other Expenses	139,900.00		139,900.00	93,940.83	39,587.96	6,371.21	
Uniform Fire Safety Act:							
Salaries and Wages	79,100.00		79,100.00	79,100.00			
Other Expenses	11,400.00		11,400.00	9,140.94	637.00	1,622.06	
Police Department:							
Salaries and Wages	4,616,742.00		4,616,742.00	4,524,816.20		91,925.80	
Other Expenses	157,200.00		157,200.00	107,025.90	32,202.91	17,971.19	
Aid to Volunteer First Aid Companies	21,100.00		21,100.00	14,862.85	6,143.56	93.59	
Office of Emergency Management:							
Other Expenses	5,500.00		5,500.00	1,205.49	4,283.00	11.51	
Municipal Court:							
Salaries and Wages	174,400.00		174,400.00	170,045.23		4,354.77	
Other Expenses	24,602.00		24,602.00	21,175.71	1,689.40	1,736.89	
PUBLIC WORKS FUNCTIONS							
Streets and Road Maintenance:							
Salaries and Wages	248,100.00		248,100.00	212,186.00		35,914.00	
Other Expenses	62,500.00		62,500.00	44,053.80	16,861.05	1,585.15	
Solid Waste Collection:							
Salaries and Wages	491,900.00		491,900.00	465,495.08		26,404.92	
Other Expenses	65,000.00		65,000.00	36,217.40	25,847.56	2,935.04	
Public Buildings and Grounds:							
Salaries and Wages	312,000.00		312,000.00	292,556.99		19,443.01	
Other Expenses	255,000.00		255,000.00	138,420.33	31,541.87	85,037.80	
Recovery from Hurricane Sandy							
Salaries and Wages		55,400.00	55,400.00	55,400.00			
Other Expenses		398,600.00	398,600.00	41,508.55	357,091.45		
Code Enforcement:							
Salaries and Wages	89,100.00		89,100.00	89,100.00			
LANDFILL/SOLID WASTE DISPOSAL COSTS							
Landfill:							
Other Expenses	359,200.00		359,200.00	330,285.49	1,900.00	27,014.51	

BOROUGH OF RED BANK

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

YEAR ENDED DECEMBER 31, 2012

	<u>Budget</u>	<u>Emergency Appropriation</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	<u>Canceled</u>
HEALTH AND WELFARE							
Visiting Nurse Association	\$ 25,000.00	\$	\$ 25,000.00	\$ 18,547.32	\$ 6,452.44	\$ 0.24	\$
Relocation Assistance	1,425.00		1,425.00			1,425.00	
Monmouth County Regional Health Commission	150,000.00		150,000.00	149,420.00		580.00	
Animal Control Services	36,750.00		36,750.00	31,089.35		5,660.65	
Shade Tree Committee	5,000.00		5,000.00	4,950.00		50.00	
PARKS AND RECREATION FUNCTIONS							
Recreation Services and Programs:							
Salaries and Wages	188,000.00		188,000.00	152,788.76		35,211.24	
Other Expenses	100,000.00		100,000.00	63,263.05	23,687.26	13,049.69	
Senior Citizens Center:							
Salaries and Wages	153,000.00		153,000.00	149,692.81		3,307.19	
Other Expenses	24,225.00		24,225.00	12,757.25	596.26	10,871.49	
UTILITY EXPENSES AND BULK PURCHASES							
Street Lighting	260,000.00		260,000.00	225,881.44		34,118.56	
Electricity	100,000.00		100,000.00	76,333.18		23,666.82	
Telephone	100,000.00		100,000.00	90,173.17	157.50	9,669.33	
Natural Gas	40,000.00		40,000.00	28,162.58		11,837.42	
Gasoline	125,000.00		125,000.00	115,287.06		9,712.94	
UNIFORM CONSTRUCTION CODE - APPROPRIATIONS							
OFFSET BY DEDICATED REVENUES							
Salaries and Wages	260,900.00		260,900.00	256,085.22		4,814.78	
Other Expenses	25,270.00		25,270.00	18,762.00	4,902.76	1,605.24	
Education and Technology							
Salaries and Wages							
Other Expenses	48,300.00		50,800.00	47,002.00	2,000.00	1,798.00	
Municipal Prosecutor							
Other Expenses	25,200.00		25,200.00	23,100.00		2,100.00	
Municipal Public Defender							
Other Expenses	13,750.00		13,750.00	13,750.00			
Total Operations within "CAPS"	\$ 12,882,210.00	\$ 454,000.00	\$ 13,336,160.00	\$ 12,041,233.60	\$ 631,468.13	\$ 662,458.27	\$
CONTINGENT							
	1,000.00		1,000.00			1,000.00	
Total Operations Including Contingent - within "CAPS"	\$ 12,883,210.00	\$ 454,000.00	\$ 13,336,160.00	\$ 12,041,233.60	\$ 631,468.13	\$ 663,458.27	\$
Detail:							
Salaries and Wages	7,111,652.00	55,400.00	7,141,652.00	6,884,983.02		256,668.98	
Other Expenses (Including Contingent)	5,771,558.00	398,600.00	6,194,508.00	5,156,250.58	631,468.13	406,789.29	

BOROUGH OF RED BANK
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2012

	<u>Budget</u>	<u>Emergency Appropriation</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	\$ 6,590.92	\$	6,590.92	\$ 4,609.74	\$	1,981.18	\$
Statutory Expenditures:							
Contribution to:							
Public Employees' Retirement System	341,500.00		341,500.00	340,832.00		668.00	
Social Security System (O.A.S.I.)	377,400.00		377,400.00	330,504.76		46,895.24	
Consolidated Police and Firemen's Pension Fund	25,340.00		25,440.00	25,395.48		44.52	
Police and Firemen's Pension Fund	874,534.00		874,534.00	874,534.00			
Defined Contribution Retirement Program	5,800.00		5,800.00	5,645.10		154.90	
Total Deferred Charges and Statutory Expenditures - Municipal within "CAPS"	\$ 1,631,164.92	\$	1,631,264.92	\$ 1,581,521.08	\$	49,743.84	\$
Total General Appropriations for Municipal Purposes within "CAPS"	\$ 14,514,374.92	\$ 454,000.00	\$ 14,967,424.92	\$ 13,622,754.68	\$ 631,468.13	\$ 713,202.11	\$
OPERATIONS - EXCLUDED FROM "CAPS"							
Other Operations - Excluded from "CAPS":							
LOSAP	\$ 60,000.00	\$	60,950.00	\$ 60,950.00	\$		\$
Municipal Stormwater Management:							
Salaries and Wages	133,500.00		133,500.00	124,880.35		8,639.65	
Other Expenses	15,000.00		15,000.00	1,415.25	84.75	13,500.00	
Maintenance of Free Public Library (P.L. 1985, Ch. 8 Interlocal Services:	711,866.48		711,866.48	669,718.37		42,148.11	
911 System - County of Monmouth	14,500.00		14,500.00	14,028.19		471.81	
Recycling Tax PL 2007 c. 311	47,000.00		47,000.00	39,640.78		7,359.22	
Employees Group Insurance	191,739.00		191,739.00	191,739.00			
Total Other Operations - Excluded from "CAPS"	\$ 1,173,605.48	\$	1,174,555.48	\$ 1,102,351.94	\$ 84.75	\$ 72,118.79	\$

BOROUGH OF RED BANK
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2012

	<u>Budget</u>	<u>Emergency Appropriation</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	<u>Canceled</u>
OPERATIONS - EXCLUDED FROM "CAPS" - CONTINUED							
Uniform Construction Code Appropriations Offset by							
Increased Fee Revenues							
Inspection of Building - Uniform Construction Code	\$ 63,700.00	\$	\$ 63,700.00	\$ 63,700.00	\$	\$	\$
Salaries and Wages	47,500.00		47,500.00			47,500.00	
Other Expenses							
Interlocal Municipal Service Agreements:							
Board of Education							
Other Expenses	12,082.00		12,082.00		3,000.00	9,082.00	
Borough of Little Silver:							
Fire Services:							
Salaries and Wages	10,000.00		10,000.00	10,000.00			
Other Expenses	7,000.00		7,000.00	1,576.56		5,423.44	
Inspection of Building - Uniform Construction Code:							
Salaries and Wages	179,830.00		179,830.00	179,830.00			
Other Expenses	45,170.00		45,170.00	3,825.00	1,000.00	40,345.00	
Township of Shrewsbury:							
Municipal Court:							
Salaries and Wages	9,000.00		9,000.00	160.00		8,840.00	
Total Interlocal Municipal Service Agreements	\$ 263,082.00	\$	\$ 263,082.00	\$ 195,391.56	\$ 4,000.00	\$ 63,690.44	\$
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			
NJ - Drunk Driving Enforcement Fund - Police	10,779.58		26,894.55	26,894.55			
NJ - Drunk Driving Enforcement Fund - Court	6,709.43		9,380.60	9,380.60			
COPS In Shops Grant	8,000.00		16,000.00	16,000.00			
Recycling Tonnage Grant	17,296.78		17,296.78	17,296.78			
Pedestrian Safety Grant			14,000.00	14,000.00			
Baseball America Grant			60,000.00	60,000.00			
State of NJ - Body Armor Grant	3,823.09		3,823.09	3,823.09			
NJ Clean Communities Grant	17,532.67		17,532.67	17,532.67			
Total Public and Private Programs Offset by Revenues	\$ 97,453.55	\$	\$ 198,239.69	\$ 198,239.69	\$	\$	\$
Total Operations - Excluded from "CAPS"	\$ 1,645,341.03	\$	\$ 1,747,077.17	\$ 1,559,683.19	\$ 4,084.75	\$ 183,309.23	\$
Detail:							
Salaries and Wages	\$ 405,555.00	\$	\$ 405,555.00	\$ 396,915.35	\$	\$ 8,639.65	\$
Other Expenses	1,239,786.03		1,341,522.17	1,162,767.84	4,084.75	174,669.58	

BOROUGH OF RED BANK

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

YEAR ENDED DECEMBER 31, 2012

	Budget	Emergency Appropriation	Budget After Modification	Paid or Charged	Encumbered	Reserved	Canceled
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"							
Capital Improvement Fund	\$ 100,000.00	\$	100,000.00	\$ 100,000.00	\$	\$	\$
Total Capital Improvements Excluded from "CAP"	\$ 100,000.00	\$	100,000.00	\$ 100,000.00	\$	\$	\$
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"							
Payment of Bond Principal	\$ 1,642,000.00	\$	1,642,000.00	\$ 1,642,000.00	\$	\$	\$
Interest on Bonds	331,000.00		331,000.00	330,605.39			394.61
Interest on Notes	44,000.00		44,000.00	43,734.14			265.86
Green Trust Loan Program:							
Loan Repayments for Principal and Interest	133,924.00		133,924.00	133,923.47			0.53
Capital Lease Obligations:							
Principal	832,100.00		832,100.00	832,100.00			
Interest	102,500.00		102,500.00	101,965.10			534.90
Principal on Tax Appeal Refunding Note	100,000.00		100,000.00	100,000.00			
Total Municipal Debt Service - Excluded from "CAPS"	\$ 3,185,524.00	\$	3,185,524.00	\$ 3,184,328.10	\$	\$	1,195.90
DEFERRED CHARGES - MUNICIPAL - EXCLUDED FROM "CAPS"							
Deferred Charges:							
Special Emergency Authorizations - 5 Years (N.J.S. 40A:4-55)	\$ 155,000.00	\$	155,000.00	\$ 155,000.00	\$	\$	\$
Total Deferred Charges - Municipal - Excluded from "CAPS"	\$ 155,000.00	\$	155,000.00	\$ 155,000.00	\$	\$	\$
JUDGEMENTS							
	\$ 25,000.00	\$	25,000.00	\$ 25,000.00	\$	\$	\$
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	\$ 5,110,865.03	\$	5,212,601.17	\$ 5,024,011.29	\$ 4,084.75	\$ 183,309.23	\$ 1,195.90
Subtotal General Appropriations	\$ 19,625,239.95	\$ 454,000.00	\$ 20,180,026.09	\$ 18,646,765.97	\$ 635,552.88	\$ 896,511.34	\$ 1,195.90
RESERVE FOR UNCOLLECTED TAXES							
	997,003.70		997,003.70	997,003.70			
Total General Appropriations	\$ 20,622,243.65	\$ 454,000.00	\$ 21,177,029.79	\$ 19,643,769.67	\$ 635,552.88	\$ 896,511.34	\$ 1,195.90
Detail:							
Original Budget		\$	20,622,243.65				
Added by N.J.S.A. 40A:4-53			454,000.00				
Added by N.J.S.A. 40A:4-87			100,786.14				
		\$	21,177,029.79				

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

<u>Year</u>	<u>Balance December 31, 2011</u>	<u>Tax Levy</u>	<u>Added Taxes</u>	<u>2011</u>	<u>Collections</u>	<u>2012</u>	<u>State Share Senior Citizens' and Veterans' Deductions Allowed</u>	<u>Remitted and Canceled</u>	<u>Transferred To Tax Title Liens</u>	<u>Balance December 31, 2012</u>
2011	\$ 1,041,029.66	\$	\$	\$	\$	991,375.33	\$	29,582.47	\$	\$ 20,071.86
	1,041,029.66									
2012		39,999,658.59	135,475.66	180,707.49		991,375.33		29,582.47		20,071.86
						38,414,979.85	73,250.00	535,954.57	9,542.94	920,699.40
	\$ 1,041,029.66	\$ 39,999,658.59	\$ 135,475.66	\$ 180,707.49	\$ 39,406,355.18	\$ 73,250.00	\$ 565,537.04	\$ 9,542.94	\$	\$ 940,771.26

ANALYSIS OF 2012 PROPERTY TAX LEVY

Tax Yield:	
General Purpose Tax	\$ 39,487,538.59
Special Improvement District Tax	512,120.00
	\$ 39,999,658.59

TAX LEVY

Local District School Tax	\$ 13,198,883.00
Regional High School District Tax	8,651,711.78
Special Improvement District Tax	512,120.00
County Taxes:	
County Tax	5,554,253.22
Open Space Tax	321,999.27
	\$ 28,238,967.27

Local Tax for Municipal Purpose
Add: Additional Tax Levied

\$ 11,748,499.21
12,192.11
\$ 11,760,691.32
\$ 39,999,658.59

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

<u>BALANCE, DECEMBER 31, 2011</u>		\$	34,978.22
<u>INCREASED BY</u>			
Transferred from Taxes Receivable	\$	9,542.94	
Prior Year's Liens Added		<u>62,296.36</u>	<u>71,839.30</u>
			106,817.52
<u>DECREASED BY</u>			
Cash Received			<u>32,835.09</u>
<u>BALANCE, DECEMBER 31, 2012</u>		\$	<u><u>73,982.43</u></u>

BOROUGH OF RED BANK
CURRENT FUND
STATEMENT OF 2011 APPROPRIATION RESERVES

	Balance December 31, 2011				Balance After Transfers	Balance After Transfers Lapsed
	Appropriation Reserves	Reserve for Encumbrances	Transfers			
Salaries and Wages:						
Operations - Within "CAPS":						
General Administration	\$ 6,379.22	\$	\$	\$ 6,379.22	\$ 6,379.22	
Municipal Clerk	5,056.10			5,056.10	5,056.10	
Financial Administration	250.00			250.00	250.00	
Mayor and Borough Council	9.44			9.44	9.44	
Tax Assessment Administration	6,085.57			6,085.57	6,085.57	
Revenue Administration	4,385.51			4,385.51	4,385.51	
Planning Board	592.72			592.72	592.72	
Zoning Board of Adjustment	4,566.69			4,566.69	4,566.69	
Police Department	26,214.78			26,214.78	26,214.78	
Municipal Court	4,869.79			4,869.79	4,869.79	
Street and Roads	6,753.34			6,753.34	6,753.34	
Solid Waste Collection	1,478.08			1,478.08	1,478.08	
Public Buildings and Grounds	2,689.56			2,689.56	2,689.56	
Recreation Services and Programs	6,827.93			6,827.93	6,827.93	
Senior Citizens Center	469.36			469.36	469.36	
Inspection of Buildings						
Uniform Construction Code	2,750.00			2,750.00	2,750.00	
Municipal Stormwater Management	452.84			452.84	452.84	
Total Salaries and Wages	\$ 79,830.93	\$	\$	\$ 79,830.93	\$ 79,830.93	

Other Expenses:						
Operations - Within "CAPS":						
General Administration	\$ 3,561.37	\$ 1,952.82	\$	\$ 5,514.19	\$ 3,377.65	
Municipal Clerk	9,786.00	2,438.64		12,224.64	7,681.56	
Financial Administration	405.57	4,934.00		5,339.57	269.57	
Audit Services	2,125.00			2,125.00	2,125.00	
Tax Assessment Administration	82.37	6,001.80		6,084.17	4,282.37	
Revenue Administration	6.07	2,754.63		2,760.70	29.08	
Legal Services and Costs	18,599.52	7,500.00		64,099.52	924.07	
Engineering Services	663.08	2,300.00		8,963.08	3,688.39	
Codification of Ordinances		10,000.00		10,000.00	4,892.75	
Planning Board	18,191.22	306.00		18,497.22	14,117.42	
Zoning Board of Adjustment - Other	8,449.71			9,867.79	8,167.89	
Zoning Board of Adjustment Plan Endorsement	4,829.50	1,418.08		4,829.50	4,829.50	
Liability Insurance	4,969.09			5,604.09	5,604.09	
Employee General Group Insurance	78,015.11	635.00	(57,000.00)	21,015.11	23,175.48	
Fire Department	9,131.78	12,741.02		21,872.80	9,293.47	
Uniform Fire Safety Act (P.L. 1983, Ch. 383)	2,398.04	504.95		2,902.99	2,627.99	
Police Department	68,459.52	33,695.01		102,154.53	67,378.37	
Aid to Volunteer Ambulance Companies	1,371.24	1,800.05		3,171.29	3,171.29	

BOROUGH OF RED BANK
CURRENT FUND
STATEMENT OF 2011 APPROPRIATION RESERVES

	Balance December 31, 2011				Balance After Transfers	Balance After Transfers Lapsed
	Appropriation Reserves	Reserve for Encumbrances	Transfers			
Other Expenses (Continued):						
Office of Emergency Management	\$ 456.06	\$ 2,703.91	\$	\$ 3,159.97	\$ 2,241.80	
Municipal Court	11,341.44	450.00		11,791.44	11,341.44	
Streets and Road Maintenance	6,611.26	26,662.01	500.00	33,773.27	16,393.60	
Solid Waste Collection	181.64	6,183.41	5,500.00	11,865.05	5,031.36	
Street Lighting	20,839.56		(8,500.00)	12,339.56	9,751.10	
Electricity	14,110.08		(7,000.00)	7,110.08	7,110.08	
Telephone	6,034.56		1,400.00	7,434.56	154.15	
Natural Gas	4,464.40			4,464.40	353.33	
Gasoline	2,305.07		8,500.00	10,805.07	366.94	
Public Buildings and Grounds	8,535.99	15,527.52		24,063.51	14,184.40	
Landfill	16,394.81		11,000.00	27,394.81	10.83	
Visiting Nurse Association - Contract	7,405.24	6,182.44		13,587.68	7,405.24	
Relocation Assistance	1,425.00			1,425.00	1,425.00	
Monmouth County Regional Health Commission	3.00			3.00	3.00	
Animal Control Services	151.66			151.66	151.66	
Recreation Services and Programs	13,319.14	14,020.22		27,339.36	10,395.63	
Senior Citizens Center	5,352.98	540.52		5,893.50	5,278.34	
Uniform Construction Code - Appropriations Offset						
By Dedicated Revenues (N.J.A.C. 5:23-4.17)	1,562.81	3,798.39		5,361.20	1,510.46	
Technology Committee	562.50	4,093.75		4,656.25	1,718.75	
Municipal Prosecutor	1,400.00		700.00	2,100.00		
Municipal Public Defender	1,250.00			1,250.00		
Statutory Expenditures						
Contribution to:						
Public Employees Retirement System	240.00			240.00	240.00	
Social Security System (O.A.S.I.)	10,008.11			10,008.11	41,166.35	
Consolidated Police and Firemen's Pension Fund	0.24			0.24	0.24	
Police and Firemen's Pension Fund	3.26			3.26	3.26	
Defined Contribution Retirement Program	18.70			18.70	18.70	
Contingent	500.00			500.00	500.00	
Prior Years Bills	0.31			0.31	0.31	
Operations - Excluded from "CAPS":						
Maintenance of Free Public Library (P.L. 1985, Ch. 82)	50,746.33	37,102.36		87,848.69	271.71	
Municipal Stormwater Management	14,247.75			14,247.75	14,247.75	
Interlocal Services:						
911 System-County of Monmouth	0.52			0.52	0.52	
Recycling Tax PL 2007 c. 311	2,785.15		900.00	3,685.15	33.80	
Interlocal Municipal Service Agreements:						
Inspection of Building - Uniform Construction Code	47,500.00			47,500.00	47,500.00	
Board of Education	381.62			381.62	381.62	
Fire Services	17,000.00			17,000.00	17,000.00	
Inspection of Building - Uniform Construction Code:						
Other Expenses	21,537.13	1,000.00		22,537.13	22,537.13	
Total Other Expenses	\$ 519,720.51	\$ 207,246.53	\$	\$ 726,967.04	\$ 404,364.44	
Grand Total	\$ 599,551.44	\$ 207,246.53	\$	\$ 806,797.97	\$ 484,195.37	

BOROUGH OF RED BANK

CURRENT FUND

STATEMENT OF DEFERRED CHARGES

		2010 Severance Liability (40A:4-53)	Special Emergency Authorization (40A:4-53)	2012 Hurricane Sandy (40A:4-53)
	<u>Total</u>			
<u>BALANCE, DECEMBER 31, 2011</u>	\$ 605,000.00	\$ 600,000.00	\$ 5,000.00	\$
<u>INCREASED BY</u>				
2012 Special Emergency Authorization	454,000.00			454,000.00
	1,059,000.00	600,000.00	5,000.00	454,000.00
<u>DECREASED BY</u>				
Raised in 2012 Budget	155,000.00	150,000.00	5,000.00	
<u>BALANCE, DECEMBER 31, 2012</u>	<u>\$ 904,000.00</u>	<u>\$ 450,000.00</u>	<u>\$</u>	<u>\$ 454,000.00</u>

BOROUGH OF RED BANK
CURRENT FUND
STATEMENT OF SCHOOL TAX PAYABLE

	<u>Regional High School</u>	<u>Local School District</u>
<u>BALANCE, DECEMBER 31, 2011</u>	\$ 4,260,521.81	\$ 6,134,079.71
Detail:		
Deferred	\$ 4,216,556.36	\$ 6,256,724.50
Payable/(Overpaid)	<u>43,965.45</u>	<u>(122,644.79)</u>
<u>INCREASED BY</u>		
Levy - School Year 7/1/2012 - 6/30/2013	<u>8,651,711.78</u>	<u>13,198,883.00</u>
	12,912,233.59	19,332,962.71
<u>DECREASED BY</u>		
Cash Disbursed	<u>8,586,377.47</u>	<u>13,006,889.00</u>
<u>BALANCE, DECEMBER 31, 2012</u>	<u>\$ 4,325,856.12</u>	<u>\$ 6,326,073.71</u>
Detail:		
Deferred	\$ 4,216,556.36	\$ 6,256,724.50
Payable	<u>109,299.76</u>	<u>69,349.21</u>
	<u>\$ 4,325,856.12</u>	<u>\$ 6,326,073.71</u>
<u>2012 LIABILITY FOR SCHOOL TAX</u>		
2012 School Taxes Paid	\$ 8,586,377.47	\$ 13,006,889.00
Add: School Taxes Payable/(Overpaid)		
December 31, 2012	<u>109,299.76</u>	<u>69,349.21</u>
	8,695,677.23	13,076,238.21
Less: School Taxes Payable/(Overpaid)		
December 31, 2011	<u>43,965.45</u>	<u>(122,644.79)</u>
Amount Charged to 2012 Operations	<u>\$ 8,651,711.78</u>	<u>\$ 13,198,883.00</u>

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

Grant	Balance December 31, 2011	2012 Budget Revenue Realized	Received	Unappropriated Reserve Applied	Cancelled	Balance December 31, 2012
U.S. Older Americans Act: 2012	\$ 33,312.00	\$	\$ 33,312.00	\$	\$	\$ 33,312.00
2011		33,312.00				
State of New Jersey: Drunk Driving Enforcement Fund: Police		26,894.55	16,114.97	10,779.58		
Municipal Court		9,380.60	2,671.17	6,709.43		
State of New Jersey - Clean Communities Program 2012		17,532.67	17,203.28			329.39
State of New Jersey - DEP Forestry	10,000.00		9,970.00		30.00	
State of New Jersey: Municipal Stormwater Management Grant 2008	7,655.00				7,655.00	
State of New Jersey: Over the Limit Under Arrest - 2010 Holiday Over the Limit Under Arrest - 2010 Holiday Year End Crackdown	1,400.00 5,000.00					1,400.00 5,000.00
State of New Jersey - COPS in Shops		16,000.00	9,600.00	2,300.00		4,100.00
State of New Jersey: Body Armor Grant - 2012		3,823.09		3,823.09		
State of New Jersey: Recycling Tonnage Grant - 2012		17,296.78		17,296.78		
State of New Jersey: Pedestrian Safety Grant - 2012		14,000.00				14,000.00
State of New Jersey - Bullet Proof Vest Partnership Grant	7,776.00		3,173.63			4,602.37
State of New Jersey - ECARS Grant - Passenger Rail - 2010	35,000.00		10,500.00			24,500.00
Community Development Block Grant - 2011 - Cedar Crossing	187,797.00		187,797.00			
Local Grants - Baseball America		60,000.00	60,000.00			
Total Grants	\$ 287,940.00	\$ 198,239.69	\$ 350,342.05	\$ 40,908.88	\$ 7,685.00	\$ 87,243.76
Detail:						
Original Budget	\$ 97,453.55					
Added by NJSA 40A:4-87	100,786.14					
	\$ 198,239.69					

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

Grant	Balance December 31, 2011	Transferred from 2012 Budget Appropriations			Expended	Cancelled	Encumbered	Balance December 31, 2012
		Budget	Appropriation By 40A-4-87					
U.S. Older Americans Act:								
2011	\$ 24,894.75	\$	\$	\$	\$ 256.75	\$	\$ 109.43	\$ 24,528.57
2012		33,312.00			26,368.38		864.46	6,079.16
State of NJ - Clean Communities Program:								
2009	1,227.62				1,227.62			2,874.63
2012		17,532.67			14,658.04			
NJ DEP - Forestry Program - 2010	30.00					30.00		
State of NJ - Recycling Tonnage Grant	17,540.31	17,296.78						34,837.09
State of NJ - Bullet Proof Vest	844.75				844.75			
State of NJ - COPS in SHOPS- 2012		8,000.00	8,000.00		9,399.99			6,600.01
State of NJ - Drunk Driving Enforcement Fund:								
Police	2,026.36	10,779.58	16,114.97		14,669.60			14,251.31
Municipal Court	13,574.14	6,709.43	2,671.17		948.75			22,005.99
State of NJ - Over the Limit:								
Statewide Crackdown - 2011	4,400.00							4,400.00
Holiday Program - 2010	2,075.00							2,075.00
Holiday Year-End Crackdown - 2010								

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

<u>Grant</u>	<u>Balance</u> <u>December 31,</u> <u>2011</u>	<u>Transferred from 2012</u> <u>Budget Appropriations</u>				<u>Encumbered</u>	<u>Balance</u> <u>December 31,</u> <u>2012</u>
		<u>Budget</u>	<u>Appropriation</u> <u>By 40A:4-87</u>	<u>Expended</u>	<u>Cancelled</u>		
State of NJ - Click it or Ticket	\$ 5,000.00	\$	\$	\$	\$	\$	\$ 5,000.00
State of NJ Pedestrian Safety Grant			14,000.00	3,600.00			10,400.00
State of NJ - Cars - E Program - 2010	33,400.00			9,200.00		24,200.00	
State of NJ - Body Armor Grant: 2010	203.70			203.70			
2012		3,823.09		3,823.09			
CDBG - Cedar Crossing - 2011	187,797.00						187,797.00
Local Grant - Baseball in America - 2012			60,000.00			60,000.00	
Totals	\$ 293,013.63	\$ 97,453.55	\$ 100,786.14	\$ 85,200.67	\$ 30.00	\$ 85,173.89	\$ 320,848.76

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

<u>State:</u>	<u>Balance</u> <u>December 31,</u> <u>2011</u>	<u>Realized</u> <u>as Revenue</u> <u>Budget</u>	<u>Received</u>	<u>Balance</u> <u>December 31,</u> <u>2012</u>
Drunk Driving Enforcement Fund:				
Police	\$ 10,779.58	\$ 10,779.58	\$	\$
Municipal Court	6,709.43	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	4,002.63	4,002.63
State of NJ - Recycling Tonnage Grant	17,296.78	17,296.78	46,866.20	46,866.20
State of NJ - Bullet Proof Vest			3,042.00	3,042.00
Totals	<u>\$ 40,908.88</u>	<u>\$ 40,908.88</u>	<u>\$ 53,910.83</u>	<u>\$ 53,910.83</u>

TRUST FUNDS

BOROUGH OF RED BANK
TRUST FUNDS
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES AND RESERVES -
REGULATORY BASIS
AS OF DECEMBER 31, 2012 AND 2011

	<u>Animal Control</u>		<u>Other</u>		<u>Totals</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
ASSETS						
Cash and Cash Equivalents	\$ 6,861.04	\$ 9,178.54	\$ 2,493,143.74	\$ 2,526,196.39	\$ 2,500,004.78	\$ 2,535,374.93
Intergovernmental Receivable	10,812.52	16,440.65			10,812.52	16,440.65
Interfunds Receivable			13,186.03	2,675.99	13,186.03	2,675.99
Total Assets	<u>\$ 17,673.56</u>	<u>\$ 25,619.19</u>	<u>\$ 2,506,329.77</u>	<u>\$ 2,528,872.38</u>	<u>\$ 2,524,003.33</u>	<u>\$ 2,554,491.57</u>
LIABILITIES, RESERVES AND FUND BALANCE						
Liabilities and Reserves:						
Reserve for Encumbrances	\$	28.20	\$ 122,333.85	\$ 114,302.85	\$ 122,333.85	\$ 114,331.05
Accounts Payable - State of NJ	113.40		11,579.37		11,692.77	
Accounts Payable	3,876.20				3,876.20	
Assessment Overpayments						
Reserve for Unemployment Compensation Insurance						
Reserve for Encumbrances						
Various Reserves	8,380.80	9,043.20	2,372,416.55	2,414,569.53	2,380,797.35	2,423,612.73
Interfunds Payable	5,303.16	16,547.79			5,303.16	16,547.79
Total Other Liabilities and Reserves	<u>17,673.56</u>	<u>25,619.19</u>	<u>2,506,329.77</u>	<u>2,528,872.38</u>	<u>2,524,003.33</u>	<u>2,554,491.57</u>
Total Liabilities, Reserves and Fund Balance	<u>\$ 17,673.56</u>	<u>\$ 25,619.19</u>	<u>\$ 2,506,329.77</u>	<u>\$ 2,528,872.38</u>	<u>\$ 2,524,003.33</u>	<u>\$ 2,554,491.57</u>

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

<u>BALANCE, DECEMBER 31, 2011</u>		\$ 9,043.20
<u>INCREASED BY</u>		
Dog License Fees Collected	\$ 4,160.65	
Cat License Fees Collected	1,980.00	
Animal Control Contracts	15,026.24	
Miscellaneous Receipts	<u>250.00</u>	<u>21,416.89</u>
		30,460.09
<u>DECREASED BY</u>		
Expenditures Under R.S. 4:19-15.11	16,776.13	
Excess Due to Current Fund	<u>5,303.16</u>	<u>22,079.29</u>
<u>BALANCE, DECEMBER 31, 2012</u>		<u>\$ 8,380.80</u>

LICENSES AND PENALTY FEES COLLECTED

<u>Year</u>	<u>Amount</u>
2011	\$ 4,093.20
2010	<u>4,287.60</u>
	<u>\$ 8,380.80</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, 2011	Receipts	Expenditures	Accounts Payable	Balance December 31, 2012
Bid Deposits	\$ 601.10	\$	\$	\$	601.10
TTL Redemption	5,306.30	710,521.90	706,367.06	78.87	9,382.27
Law Enforcement Trust	21,026.76	767.84	8,287.22		13,507.38
Vehicle Impound Costs	67,323.92	17,136.75	15,056.75		69,403.92
Tax Sale Premiums	342,000.00	361,300.00	225,500.00	100.00	477,700.00
Recycling	57,513.81	33,879.05	10,252.85	37,770.00	43,370.01
Uniform Fire Safety Act Penalty Monies	24,786.44	250.00			25,036.44
Recreation	21,615.75	10,400.31	16,047.53	5,118.36	10,850.17
Parking Offenses Adjudication Act	28,591.86	3,730.00	4,340.03	2,383.50	25,598.33
Neighborhood Preservation Program	1.74				1.74
Eisner Foundation:					
Charitable Scientific	311,314.65		877.10		310,437.55
Riverside Gardens Maintenance	8,464.62				8,464.62
Police - Forfeited Property	1,606.12	161.22			1,767.34
Police - Extra Duty Pay	95,584.46	166,242.50	219,904.22	260.00	41,662.74
Inspection Fees Escrow	141,148.01	81,241.00	53,815.75	463.70	168,109.56
Performance and Maintenance Escrow	549,485.35	319,857.10	212,387.04	2,224.78	654,730.63
Review Escrow	185,037.87	145,990.77	180,955.33	7,212.21	142,861.10
Dedicated Fire Penalty	4,234.44	200.00	556.00	2,691.39	1,187.05
Unemployment Trust	23,948.81	39,354.79	41,104.39	11,579.37	10,619.84
Police Donations	1,600.00	500.00	649.34		1,450.66
Manalapan RCA Agreement	457,312.57	25,892.80	146,674.76	61,216.52	275,314.09
Public Defender Fees	1,269.26	6,690.00	400.00		7,559.26
Council on Affordable Housing - Dev. Fees	11,191.95	7,341.65			18,533.60
Wayfinding Signs	20,000.00		5,150.00		14,850.00
Four Connections Fiberoptics	6,691.00				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				200.00
Human Relations	310.00				310.00
Count Basie 365		5,900.00	3,086.59		2,813.41
OEM Trust		3,000.00			3,000.00
Shade Tree	100.00				100.00
	<u>\$ 2,414,569.53</u>	<u>\$ 1,940,357.68</u>	<u>\$ 1,851,411.96</u>	<u>\$ 131,098.70</u>	<u>\$ 2,372,416.55</u>

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

<u>BALANCE, DECEMBER 31, 2011</u>		\$	23,948.81
<u>INCREASED BY</u>			
Payroll Deductions	\$	24,283.21	
Borough Contribution		15,000.00	
Interest Earned on Investments and Deposits		<u>71.58</u>	<u>39,354.79</u>
			63,303.60
<u>DECREASED BY</u>			
Unemployment Compensation Claims and Assessments			<u>52,683.76</u>
<u>BALANCE, DECEMBER 31, 2012</u>		\$	<u>10,619.84</u>

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, 2012 AND 2011

	December 31,	
<u>ASSETS</u>	<u>2012</u>	<u>2011</u>
Cash and Cash Equivalents	\$ 4,073,982.32	\$ 2,141,523.77
Intergovernmental Receivable:		
New Jersey Department of Transportation	112,500.00	532,500.00
New Jersey Department of Environmental Protection	287,500.00	287,500.00
County of Monmouth	171,563.00	
	<u>571,563.00</u>	<u>820,000.00</u>
Interfunds Receivable:		
Due from Current Fund		158,248.23
Due from Federal and State Grant Fund	175,000.00	175,000.00
	<u>175,000.00</u>	<u>333,248.23</u>
Capital Lease Obligations - Unfunded	<u>2,375,800.00</u>	<u>2,717,900.00</u>
Deferred Charges to Future Taxation:		
Funded	13,216,467.52	9,829,508.08
Unfunded	472,233.70	3,559,743.70
	<u>13,688,701.22</u>	<u>13,389,251.78</u>
Total Assets	<u>\$ 20,885,046.54</u>	<u>\$ 19,401,923.78</u>
 <u>LIABILITIES, RESERVES AND</u> <u>FUND BALANCE</u>		
Bond Anticipation Notes	\$ 300,000.00	\$ 3,387,500.00
Serial Bonds	<u>11,720,000.00</u>	<u>7,593,000.00</u>
Refunding Serial Bonds	<u>791,000.00</u>	<u>923,000.00</u>
Green Trust Loan Payable	<u>705,467.52</u>	<u>823,508.08</u>
Capital Lease Payable - Principal	<u>1,885,800.00</u>	<u>2,717,900.00</u>

BOROUGH OF RED BANK
GENERAL CAPITAL FUND
COMPARATIVE STATEMENTS OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
AS OF DECEMBER 31, 2012 AND 2011

	December 31,	
	<u>2012</u>	<u>2011</u>
<u>LIABILITIES, RESERVES AND</u>		
<u>FUND BALANCE (CONTINUED)</u>		
Other Liabilities and Reserves:		
Capital Improvement Fund	\$ 15,191.76	\$ 54,638.76
Reserve for Encumbrances	2,899,611.83	233,313.86
Reserve for:		
Payment of Bonds	165,536.81	171,027.89
Down Payment on Improvements	2,061.64	2,061.64
Future Boat Ramp Improvements	196,667.40	196,667.40
Marine Park Improvements	5,000.00	5,000.00
	<u>3,284,069.44</u>	<u>662,709.55</u>
Improvement Authorizations:		
Funded	1,771,269.25	1,724,819.48
Unfunded	<u>170,187.88</u>	<u>1,569,388.95</u>
	<u>1,941,457.13</u>	<u>3,294,208.43</u>
Fund Balance	<u>257,252.45</u>	<u>97.72</u>
Total Liabilities, Reserves and Fund Balance	<u>\$ 20,885,046.54</u>	<u>\$ 19,401,923.78</u>

There were Bonds and Notes Authorized But Not Issued of \$172,243.70 at December 31, 2012.

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

Ordinance Number	Improvement Authorizations	Balance December 31, 2011	Bond Proceeds	Receipts Other	Improvement Authorizations	Disbursements		Bonds Anticipation Notes	Transfer		Balance December 31, 2012
						Other			From	To	
Fund Balance		\$ 97.72	\$	\$	\$	\$		\$	\$	\$	
Capital Improvement Fund		54,638.76		100,000.00					139,447.00	257,154.73	257,252.45
Due from Current Fund		(158,248.23)		165,812.06							15,191.76
Due from Federal and State Grant Fund		(175,000.00)				178,591.72				171,027.89	(175,000.00)
Due from NJ DOT - Ord 10-08		(82,500.00)		82,500.00							(112,500.00)
Due from NJ DOT - Ord 11-06		(450,000.00)		337,500.00							(287,500.00)
Due from NJDEP Ord 09-44		(287,500.00)		250,000.00					250,000.00		(171,563.00)
Due from Monmouth County Open Space Ord 12-4		196,667.40							171,563.00		196,667.40
Due from Monmouth County CDBG Ord 12-4		233,313.86							233,313.86	2,899,611.83	2,899,611.83
Reserve for Encumbrances		171,027.89							171,027.89		165,536.81
Reserve for Payment of Bonds		5,000.00		165,536.81							5,000.00
Reserves for Marine Park Improvements		2,061.64									2,061.64
Reserve for Down Payments on Improvements											
Ordinance Number	Improvement Authorizations										
02-06	Acquisition of a Pumper Fire Truck	1,889.61									1,889.61
04-01	Renovations and Improvements to the Red Bank Library	107,680.21			13,266.50						94,413.71
05-31	Acquisition of Waterfront Park	13,353.20									13,353.20
37-05	Purchase of Pumper Fire Truck	199.73									199.73
39-05/ 09-09/10-10	Various Improvements and Renovations to Marine Park	175,624.16			15,678.78				7,832.40	15,139.20	167,252.18
05-49	Various 2005 Road Improvements	21,013.75									21,013.75
06-08	Various 2006 Road Improvements	257,154.73							257,154.73		

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

Ordinance Number	Balance December 31, 2011	Bond Proceeds	Receipts Other	Improvement Authorizations	Disbursements		Bonds Anticipation Notes	Transfer		Balance December 31, 2012
					Other			From	To	
06-32/ 09-42/10-10	\$ 232,406.06	\$ 133,000.00	\$	\$	\$	\$	\$ 133,000.00	\$	\$	\$ 232,406.06
07-21	285,751.53									285,751.53
08-17	164,182.30	328,000.00					328,000.00			164,182.30
09-27	30,000.00									30,000.00
09-44	66,892.77	795,500.00		2,775.36			795,500.00	421.32	2,775.36	66,471.45
10-08	51,126.00	747,000.00		85,839.48			747,000.00		37,770.32	3,056.84
10-17	1,942.18									1,942.18
11-03	(3,998.00)									(3,998.00)
11-06	1,226,746.50	984,010.00		706,687.15			984,000.00	689,138.28	177,628.98	8,560.05
12-03		1,045,000.00						943,327.60	55,000.00	156,672.40
12-04										
		1,604,490.00	1,604,490.00	815,551.33			1,604,490.00	1,258,892.23	506,010.00	36,056.44
	\$ 2,141,523.77	\$ 5,637,000.00	\$ 2,705,838.87	\$ 1,639,798.60	\$ 178,591.72	\$	\$ 4,591,990.00	\$ 4,122,118.31	\$ 4,122,118.31	\$ 4,073,982.32

Bracketed amount denotes deficit.

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

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance December 31, 2011</u>	<u>2012 Authorizations</u>	<u>Funded by Current Fund Appropriation</u>	<u>Funded by Bond Sale</u>	<u>Balance December 31, 2012</u>	<u>Bond Anticipation Notes</u>	<u>Expenditures</u>	<u>Analysis of Balance, December 31, 2012</u> <u>Unfunded Improvement Authorization</u>
31-05	Acquisition of Waterfront Park	\$ 98,611.70	\$	\$	\$	\$ 98,611.70	\$	\$	\$ 98,611.70
49-05	Various 2005 Road Improvements	37,500.00				37,500.00			37,500.00
17-08	Phase II Road Improvements to Spring Street	328,000.00			328,000.00				
06-32/ 09-42/10-10	Conversion and Development of Municipally Owned Land into Waterfront Park	133,000.00			133,000.00				
44-09	Various Improvements to Count Basie Park	795,500.00			795,500.00				
10-08	Various 2010 Road Improvements	747,700.00			747,000.00	700.00			700.00
10-17	Tax Appeal Judgements and Settlements	400,000.00		100,000.00		300,000.00			
11-3	Refunding of Unfunded Accrued Pension ERI	35,000.00				35,000.00		3,998.00	31,002.00
11-6	Various 2011 Roadway Improvements	984,432.00			984,010.00	422.00			422.00
12-3	Acquisition of a Fire Truck		1,045,000.00		1,045,000.00				
12-4	Improvements to Count Basie Park - Phase III		1,604,490.00		1,604,490.00				
		<u>\$ 3,559,743.70</u>	<u>\$ 2,649,490.00</u>	<u>\$ 100,000.00</u>	<u>\$ 5,637,000.00</u>	<u>\$ 472,233.70</u>	<u>\$ 300,000.00</u>	<u>\$ 3,998.00</u>	<u>\$ 168,235.70</u>

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

Ordinance Number	Description	2012 Authorizations										
		Ordinance		Deferred Charges to Future Taxation, Unfunded	Capital Improvement Fund	Grants	Paid or Charged	Ordinance Cancellation	Prior Years Encumbrances Cancelled	Balance		
		Date	Amount							December 31, 2011 Funded	Unfunded	December 31, 2012 Funded
6-02	Acquisition of a Pumper Fire Truck	03/12/02	\$ 575,000.00	\$ 1,889.61	\$	\$	\$	\$	\$	\$	1,889.61	\$
1-04	Renovations and Improvements to Red Bank Library	02/10/04	1,775,000.00	107,680.21							94,413.71	
31-05	Acquisition of Waterfront Park	07/11/05	550,000.00	13,353.20	98,611.70						13,353.20	98,611.70
37-05	Purchase of a Pumper Fire Truck	09/26/05	525,000.00	199.73							199.73	
39-05/ 09-09	Various Improvements and Renovations to Marine Park	10/10/05 03/09/09	2,826,100.00 1,174,550.00	175,624.16							23,511.18	
49-05	Various 2005 Road improvements	11/07/05	1,250,000.00	21,013.75	37,500.00						21,013.75	37,500.00
32-06/ 09-42 10-10	Conversion of Municipal Land to Waterfront Park	06/12/06 08/10/09 10/10/10		99,406.06	133,000.00						232,406.06	
21-07	Various 2007 Road Improvements	2007	1,860,000.00	285,751.53							285,751.53	
17-08	Phase II Road Improvements to Spring S	08/11/08	545,000.00		164,182.30						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 Court Basie Pe	10/09/09	1,125,000.00		66,892.77						3,196.68	66,471.45
10-8	2010 Road Program	02/22/10	1,115,100.00		51,826.00						85,839.48	700.00
10-17	Tax Appeal Judgements and Settlements	05/10/10	500,000.00		1,942.18							1,942.18
11-3	Refunding of Accrued ERI Pension Liab.	07/27/11	575,000.00		31,002.00							31,002.00
11-6	Various 2011 Roadway Improvements	05/25/11	1,484,432.00	242,746.50	984,432.00						1,395,825.43	432.00
12-3	Acquisition of a Fire Truck	03/14/12	1,100,000.00			1,045,000.00		55,000.00			943,327.60	
12-4	Various Improvements to Court Basie Park Phase III	2012	2,110,500.00			1,604,490.00		84,447.00			2,074,443.56	
				\$ 1,724,819.48	\$ 1,569,388.95	\$ 2,649,490.00	\$ 139,447.00	\$ 421,563.00	\$ 257,154.73	\$ 233,313.86	\$ 4,539,410.43	\$ 1,771,269.25
											36,056.44	\$ 170,187.88

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

Ordinance Number	Improvement Description	Original Amount Issued	Date of Issue of Note	Date of Issue	Date of Maturity	Interest Rate	Balance December 31, 2011	Decreased	Balance December 31, 2012
06-32/ 09-42/10-10	Conversion and Development of Municipally Owned Land into Waterfront Park	\$ 351,000.00	12/3/09	11/29/11	11/28/12	1.13%	\$ 133,000.00	\$ 133,000.00	\$
08-17	Phase II Road Improvements to Spring Street	328,000.00	12/03/09	11/29/11	11/28/12	1.13%	328,000.00	328,000.00	
09-44	Various Improvements to Count Basie Park	795,500.00	12/03/09	11/29/11	11/28/12	1.13%	795,500.00	795,500.00	
10-8	Various Road Improvements	747,000.00	12/02/10	11/29/11	11/28/12	1.13%	747,000.00	747,000.00	
10-17	Tax Appeal Refunding Note	500,000.00	06/02/10	06/01/11	06/30/12	1.60%	400,000.00	100,000.00	300,000.00
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	
							<u>\$ 3,387,500.00</u>	<u>\$ 3,087,500.00</u>	<u>\$ 300,000.00</u>

BOROUGH OF RED BANK
GENERAL CAPITAL FUND
STATEMENT OF SERIAL BONDS

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2012		Interest Rate	Balance December 31, 2011	Increase	Decrease	Balance December 31, 2012
			Date	Amount					
General Improvement	8/1/2002	\$ 5,481,000.00	2013	\$ 696,000.00	Var.	\$ 1,311,000.00	\$	\$ 615,000.00	\$ 696,000.00
General Improvement	6/15/2004	2,731,000.00	2013	315,000.00	4.000%	941,000.00		295,000.00	646,000.00
			2014	331,000.00	4.000%				
General Improvement	7/15/2007	7,391,000.00	2013	640,000.00	4.125%	5,341,000.00		600,000.00	4,741,000.00
			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%				
General Improvement	11/1/2012	5,637,000.00	2013	305,000.00	2.000%	5,637,000.00	5,637,000.00		5,637,000.00
			2014	315,000.00	2.000%				
			2015	330,000.00	2.000%				
			2016	350,000.00	2.000%				
			2017	365,000.00	2.000%				
			2018	385,000.00	2.000%				
			2019	405,000.00	2.000%				
			2020	435,000.00	2.000%				
			2021	475,000.00	2.000%				
			2022	530,000.00	2.000%				
			2023	555,000.00	2.000%				
			2024	575,000.00	2.000%				
			2025	612,000.00	2.000%				
						\$ 7,593,000.00	\$ 5,637,000.00	\$ 1,510,000.00	\$ 11,720,000.00

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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance December 31, 2011	Decrease	Balance December 31, 2012
			Date	Amount				
MCIA Refunding Bonds	2/1/2006	\$ 888,000.00	2013	\$ 99,000.00	4.50%	\$ 383,000.00	\$ 99,000.00	\$ 284,000.00
			2014	98,000.00	3.80%			
			2015	87,000.00	5.00%			
Pension ERI Refunding Bonds	4/3/2011	540,000.00	2013	34,000.00	2.42%	540,000.00	33,000.00	507,000.00
			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%			
						<u>\$ 923,000.00</u>	<u>\$ 132,000.00</u>	<u>\$ 791,000.00</u>

BOROUGH OF RED BANK
GENERAL CAPITAL FUND
STATEMENT OF INTERGOVERNMENTAL RECEIVABLES

	NJ Department of Transportation		NJ Department of Environmental Protection		Monmouth County	
	2011 Road Improvements Ord. #11-06	Various 2010 Road Improvements Ord. # 08-10	Various Improvements to Count Basie Park Ord. # 09-44	Open Space	CDBG	
<u>Total</u>						
<u>BALANCE, DECEMBER 31, 2011</u>	\$ 820,000.00	\$ 450,000.00	\$ 82,500.00	\$ 287,500.00		
<u>INCREASED BY</u>						
Grants Awarded	421,563.00			250,000.00	171,563.00	
	1,241,563.00	450,000.00	82,500.00	287,500.00	171,563.00	
<u>DECREASED BY</u>						
Receipts	670,000.00	337,500.00	82,500.00	250,000.00		
<u>BALANCE, DECEMBER 31, 2012</u>	\$ 571,563.00	\$ 112,500.00	\$ 287,500.00	\$ 171,563.00		
Detail:						
Unreserved	\$ 571,563.00	\$ 112,500.00	\$ 287,500.00	\$ 171,563.00		
	\$ 571,563.00	\$ 112,500.00	\$ 287,500.00	\$ 171,563.00		

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

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance December 31, 2011</u>	<u>Authorization Re-established</u>	<u>2012 Authorizations</u>	<u>Serial Bonds Issued</u>	<u>Balance December 31, 2012</u>
5-31	Acquisition of Waterfront Park	\$	\$ 98,611.70	\$		\$ 98,611.70
49-5	Various 2005 Road Improvements	37,500.00				37,500.00
10-8	Various 2010 Road Improvements	700.00				700.00
11-3	Refunding ERI Pension Obligations	35,000.00				35,000.00
11-6	Various 2011 Roadway Improvements	432.00				432.00
12-3	Acquisition of a Fire Truck			1,045,000.00	1,045,000.00	
12-4	Improvements to Count Basie Park - Phase III			1,604,490.00	1,604,490.00	
		\$ 73,632.00	\$ 98,611.70	\$ 2,649,490.00	\$ 2,649,490.00	\$ 172,243.70

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, 2012 AND 2011

	Parking Utility		Water-Sewer Utility		Totals (Memorandum Only)	
	2012	2011	2012	2011	2012	2011
ASSETS						
Cash and Cash Equivalents	\$ 503,794.87	\$ 907,234.56	\$ 1,241,126.70	\$ 1,292,064.37	\$ 1,744,921.57	\$ 2,199,298.93
Consumer Accounts Receivable			853,991.94	843,427.16	853,991.94	843,427.16
Water-Sewer Utility Liens Receivable			4,438.55	3,981.60	4,438.55	3,981.60
Interfunds Receivable			1,790.83	115,000.00	1,790.83	115,000.00
Inventory	9,319.59	6,133.50	4,426.65	2,182.00	13,746.24	8,315.50
Total Assets	\$ 513,114.46	\$ 913,368.06	\$ 2,105,774.67	\$ 2,256,655.13	\$ 2,618,889.13	\$ 3,170,023.19
LIABILITIES, RESERVES AND FUND BALANCE						
Liabilities:						
Appropriation Reserves	\$ 33,318.65	\$ 21,811.28	\$ 113,879.61	\$ 100,232.82	\$ 147,198.26	\$ 122,044.10
Other Liabilities and Reserves:						
Reserve for Encumbrances	24,849.92	5,831.76	171,853.38	61,304.91	196,703.30	67,136.67
Interfunds Payable		2,000.00		171,509.21		173,509.21
Reserve for Parking Fee Variance	226,270.00	573,900.25			226,270.00	573,900.25
Customer Overpayments			13,364.92	19,909.32	13,364.92	19,909.32
Accrued Interest on Bonds and Notes	251,119.92	581,732.01	185,218.30	252,723.44	436,338.22	834,455.45
Reserve for Receivables and Inventory	1,009.97	3,823.72	119,177.05	140,007.54	120,187.02	143,831.26
Fund Balance	9,319.59	6,133.50	862,857.14	849,590.76	872,176.73	855,724.26
	218,346.33	299,867.55	824,642.57	914,100.57	1,042,988.90	1,213,968.12
Total Liabilities, Reserves and Fund Balance	\$ 513,114.46	\$ 913,368.06	\$ 2,105,774.67	\$ 2,256,655.13	\$ 2,618,889.13	\$ 3,170,023.19

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 2012 AND 2011

	<u>2012</u>	<u>2011</u>
Revenue and Other Income Realized:		
Operating Fund Balance Appropriated	\$ 70,000.00	\$
Parking Fees	1,132,717.47	1,081,357.89
Increase in Parking Fees		
Riverview Hospital - Lease Agreement	323,285.40	310,851.36
Reserve for Payment of Bonds	20,000.00	
Non-Budget Revenue	2,449.34	1,012.62
Other Credits to Income - Unexpended Balance of Appropriation Reserves	20,026.57	42,994.50
Current Year's Budget Appropriations Cancelled		375.32
	<hr/>	<hr/>
Total Income	1,568,478.78	1,436,591.69
	<hr/>	<hr/>
Expenditures:		
Operating	662,500.00	487,700.00
Debt Service	107,500.00	114,200.00
Deferred Charges and Statutory Expenditures	55,000.00	56,000.00
Surplus Transferred to Current Fund	655,000.00	655,000.00
	<hr/>	<hr/>
Total Expenditures	1,480,000.00	1,312,900.00
	<hr/>	<hr/>
Excess in Revenues/ Statutory Excess to Fund Balance	88,478.78	123,691.69
Fund Balance, January 1	299,867.55	276,175.86
	<hr/>	<hr/>
	388,346.33	399,867.55
Decreased by:		
Utilized as Anticipated Revenue	70,000.00	
Transferred to Current Fund	100,000.00	100,000.00
	<hr/>	<hr/>
	170,000.00	100,000.00
	<hr/>	<hr/>
Fund Balance, December 31	\$ 218,346.33	\$ 299,867.55
	<hr/>	<hr/>

BOROUGH OF RED BANK
PARKING UTILITY OPERATING FUND
STATEMENT OF REVENUES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2012

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess</u>
Parking Utility Anticipated Fund Balance	\$ 70,000.00	\$ 70,000.00	\$
Parking Fees	1,080,000.00	1,132,717.47	52,717.47
Riverview Hospital - Lease Payment	310,000.00	323,285.40	13,285.40
Reserve for Payment of Bonds	<u>20,000.00</u>	<u>20,000.00</u>	<u></u>
	\$ 1,480,000.00	\$ 1,546,002.87	\$ 66,002.87
Non-Budget Revenue	<u></u>	<u>2,449.34</u>	<u>2,449.34</u>
	<u>\$ 1,480,000.00</u>	<u>\$ 1,548,452.21</u>	<u>\$ 68,452.21</u>

BOROUGH OF RED BANK
PARKING UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2012

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>
<u>OPERATING</u>					
Salaries and Wages	\$ 235,500.00	\$ 235,500.00	\$ 227,565.88	\$ 24,849.92	\$ 7,934.12
Other Expenses	427,000.00	427,000.00	379,485.87		22,664.21
Total Operating	662,500.00	662,500.00	607,051.75	24,849.92	30,598.33
<u>DEBT SERVICE</u>					
Payment of Bond Principal	105,000.00	105,000.00	105,000.00		
Interest on Bonds	2,500.00	2,500.00	2,500.00		
Total Debt Service	107,500.00	107,500.00	107,500.00		
<u>DEFERRED CHARGES AND STATUTORY EXPENDITURES</u>					
Statutory Expenditures:					
Contribution to:					
Public Employees' Retirement System	36,000.00	36,000.00	36,000.00		2,720.32
Social Security System (O.A.S.I.)	19,000.00	19,000.00	16,279.68		2,720.32
Total Deferred Charges and Statutory Expenditures	55,000.00	55,000.00	52,279.68		
<u>SURPLUS (GENERAL BUDGET)</u>					
	655,000.00	655,000.00	655,000.00		
Total Parking Utility Appropriations	\$ 1,480,000.00	\$ 1,480,000.00	\$ 1,421,831.43	\$ 24,849.92	\$ 33,318.65

BOROUGH OF RED BANK
PARKING UTILITY OPERATING FUND
STATEMENT OF 2011 APPROPRIATION RESERVES

	Balance December 31, 2011		Balance After Transfers	Paid or Charged	Balance Lapsed
	Appropriation Reserves	Reserve for Encumbrances			
Operating:					
Salaries and Wages	\$ 1,769.95	\$	\$ 1,769.95	\$	\$ 1,769.95
Other Expenses	14,697.41	5,831.76	20,529.17	7,616.47	12,912.70
Statutory Expenditures:					
Public Employees Retirement	5,343.92		5,343.92		5,343.92
Contribution to Soc. Security	\$ 21,811.28	\$ 5,831.76	\$ 27,643.04	\$ 7,616.47	\$ 20,026.57

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

BALANCE DECEMBER 31, 2011 \$ 3,823.72

INCREASED BY

2012 Budget Appropriation:
Interest on Bonds

2,500.00

\$ 6,323.72

DECREASED BY

Cash Disbursed

5,313.75

BALANCE DECEMBER 31, 2012

\$ 1,009.97

ANALYSIS OF ACCRUAL

	<u>Date of Issue</u>	<u>Accrual Period</u>	<u>Interest Rate</u>	<u>Amount Outstanding December 31, 2012</u>	<u>Accrual</u>
<u>Serial Bonds</u>					
Serial Bonds - 2002	8/1/2002	5 Months	Var.	\$ <u>60,000.00</u>	\$ 937.50
Excess to be utilized in 2013 budget					<u>72.47</u>
					<u>\$ 1,009.97</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, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
Revenue and Other Income Realized:		
Operating Fund Balance Appropriated	\$ 399,500.00	\$
Collection of Water-Sewer Rents	6,626,893.58	6,508,626.38
Additional Rents - Rate Increase		34,075.00
Water and Sewer Connection Fees	293,636.18	18,280.00
Miscellaneous	124,323.50	96,388.02
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	20,014.41	56,314.99
Current Appropriations Cancelled	54,454.33	13,761.26
Non - Budget Revenue	720.00	
	<hr/>	<hr/>
Total Income	7,519,542.00	6,727,445.65
	<hr/>	<hr/>
Expenditures:		
Operating	4,816,919.87	4,171,600.78
Capital Improvement Fund		10,000.00
Debt Service	1,079,080.13	1,051,122.64
Deferred Charges and Statutory Expenditures	123,500.00	115,000.00
Surplus - General Budget	990,000.00	990,000.00
	<hr/>	<hr/>
Total Expenditures	7,009,500.00	6,337,723.42
	<hr/>	<hr/>
Excess in Revenues/ Statutory Excess to Fund Balance	510,042.00	389,722.23
Fund Balance, January 1	914,100.57	624,378.34
	<hr/>	<hr/>
	1,424,142.57	1,014,100.57
Decreased by:		
Utilized as Anticipated Revenue	399,500.00	
Transferred to Current Fund	200,000.00	100,000.00
	<hr/>	<hr/>
	599,500.00	100,000.00
	<hr/>	<hr/>
Fund Balance, December 31	\$ 824,642.57	\$ 914,100.57
	<hr/>	<hr/>

BOROUGH OF RED BANK
WATER-SEWER UTILITY OPERATING FUND
STATEMENT OF REVENUES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2012

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess</u>
Fund Balance Anticipated	\$ 399,500.00	\$ 399,500.00	\$
Rents and Other Charges	6,500,000.00	6,626,893.58	126,893.58
Water and Sewer Connection Fees	15,000.00	293,636.18	278,636.18
Miscellaneous	<u>95,000.00</u>	<u>124,323.50</u>	<u>29,323.50</u>
	<u>\$ 7,009,500.00</u>	<u>\$ 7,444,353.26</u>	<u>\$ 434,853.26</u>

BOROUGH OF RED BANK
WATER-SEWER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2012

	<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	\$ 668,500.00	\$ 668,500.00	\$ 608,090.92	\$	\$ 20,409.08	\$ 40,000.00
Other Expenses	1,672,419.87	1,672,419.87	1,537,865.93	99,732.10	24,821.84	10,000.00
Regional Sewer Authority Charges	1,726,000.00	1,726,000.00	1,711,111.00		14,889.00	
Manasquan River Water Purchases	750,000.00	750,000.00	644,740.19	72,121.28	33,138.53	
Total Operating	4,816,919.87	4,816,919.87	4,501,808.04	171,853.38	93,258.45	50,000.00
DEBT SERVICE						
Payment of Bond Principal	759,580.13	759,580.13	759,580.13			
Interest on Bonds	289,000.00	289,000.00	286,737.03			2,262.97
Interest on Notes	30,500.00	30,500.00	28,308.64			2,191.36
Total Debt Service	1,079,080.13	1,079,080.13	1,074,625.80			4,454.33
DEFERRED CHARGES AND STATUTORY EXPENDITURES						
Statutory Expenditures:						
Contribution to:						
Public Employees' Retirement System	72,000.00	72,000.00	72,000.00			
Social Security System (O.A.S.I.)	51,500.00	51,500.00	30,878.84		20,621.16	
Total Deferred Charges and Statutory Expenditures	123,500.00	123,500.00	102,878.84		20,621.16	
SURPLUS (GENERAL BUDGET)						
	990,000.00	990,000.00	990,000.00			
Total Water-Sewer Utility Appropriations	\$ 7,009,500.00	\$ 7,009,500.00	\$ 6,669,312.68	\$ 171,853.38	\$ 113,879.61	\$ 54,454.33

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

<u>BALANCE, DECEMBER 31, 2011</u>		\$ 843,427.16
<u>INCREASED BY</u>		
Rents Charged in 2012		<u>6,638,975.00</u>
		7,482,402.16
<u>DECREASED BY</u>		
Collections - Net	\$ 6,626,893.58	
Transfer to Lien	<u>1,516.64</u>	<u>6,628,410.22</u>
<u>BALANCE, DECEMBER 31, 2012</u>		<u>\$ 853,991.94</u>

STATEMENT OF WATER-SEWER UTILITY LIENS RECEIVABLE

<u>BALANCE, DECEMBER 31, 2011</u>		\$ 3,981.60
<u>INCREASED BY</u>		
Transfer from Consumer Accounts Receivable		<u>1,516.64</u>
		5,498.24
<u>INCREASED BY</u>		
Adjustment to Actual		<u>1,059.69</u>
<u>BALANCE, DECEMBER 31, 2012</u>		<u>\$ 4,438.55</u>

BOROUGH OF RED BANK
WATER - SEWER UTILITY OPERATING FUND
STATEMENT OF 2011 APPROPRIATION RESERVES

	Balance December 31, 2011			Balance After Transfers	Paid or Charged	Balance Lapsed
	Appropriation Reserves	Reserve for Encumbrances	Transfers			
Operating:						
Salaries and Wages	\$ 7,357.86	\$	\$ (7,000.00)	\$ 357.86	\$	\$ 357.86
Other Expenses	68,504.27	61,304.91	(38,700.00)	91,109.18	72,841.48	18,267.70
Regional Sewer Authority Charges	6,878.00		(6,800.00)	78.00		78.00
Manasquan River Water Purchases	15,181.84		53,500.00	68,681.84	68,681.84	
Statutory Expenditures:						
Contribution to Soc. Security	2,310.85		(1,000.00)	1,310.85		1,310.85
	\$ 100,232.82	\$ 61,304.91	\$	\$ 161,537.73	\$ 141,523.32	\$ 20,014.41

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

BALANCE DECEMBER 31, 2011 \$ 140,007.54

INCREASED BY

2012 Budget Appropriation:

Interest on Bonds	\$ 286,737.03	
Interest on Notes	<u>28,308.64</u>	<u>315,045.67</u>

455,053.21

DECREASED BY

Cash Disbursed	<u>335,876.16</u>
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BALANCE DECEMBER 31, 2012 \$ 119,177.05

ANALYSIS OF ACCRUAL

	<u>Date of Issue</u>	<u>Accrual Period</u>	<u>Interest Rate</u>	<u>Amount Outstanding December 31, 2012</u>	<u>Accrual</u>
<u>Serial Bonds</u>					
2002 Series	8/1/2002	5 Months	Var.	\$ 150,000.00	\$ 2,343.75
2004 Series	6/15/2004	5 Months	Var.	1,280,000.00	21,872.40
2007 Series	8/1/2007	5 Months	Var.	4,865,000.00	85,747.40
2009 NJEIT Bonds	11/23/2009	5 Months	Var.	630,000.00	
2012 Series	11/1/2012	2 Months	Var.	<u>2,662,000.00</u>	<u>7,462.08</u>
				\$ <u>9,587,000.00</u>	\$ 117,425.63
Add: Excess to be utilized in 2013 Budget					<u>1,751.42</u>
					\$ <u>119,177.05</u>

UTILITY CAPITAL FUNDS - COMBINED STATEMENTS

BOROUGH OF RED BANK
COMBINED COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - PARKING AND WATER-SEWER UTILITY CAPITAL FUNDS - REGULATORY BASIS
AS OF DECEMBER 31, 2012 AND 2011

	Parking Utility		Water-Sewer Utility		Totals	
	2012	2011	2012	2011	2012	2011
ASSETS						
Cash and Cash Equivalents	\$ 188,900.45	\$ 80,879.79	\$ 1,311,747.37	\$ 2,268,866.30	\$ 1,500,647.82	\$ 2,349,746.09
Fixed Capital	3,864,558.93	3,549,558.93	10,408,328.52	10,408,328.52	14,272,887.45	13,957,887.45
Fixed Capital Authorized and Uncompleted	350,000.00	315,000.00	13,598,497.00	13,732,994.00	13,948,497.00	14,047,994.00
Interfund Receivable	4,214,558.93	3,864,558.93	24,006,825.52	24,141,322.52	28,221,384.45	28,005,881.45
Due from New Jersey Environmental Infrastructure Trust				170,534.21		170,534.21
Total Assets	\$ 4,403,459.38	\$ 3,945,438.72	\$ 25,318,572.89	\$ 26,858,007.03	\$ 29,722,032.27	\$ 30,803,445.75
LIABILITIES, RESERVES AND FUND BALANCE						
Serial Bonds	\$ 60,000.00	\$ 165,000.00	\$ 10,174,862.32	\$ 8,272,442.45	\$ 10,234,862.32	\$ 8,437,442.45
Bond Anticipation Notes				2,512,168.00		2,512,168.00
Improvement Authorizations:						
Funded	165,294.16	37,703.17	1,142,025.87	1,040,081.24	1,307,320.03	1,077,784.41
Unfunded			290,673.00	1,615,832.53	290,673.00	1,615,832.53
Capital Improvement Fund	165,294.16	37,703.17	1,432,698.87	2,655,913.77	1,597,993.03	2,693,616.94
Reserve for Payment of Bonds	3,400.00	3,400.00	10,574.00	10,574.00	13,974.00	13,974.00
Reserve for Encumbrances	19,768.64	39,768.64	7,074.77	7,074.77	26,843.41	46,843.41
	429.67		152,072.73	483,794.97	152,502.40	483,794.97
Reserve for Amortization	23,598.31	43,168.64	169,721.50	501,443.74	193,319.81	544,612.38
Deferred Reserve for Amortization	3,804,558.93	3,699,558.93	13,325,191.13	12,699,940.00	17,129,750.06	16,399,498.93
Fund Balance	350,000.00		216,099.07	216,099.07	566,099.07	216,099.07
	7.98	7.98			7.98	7.98
Total Liabilities, Reserves and Fund Balance	\$ 4,403,459.38	\$ 3,945,438.72	\$ 25,318,572.89	\$ 26,858,007.03	\$ 29,722,032.27	\$ 30,803,445.75

There were Bonds and Notes Authorized But Not Issued at December 31, 2012 in the Parking Utility Capital Fund of \$ None and in the Water-Sewer Utility Capital Funds of \$290,673.00.

PARKING UTILITY CAPITAL FUND

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

	Balance December 31, 2011	Receipts	Disbursements	Transfer		Balance December 31, 2012
				To	From	
Fund Balance	\$	7.98	\$			
Due (from)/to Parking Utility Operating Fund						7.98
Capital Improvement Fund	3,400.00	340.40	340.40			3,400.00
Reserve for Payment of Bonds	39,768.64					19,768.64
Reserve for Encumbrances			20,000.00	429.67		429.67
Improvement Authorizations:						
Ordinance						
Number						
02-04	Acquisition and Installation of Parking Meters and the Resurfacing of Parking Lots		37,703.17			
12-09	Acquisition and Installation of Parking Pay Stations					
		350,000.00	184,276.17		429.67	165,294.16
		\$ 80,879.79	\$ 242,319.74	\$ 429.67	\$ 429.67	\$ 188,900.45

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</u>	<u>2012 Authorization</u>	<u>Transferred to Fixed Capital</u>	<u>Balance December 31, 2012</u>
02-04	Acquisition and Installation of Parking Meters and the Resurfacing of Parking Lots	2/10/2004	\$ 315,000.00	\$ 315,000.00	\$	\$ 315,000.00	\$
12-09	Acquisition and Installation Parking Pay Stations	5/23/2012	350,000.00		350,000.00		350,000.00
				<u>\$ 315,000.00</u>	<u>\$ 350,000.00</u>	<u>\$ 315,000.00</u>	<u>\$ 350,000.00</u>

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, 2012</u>		<u>Interest Rate</u>	<u>Balance December 31, 2011</u>	<u>Decreased</u>	<u>Balance December 31, 2012</u>
			<u>Date</u>	<u>Amount</u>				
Parking Utility Bonds	8/1/2002	\$ 535,000.00	2013	\$ 60,000.00	3.750%	\$ 120,000.00	\$ 60,000.00	\$ 60,000.00
Parking Utility Bonds	6/15/2004	315,000.00				45,000.00	45,000.00	
						<u>\$ 165,000.00</u>	<u>\$ 105,000.00</u>	<u>\$ 60,000.00</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, 2011 Funded</u>	<u>2012 Authorizations</u>	<u>Paid or Charged</u>	<u>Balance December 31, 2012 Funded</u>
02-04	Meter Installation Project	2/10/2004	\$ 315,000.00	\$ 37,703.17	\$	\$ 37,703.17	\$
12-09	Acquisition and Installation Parking Pay Stations	5/23/2012	350,000.00		350,000.00	184,705.84	165,294.16
				<u>\$ 37,703.17</u>	<u>\$ 350,000.00</u>	<u>\$ 222,409.01</u>	<u>\$ 165,294.16</u>

WATER-SEWER UTILITY CAPITAL FUND

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

Ordinance Number	Description	Balance December 31, 2011	Bond Proceeds	Other Receipts	Disbursements			Transfer	Balance December 31, 2012
					Improvement Authorizations	Other	To	From	
	Due (from) Water-Sewer Utility Operating Fund	\$ (170,534.21)	\$	\$ 174,583.64	\$	4,049.43	\$	\$	\$
	Capital Improvement Fund	10,574.00							10,574.00
	Reserve for Payment of Bonds	7,074.77							7,074.77
	Reserve for Encumbrances	483,794.97				243,458.61	85,509.20	173,772.83	152,072.73
	Due from NJEIT	(277,284.00)		142,863.00			134,421.00		
Improvement Authorizations:									
15-03	Acquisition and Installation of Replacement Water Meters and Improvements to Water Facilities	353,002.39			353,002.39				
35-04/ 23-05	Reconstruction of the Sewer Main Along Maple Ave.	208,901.82			85,978.83		15,649.00	74,009.20	64,562.79
9-06	Repair and Replacement of Sewer Lines and Hydrant Installation	18,538.89							18,538.89
10-06	Various Facility Improvements	126,346.11			3,122.93				123,223.18
22-07	Water Mains, Fire Hydrant Valves and Sewer Pump Stations	72,964.57			71,625.88				1,338.69
23-07	Various 2007 Capital Improvements	49,823.36							49,823.36
08-24/09-04 09-24	Various 2008 Capital Improvements	204,899.90	150,000.00		198,318.27		76,639.98	141,716.01	91,505.60
10-09	Various 2010 Capital Improvements	(900.00)	477,000.00			477,000.00	21,942.85		21,042.85
10-39	Septic Tank 2010 Improvements	5,604.20							5,604.20
11-02	Various 2011 Capital Improvements	986,891.53	1,845,000.00		298,913.78	1,846,000.00	59,541.00		747,518.75
11-07	Various 2011 Drainage Improvements	189,168.00	189,000.00		166,095.45	189,000.00		4,204.99	18,867.56
		\$ 2,268,866.30	\$ 2,662,000.00	\$ 317,446.64	\$ 1,177,057.53	\$ 2,759,508.04	\$ 393,703.03	\$ 393,703.03	\$ 1,311,747.37

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, 2011</u>	<u>Cancelled</u>	<u>Balance December 31, 2012</u>
03-05/ 03-37	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
04-35/ 05-23	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
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
08/24/09-04 09-24	Various 2008 Capital Improvements	9/22/2008	675,000.00	3,291,000.00	134,497.00	3,156,503.00
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
				<u>\$ 13,732,994.00</u>	<u>\$ 134,497.00</u>	<u>\$ 13,598,497.00</u>

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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance December 31, 2011	Increased	Decreased	Balance December 31, 2012
			Date	Amount					
Water-Sewer Bonds	8/1/2002	1,200,000.00	2013	\$ 150,000.00	3.750%	\$ 290,000.00	\$	\$ 140,000.00	\$ 150,000.00
			2013	230,000.00	4.000%	1,500,000.00		220,000.00	1,280,000.00
			2014	245,000.00	4.000%				
			2015	250,000.00	4.100%				
			2016	275,000.00	4.125%				
Water-Sewer Bonds	6/15/2004	2,780,000.00	2017	280,000.00	4.250%	5,205,000.00		340,000.00	4,865,000.00
			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%				
NJIEIT Trust Bonds	11/23/09	680,000.00	2022	580,000.00	4.250%				
			2013	25,000.00	5.000%	655,000.00		25,000.00	630,000.00
			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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance December 31, 2011	Increased	Decreased	Balance December 31, 2012			
			Date	Amount								
NJ/EIT Fund Loan	11/23/09	2,040,227.00	2013	\$ 34,580.13	0.000%	\$ 622,442.45	\$	\$ 34,580.13	\$ 587,862.32			
			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%							
Water-Sewer Bonds	11/1/2012	2,662,000.00	2013	125,000.00	2.000%		2,662,000.00		2,662,000.00			
			2014	125,000.00	2.000%							
			2015	125,000.00	2.000%							
			2016	135,000.00	2.000%							
			2017	140,000.00	2.000%							
			2018	150,000.00	2.000%							
			2019	155,000.00	2.000%							
			2020	165,000.00	2.000%							
			2021	180,000.00	2.000%							
			2022	195,000.00	2.000%							
			2023	215,000.00	2.000%							
			2024	230,000.00	2.000%							
			2025	235,000.00	2.000%							
			2026	235,000.00	2.100%							
			2027	252,000.00	2.100%							
									\$ 8,272,442.45	\$ 2,662,000.00	\$ 759,580.13	\$ 10,174,862.32

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, 2011</u>	<u>Decreased</u>
10-09	Various 2010 Capital Improvements	12/1/2010	11/29/2011	11/28/2012	1.13%	\$ 477,000.00	\$ 477,000.00
11-02	Various 2011 Capital Improvements	11/29/2011	11/29/2011	11/28/2012	1.13%	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%	189,168.00	189,168.00
						<u>\$ 2,512,168.00</u>	<u>\$ 2,512,168.00</u>
<u>Detail:</u>							
Paid by Water- Sewer Operating Budget						\$ 168.00	
Paid by Water-Sewer Capital Fund						<u>2,512,000.00</u>	
						<u>\$ 2,512,168.00</u>	

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

Ordinance Number	Description	Date	Ordinance Amount	Balance December 31, 2011		Improvement Authorization Cancelled	Encumbrance Cancelled	Paid or Charged	Balance December 31, 2012	
				Funded	Unfunded				Funded	Unfunded
15-03	Acquisition and Installation of Replacement Water Meters and Improvements to Water Facilities	5/27/2003	\$ 1,330,000.00	\$ 353,002.39	\$	\$		\$ 353,002.39	\$	
35-04/ 23-05/18-08	Reconstruction of the Sewer Main Along Maple Ave.	9/28/2004, 5/23/2005, 8/11/08	1,000,000.00 945,000.00	208,901.82			15,649.00	159,988.03	64,562.79	
9-06	Repair and Replacement of Sewer Lines and Hydrant Installation	3/13/2006	250,000.00	18,538.89					18,538.89	
10-06	Various Facility Improvements	3/13/2006	2,425,000.00	126,346.11				3,122.93	123,223.18	
22-07	Water Mains, Fire Hydrant Valves and Sewer Pump Stations	2007	1,140,000.00	72,964.57				71,625.88	1,338.69	
23-07	Various 2007 Capital Improvements	2007	400,000.00	49,823.36					49,823.36	
24-08/4-09/ 24-09	Various 2008 Capital Improvements	9/22/2008, 2/23/2009,	3,291,000.00	204,899.90	439,773.00	134,421.00	76,639.98	205,613.28	91,505.60	289,773.00
10-09	Various 2010 Capital Improvements	2010	477,900.00				21,942.85		21,042.85	900.00
10-39	Septic Tank 2010 Improvements (Local Improvement)	2010	42,426.00	5,604.20					5,604.20	
11-02	Various 2011 Capital Improvements	2/28/2011	1,846,000.00		986,891.53		59,541.00	298,913.78	747,518.75	
11-07	Various 2011 Drainage Improvements	5/25/2011	189,168.00		189,168.00			170,300.44	18,867.56	
				\$ 1,040,081.24	\$ 1,615,832.53	134,421.00	173,772.83	\$ 1,262,566.73	\$ 1,142,025.87	\$ 290,673.00

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

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance December 31, 2011</u>	<u>Serial Bonds Issued</u>	<u>Balance December 31, 2012</u>
08-24/09-04/ 09-24	Various 2008 Water/Sewer Improvements	\$ 439,773.00	\$ 150,000.00	\$ 289,773.00
10-09	Various 2010 Capital Improvements	900.00		900.00
		<u>\$ 440,673.00</u>	<u>\$ 150,000.00</u>	<u>\$ 290,673.00</u>

GENERAL FIXED ASSETS ACCOUNT

BOROUGH OF RED BANK
GENERAL FIXED ASSETS ACCOUNT
COMPARATIVE STATEMENTS OF GENERAL FIXED ASSETS
AS OF DECEMBER 31, 2012 AND 2011

	December 31,	
	<u>2012</u>	<u>2011</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>10,386,719.06</u>	<u>9,965,551.51</u>
	<u>\$ 30,991,782.06</u>	<u>\$ 30,570,614.51</u>
Investment in General Fixed Assets	<u>\$ 30,991,782.06</u>	<u>\$ 30,570,614.51</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

To the Honorable Mayor and Members of the Borough of Red Bank Council:

We have audited, 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, the financial statements of the Borough of Red Bank, County of Monmouth, State of New Jersey (the "Borough"), as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Borough's financial statements, and have issued our report dated June 3, 2013.

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 of the financial statements, we considered the Borough's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the effectiveness of the Borough's internal control.

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

**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 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 material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough's 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 management in the Comments and Recommendations section of this report.

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



David A. Kaplan

Certified Public Accountant

Registered Municipal Accountant #433

DAK CPA

DAK CPA Certified Public Accountants

Long Branch, New Jersey
June 3, 2013

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	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
General Government	\$ 2,328,283.48	\$ 2,161,681.00	\$ 2,123,121.12	\$ 2,180,278.07	\$ 2,262,928.67	\$ 2,457,480.41	\$ 2,432,221.89	\$ 2,361,841.25	\$ 1,726,271.00	\$ 1,637,855.00
Land Use Administration	189,950.00	202,780.00	174,715.71	184,325.66	181,800.00	198,000.00	179,700.00	148,000.00	148,400.00	122,500.00
Insurance	3,204,450.00	2,847,507.00	2,694,906.31	2,428,157.75	2,480,500.00	2,340,000.00	2,179,000.00	1,785,000.00	1,820,000.00	1,330,000.00
Public Safety	5,229,944.00	5,025,595.00	5,087,993.00	5,038,821.00	4,841,439.18	4,737,600.00	4,248,400.00	4,084,100.00	3,881,035.00	3,854,806.00
Public Works	1,977,600.00	1,514,180.00	1,315,445.00	1,304,440.00	1,406,526.00	1,381,380.00	1,251,000.00	1,183,677.10	1,183,605.00	1,160,000.00
Landfill/Solid Waste Disposal Costs	359,200.00	329,200.00	359,200.00	455,000.00	525,000.00	580,000.00	580,000.00	528,000.00	470,000.00	610,000.00
Health and Welfare	218,175.00	212,240.00	192,325.00	238,641.00	217,886.01	198,065.99	134,500.00	118,450.00	122,537.00	122,190.00
Parks and Recreation	465,225.00	435,215.00	441,105.00	469,293.75	454,007.00	445,734.00	399,500.00	375,100.00	342,250.00	332,350.00
Utility Expenses and Bulk Purchases	625,000.00	629,700.00	630,000.00	675,000.00	657,773.82	587,000.00	545,000.00	520,900.00	487,500.00	474,200.00
Uniform Construction Code	286,170.00	317,340.00	280,610.00	335,375.00	295,210.00	283,100.00	345,150.00	330,650.00	364,810.00	363,000.00
Contingent and Celebration	1,000.00	500.00	500.00	1,425.00	1,500.00	2,200.00	2,200.00	1,500.00	1,500.00	1,500.00
Deferred Charges and Statutory										
Expenditures	1,786,264.92	2,025,688.00	1,627,095.41	1,584,141.19	1,241,060.73	723,089.96	843,456.08	823,499.41	950,278.69	708,611.24
State and Federal Grants	198,239.69	255,784.84	157,183.89	222,406.13	190,977.13	2,568,346.04	106,464.97	216,317.59	710,175.50	364,922.56
Judgements	25,000.00				66,603.84					
Capital Improvements	100,000.00	50,000.00	50,000.00	80,000.00	30,000.00	60,000.00	140,000.00	171,250.00	100,000.00	100,000.00
Debt Service	3,185,524.00	3,139,173.50	3,215,777.69	3,289,398.51	3,484,439.00	2,787,078.37	2,771,891.56	2,454,331.87	2,451,842.91	2,243,452.00
Reserve for Sick/Severance Pay		15,000.00	823,383.04	80,059.00	35,956.88	50,000.00	100,000.00	130,000.00		
Reserve for Uncollected Taxes	997,003.70	980,170.85	948,926.66	1,004,998.61	870,673.81	861,775.24	50,000.00	696,669.92	707,587.40	720,857.47
	\$ 21,177,029.79	\$ 20,141,755.19	\$ 20,122,287.83	\$ 19,571,760.67	\$ 19,244,282.07	\$ 20,260,850.01	\$ 16,308,484.50	\$ 15,929,287.14	\$ 15,267,792.50	\$ 14,144,244.27

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

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

Function	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Operating	\$ 662,500.00	\$ 487,700.00	\$ 635,012.00	\$ 729,100.00	\$ 792,234.00	\$ 791,480.00	\$ 723,500.00	\$ 638,300.00	\$ 475,000.00	\$ 395,000.00
Debt Service	107,500.00	114,200.00	187,578.00	189,700.00	245,766.00	247,118.75	243,459.18	236,272.12	193,784.00	240,452.00
Deferred Charges and Statutory										
Expenditures	55,000.00	56,000.00	56,000.00	62,000.00	47,000.00	47,000.00	29,586.25	28,727.84	60,600.00	15,600.00
Surplus Transferred to Current Fund	655,000.00	655,000.00	656,410.00	135,000.00	100,000.00					
	\$ 1,480,000.00	\$ 1,312,900.00	\$ 1,535,000.00	\$ 1,115,800.00	\$ 1,185,000.00	\$ 1,085,598.75	\$ 996,545.43	\$ 903,298.96	\$ 729,384.00	\$ 651,052.00

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

Function	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Operating	\$ 4,816,919.87	\$ 4,171,600.78	\$ 4,193,201.00	\$ 4,608,175.00	\$ 4,906,532.05	\$ 5,082,104.62	\$ 4,523,807.89	\$ 4,051,882.00	\$ 4,070,246.00	\$ 4,284,696.00
Capital Improvements										
Debt Service	1,079,080.13	10,000.00	17,500.00	155,000.00				55,000.00	60,000.00	80,597.04
Deferred Charges and Statutory		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
Expenditures	123,500.00	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
Surplus General Budget	990,000.00	990,000.00	993,720.00	355,000.00	200,000.00	286,000.00				
	\$ 7,009,500.00	\$ 6,337,723.42	\$ 6,330,248.42	\$ 6,175,200.00	\$ 6,579,436.45	\$ 6,388,966.04	\$ 5,395,856.50	\$ 5,247,090.62	\$ 4,977,719.25	\$ 4,863,751.42

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

Source	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Fund Balance Anticipated	\$ 500,000.00	\$ 250,000.00	\$ 350,000.00	\$ 1,255,000.00	\$ 1,300,000.00	\$ 1,300,000.00	\$ 1,185,769.05	\$ 1,237,887.89	\$ 1,040,000.00	\$ 588,777.21
Taxes (1)	11,361,405.10	11,450,687.64	10,525,142.55	10,736,805.17	10,344,639.22	8,663,680.47	7,760,128.96	7,900,988.20	7,552,516.73	7,208,499.04
Delinquent Taxes	1,024,210.42	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
Miscellaneous Revenues	5,290,724.41	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
State Aid	2,011,681.00	2,011,681.00	2,011,681.00	2,528,825.00	2,943,666.00	2,770,744.00	2,843,480.00	2,818,510.00	2,818,510.00	2,713,834.66
Federal and State Grants/Interlocal	198,239.69	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	343,968.56
Non-budget Revenues and Other	900,538.90	668,458.19	432,182.79	401,065.00	692,422.65	667,064.74	464,533.37	315,547.12	141,337.59	188,299.10
Items										
	\$ 21,286,799.52	\$ 20,971,981.34	\$ 19,415,243.09	\$ 19,918,210.73	\$ 20,228,720.16	\$ 20,926,081.42	\$ 17,187,003.61	\$ 16,475,041.89	\$ 15,846,343.47	\$ 14,491,912.75

(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>
2012	\$ 0.523	\$ 0.247	\$ 0.014	\$ 0.588	\$ 0.385	\$ 1.757	97.98%	2.57%
2011	0.509	0.242	0.015	0.569	0.377	1.712	97.29%	2.79%
2010	0.484	0.249	0.016	0.556	0.374	1.679	97.05%	3.11%
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%

Source: Tax Collector.

* Revaluation

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

<u>Year Ended</u> <u>December 31,</u>	<u>Total</u> <u>Tax Levy *</u>	<u>Current Tax</u> <u>Collections</u>	<u>Percentage</u> <u>of Collections</u>
2012	\$ 39,463,704.02	\$ 38,668,937.34	97.98%
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%

* Net of cancellations.

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

<u>Year Ended</u> <u>December 31,</u>	<u>Amount of</u> <u>Tax Title Liens</u>	<u>Amount of</u> <u>Delinquent</u> <u>Taxes</u>	<u>Total</u> <u>Delinquent</u>	<u>Percentage</u> <u>of Tax Levy</u>
2012	\$ 73,982.43	\$ 940,771.26	\$ 1,014,753.69	2.57%
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%

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>
2012	\$ 2,236,728,471	\$ 2,002,801,281	111.68%
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%

* Revaluation

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

BOROUGH OF RED BANK
SCHEDULE OF TEN LARGEST TAXPAYERS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2012

<u>Taxpayer</u>	<u>Assessed Value - 2012</u>	<u>As a Percent of Net Assess Valuation Taxes</u>
#1	\$ 37,545,000	1.68%
#2	23,994,100	1.07%
#3	20,840,900	0.93%
#4	20,438,900	0.91%
#5	18,113,500	0.81%
#6	12,500,000	0.56%
#7	10,508,700	0.47%
#8	9,074,300	0.41%
#9	9,000,000	0.40%
#10	<u>8,348,145</u>	<u>0.37%</u>
	<u>\$ 182,382,545</u>	<u>8.15%</u>

Source: Red Bank Tax Assessor

BOROUGH OF RED BANK
COMPUTATION OF LEGAL DEBT MARGIN
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2012

Average Equalized Valuation	\$ <u>2,113,820,108.33</u>
Borrowing Margin - 3½% of Average Equalized Valuation	\$ 73,983,703.79
Net Debt	<u>13,424,562.71</u>
Remaining Borrowing Power	\$ <u>60,559,141.08</u>

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Municipal Debt - Borough of Red Bank	\$ <u>24,115,634.84</u>	\$ <u>10,691,072.13</u>	\$ 13,424,562.71
Overlapping Debt Apportioned to the Municipality:		<u>Red Bank Allocation</u>	
County of Monmouth (1)		2.1668%	<u>9,967,026.25</u>
			\$ <u>23,391,588.96</u>

Source: (1) County of Monmouth Annual Debt Statement
and Abstract of Ratables

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

<u>Year Ended</u> <u>December 31,</u>	<u>Borough</u> <u>Population (1)</u>	<u>Equalized</u> <u>Valuation (2)</u>	<u>Net</u> <u>Debt (3)</u>	<u>Ratio of</u> <u>Net Debt to</u> <u>Equalized</u> <u>Valuation</u>	<u>Net</u> <u>Debt Per</u> <u>Capita</u>
2012	12,206	\$ 2,002,801,281.34	\$ 13,424,562.71	0.67%	\$ 1,099.83
2011	12,206	2,124,880,286.00	12,089,612.19	0.57%	990.46
2010	12,206	2,213,778,758.00	13,347,506.59	0.60%	1,093.52
2009	11,844	2,339,711,542.00	14,015,208.71	0.60%	1,183.32
2008	11,844	2,345,040,730.00	15,250,681.84	0.65%	1,287.63
2007	11,844	2,264,471,395.00	17,214,453.79	0.76%	1,453.43
2006	11,844	2,141,083,536.00	17,281,292.46	0.81%	1,459.08
2005	11,844	1,588,693,102.00	18,392,921.21	1.16%	1,552.93
2004	11,844	1,346,332,133.00	17,790,505.11	1.32%	1,502.07
2003	11,844	1,167,609,381.00	17,348,327.19	1.49%	1,464.74

(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</u> <u>December 31,</u>	<u>Bond</u> <u>and Note</u> <u>Principal</u>	<u>Interest</u> <u>on Bonds</u> <u>and Notes</u>	<u>Green</u> <u>Trust</u> <u>Loans</u>	<u>Capital</u> <u>Equipment</u> <u>Lease</u>	<u>Total</u> <u>Municipal</u> <u>Debt</u> <u>Service</u>	<u>Total</u> <u>Current Fund</u> <u>Governmental</u> <u>Fund Expenditures</u>	<u>Ratio of</u> <u>Debt Service to</u> <u>Current Fund</u> <u>Expenditures</u>
2012	\$ 1,742,000.00	\$ 374,339.53	\$ 133,923.47	\$ 934,065.10	\$ 3,184,328.10	\$ 20,279,322.55	15.70%
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%

(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		\$ 1,526,002.87
Deductions:		
Operating and Maintenance Cost	\$ 717,500.00	
Debt Service	<u>107,500.00</u>	
Total Deductions		<u>825,000.00</u>
Excess in Revenue		\$ <u><u>701,002.87</u></u>

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

Cash Receipts from Fees, Rents or Other Charges		\$ 7,444,353.26
Deductions:		
Operating and Maintenance Cost	\$ 4,940,419.87	
Debt Service	<u>1,074,625.80</u>	
Total Deductions		<u>6,015,045.67</u>
Excess in Revenue		\$ <u><u>1,429,307.59</u></u>

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

<u>Year Ended</u> <u>December 31,</u>	<u>Unemployment</u> <u>Rate</u>
2012	11.3%
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%

Source : NJ Department of Labor and Workforce Development Website.

BOROUGH OF RED BANK
MISCELLANEOUS STATISTICS
DECEMBER 31, 2012

Date of Incorporation	March 10, 1908
Form of Government	Borough
Area	1.8 square miles
Total Number of Employees (includes part-time)	205

Source: Borough Records.

AUDITOR'S COMMENTS AND RECOMMENDATIONS

GENERAL COMMENTS
DECEMBER 31, 2012

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

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

If the purchasing agent is a qualified purchasing agent, the governing body of the contracting unit may establish that the bid threshold may be up to \$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 2012 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:

Park Maintenance	2011 Road Program
Water-Sewer Connections and Main	Aerial Fire Apparatus Truck
Force Account	Aluminum Sulfite
Sewer Cleaning and Inspections	Hydrated Lime
Count Basie Park Improvements	Sodium Hypochlorite

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.

Other than as described below, 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, 2012

Contracts and Agreements Required To Be Advertised for N.J.S. 40A:11-4 – (Continued)

Finding:

Condition: Our examination revealed one vendor was paid in excess of the bid threshold for which no competitive bids were advertised for.

Criteria: N.J.S. 40A:11-4, the Local Public Contracts Law.

Cause: The vendor has been routinely used by the Borough in the past and cumulative payments never exceeded the bid threshold in the past.

Client Response: The Borough will solicit bids for this type of service going forward and be more diligent in reviewing vendor history reports to ensure no recurrence.

Recommendation: It is recommended that the Borough solicits competitive bids whenever required to do so.

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 2012, 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 2012 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, 2012 covering all unpaid charges on that date was verified with the accounting control figures shown in this report.

The 2012 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, 2012

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

The following comparison is made of the number of municipal liens receivable on December 31st of the last three (3) years.

<u>Year</u>	<u>of Liens</u>
2012	6
2011	6
2010	7

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

The detail of all unpaid Water-Sewer rents for 2012 and prior years is being properly carried in the Water-Sewer Collector's records. An abstract taken from these records as at December 31, 2012, 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, 2012. Supplemental bank reconciliations were reviewed as of February 28, 2013.

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

The change funds and petty cash funds were counted.

Interfunds

There are interfunds outstanding between the various funds at December 31, 2012. 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.

OTHER COMMENTS (CONTINUED)
DECEMBER 31, 2012

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 2012 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 two of the interlocal service recipients totaling \$10,812.52 went uncollected at year end.

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

Cause: A delay in billing and lack of oversight.

Recommendation: None, as the amounts due the Borough for interlocal dog warden have been billed and are being reviewed for collection.

Finding:

Condition: We noted the Borough's foreclosed property register has not been contemporaneously maintained.

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

Cause: Balance remained unchanged for many years and maintenance of the foreclosed property register was not performed.

Recommendation: It is recommended that foreclosed property register be reviewed for accuracy and the value of foreclosed property be adjusted accordingly.

OTHER COMMENTS (CONTINUED)
DECEMBER 31, 2012

Miscellaneous Comments – (Continued)

Finding:

Condition: We noted that parking meter pay stations were acquired and installed in certain lots within the Borough. The Borough Ordinance regulating parking and parking meters was not amended to provide for the changes the new technology affords parking patrons.

Criteria: Borough Ordinance.

Cause: Oversight.

Recommendation: None in that the Borough's Ordinance regulating parking meters has been revised at the June 12, 2013 public meeting.

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 the prior year's audit recommendation.

RECOMMENDATIONS
DECEMBER 31, 2012

It is recommended:

- 2012-1 The Borough solicits competitive bids whenever required to do so.
- 2012-2 That the foreclosed property register be reviewed for accuracy and the value of foreclosed property be adjusted accordingly.

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

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

Very truly yours,

A handwritten signature in black ink, appearing to read 'DAK', with a stylized, cursive flourish extending from the end.

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

For The Firm
DAK CPA Certified Public Accountants