

**COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE**

**BOROUGH OF RED BANK**

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

**FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

**Presented by**

**Eugenia Poulos  
Chief Financial Officer  
Borough of Red Bank**

**BOROUGH OF RED BANK**  
**TABLE OF CONTENTS**  
**YEAR ENDED DECEMBER 31, 2013**

	<u>Page</u>
<u>INTRODUCTORY SECTION</u>	
Letter of Transmittal	1-5
Table of Organization	6
Roster of Officials	7
Consultants and Advisors	8-9
<u>FINANCIAL SECTION</u>	
Independent Auditors' Report	10-11
<u>Exhibit Number</u>	
<u>GENERAL PURPOSE FINANCIAL STATEMENTS</u>	
A-1 Combined Statement of Assets, Liabilities, Reserves and Fund Balance - All Fund Types and Account Groups - Regulatory Basis	12-13
A-2 Combined Statement of Revenues, Expenses and Changes in Fund Balance - Budget and Actual - Current, Parking Utility and Water-Sewer Utility Operating Funds - Regulatory Basis	14-16
A-3 Statement of General Capital Fund Balance - Regulatory Basis	17
A-4 Statement of Parking Utility Capital Fund Balance - Regulatory Basis	18
A-5 Statement of Water-Sewer Utility Capital Fund Balance - Regulatory Basis	19
Notes to Financial Statements	20-50
<u>COMBINING AND INDIVIDUAL FUND AND ACCOUNT GROUP STATEMENTS</u>	
Current Fund:	
B-1 Comparative Statements of Assets, Liabilities and Fund Balance - Regulatory Basis	51-52
B-2 Comparative Statements of Operations and Changes in Fund Balance - Regulatory Basis	53-54
B-3 Statement of Revenues - Regulatory Basis	55-56
B-4 Statement of Expenditures - Regulatory Basis	57-62
B-5 Statement of Taxes Receivable and Analysis of Property Tax Levy	63
B-6 Statement of Tax Title Liens Receivable	64

**BOROUGH OF RED BANK**  
**TABLE OF CONTENTS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2013**

<u>Exhibit Number</u>		<u>Page</u>
	<b><u>COMBINING AND INDIVIDUAL FUND AND ACCOUNT GROUP STATEMENTS (CONTINUED)</u></b>	
	Current Fund (Continued):	
B-7	Statement of 2012 Appropriation Reserves	65-66
B-8	Statement of Deferred Charges	67
B-9	Statement of School Tax Payable	68
B-10	Statement of State and Federal Grants Receivable	69
B-11	Statement of Reserve for Federal and State Grants – Appropriated – Federal and State Grant Fund	70
B-12	Statement of Reserve for Federal and State Grants – Unappropriated – Federal and State Grant Fund	71
	Trust Funds:	
C-1	Comparative Statement of Assets, Liabilities and Reserves - Regulatory Basis	72
C-2	Statement of Reserve for Animal Control Expenditures	73
C-3	Statement of Various Reserves	74
C-4	Statement of Reserve for New Jersey Unemployment Compensation Insurance	75
	General Capital Fund:	
D-1	Comparative Statements of Assets, Liabilities, Reserves and Fund Balance -Regulatory Basis	76-77
D-2	Analysis of Cash and Cash Equivalents	78-79
D-3	Statement of Deferred Charges to Future Taxation, Unfunded	80
D-4	Statement of Improvement Authorizations	81
D-5	Statement of Bond Anticipation Notes	82
D-6	Statement of Serial Bonds	83
D-7	Statement of Refunding Serial Bonds	84
D-8	Statement of Intergovernmental Receivables	85
D-9	Statement of Bonds and Notes Authorized but not Issued	86

**BOROUGH OF RED BANK**  
**TABLE OF CONTENTS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2013**

<u>Exhibit Number</u>		<u>Page</u>
	<b><u>COMBINING AND INDIVIDUAL FUND AND ACCOUNT GROUP STATEMENTS (CONTINUED)</u></b>	
	Utility Operating Funds - Combined Statements:	
E-1	Combined Comparative Statement of Assets, Liabilities, Reserves and Fund Balance – Parking and Water-Sewer Utility Operating Funds - Regulatory Basis	87
	Parking Utility Operating Fund:	
EP-1	Comparative Statements of Operations and Change in Operating Fund Balance - Regulatory Basis	88
EP-2	Statement of Revenues - Regulatory Basis	89
EP-3	Statement of Expenditures - Regulatory Basis	90
EP-4	Statement of 2012 Appropriation Reserves	91
EP-5	Statement of Accrued Interest on Bonds and Notes	92
	Water-Sewer Utility Operating Fund:	
EWS-1	Comparative Statements of Operations and Change in Operating Fund Balance - Regulatory Basis	93
EWS-2	Statement of Revenues - Regulatory Basis	94
EWS-3	Statement of Expenditures - Regulatory Basis	95
EWS-4	Statement of Consumer Accounts Receivable	96
EWS-5	Statement of Water-Sewer Utility Liens Receivable	96
EWS-6	Statement of 2012 Appropriation Reserves	97
EWS-7	Statement of Accrued Interest on Bonds and Notes	98
	Utility Capital Funds - Combined Statements:	
F-1	Combined Comparative Statement of Assets, Liabilities, Reserves and Fund Balance - Parking and Water-Sewer Utility Capital Funds - Regulatory Basis	99
	Parking Utility Capital Fund:	
FP-1	Analysis of Cash and Cash Equivalents	100
FP-2	Statement of Fixed Capital Authorized and Uncompleted	101
FP-3	Statement of Serial Bonds	102
FP-4	Statement of Improvement Authorizations	103



**BOROUGH OF RED BANK**  
**TABLE OF CONTENTS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2013**

<u>Exhibit Number</u>		<u>Page</u>
	<b><u>COMBINING AND INDIVIDUAL FUND AND ACCOUNT GROUP STATEMENTS (CONTINUED)</u></b>	
	Water-Sewer Utility Capital Fund:	
FWS-1	Analysis of Cash and Cash Equivalents	104
FWS-2	Statement of Fixed Capital Authorized and Uncompleted	105
FWS-3	Statement of Serial Bonds	106-107
FWS-4	Statement of Bond Anticipation Notes	108
FWS-5	Statement of Improvement Authorizations	109
FWS-6	Statement of Bonds and Notes Authorized but not Issued	110
	General Fixed Assets Account:	
G-1	Comparative Statements of General Fixed Assets	111
	Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	112-113
	<b><u>STATISTICAL SECTION</u></b>	
H-1	Current Fund Expenditures by Function	114
H-2	Parking Utility Operating Fund Expenditures by Function	115
H-3	Water-Sewer Utility Operating Fund Expenditures by Function	116
H-4	Current Fund Revenues by Source	117
H-5	Property Tax Rates Per \$100 of Assessed Valuation	118
H-6	Municipal Property Tax Levies and Collections	119
H-7	Delinquent Taxes and Tax Title Liens	120
H-8	Assessed and Estimated Actual Value of Taxable Property	121
H-9	Schedule of Ten Largest Taxpayers	122
H-10	Computation of Legal Debt Margin	123
H-11	Ratio of Bonded Debt, Bond Anticipation Notes and Loans to Equalized Value and Debt Per Capita	124
H-12	Ratio of Annual Debt Service Expenditures for Bonded Debt, Bond Anticipation Notes and Loans	125
H-13	Calculation of "Self-Liquidating Purpose" Per N.J.S. 40A:2-45 Parking Utility Operating Fund	126
H-14	Calculation of "Self-Liquidating Purpose" Per N.J.S. 40A:2-45 Water-Sewer Utility Operating Fund	127
H-15	Demographic Statistics	128
H-16	Miscellaneous Statistics	129

**BOROUGH OF RED BANK**  
**TABLE OF CONTENTS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2013**

Page

**AUDITOR'S COMMENTS AND RECOMMENDATIONS**

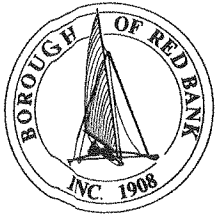
General Comments:

Contracts and Agreements Required to be Advertised for N.J.S. 40A:11-4	130
Collection of Interest on Delinquent Taxes and Utility Charges	131
Delinquent Taxes, Tax Title Liens and Delinquent Water-Sewer Rents and Liens	131-132

Other Comments:

Cash Balances	132
Revenues	132
Expenditures	133
Payroll	133
Miscellaneous Comments	133
Appreciation	134
Status of Prior Year's Recommendations	134
Recommendations	134

## **INTRODUCTORY SECTION**



# **Borough of Red Bank**

## **FINANCE OFFICE**

90 Monmouth Street  
Red Bank, NJ 07701

Eugenia Poulos, CMFO, QPA  
Chief Financial Officer

May 9, 2014

Tel: (732) 530-2742

Fax: (732) 758-1995

E-mail: [Epoulos@redbanknj.org](mailto:Epoulos@redbanknj.org)

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 year ended December 31, 2013 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**

2013 saw a dramatic increase in our Current Fund Balance of \$612,706. 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.

*Visit us online at [www.redbanknj.org](http://www.redbanknj.org)*

## PRESENT AND FUTURE CHALLENGES

The Current Fund, which finances most of the operational areas of our local government, had total revenues of \$22,439,835 and total expenditures of \$21,622,672. The following schedules summarize municipal revenues and expenses for 2013 and 2012.

### Comparative Summary of Current Fund Municipal Revenues

	<u>2013</u>	<u>2012</u>	<u>Increase/(Decrease)</u>	
			<u>\$</u>	<u>%</u>
Fund Balance	\$ 500,000	\$ 500,000	\$	%
Municipal/Library Purposes Tax	12,405,395	11,361,405	1,043,990	9.19
Delinquent Tax Receipts	861,867	1,024,210	(162,343)	(15.85)
Miscellaneous Anticipated Revenues	5,697,166	5,290,796	406,370	7.68
Intergovernmental Revenue	2,170,567	2,209,921	(39,354)	(1.78)
Other Credits to Income	471,300	626,584	(155,284)	(24.78)
Miscellaneous Revenue	<u>333,540</u>	<u>273,925</u>	<u>59,615</u>	<u>21.76</u>
	<u>\$ 22,439,835</u>	<u>\$ 21,286,841</u>	<u>\$ 1,152,994</u>	<u>5.42 %</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 2013 over 2012 was approximately 2.10% as follows:

<u>Function</u>	<u>2013</u>	<u>2012</u>	<u>Increase/(Decrease)</u>	
			<u>\$</u>	<u>%</u>
General Government	\$ 2,609,750	\$ 2,328,283	\$ 281,467	12.09
Land Use Administration	195,700	189,950	5,750	3.03
Insurance	3,332,244	3,204,450	127,794	3.99
Public Safety	5,340,060	5,229,944	110,116	2.11
Public Works	1,480,180	1,977,600	(497,420)	(25.15)
Landfill/Solid Waste Disposal Costs	390,000	359,200	30,800	8.57
Health and Welfare	232,250	218,175	14,075	6.45
Parks and Recreation	454,325	465,225	(10,900)	(2.34)
Utility Expenses and Bulk Purchases	599,000	625,000	(26,000)	(4.16)
Uniform Construction Code	542,104	286,170	255,934	89.43
Contingent	1,000	1,000		
Deferred Charges and Statutory Expenditures	1,825,163	1,786,265	38,898	2.18
State and Federal Grants	158,886	198,240	(39,354)	(19.85)
Capital Improvements	150,000	100,000	50,000	50.00
Municipal Debt Service	3,255,763	3,185,524	70,239	2.20
Judgements	25,000	25,000		100.00
Reserve for Uncollected Taxes	<u>1,031,247</u>	<u>997,004</u>	<u>34,243</u>	<u>3.43</u>
	<u>\$ 21,622,672</u>	<u>\$ 21,177,030</u>	<u>\$ 445,642.00</u>	<u>2.10%</u>

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

The Water-Sewer Utility serves the entire Borough, which encompasses 4,500 accounts and a population of 10,000. Overall fund balance fell by \$26,708 from 2012 levels. Water-Sewer Utility revenues realized were about 6% more than anticipated. Significant improvements to the Borough's water treatment infrastructure occurred during 2013.

The Parking Utility operates metered municipal parking lots and owns a 450 car parking garage, which it leases to Riverview Medical Center. Overall fund balance fell by \$14,745 from 2012 levels.

Both the Parking Utility and Water-Sewer Utility remained self-liquidating for 2013.

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 2014 budget. Future development should be added to the tax rolls in 2014. 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 2013 no investments were made.

## **DEBT ADMINISTRATION**

The current outstanding net debt of the Borough is \$12,035,249 which represents .589% of its average equalized value. Debt service appropriations for 2013 for the Current Fund were 16.13% 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.

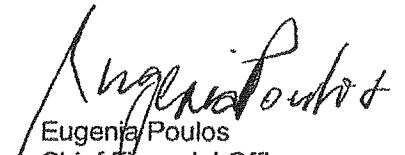
The success of these funds is unprecedented and they have served as a national example of well-run, innovative self-insurance funds.

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

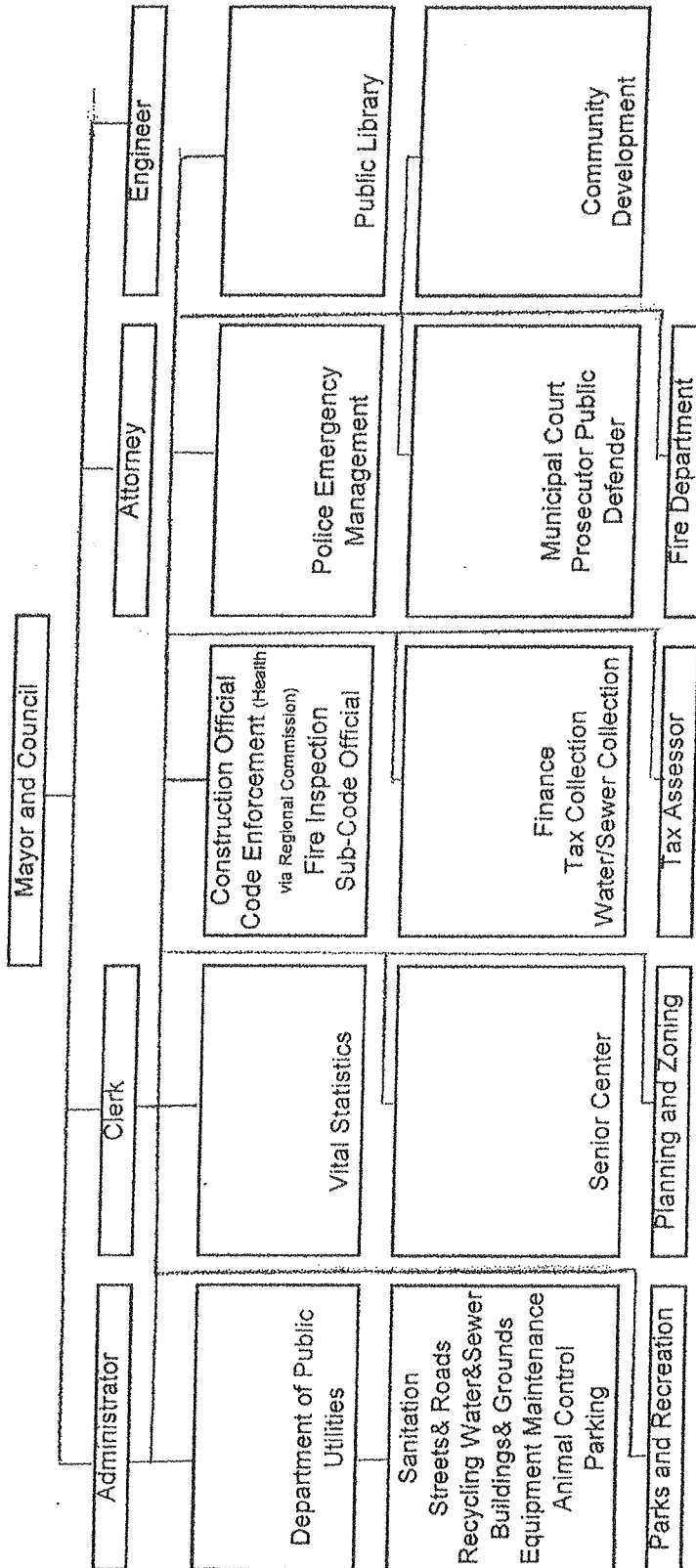
The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of the Finance Department and the Administration Department. I would also like to express my appreciation to Mr. David A. Kaplan, CPA, RMA for his help and assistance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

Respectfully submitted,

  
Eugenia Poulos  
Chief Financial Officer



**BOROUGH OF RED BANK**  
**TABLE OF ORGANIZATION**



**BOROUGH OF RED BANK**  
**ROSTER OF OFFICIALS**  
**DECEMBER 31, 2013**

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 – Resigned Effective December 7, 2013

Dianne Lapp, Interim Treasurer, Water-Sewer Comptroller, Parking Utility Collector and Chief Financial Officer – December 7, 2013 Through January 15, 2014

Eugenia Poulos, Treasurer, Water-Sewer Comptroller, Parking Utility Collector and Chief Financial Officer – Effective January 16, 2014

Constance Ludden, Tax and Utility Collector – Resigned Effective December 31, 2013

Ashlesha Deshpande, Tax and Utility Collector – January 1, 2014

Mitchell Elias, Tax Assessor

Stanley J. 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, 2013**

**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, 2013**

**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

**INDEPENDENT AUDITOR'S REPORT**

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

**Report on the Financial Statements**

We have audited the accompanying financial statements-regulatory basis of the various funds and account groups and the related notes to the financial statements of the Borough of Red Bank (the "Borough") as of and for the year ended December 31, 2013 as listed in the accompanying table of contents.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with financial reporting provisions of the Division of Local Government Services (the "DLGS"). Management is responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the audit requirements as prescribed by the DLGS. 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.

**Basis for Adverse Opinion in U.S. Generally Accepted Accounting Principles**

As described in Note 1, the financial statements are prepared by the Borough on the basis of financial reporting provisions of the DLGS, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the requirements of the DLGS. The effect on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

**Adverse Opinion on U.S. Generally Accepted Accounting Principles**

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion of the U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to in the first paragraph do not

Member American Institute of Certified Public Accountants

present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Borough as of December 31, 2013, the changes in the financial position, or, where applicable, its cash flows for the year then ended.

### **Opinions on Regulatory Basis of Accounting**

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the various funds and account groups of the Borough as of December 31, 2013, and the results of its operations and changes in fund balance of the individual funds for the year then ended and the statements of revenues and the statements of expenditures for the year ended December 31, 2013, on the basis of financial reporting provisions of the DLGS, as described in Note 1.

### **Other Matters**

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 1 through 7 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context.

Our audit was conducted for the purpose of forming an opinion on the financial statements-regulatory basis of the Borough taken as a whole. The accompanying financial information listed as supplementary schedules and comments sections in the table of contents are presented for the purpose of additional analysis and are not a required part of the financial statements-regulatory basis. The accompanying financial information listed as supplementary schedules and comments sections in the table of contents are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the financial statements-regulatory basis. Such information has been subjected to the auditing procedures applied in the audit of the financial statements-regulatory basis, including comparing and reconciling such information directly to the underlying accounting records and other records used to prepare the financial statements-regulatory basis themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules and comments section are fairly stated in all material respects in relation to the financial statements-regulatory basis as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated May 9, 2014, on our consideration of the Borough's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough's internal control over financial reporting and compliance.



David A. Kaplan, CPA  
Registered Municipal Accountant #433

DAK CPA

Long Branch, New Jersey  
May 9, 2014

DAK CPA, Certified Public Accountants

## **FINANCIAL SECTION**

## **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, 2013**  
**(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2012)**

	Governmental Funds			Trust Funds	Utilities		General Fixed Assets Account	Totals	
	Current	General Capital			Operating	Capital		2013	2012
<b>ASSETS AND OTHER DEBITS</b>									
Cash and Cash Equivalents	\$ 4,385,280.38	\$ 3,369,064.12	\$ 3,685,475.73		\$ 1,870,139.10	\$ 1,621,740.14		\$ 14,930,698.47	\$ 12,925,543.20
Intergovernmental Receivables	5,121.08		4,627.33					9,748.41	10,006.08
Receivables and Other Assets:									
Delinquent Property Taxes	968,907.91							968,907.91	940,771.26
Consumer Accounts Receivable					760,090.64			760,090.64	853,991.94
Inventory					215,980.99			215,980.99	13,746.24
Liens Receivable	2,096.77				4,438.55			6,535.32	78,420.98
Demolition Liens Receivable	8,930.09							8,930.09	8,930.09
Property Acquired for Taxes - Assessed Valuation									
Other Accounts Receivable	36,648.20							149,148.20	301,000.00
Interfunds Receivable	87,052.31				23,410.19			110,462.50	608,940.11
Capital Lease Obligations, Unfunded								195,280.02	195,280.02
Deferred Charges								2,830,600.00	2,375,800.00
Fixed Capital	1,025,200.00							13,959,891.06	14,592,701.22
Fixed Assets								28,926,824.45	28,221,384.45
Federal and State Grant Fund:								30,970,541.95	30,991,782.06
Cash and Cash Equivalents	148,872.65							148,872.65	483,663.00
Federal and State Grants Receivable	78,189.37							78,189.37	87,243.76
Interfunds Receivable	4,000.00							4,000.00	64,026.72
<b>Total Assets and Other Debits</b>	<b>\$ 6,750,298.76</b>	<b>\$ 19,245,855.18</b>	<b>\$ 3,690,103.06</b>		<b>\$ 2,874,059.47</b>	<b>\$ 30,548,564.59</b>	<b>\$ 30,970,541.95</b>	<b>\$ 94,079,423.01</b>	<b>\$ 92,753,231.13</b>

See Notes to Financial Statements.

**BOROUGH OF RED BANK**  
**COMBINED STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE -**  
**ALL FUND TYPES AND ACCOUNT GROUPS - REGULATORY BASIS**  
**DECEMBER 31, 2013**  
**(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2012)**

	Governmental Funds			Trust Funds	Utilities		General Fixed Assets Account	Totals	
	Current	General Capital			Operating	Capital		2013	2012
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>									
Liabilities and Reserves:									
Appropriation Reserves	\$ 816,030.70	\$	\$	\$	\$		\$	\$ 1,106,957.34	\$ 1,043,709.60
Other Liabilities and Reserves	2,109,617.17	1,457,162.95	3,614,076.37	457,420.63	372,469.25		8,010,746.37	7,711,663.42	7,711,663.42
Improvement Authorizations		2,641,967.84			1,536,618.95		4,178,586.79	3,539,450.16	3,539,450.16
Accrued Interest on Bonds and Notes					119,665.90		119,665.90	120,187.02	120,187.02
Reserve for Amortization						18,124,330.19	18,124,330.19	17,129,750.06	17,129,750.06
Deferred Reserve for Amortization						566,099.07	566,099.07	566,099.07	566,099.07
Interfund Payable	6,290.83	5,412.58	76,026.69	24,000.00	2,732.40		114,462.50	79,003.58	79,003.58
Accounts Payable								18,453.37	18,453.37
Bond Anticipation Notes		1,786,405.00				705,440.00	2,491,845.00	300,000.00	300,000.00
Special Emergency Notes	1,025,200.00	10,422,000.00					1,025,200.00	904,000.00	904,000.00
Serial and Refunding Bonds						9,240,282.19	19,662,282.19	22,745,862.32	22,745,862.32
Loans Payable		585,054.36					585,054.36	705,467.52	705,467.52
Capital Lease Payable - Principal		2,340,600.00					2,340,600.00	1,885,800.00	1,885,800.00
Reserve for Receivables and Other Assets	1,103,635.28			980,510.18			2,084,145.46	2,239,540.78	2,239,540.78
Federal and State Grant Fund:									
Interfund Payable								175,000.00	175,000.00
Reserve for Encumbrances								85,173.89	85,173.89
Unappropriated/Appropriated Reserves	231,062.02						231,062.02	374,759.59	374,759.59
Total Liabilities and Reserves	5,291,836.00	19,238,602.73	3,690,103.06	1,872,523.35	30,547,972.05		60,641,037.19	59,623,920.38	59,623,920.38
Equity and Other Credits:									
Investment in General Fixed Assets	1,458,462.76	7,252.45		1,001,536.12			30,970,541.95	30,991,782.06	30,991,782.06
Fund Balance						592.54	2,467,843.87	2,137,528.69	2,137,528.69
Total Equity and Other Credits	1,458,462.76	7,252.45		1,001,536.12		592.54	33,438,385.82	33,129,310.75	33,129,310.75
Total Liabilities, Reserves and Fund Balance	\$ 6,750,298.76	\$ 19,245,855.18	\$ 3,690,103.06	\$ 2,874,059.47	\$ 30,548,564.59		\$ 94,079,423.01	\$ 92,753,231.13	\$ 92,753,231.13

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, 2013**

	Current Fund			Utility Operating Funds (1)		
	Final Budget	Actual	Variance Favorable (Unfavorable)	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Fund Balance Anticipated	\$ 500,000.00	\$ 500,000.00	\$	\$ 420,337.36	\$ 420,337.36	\$
Water-Sewer Rents and Connection Fees				6,590,000.00	6,956,896.83	366,896.83
Parking Meter and Lot Fees				1,453,000.00	1,526,323.62	73,323.62
Miscellaneous Revenues	5,323,327.13	5,697,166.39	373,839.26	129,768.64	157,318.71	27,550.07
State Aid	2,011,681.00	2,011,681.00				
Federal and State Grants	167,363.79	167,363.79				
	8,002,371.92	8,376,211.18	373,839.26	8,593,106.00	9,060,876.52	467,770.52
Receipts from Delinquent Taxes						
Amount to be Raised by Taxes for Support of Municipal Budget:	904,000.00	861,867.45	(42,132.55)			
Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes	11,691,653.86	11,734,270.67	42,616.81			
Minimum Library Levy	671,124.00	671,124.00				
	21,269,149.78	21,643,473.30	374,323.52	8,593,106.00	9,060,876.52	467,770.52
Budget Totals						
Non-budget Revenues		333,539.54	333,539.54		4,603.18	4,603.18
Other Credits to Income		471,299.51	471,299.51		156,510.88	156,510.88
Taxes Allocated to School, County and Special Districts		28,507,941.45	28,507,941.45			
	\$ 21,269,149.78	\$ 50,956,253.80	\$ 29,687,104.02	\$ 8,593,106.00	\$ 9,221,990.58	\$ 628,884.58
Total Revenues						

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, 2013**

	Current Fund		Variance Favorable (Unfavorable)	Utility Operating Funds (1)		
	Final Budget	Actual		Final Budget	Actual	Variance Favorable (Unfavorable)
Expenditures:						
Current:						
General Government	\$ 2,804,750.00	\$ 2,804,750.00	\$	\$	\$	\$
Land Use Administration	195,700.00	195,700.00				
Insurance	3,332,244.00	3,332,244.00				
Public Safety	5,340,060.00	5,340,060.00				
Public Works	1,480,180.00	1,480,180.00				
Landfill/Solid Waste Disposal Costs	390,000.00	390,000.00				
Health and Welfare	232,250.00	232,250.00				
Parks and Recreation	454,325.00	454,325.00				
Utility Expenses and Bulk Purchases	599,000.00	599,000.00				
Uniform Construction Code	347,104.00	347,104.00				
Contingent	1,000.00	1,000.00				
State and Federal Grants	167,363.79	167,363.79				
Operating - Utility Funds	150,000.00	150,000.00		5,482,856.00	5,482,856.00	
Capital Improvements	3,255,763.00	3,255,763.00		1,298,250.00	1,298,250.00	
Debt Service						
Deferred Charges and Statutory						
Expenditures	1,825,162.55	1,825,162.55		182,000.00	182,000.00	
Judgements	25,000.00	25,000.00				
Surplus - General Budget				1,630,000.00	1,630,000.00	
Reserve for Uncollected Taxes	1,031,247.44	1,031,247.44				
Total Budget Expenditures	21,631,149.78	21,631,149.78		8,593,106.00	8,593,106.00	
Other Expenditures		57,978.67	(57,978.67)			
County, School and Special District Taxes		28,507,941.45	(28,507,941.45)			
Total Expenditures	\$ 21,631,149.78	\$ 50,197,069.90	\$ (28,565,920.12)	\$ 8,593,106.00	\$ 8,593,106.00	\$

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, 2013**

	Current Fund			Utility Operating Funds (1)		
	Final Budget	Actual	Variance Favorable (Unfavorable)	Final Budget	Actual	Variance Favorable (Unfavorable)
Excess/(Deficit) in Revenues over Expenditures	\$ (362,000.00)	\$ 759,183.40	\$ 1,121,183.40	\$	\$ 628,884.58	\$ 628,884.58
Adjustment to Income Before Fund Balance: Expenditures included above which are by statute deferred charges to budgets of succeeding years	362,000.00	362,000.00				
Statutory Excess to Fund Balance		1,121,183.40	1,121,183.40		628,884.58	628,884.58
Fund Balance, January 1		837,279.36	837,279.36		1,042,988.90	1,042,988.90
Decreased By:		1,958,462.76	1,958,462.76		1,671,873.48	1,671,873.48
Utilization as Anticipated Revenue Transferred to Current Fund		500,000.00	500,000.00		420,337.36	420,337.36
					250,000.00	(250,000.00)
Fund Balance, December 31	\$	\$ 1,458,462.76	\$ 1,458,462.76	\$	\$ 1,001,536.12	\$ 1,501,536.12

(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, 2012</u>	\$ 257,252.45
<u>DECREASED BY</u>	
Transferred to Current Fund - Anticipated Revenue	<u>250,000.00</u>
<u>BALANCE, DECEMBER 31, 2013</u>	<u>\$ 7,252.45</u>

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

<u>BALANCE, DECEMBER 31, 2012</u>	\$ 7.98
-----------------------------------	---------

AND

<u>BALANCE, DECEMBER 31, 2013</u>	\$ <u>7.98</u>
-----------------------------------	----------------

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

INCREASED BY

Premium on Sale of Notes	\$ 584.56
--------------------------	-----------

BALANCE, DECEMBER 31, 2013

\$ <u>584.56</u>
------------------



## **NOTES TO FINANCIAL STATEMENTS**

**BOROUGH OF RED BANK**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2013 AND 2012**

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, 2013 AND 2012**

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Description of Funds (Continued)

General Fixed Assets Account - The General Fixed Assets Account is used to account for fixed assets used in general government operations. In accordance with the State's Technical Accounting Directive No. 85-2, the Borough has recorded land and buildings at insurable value. Equipment and vehicles are stated at historical cost. Depreciation is not recorded. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized.

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

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

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

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

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

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

**BOROUGH OF RED BANK**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEARS ENDED DECEMBER 31, 2013 AND 2012**

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, 2013 AND 2012**

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, 2013 AND 2012**

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.

**BOROUGH OF RED BANK**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEARS ENDED DECEMBER 31, 2013 AND 2012**

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 \$250,000.00 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, 2013 was \$15,079,572.12. The balance on deposit was \$15,088,685.91. Of that, \$3,497,548.58 was covered by FDIC insurance.

**BOROUGH OF RED BANK**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEARS ENDED DECEMBER 31, 2013 AND 2012**

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, 2013 AND 2012**

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, 2013 is as follows:

	Parking <u>Utility</u>	Water- Sewer <u>Utility</u>	Total Enterprise <u>Fund</u>
Revenue and Other Income Realized:			
Operating Fund Balance Appropriated	\$ 58,681.36	\$ 361,656.00	\$ 420,337.36
Parking Fees	1,190,106.90		1,190,106.90
Water-Sewer Rents		6,679,987.83	6,679,987.83
Water and Sewer Connection Fees		276,909.00	276,909.00
Riverview Hospital - Lease Agreement	336,216.72		336,216.72
Reserve for Payment of Bonds	19,768.64		19,768.64
Current Budget Appropriations Cancelled	1,009.97	25,000.00	26,009.97
Non-Budget Revenue	2,343.01	139,810.24	142,153.25
Other Credits to Income - Unexpended Balance of Appropriation Reserves	<u>42,259.82</u>	<u>88,241.09</u>	<u>130,500.91</u>
Total Income	<u>1,650,386.42</u>	<u>7,571,604.16</u>	<u>9,221,990.58</u>
Expenditures:			
Operating	731,200.00	4,751,656.00	5,482,856.00
Debt Service	62,250.00	1,236,000.00	1,298,250.00
Deferred Charges and Statutory Expenditures	58,000.00	124,000.00	182,000.00
Surplus General Budget	680,000.00	950,000.00	1,630,000.00
Total Expenditures	<u>1,531,450.00</u>	<u>7,061,656.00</u>	<u>8,593,106.00</u>
Statutory Excess to Fund Balance	118,936.42	509,948.16	628,884.58
Fund Balance, January 1	<u>218,346.33</u>	<u>824,642.57</u>	<u>1,042,988.90</u>
	337,282.75	1,334,590.73	1,671,873.48
Decreased by:			
Utilized as Anticipated Revenue	58,681.36	361,656.00	420,337.36
Transferred to Current Fund	<u>75,000.00</u>	<u>175,000.00</u>	<u>250,000.00</u>
Fund Balance, December 31	<u>\$ 203,601.39</u>	<u>\$ 797,934.73</u>	<u>\$ 1,001,536.12</u>

**BOROUGH OF RED BANK**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEARS ENDED DECEMBER 31, 2013 AND 2012**

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>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Tax Rate	\$ 1.810	\$ 1.757	\$ 1.712	\$ 1.679	\$ 1.613
Apportionment of Tax Rate:					
Municipal	0.555	0.523	0.509	0.484	0.462
County	0.242	0.247	0.242	0.249	0.238
County Open Space Fund	0.013	0.014	0.015	0.016	0.016
District School	0.616	0.588	0.569	0.556	0.530
Regional High School	0.384	0.385	0.377	0.374	0.367

\* Revaluation.

**BOROUGH OF RED BANK**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEARS ENDED DECEMBER 31, 2013 AND 2012**

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

Assessed Valuations

<u>Year</u>	<u>Amount</u>
2013	\$ 2,219,797,941.00
2012	2,236,728,471.00
2011	2,259,057,134.00
2010	2,268,924,764.00
2009	2,287,756,376.00

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2013	\$ 40,772,587.02	\$ 39,882,088.68	97.81%
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%

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>
2013	\$ 2,096.77	\$ 968,907.91	\$ 971,004.68	2.38%
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%

**BOROUGH OF RED BANK**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEARS ENDED DECEMBER 31, 2013 AND 2012**

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>
2013	\$ None
2012	301,000.00
2011	301,000.00
2010	301,000.00
2009	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>
2013	\$ 6,586,086.65	\$ 6,679,987.83
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

**BOROUGH OF RED BANK**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEARS ENDED DECEMBER 31, 2013 AND 2012**

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

2013	\$ 1,458,462.76	\$ 1,000,000.00		68.57%
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%

Water-Sewer Utility Operating Fund

2013	\$ 797,934.73	\$ 115,313.00	\$ 175,000.00	14.45%
2012	824,642.57	361,656.00	175,000.00	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

Parking Utility Operating Fund

2013	\$ 203,601.39	\$ 75,500.00	\$ 75,000.00	37.08%
2012	218,346.33	58,681.36	75,000.00	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

**BOROUGH OF RED BANK**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEARS ENDED DECEMBER 31, 2013 AND 2012**

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, 2013 AND 2012**

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 6.64% through June 30 and 6.78% 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>
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
2013	418,024.00	254,905.02	909,033.00	390,430.60

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, 2013 AND 2012**

**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	
	Principal	Interest
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>\$ 10,422,000.00</u>	<u>\$ 1,359,409.90</u>

Calendar Year	Water-Sewer Capital		Total		Grand Totals
	Principal	Interest	Principal	Interest	
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>\$ 9,240,282.19</u>	<u>\$ 1,674,605.53</u>	<u>\$ 19,662,282.19</u>	<u>\$ 3,034,015.43</u>	<u>\$ 22,696,297.62</u>



**BOROUGH OF RED BANK**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEARS ENDED DECEMBER 31, 2013 AND 2012**

Note 9. MUNICIPAL DEBT (CONTINUED)

Summary of Municipal Debt (Excluding Current and Operating Debt)

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Issued:			
General			
Bonds and Notes	\$ 12,208,405.00	\$ 12,811,000.00	\$ 11,903,500.00
Loans Payable	585,054.38	705,467.52	983,508.08
Water-Sewer Utility			
Bonds and Notes	9,945,722.19	10,174,862.32	10,784,610.45
Parking Utility			
Bonds and Notes		60,000.00	165,000.00
	<u>22,739,181.57</u>	<u>23,751,329.84</u>	<u>23,836,618.53</u>
Authorized but not Issued:			
General			
Bonds and Notes	137,243.70	172,243.70	73,632.00
Water-Sewer Utility			
Bonds and Notes	290,673.00	290,673.00	440,673.00
	<u>427,916.70</u>	<u>462,916.70</u>	<u>514,305.00</u>
Total Debt	<u>23,167,098.27</u>	<u>24,214,246.54</u>	<u>24,350,923.53</u>
Less:			
2011 ERI Refunding Bonds	473,000.00	507,000.00	540,000.00
MCIA Guaranty 2011	160,000.00	160,000.00	160,000.00
Reserves for Payment of			
Bonds and Notes:			
General Capital	895,453.58	165,536.81	171,027.89
Water-Sewer Utility	99,096.77	7,074.77	
Parking Utility		19,768.64	
	<u>1,627,550.35</u>	<u>859,380.22</u>	<u>871,027.89</u>
Net Bonds and Notes Issued and			
Authorized but not Issued	<u>\$ 21,539,547.92</u>	<u>\$ 23,354,866.32</u>	<u>\$ 23,479,895.64</u>

**BOROUGH OF RED BANK**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEARS ENDED DECEMBER 31, 2013 AND 2012**

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 .589%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Regional School District	\$ 2,274,962.46	\$ 2,274,962.46	\$ None
Local School District	3,226,036.32	3,226,036.32	None
Water-Sewer Utility	10,236,395.19	10,236,395.19	None
General	<u>12,930,703.08</u>	<u>895,453.58</u>	<u>12,035,249.50</u>
	<u>\$ 28,668,097.05</u>	<u>\$ 16,632,847.55</u>	<u>\$ 12,035,249.50</u>

Net debt, \$12,035,249.50 divided by Equalized Valuation Basis per N.J.S. 40A:2-2, \$2,041,899,838.67 equals .589%. The debt shown above is in agreement with the Annual Debt Statement, as amended.

School Debt Deductions

School debt is fully deductible for both 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 \$ 7,439,976.11

Deductions:

Operating and Maintenance Costs	\$ 4,875,656.00	
Debt Service	<u>1,211,000.00</u>	<u>6,086,656.00</u>

Excess in Revenue \$ 1,353,320.11

**BOROUGH OF RED BANK**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEARS ENDED DECEMBER 31, 2013 AND 2012**

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			\$ 1,528,666.63
Deductions:			
Operating and Maintenance Costs	\$ 789,200.00		
Debt Service	62,250.00	851,450.00	
			<u>\$ 677,216.63</u>
Excess in Revenue			

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. These bonds were fully repaid during 2013.

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 4.00% to 4.25%. 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.

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.

**BOROUGH OF RED BANK**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEARS ENDED DECEMBER 31, 2013 AND 2012**

Note 9. MUNICIPAL DEBT (CONTINUED)

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 3.5% 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 annual installments of \$34,580.13 each February 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.

Special Emergency Notes

There were special emergency notes outstanding as follows:

	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Amount</u>
Special Emergency	1.21%	5/22/2013	5/22/2014	\$ 363,200.00
Special Emergency	0.75%	10/8/2013	10/07/2014	362,000.00
Special Emergency	1.21%	5/23/2013	5/22/2014	<u>300,000.00</u>
				<u>\$ 1,025,200.00</u>

**BOROUGH OF RED BANK**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEARS ENDED DECEMBER 31, 2013 AND 2012**

Note 9. MUNICIPAL DEBT (CONTINUED)

Bond Anticipation Notes

There were bond anticipation notes outstanding as follows:

	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Amount</u>
General Capital Fund:				
Ordinance 2013-15	2.00%	12/5/13	12/4/14	\$ 725,000.00
Ordinance 2013-15	1.00%	11/26/13	11/25/14	861,405.00
Ordinance 2010-17	1.21%	5/24/13	5/23/14	<u>200,000.00</u>
Total General Capital Fund				\$ <u>1,786,405.00</u>
Water-Sewer Utility Fund:				
Ordinance 2013-07	1.00%	11/26/13	11/25/14	\$ 500,000.00
Ordinance 2013-14	1.00%	5/24/13	11/25/14	<u>205,440.00</u>
Utility Fund				\$ <u>705,440.00</u>
Grand Total				\$ <u><u>2,491,845.00</u></u>

Schedule of Changes in Bonded Debt

<u>Type</u>	<u>January 1, 2013</u>	<u>Reductions</u>	<u>December 31, 2013</u>
General Improvements	\$ 11,720,000.00	\$ 1,956,000.00	\$ 9,764,000.00
Water - Sewer Utility	10,174,862.32	934,580.13	9,240,282.19
Parking Utility	60,000.00	60,000.00	
Refunding	<u>791,000.00</u>	<u>133,000.00</u>	<u>658,000.00</u>
	\$ <u><u>22,745,862.32</u></u>	\$ <u><u>3,083,580.13</u></u>	\$ <u><u>19,662,282.19</u></u>

**BOROUGH OF RED BANK**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEARS ENDED DECEMBER 31, 2013 AND 2012**

Note 9. MUNICIPAL DEBT (CONTINUED)

Bonds and Notes Authorized but not Issued

At December 31, 2013, the Borough has authorized but not issued bonds and notes as follows:

General Capital Fund	\$ 137,243.70
Water-Sewer Utility Capital Fund	<u>290,673.00</u>
	<u>\$ 427,916.70</u>

At December 31, 2013, the Borough's bonded debt is as follows:

General Serial Bonds

\$2,731,000 2004 Bonds due in a final annual installment of \$331,000 in February 2014 at interest rates of 4%.	\$ 331,000.00
\$7,391,000 2007 Bonds due in annual installments of \$700,000 to \$941,000 through July 2018 at interest rates ranging from 4.125% to 4.25%.	4,101,000.00
\$5,637,000 2012 Bonds due in annual installments of \$315,000 to \$612,000 through October 2025 at an interest rate of 2%.	<u>5,332,000.00</u>
	<u>\$ 9,764,000.00</u>

**BOROUGH OF RED BANK**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEARS ENDED DECEMBER 31, 2013 AND 2012**

Note 9. MUNICIPAL DEBT (CONTINUED)

Refunding Serial Bonds

\$888,000 2006 General Refunding Serial Bonds due in annual installments of \$87,000 to \$98,000 through February 2015 at interest rates ranging from 3.80% to 5%.

\$ 185,000.00

Bonds due in annual installments of \$41,000 to \$81,000 through 2021 at interest rates ranging from 2.80% to 5.70%.

473,000.00

\$ 658,000.00

Water-Sewer Utility Capital Fund Serial Bonds

\$2,780,000 2004 Bonds due in annual installments ranging from \$245,000 to \$280,000 through February, 2017 at interest rates ranging from 4% to 4.25%.

\$ 1,050,000.00

\$6,385,000 2007 Bonds due in annual installments ranging \$405,000 to \$580,000 through July, 2022 at interest rates ranging from 4.125% to 4.25%.

4,495,000.00

\$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%.

605,000.00

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

553,282.19

\$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%.

2,537,000.00

\$ 9,240,282.19

Grand Total

\$ 19,662,282.19

**BOROUGH OF RED BANK**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEARS ENDED DECEMBER 31, 2013 AND 2012**

Note 9. MUNICIPAL DEBT (CONTINUED)

Green Trust Loan Agreements

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

Year	<u>Riverside Gardens Acq.</u>					
	<u>Principal</u>	<u>Interest</u>			<u>Principal</u>	<u>Interest</u>
2014	\$ 59,682.91	\$ 896.73				
	<u>\$ 59,682.91</u>	<u>\$ 896.73</u>				

Year	<u>Riverside Gardens Dev. 1&amp;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>
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>\$ 377,257.30</u>	<u>\$ 26,933.38</u>	<u>\$ 148,114.25</u>	<u>\$ 24,874.43</u>	<u>\$ 585,054.36</u>	<u>\$ 52,704.54</u>

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, 2013, the following deferred charges are shown on the Balance Sheets of the various funds.

	<u>Balance December 31, 2013</u>	<u>2014 Budget Appropriation</u>	<u>Balance to Succeeding Budgets</u>
Current Fund:			
Special Emergency Appropriations per N.J.S.A. 40A:4-53	\$ 1,025,200.00	\$ 313,200.00	\$ 712,000.00

The appropriations in the 2014 budget are as required by statute.



**BOROUGH OF RED BANK**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEARS ENDED DECEMBER 31, 2013 AND 2012**

**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:

	Balance, December 31			Balance, December 31		
	2012	2013	Increase/ (Decrease)	2012	2013	Increase/ (Decrease)
Balance of Tax \$	6,326,073.71	\$ 6,587,325.19	\$ 261,251.48	\$ 4,325,856.12	\$ 4,275,607.20	\$ (50,248.92)
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 \$	<u><u>69,349.21</u></u>	<u><u>330,600.69</u></u>	<u><u>261,251.48</u></u>	<u><u>109,299.76</u></u>	<u><u>59,050.84</u></u>	<u><u>(50,248.92)</u></u>

**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	\$ 87,052.31	\$ 6,290.83
Federal and State Grant	4,000.00	
General Capital		5,412.58
Trust Other		53,829.50
Water-Sewer Operating	22,937.96	
Water-Sewer Capital		2,260.17
Parking Operating	472.23	24,000.00
Parking Capital		472.23
Animal Control		22,197.19
	<u><u>\$ 114,462.50</u></u>	<u><u>\$ 114,462.50</u></u>

The Current Fund has interfunds due from the Animal Control Fund, which represents the excess in the Animal Control Trust Fund Reserve, the Parking Operating Fund, Trust Other and General Capital Funds. The Current Fund owes the Grant and Water-Sewer Operating Funds. The Trust Other Fund has interfunds due to the Current and Water-Sewer Operating Funds.

**BOROUGH OF RED BANK**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEARS ENDED DECEMBER 31, 2013 AND 2012**

Note 13. CAPITAL LEASES

The Borough is a participant in the Monmouth County Improvement Authority's Capital Equipment Pooled Lease Program. At December 31, 2013, the Borough's outstanding principal capital lease obligation to the County was \$2,340,600.00. 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>
2014	\$ 658,500.00
2015	602,100.00
2016	481,000.00
2017	169,000.00
2018	176,000.00
2019-2023	<u>254,000.00</u>
	<u>\$ 2,340,600.00</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, 2013 AND 2012**

**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>
2013	\$ 56.53	\$ 38,872.32	\$ 28,000.00	\$ 58,113.30	\$ 19,435.39
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

**BOROUGH OF RED BANK**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEARS ENDED DECEMBER 31, 2013 AND 2012**

Note 16. CONTINGENT LIABILITIES

A. Compensated Absences

The Borough has a contingent liability for accrued sick time costs at December 31, 2013 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 \$15,000.00. 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 \$15,000.00. The Borough has no contingent liability for accrued vacation time costs at December 31, 2013.

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.

Note 17. LOSAP

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

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

**BOROUGH OF RED BANK**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEARS ENDED DECEMBER 31, 2013 AND 2012**

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 2013 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, 2013 AND 2012**

Note 18. OTHER POST EMPLOYMENT BENEFITS-(CONTINUED)

As of December 31, 2013 and 2012, the actuarially determined liability for unfunded OPEB obligations was \$44,615,454.

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, 2013 AND 2012**

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>
2013	\$ 7,068.38	\$ 12,958.41
2012	5,645.10	6,882.89
2011	4,981.30	6,852.14

Note 20. FIXED ASSETS

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

<u>December</u> <u>31, 2012</u>	<u>Increases</u>	<u>Deletions</u>	<u>December</u> <u>31, 2013</u>
\$ 18,053,582.00		\$ 133,606.00	\$ 17,919,976.00
2,551,481.00	500,000.00		3,051,481.00
<u>10,386,719.06</u>		<u>387,634.11</u>	<u>9,999,084.95</u>
\$ <u>30,991,782.06</u>	\$ <u>500,000.00</u>	\$ <u>521,240.11</u>	\$ <u>30,970,541.95</u>

**BOROUGH OF RED BANK**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEARS ENDED DECEMBER 31, 2013 AND 2012**

Note 21. SUBSEQUENT EVENTS

The Borough has considered all events occurring through the date of the independent auditor's report, May 9, 2014 for disclosure as subsequent events.

The Borough approved three bond ordinances after December 31, 2013 and through the date of this report: 1) \$2,208,000 for Water and Sewer Utility Improvements and 2) \$2,253,000 for Acquisition of Various Capital Equipment and Completion of Various Capital Improvements and 3) \$596,000 for Bulkhead Repair and /or Replacement.

On April 29, 2014 the Borough accepted bids for the sale of borough property at 40 White Street. One bid of \$400,000.00 was received. The closing on the property is scheduled for May, 2014.



**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, 2013 AND 2012**

	<u>December 31,</u>	
	<u>2013</u>	<u>2012</u>
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 4,385,280.38	\$ 3,112,847.75
Intergovernmental Receivable:		
Due from State of New Jersey:		
Senior Citizens' and Veterans' Deductions	5,121.08	10,006.08
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes	968,907.91	940,771.26
Liens Receivable:		
Tax Title Liens Receivable	2,096.77	73,982.43
Demolition	8,930.09	8,930.09
Property Acquired for Taxes - Assessed Valuation		301,000.00
Other Accounts Receivable:		
Revenue Accounts Receivable	36,648.20	37,377.11
Interfunds Receivable	87,052.31	5,303.16
Deferred Charges:		
Special Emergency Authorizations N.J.S. 40A:4-53	<u>1,025,200.00</u>	<u>904,000.00</u>
	<u>6,519,236.74</u>	<u>5,394,217.88</u>
Federal and State Grant Fund:		
Cash and Cash Equivalents	148,872.65	483,663.00
Federal and State Grants Receivable	78,189.37	87,243.76
Interfund Receivable	<u>4,000.00</u>	<u>64,026.72</u>
	<u>231,062.02</u>	<u>634,933.48</u>
Total Assets	<u>\$ 6,750,298.76</u>	<u>\$ 6,029,151.36</u>

**BOROUGH OF RED BANK**  
**CURRENT FUND**  
**COMPARATIVE STATEMENTS OF ASSETS, LIABILITIES AND FUND BALANCE -**  
**REGULATORY BASIS**  
**AS OF DECEMBER 31, 2013 AND 2012**

	<u>December 31,</u>	
	<u>2013</u>	<u>2012</u>
 <b><u>LIABILITIES, RESERVES AND</u></b>		
<b><u>FUND BALANCE</u></b>		
Current Fund:		
Liabilities:		
Appropriation Reserves	\$ 816,030.70	\$ 896,511.34
Prepaid Taxes	489,250.70	174,148.96
Payroll Taxes Payable	29,003.43	14,276.33
Accounts Payable	6,779.95	6,874.00
Due to State of NJ - Marriage License Fees	2,975.00	
Due to State of NJ - Training Fees	6,505.00	7,922.00
Tax Overpayments	20,507.32	24,091.84
Local School District Tax Payable	330,600.69	69,349.21
Regional High School District Tax Payable	59,050.84	109,299.76
Due County for Added Taxes	36,079.76	15,568.67
Special Emergency Notes Payable	1,025,200.00	904,000.00
Reserve for Encumbrances	689,945.55	635,552.88
Reserve for State Tax Appeals		50,000.00
Reserve for Sale of Municipal Assets		3,527.13
Reserve for Revaluation	908.35	908.35
Reserve for Severance Liabilities	220,870.30	188,137.07
Reserve for Library Expenditures	3,395.43	
Reserve for Recovery from Hurricane Sandy		10,403.35
Reserve for FEMA Proceeds	213,744.85	
Interfunds Payable	6,290.83	79,003.58
	<u>3,957,138.70</u>	<u>3,189,574.47</u>
Reserve for Receivables and Other Assets	1,103,635.28	1,367,364.05
Fund Balance	<u>1,458,462.76</u>	<u>837,279.36</u>
Total Current Fund	<u>6,519,236.74</u>	<u>5,394,217.88</u>
Federal and State Grant Fund:		
Reserve for Federal and State Grants:		
Appropriated	215,616.26	320,848.76
Unappropriated	15,445.76	53,910.83
Reserve for Encumbrances		85,173.89
Interfunds Payable		175,000.00
Total Federal and State Grant Fund	<u>231,062.02</u>	<u>634,933.48</u>
Total Liabilities, Reserves and Fund Balance	<u>\$ 6,750,298.76</u>	<u>\$ 6,029,151.36</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, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
Revenues and Other Income Realized:		
Fund Balance Utilized	\$ 500,000.00	\$ 500,000.00
Miscellaneous Revenues Anticipated	5,697,166.39	5,290,724.41
State Aid	2,011,681.00	2,011,681.00
Federal and State Grants	167,363.79	198,239.69
Receipts from Delinquent Taxes	861,867.45	1,024,210.42
Receipts from Current Taxes	12,405,394.67	11,361,405.10
Taxes Allocated to School, County and Special Districts	28,507,941.45	28,254,535.94
Non-Budget Revenues	333,539.04	273,925.05
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	469,867.86	484,195.37
Current Budget Appropriations Canceled	1,431.65	1,195.90
Cancellation of Appropriated Reserves - Grant Fund		30.00
Interfunds Liquidated		18,547.79
Local District School Tax Overpayment Returned		122,644.79
Total Income	<u>50,956,253.30</u>	<u>49,541,335.46</u>
Expenditures:		
Budget and Emergency Appropriations:		
Within "CAPS":		
General Government	1,467,963.00	971,185.00
Land Use Administration	195,700.00	189,950.00
Public Safety	5,340,060.00	5,229,944.00
Public Works	1,480,180.00	1,977,600.00
Landfill/Solid Waste Disposal Costs	390,000.00	359,200.00
Health and Welfare	232,250.00	218,175.00
Parks and Recreation	454,325.00	465,225.00
Utility Expenses and Bulk Purchases	599,000.00	625,000.00
Uniform Construction Code	347,104.00	286,170.00
Contingent	1,000.00	1,000.00
Insurance	3,332,244.00	3,012,711.00
Deferred Charges and Statutory Expenditures	1,584,362.55	1,631,264.92
Excluded from "CAPS":		
General Government	1,205,074.00	1,357,098.48
Judgements	25,000.00	25,000.00
Insurance	131,713.00	191,739.00
State and Federal Grants	167,363.79	198,239.69
Capital Improvements	150,000.00	100,000.00
Municipal Debt Service	3,255,763.00	3,185,524.00
Deferred Charges	240,800.00	155,000.00
Reserve for Uncollected Taxes	1,031,247.44	997,003.70
Special Improvement District Tax	512,120.00	512,120.00
County Taxes	5,688,975.69	5,876,252.49

**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, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
Expenditures (Continued):		
Due to County for Added and Omitted Taxes	\$ 36,079.76	\$ 15,568.67
Local District School Taxes	13,719,552.00	13,198,883.00
Regional High School District Tax	8,551,214.00	8,651,711.78
Interfunds Advanced	4,213.31	
Cancellation of Grants Receivable - Grant Fund		7,685.00
Refund of Prior Year Revenue	<u>53,765.36</u>	<u>59,582.71</u>
Total Expenditures	<u>50,197,069.90</u>	<u>49,498,833.44</u>
Excess in Revenue over Expenditures	759,183.40	42,502.02
Adjustment to Income Before Fund Balance:		
Expenditures included above which are by statute deferred charges to budgets of succeeding years	<u>362,000.00</u>	<u>454,000.00</u>
Statutory Excess to Fund Balance	1,121,183.40	496,502.02
Fund Balance, January 1	<u>837,279.36</u>	<u>840,777.34</u>
	1,958,462.76	1,337,279.36
Decreased by:		
Utilized as Anticipated Revenue	<u>500,000.00</u>	<u>500,000.00</u>
Fund Balance, December 31	<u>\$ 1,458,462.76</u>	<u>\$ 837,279.36</u>

**BOROUGH OF RED BANK**  
**CURRENT FUND**  
**STATEMENT OF REVENUES - REGULATORY BASIS**  
**YEAR ENDED DECEMBER 31, 2013**

	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		90,814.00	\$ 814.00
Other	45,000.00		56,835.00	11,835.00
Fees and Permits:				
Other	325,000.00		307,892.21	(17,107.79)
Uniform Construction Code Official Fees	480,000.00		643,041.78	163,041.78
Fines and Costs:				
Municipal Court	600,000.00		621,820.43	21,820.43
Interest and Costs on Taxes	230,000.00		237,180.46	7,180.46
Interest on Investments and Deposits	5,000.00		499.94	(4,500.06)
	\$ 1,775,000.00		\$ 1,958,083.82	\$ 183,083.82
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	\$ 2,665.36	\$ 33,312.00	\$
Clean Communities Program - 2013	17,203.28	19,868.64	19,868.64	
Bullet Proof Vest Partnership Grant	3,042.00	2,533.00	5,575.00	
Body Armor Fund	4,002.63	4,952.44	8,955.07	
Recycling Tonnage Grant	46,866.20	46,974.53	93,840.73	
New Jersey COPS in SHOPS		3,200.00	3,200.00	
State of New Jersey - DDEF - Police		2,612.35	2,612.35	
	\$ 104,426.11	\$ 62,937.68	\$ 167,363.79	\$

**BOROUGH OF RED BANK**  
**CURRENT FUND**  
**STATEMENT OF REVENUES - REGULATORY BASIS**  
**YEAR ENDED DECEMBER 31, 2013**

	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	\$	\$ 23,360.96	\$ 5,360.96
Township of Shrewsbury - Municipal Court	9,000.00		9,192.00	192.00
Borough of Little Silver - Interlocal Services -				
Construction	195,000.00		386,722.15	191,722.15
Red Bank Board of Education - Shared Services	12,000.00		12,384.00	384.00
Franchise Tax Cable Television	165,000.00		165,226.81	226.81
Uniform Fire Safety Act	110,000.00		113,601.85	3,601.85
Landlord Registration Fees	15,000.00		12,720.00	(2,280.00)
Utility Operating Surplus of Current Year -Water/Sewer Utility	950,000.00		950,000.00	
Utility Operating Surplus of Current Year -Parking Utility	680,000.00		680,000.00	
Utility Operating Surplus of Prior Years -Water/Sewer Utility	175,000.00		175,000.00	
Utility Operating Surplus of Prior Years -Parking Utility	75,000.00		75,000.00	
Payment in Lieu of Taxes - Riverview Hospital	195,000.00		172,591.15	(22,408.85)
R.B.C. Field Rent	130,000.00		130,000.00	
Payment in Lieu of Taxes - Housing Authority/River Street/Habcore	145,000.00		150,033.09	5,033.09
Federal Emergency Management Agency - Hurricane Sandy	90,800.00		90,800.00	
Reserve for Sale of Municipal Assets	3,527.13		3,527.13	
General Capital Fund Balance	250,000.00		250,000.00	
Hotel Occupancy Tax	160,000.00		168,923.43	8,923.43
Administrative Fees - Off Duty Police Services	35,000.00		35,000.00	
Cancellation of 2012 Appropriation Reserves	135,000.00		135,000.00	
	<u>\$ 3,548,327.13</u>	<u>\$</u>	<u>\$ 3,739,082.57</u>	<u>\$ 190,755.44</u>
Receipts from Delinquent Taxes	<u>\$ 904,000.00</u>	<u>\$</u>	<u>\$ 861,867.45</u>	<u>\$ (42,132.55)</u>
Amount to be Raised by Taxation for Support of				
Municipal Budget:				
Local Tax for Municipal Purposes	\$ 11,691,653.86	\$	\$ 11,734,270.67	\$ 42,616.81
Minimum Library Levy	<u>671,124.00</u>		<u>671,124.00</u>	
Total Amount to be Raised by Taxes for Support of Municipal Budget	<u>12,362,777.86</u>		<u>12,405,394.67</u>	<u>42,616.81</u>
Budget Totals	<u>\$ 21,206,212.10</u>	<u>\$ 62,937.68</u>	<u>\$ 21,643,473.30</u>	<u>\$ 374,323.52</u>
Non-Budget Revenue			<u>333,539.54</u>	<u>333,539.54</u>
	<u>\$ 21,206,212.10</u>	<u>\$ 62,937.68</u>	<u>\$ 21,977,012.84</u>	<u>\$ 707,863.06</u>



**BOROUGH OF RED BANK**  
**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**YEAR ENDED DECEMBER 31, 2013**

	Budget	Emergency Appropriation	Budget After Modification	Paid or Charged	Encumbered	Reserved	Canceled
<b>GENERAL GOVERNMENT</b>							
General Administration:							
Salaries and Wages	\$ 117,500.00	\$	\$ 113,500.00	\$ 103,178.60	\$	\$ 10,321.40	\$
Other Expenses	13,775.00		13,775.00	7,134.42	6,629.44	11.14	
Municipal Clerk:							
Salaries and Wages	61,125.00		61,125.00	55,631.82	8,652.17	5,493.18	
Other Expenses	32,500.00		32,500.00	16,586.36		7,261.47	
Codification of Ordinances							
Financial Administration:							
Salaries and Wages	87,500.00		87,500.00	78,713.50		8,786.50	
Other Expenses	39,800.00		37,300.00	32,669.98	4,377.56	252.46	
Audit Services:							
Other Expenses	30,000.00		30,000.00	30,000.00			
Mayor and Borough Council:							
Salaries and Wages	30,321.00		30,321.00	29,200.56		1,120.44	
Tax Assessment Administration:							
Salaries and Wages	80,692.00		80,692.00	73,128.88		7,563.12	
Other Expenses	34,850.00		40,250.00	25,039.85	10,272.40	4,937.75	
Utilization of Banked Sick Time		\$ 362,000.00	486,400.00	220,870.30	124,400.00	141,129.70	
Revenue Administration:							
Salaries and Wages	57,250.00		54,750.00	51,217.04		3,532.96	
Other Expenses	18,550.00		22,450.00	17,712.73	4,620.36	116.91	
Legal Services and Costs:							
Other Expenses	165,000.00		177,200.00	125,539.03	48,061.98	3,598.99	
Engineering Services:							
Other Expenses	105,000.00		105,000.00	65,290.38	13,500.00	26,209.62	
Codification of Ordinances:							
Other Expenses	10,000.00		10,000.00		9,995.00	5.00	
<b>LAND USE ADMINISTRATION</b>							
Planning Board:							
Salaries and Wages	66,250.00		66,250.00	63,519.00		2,731.00	
Other Expenses	19,475.00		19,475.00	12,224.08	725.88	6,525.04	
Zoning Board of Adjustment:							
Salaries and Wages	66,250.00		66,250.00	63,518.84		2,731.16	
Other Expenses	25,975.00		25,975.00	20,236.43		5,738.57	
Rent Leveling Board:							
Salaries and Wages	3,000.00		3,000.00	3,000.00			
Other Expenses	10,750.00		14,750.00	7,107.61	943.09	6,699.30	

BOROUGH OF RED BANK  
CURRENT FUND  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**YEAR ENDED DECEMBER 31, 2013**

	Budget	Emergency Appropriation	Budget After Modification	Paid or Charged	Encumbered	Reserved	Canceled
<b>INSURANCE</b>							
Liability Insurance	\$ 260,000.00	\$	\$ 260,000.00	\$ 259,962.38	\$	\$ 37.62	\$
Worker Compensation Insurance	375,000.00		375,000.00	373,516.14		1,483.86	
Employee Group Insurance	2,657,244.00		2,657,244.00	2,579,817.87	6,328.40	71,097.73	
Unemployment Insurance	25,000.00		25,000.00	25,000.00			
Employee Opt Out - Group Insurance	15,000.00		15,000.00	12,687.50		2,312.50	
<b>PUBLIC SAFETY</b>							
Fire Department:							
Other Expenses	139,900.00		139,900.00	94,301.15	44,267.24	1,331.61	
Uniform Fire Safety Act (P.L. 1983, Ch. 383):							
Salaries and Wages	74,660.00		74,660.00	74,660.00			
Other Expenses	10,000.00		10,000.00	6,666.23	2,023.10	1,310.67	
Police Department:							
Salaries and Wages	4,822,190.00		4,727,590.00	4,593,643.88		133,946.12	
Other Expenses	155,000.00		155,000.00	94,093.61	42,335.19	18,571.20	
Aid to Volunteer First Aid Companies	21,350.00		21,350.00	14,662.05	6,581.96	105.99	
Office of Emergency Management:							
Other Expenses	10,500.00		10,500.00	6,137.27	3,778.13	584.60	
Municipal Court:							
Salaries and Wages	171,700.00		171,700.00	158,891.37		12,808.63	
Other Expenses	29,360.00		29,360.00	21,503.49	1,913.37	5,943.14	
<b>PUBLIC WORKS FUNCTIONS</b>							
Streets and Road Maintenance:							
Salaries and Wages	259,441.00		230,441.00	213,268.58		17,172.42	
Other Expenses	70,500.00		70,500.00	45,837.63	20,360.03	4,302.34	
Sanitation Dept:							
Salaries and Wages	525,373.00		595,373.00	582,827.88		12,545.12	
Other Expenses	59,500.00		59,500.00	45,828.93	10,816.31	2,854.76	
Public Buildings and Grounds:							
Salaries and Wages	341,316.00		213,016.00	186,646.92		26,369.08	
Other Expenses	190,000.00		218,500.00	179,674.57	37,794.93	1,030.50	
Code Enforcement:							
Salaries and Wages	92,850.00		92,850.00	91,792.95		1,057.05	
<b>LANDFILL/SOLID WASTE DISPOSAL COSTS</b>							
Landfill:							
Other Expenses	390,000.00		390,000.00	288,863.75	82,590.16	8,546.09	

BOROUGH OF RED BANK  
CURRENT FUND  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**YEAR ENDED DECEMBER 31, 2013**

	Budget	Emergency Appropriation	Budget After Modification	Paid or Charged	Encumbered	Reserved	Canceled
<b>HEALTH AND WELFARE</b>							
Visiting Nurse Association	\$ 25,000.00	\$	\$ 25,000.00	\$ 18,547.32	\$ 6,182.44	\$ 270.24	\$
Relocation Assistance	1,425.00		1,425.00		1,000.00	425.00	
Monmouth County Regional Health Commission	158,745.00		158,745.00				
Animal Control Services	42,080.00		42,080.00	41,793.09		286.91	
Shade Tree Committee	5,000.00		5,000.00		2,110.00	2,890.00	
<b>PARKS AND RECREATION FUNCTIONS</b>							
Recreation Services and Programs:							
Salaries and Wages	180,500.00		180,500.00	175,196.18		5,303.82	
Other Expenses	86,500.00		86,500.00	62,012.76	22,909.71	1,577.53	
Senior Citizens Center:							
Salaries and Wages	168,800.00		168,800.00	166,619.11		2,180.89	
Other Expenses	18,525.00		18,525.00	15,124.80	848.76	2,551.44	
<b>UTILITY EXPENSES AND BULK PURCHASES</b>							
Street Lighting	245,000.00		245,000.00	191,753.86		53,246.14	
Electricity	85,000.00		85,000.00	82,496.86		2,503.14	
Telephone	103,000.00		103,000.00	88,958.64		14,041.36	
Natural Gas	38,000.00		38,000.00	32,471.53		5,528.47	
Gasoline	128,000.00		128,000.00	94,745.93	16,384.39	16,869.68	
<b>UNIFORM CONSTRUCTION CODE - APPROPRIATIONS</b>							
Offset by Dedicated Revenues (N.J.A.C. 5:23-4.17)							
Salaries and Wages	315,254.00		311,254.00	307,715.35		3,538.65	
Other Expenses	31,850.00		35,850.00	28,207.39	6,813.07	829.54	
Education and Technology							
Other Expenses	50,000.00		50,000.00	43,304.25	3,158.50	3,537.25	
Municipal Prosecutor							
Other Expenses	25,200.00		25,200.00	23,100.00	2,100.00		
Municipal Public Defender							
Other Expenses	10,000.00		10,000.00	10,000.00			
Total Operations within "CAPS"	\$ 13,489,326.00	\$ 362,000.00	\$ 13,839,826.00	\$ 12,602,595.63	\$ 552,473.57	\$ 683,756.80	\$
<b>CONTINGENT</b>							
	1,000.00		1,000.00			1,000.00	
Total Operations including Contingent - within "CAPS"	\$ 13,490,326.00	\$ 362,000.00	\$ 13,839,826.00	\$ 12,602,595.63	\$ 552,473.57	\$ 684,756.80	\$
<b>Detail:</b>							
Salaries and Wages	\$ 7,521,972.00	\$	\$ 7,329,572.00	\$ 7,072,370.46	\$	\$ 257,201.54	\$
Other Expenses (including Contingent)	5,968,354.00	\$ 362,000.00	6,510,254.00	5,530,225.17	\$ 552,473.57	427,555.26	

**BOROUGH OF RED BANK**  
**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**YEAR ENDED DECEMBER 31, 2013**

	Budget	Emergency Appropriation	Budget After Modification	Paid or Charged	Encumbered	Reserved	Canceled
<b>DEFERRED CHARGES AND STATUTORY EXPENDITURES -</b>							
<b>MUNICIPAL WITHIN "CAPS":</b>							
Deferred Charges:							
Prior Years Bills	\$ 862.55	\$	\$ 862.55	\$ 840.50	\$	\$ 22.05	\$
<b>Statutory Expenditures:</b>							
Contribution to:							
Public Employees' Retirement System	311,000.00		311,000.00	310,024.00		976.00	
Social Security System (O.A.S.I.)	335,000.00		335,000.00	330,325.75		24,674.25	
Police and Firemen's Pension Fund	910,000.00		910,000.00	909,033.00		967.00	
Defined Contribution Retirement Program	7,500.00		7,500.00	6,930.23	550.00	19.77	
<b>Total Deferred Charges and Statutory Expenditures -</b>							
Municipal within "CAPS"	\$ 1,584,362.55	\$	\$ 1,584,362.55	\$ 1,557,153.48	\$ 550.00	\$ 26,659.07	\$
<b>Total General Appropriations for Municipal Purposes</b>							
within "CAPS"	\$ 15,074,688.55	\$ 362,000.00	\$ 15,424,188.55	\$ 14,158,749.11	\$ 553,023.57	\$ 711,415.87	\$
<b>OPERATIONS - EXCLUDED FROM "CAPS":</b>							
Other Operations - Excluded from "CAPS":							
LOSAP	\$ 69,000.00	\$	\$ 69,000.00	\$	\$ 69,000.00	\$	\$
Municipal Stormwater Management:							
Salaries and Wages	128,450.00		139,850.00	138,572.36		1,277.64	
Other Expenses	5,000.00		5,000.00	3,464.16	352.50	1,183.34	
Tax Appeal Refunds:							
Other Expenses	25,000.00		25,000.00	25,000.00			
Maintenance of Free Public Library (P.L. 1985, Ch. 82)	671,124.00		671,124.00	591,886.15		79,237.85	
Interlocal Services:							
911 System - County of Monmouth	14,100.00		14,100.00	14,028.00		72.00	
Recycling Tax PL 2007 c. 311	47,000.00		47,000.00	32,914.35	14,085.65		
Employees Group Insurance	131,713.00		131,713.00	131,713.00			
<b>Total Other Operations - Excluded from "CAPS"</b>	\$ 1,091,367.00	\$	\$ 1,102,787.00	\$ 937,578.02	\$ 83,438.15	\$ 81,770.83	\$

**BOROUGH OF RED BANK**  
**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**YEAR ENDED DECEMBER 31, 2013**

	Budget	Emergency Appropriation	Budget After Modification	Paid or Charged	Encumbered	Reserved	Canceled
<b>OPERATIONS - EXCLUDED FROM "CAPS": (CONTINUED)</b>							
Interlocal Municipal Service Agreements:							
Board of Education	\$ 12,000.00	\$	\$ 12,000.00	\$	\$	\$ 12,000.00	\$
Other Expenses							
Borough of Little Silver:							
Fire Services:							
Salaries and Wages	16,000.00		16,000.00	16,000.00		2,000.00	
Other Expenses	2,000.00		2,000.00				
Inspection of Building - Uniform Construction Code:							
Salaries and Wages	179,830.00		179,830.00	179,830.00			
Other Expenses	15,170.00		15,170.00	11,322.80	3,843.20	4.00	
Township of Shrewsbury:							
Municipal Court:							
Salaries and Wages	9,000.00		9,000.00	180.00		8,840.00	
<b>Total Interlocal Municipal Service Agreements</b>	<b>\$ 234,000.00</b>	<b>\$</b>	<b>\$ 234,000.00</b>	<b>\$ 207,312.80</b>	<b>\$ 3,843.20</b>	<b>\$ 22,844.00</b>	<b>\$</b>
<b>Public and Private Programs Offset by Revenues:</b>							
U.S. Older American Act Grant:							
Senior Citizens Center:							
Salaries and Wages	\$ 17,312.00	\$	\$ 17,312.00	\$ 17,312.00			
Other Expenses	16,000.00		16,000.00	16,000.00			
Recycling Tonnage Grant	46,866.20		93,840.73	93,840.73			
Federal Bulletproof Vest Grant	3,042.00		5,575.00	5,575.00			
State of NJ - Body Armor Grant	4,002.63		8,955.07	8,955.07			
NJ Clean Communities Grant	17,203.28		19,868.64	19,868.64			
State of NJ COPS in SHOPS			3,200.00	3,200.00			
Drunk Driving Enforcement Fund			2,612.35	2,612.35			
<b>Total Public and Private Programs Offset</b>	<b>\$ 104,426.11</b>	<b>\$</b>	<b>\$ 167,363.79</b>	<b>\$ 167,363.79</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Total Operations - Excluded from "CAPS"</b>	<b>1,429,813.11</b>		<b>1,504,150.79</b>	<b>1,312,254.61</b>	<b>87,281.35</b>	<b>104,614.83</b>	
<b>Detail:</b>							
Salaries and Wages	325,592.00		336,992.00	335,714.36		1,277.64	
Other Expenses	1,104,221.11		1,167,158.79	976,540.25	87,281.35	103,337.19	
<b>CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"</b>							
Capital Improvement Fund	150,000.00		150,000.00	150,000.00			
<b>Total Capital Improvements Excluded from "CAPS"</b>	<b>150,000.00</b>		<b>150,000.00</b>	<b>150,000.00</b>			
<b>MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"</b>							
Payment of Bond Principal	2,089,000.00		2,089,000.00	2,089,000.00			0.42
Interest on Bonds	368,339.00		368,339.00	368,338.58			
Note Principal	100,000.00		100,000.00	100,000.00			
Interest on Notes	9,785.00		10,885.00	10,876.73			8.27
Green Trust Loan Program:							
Loan Repayments for Principal and Interest	133,924.00		133,924.00	133,923.44			0.56
Capital Lease Obligations:							
Principal	479,200.00		479,200.00	479,200.00			
Interest	74,415.00		74,415.00	72,992.60			1,422.40
<b>Total Municipal Debt Service - Excluded from "CAPS"</b>	<b>\$ 3,254,663.00</b>	<b>\$</b>	<b>\$ 3,255,763.00</b>	<b>\$ 3,254,331.35</b>	<b>\$</b>	<b>\$</b>	<b>1,431.65</b>

**BOROUGH OF RED BANK**  
**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**YEAR ENDED DECEMBER 31, 2013**

	Budget	Emergency Appropriation	Budget After Modification	Paid or Charged	Encumbered	Reserved	Canceled
<b>DEFERRED CHARGES - MUNICIPAL - EXCLUDED</b>							
FROM "CAPS":							
Deferred Charges:							
Special Emergency Authorizations -							
Total Deferred Charges - Municipal - Excluded from "CAPS"	\$ 240,800.00	\$	240,800.00	\$ 240,800.00	\$	\$	
<b>JUDGEMENTS</b>							
Total General Appropriations - Excluded from "CAPS"	240,800.00		240,800.00	240,800.00			
Subtotal General Appropriations	25,000.00		25,000.00	25,000.00			
<b>RESERVE FOR UNCOLLECTED TAXES</b>							
Total General Appropriations	5,100,276.11		5,175,713.79	4,982,385.96	87,281.35	104,614.83	1,431.65
Detail:	20,174,964.66	362,000.00	20,599,902.34	19,142,135.07	640,304.92	816,030.70	1,431.65
Original Budget	1,031,247.44		1,031,247.44	1,031,247.44			
Added by N.J.S.A. 40A:4-53							
Added by N.J.S.A. 40A:4-87							
Total General Appropriations	\$ 21,206,212.10	\$ 362,000.00	\$ 21,631,149.78	\$ 20,173,382.51	\$ 640,304.92	\$ 816,030.70	\$ 1,431.65
Detail:							
Original Budget		\$ 21,206,212.10					
Added by N.J.S.A. 40A:4-53		362,000.00					
Added by N.J.S.A. 40A:4-87		62,937.68					
		\$ 21,631,149.78					

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

Year	Balance December 31, 2012	Tax Levy	Added Taxes	2012	Collections	2013	State Share Senior Citizens' and Veterans' Deductions Allowed	Remitted and Canceled	Transferred To Tax Title Liens	Balance December 31, 2013
2011	\$ 20,071.86	\$	\$	\$	\$	20,071.86	\$	\$	\$	\$ 78,903.81
2012	920,699.40					841,795.59				
	940,771.26					861,867.45				
2013		40,844,347.44	215,411.71	174,148.96	39,651,189.72	56,750.00	287,172.13	494.13	890,004.21	
	\$ 940,771.26	\$ 40,844,347.44	\$ 215,411.71	\$ 174,148.96	\$ 40,513,057.17	\$ 56,750.00	\$ 287,172.13	\$ 494.13	\$ 968,908.02	

**ANALYSIS OF 2013 PROPERTY TAX LEVY**

Tax Yield:	
General Purpose Tax	\$ 40,332,227.44
Special Improvement District Tax	512,120.00
	\$ 40,844,347.44

**TAX LEVY**

Local District School Tax	\$ 13,719,552.00
Regional High School District Tax	8,551,214.00
Special Improvement District Tax	514,903.30
County Taxes:	
County Tax	5,390,031.80
Open Space Tax	298,943.89
	\$ 28,474,644.99

Local Tax for Municipal Purpose	\$ 12,362,777.86
Add: Additional Tax Levied	6,924.59
	\$ 12,369,702.45
	\$ 40,844,347.44

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

<u>BALANCE, DECEMBER 31, 2012</u>	\$ 73,982.43
<u>INCREASED BY</u>	
Transferred from Taxes Receivable	<u>494.13</u>
	74,476.56
<u>DECREASED BY</u>	
Cancelled	<u>72,379.79</u>
<u>BALANCE, DECEMBER 31, 2013</u>	<u>\$ 2,096.77</u>



**BOROUGH OF RED BANK**  
**CURRENT FUND**  
**STATEMENT OF 2012 APPROPRIATION RESERVES**

	Balance December 31, 2012		Reserve for	Transfers	Balance After Transfers	Canceled	Paid or Charged	Balance Lapsed
	Appropriation Reserves	Encumbrances						
<b>Operations - Within "CAPS" - Salaries</b>								
General Administration	\$ 10,338.34	\$	\$		\$ 10,338.34	\$	\$ 1,803.93	\$ 8,534.41
Municipal Clerk	3,041.87				3,041.87		603.80	2,438.07
Financial Administration	5,250.08				5,250.08		1,558.00	3,692.08
Mayor and Borough Council	9.44			600.00	609.44			609.44
Tax Assessment Administration	3,308.83				3,308.83		1,121.74	2,185.09
Revenue Administration	3,896.46				3,896.46		726.20	3,170.26
Planning Board	4,725.12				4,725.12		1,739.72	2,985.40
Zoning Board of Adjustment	4,725.13				4,725.13		1,739.72	2,985.41
Police Department	91,925.80		(50,000.00)		41,925.80	30,000.00	3,939.04	7,986.76
Municipal Court	4,354.77				4,354.77		1,848.80	2,505.97
Street and Roads	35,914.00		(9,700.00)		26,214.00		6,482.91	19,731.09
Sanitation	26,404.92				26,404.92		10,855.44	15,549.48
Public Buildings and Grounds	19,443.01				19,443.01		4,949.77	14,493.24
Recreation Services and Programs	35,211.24				35,211.24		2,909.26	32,301.98
Senior Citizens Center	3,307.19				3,307.19		3,236.40	70.79
Inspection of Buildings:								
Uniform Construction Code	4,814.78		9,000.00		13,814.78		11,404.60	2,410.18
Township of Shrewsbury:								
Municipal Court	8,840.00				8,840.00			8,840.00
Municipal Stormwater Management	8,639.65				8,639.65		2,592.30	6,047.35
<b>Total Salaries and Wages</b>	<b>\$ 274,148.63</b>		<b>\$ (50,100.00)</b>		<b>\$ 224,048.63</b>	<b>\$ 30,000.00</b>	<b>\$ 57,511.63</b>	<b>\$ 136,537.00</b>
<b>Operations - Within "CAPS" - Other Expenses</b>								
General Administration	\$ 3,986.71	\$ 2,574.42	\$		\$ 6,561.13	\$	\$ 2,549.40	\$ 4,011.73
Municipal Clerk	11,225.09	3,619.03			14,844.12		8,190.54	6,653.58
Financial Administration	2,030.26	755.16			2,785.42		755.16	2,030.26
Audit Services	500.00				500.00			500.00
Tax Assessment Administration	10,874.25	19,160.02			30,034.27		26,145.79	3,888.48
Revenue Administration	3,051.55	872.66			3,924.21		1,138.56	2,785.65
Legal Services and Costs	17,236.08	29,870.02			50,606.10		47,849.23	2,756.87
Engineering Services	9,201.91	7,603.50	3,500.00		16,805.41		9,184.12	7,621.29
Codification of Ordinances	112.95	9,887.05			10,000.00		9,807.30	192.70
Planning Board	18,109.23	491.59			18,600.82	10,000.00	1,870.48	6,730.34
Zoning Board of Adjustment - Other	12,886.50	962.70			13,849.20		7,990.74	5,858.46
Worker Compensation Insurance	3,034.06				3,034.06			3,034.06
Employee General Group Insurance	41,828.87	90.00	(15,700.00)		26,218.87	25,000.00	274.92	943.95
Unemployment Insurance			12,000.00		12,000.00			12,000.00
Employee Opt Out - Group Insurance	1,187.50				1,187.50			1,187.50
Fire Department	6,371.21	39,587.96			45,959.17		41,225.34	4,733.83
Uniform Fire Safety Act (P.L. 1963, Ch. 383)	1,622.06	637.00			2,259.06		499.98	1,759.08
Police Department	17,971.19	32,202.91			50,174.10	10,000.00	30,359.60	9,814.50
Aid to Volunteer First Aid Companies	93.59	6,143.56			6,237.15		5,643.56	593.59

- 66 -

**BOROUGH OF RED BANK**  
**CURRENT FUND**  
**STATEMENT OF DEFERRED CHARGES**

		2010	2012	2013
		Severance Liability (40A:4-53)	Hurricane Sandy (40A:4-53)	Utilization Banked Time (40A:4-53)
	<u>Total</u>			
<u>BALANCE, DECEMBER 31, 2012</u>	\$ 904,000.00	\$ 450,000.00	\$ 454,000.00	\$
<u>INCREASED BY</u>				
2013 Special Emergency Authorization	<u>362,000.00</u>			<u>362,000.00</u>
	1,266,000.00	450,000.00	454,000.00	362,000.00
<u>DECREASED BY</u>				
Raised in 2013 Budget	<u>240,800.00</u>	<u>150,000.00</u>	<u>90,800.00</u>	
<u>BALANCE, DECEMBER 31, 2013</u>	<u>\$ 1,025,200.00</u>	<u>\$ 300,000.00</u>	<u>\$ 363,200.00</u>	<u>\$ 362,000.00</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, 2012</u>	\$ 4,325,856.12	\$ 6,326,073.71
Detail:		
Deferred	\$ 4,216,556.36	\$ 6,256,724.50
Payable	<u>109,299.76</u>	<u>69,349.21</u>
<u>INCREASED BY</u>		
Levy - School Year 7/1/2013 - 6/30/2014	<u>8,551,214.00</u>	<u>13,719,552.00</u>
	12,877,070.12	20,045,625.71
<u>DECREASED BY</u>		
Cash Disbursed	<u>8,601,462.92</u>	<u>13,458,300.52</u>
<u>BALANCE, DECEMBER 31, 2013</u>	<u>\$ 4,275,607.20</u>	<u>\$ 6,587,325.19</u>
Detail:		
Deferred	\$ 4,216,556.36	\$ 6,256,724.50
Payable	<u>59,050.84</u>	<u>330,600.69</u>
	<u>\$ 4,275,607.20</u>	<u>\$ 6,587,325.19</u>
<u>2013 LIABILITY FOR SCHOOL TAX</u>		
2013 School Taxes Paid	\$ 8,601,462.92	\$ 13,458,300.52
Add: School Taxes Payable		
December 31, 2013	<u>59,050.84</u>	<u>330,600.69</u>
	8,660,513.76	13,788,901.21
Less: School Taxes Payable		
December 31, 2012	<u>109,299.76</u>	<u>69,349.21</u>
Amount Charged to 2013 Operations	<u>\$ 8,551,214.00</u>	<u>\$ 13,719,552.00</u>

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

<u>Grant</u>	<u>Balance December 31, 2012</u>	<u>2013 Budget Revenue Realized</u>	<u>Received</u>	<u>Unappropriated Reserve Applied</u>	<u>Balance December 31, 2013</u>
U.S. Older Americans Act: 2012 2013	\$ 33,312.00	\$ 33,312.00	\$ 33,312.00	\$	\$ 33,312.00
State of New Jersey: Drunk Driving Enforcement Fund: Police		2,612.35	2,612.35		
State of New Jersey - Clean Communities Program 2012 2013	329.39	19,868.64	329.39 19,868.64		
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	4,100.00	3,200.00	7,300.00		
State of New Jersey: Body Armor Grant		8,955.07	1,910.44	7,044.63	
State of New Jersey: Recycling Tonnage Grant		93,840.73	46,974.53	46,866.20	
State of New Jersey: Pedestrian Safety Grant - 2012	14,000.00		10,200.00		3,800.00
State of New Jersey - Bullet Proof Vest Partnership Grant	4,602.37				4,602.37
State of New Jersey - ECARS Grant - Passenger Rail - 2010	24,500.00				24,500.00
Federal - Bulletproof Vest Program		5,575.00			5,575.00
Total Grants	\$ 87,243.76	\$ 167,363.79	\$ 122,507.35	\$ 53,910.83	\$ 78,189.37

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

	Balance December 31, 2012	Transferred from 2013 Budget Appropriations		Balance December 31, 2013
		Budget	Appropriation By 40A:4-87	
U.S. Older Americans Act:				
2011	\$ 24,528.57	\$	\$	\$
2012	6,079.16			3,889.40
2013		33,312.00		2,189.76
				33,312.00
State of NJ - Clean Communities Program:				
2012	2,874.63			
2013		17,203.28	2,665.36	2,874.63
				7,726.82
State of NJ - Recycling Tonnage Grant				
	34,837.09	46,866.20	46,974.53	17,161.02
Federal - Bullet Proof Vest				
		3,042.00	2,533.00	2,335.11
State of NJ - COPS in SHOPS				
	6,600.01		3,200.00	3,200.00
State of NJ - Drunk Driving Enforcement Fund:				
Police	14,251.31			14,251.31
Municipal Court	22,005.99		2,612.35	1,114.94
				23,503.40
State of NJ - Over the Limit:				
Statewide Crackdown - 2011	4,400.00			4,400.00
Holiday Year-End Crackdown - 2010	2,075.00			2,075.00
State of NJ - Click it or Ticket	5,000.00			5,000.00
State of NJ				
Pedestrian Safety Grant	10,400.00			4,200.00
State of NJ - Body Armor Grant:				
2013		4,002.63	4,952.44	1,517.49
CDBG - Cedar Crossing - 2011				
	187,797.00			187,797.00
Totals	\$ 320,848.76	\$ 104,426.11	\$ 62,937.68	\$ 272,596.29
				\$ 215,616.26

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

<u>State:</u>	Balance December 31, 2012	Realized as Revenue Budget	Received	Balance December 31, 2013
Drunk Driving Enforcement Fund:				
Police	\$		\$ 10,193.32	\$ 10,193.32
Municipal Court				
State of NJ - Clean Communities Program				
State of NJ - COPS in SHOPS			300.00	300.00
State of NJ -Body Armor Grant	4,002.63	4,002.63	4,952.44	4,952.44
State of NJ - Recycling Tonnage Grant	46,866.20	46,866.20		
State of NJ - Bullet Proof Vest	3,042.00	3,042.00		
Totals	\$ 53,910.83	\$ 53,910.83	\$ 15,445.76	\$ 15,445.76

**TRUST FUNDS**



**BOROUGH OF RED BANK**  
**TRUST FUNDS**  
**COMPARATIVE STATEMENT OF ASSETS, LIABILITIES AND RESERVES -**  
**REGULATORY BASIS**  
**AS OF DECEMBER 31, 2013 AND 2012**

	Animal Control		Other		Totals	
	2013	2012	2013	2012	2013	2012
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ 26,039.11	\$ 6,861.04	\$ 3,659,436.62	\$ 2,493,143.74	\$ 3,685,475.73	\$ 2,500,004.78
Intergovernmental Receivable	4,627.33	10,812.52			4,627.33	10,812.52
Interfunds Receivable				13,186.03		13,186.03
Total Assets	<u>\$ 30,666.44</u>	<u>\$ 17,673.56</u>	<u>\$ 3,659,436.62</u>	<u>\$ 2,506,329.77</u>	<u>\$ 3,690,103.06</u>	<u>\$ 2,524,003.33</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>						
Liabilities and Reserves:						
Reserve for Encumbrances	\$	\$	\$	\$	\$	\$
Accounts Payable - State of NJ	21.00	113.40	9,855.91	11,579.37	9,876.91	11,692.77
Accounts Payable		3,876.20	47,380.63		47,380.63	3,876.20
Various Reserves	8,448.25	8,380.80	3,170,636.53	2,372,416.55	3,179,084.78	2,380,797.35
Reserve for Online Tax Sale			377,734.05		377,734.05	
Interfunds Payable	22,197.19	5,303.16	53,829.50		76,026.69	5,303.16
Total Other Liabilities and Reserves	<u>30,666.44</u>	<u>17,673.56</u>	<u>3,659,436.62</u>	<u>2,506,329.77</u>	<u>3,690,103.06</u>	<u>2,524,003.33</u>
Total Liabilities, Reserves and Fund Balance	<u>\$ 30,666.44</u>	<u>\$ 17,673.56</u>	<u>\$ 3,659,436.62</u>	<u>\$ 2,506,329.77</u>	<u>\$ 3,690,103.06</u>	<u>\$ 2,524,003.33</u>

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

<u>BALANCE, DECEMBER 31, 2012</u>		\$ 8,380.80
<u>INCREASED BY</u>		
Dog License Fees Collected	\$ 4,365.60	
Cat License Fees Collected	1,409.25	
Animal Control Contracts	11,073.70	
Miscellaneous Receipts	<u>3,143.80</u>	<u>19,992.35</u>
		28,373.15
<u>DECREASED BY</u>		
Expenditures Under R.S. 4:19-15.11	5,128.40	
Excess Due to Current Fund	<u>14,796.50</u>	<u>19,924.90</u>
<u>BALANCE, DECEMBER 31, 2013</u>		\$ <u><u>8,448.25</u></u>

LICENSES AND PENALTY FEES COLLECTED

<u>Year</u>	<u>Amount</u>
2011	\$ 4,287.60
2012	<u>4,160.65</u>
	<u>\$ 8,448.25</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, 2012	Receipts	Expenditures	Cancelled	Balance December 31, 2013
Bid Deposits	\$ 601.10	\$	\$	\$ 601.10	\$
TTL Redemption	9,382.27	1,620,663.05	1,615,989.33		14,055.99
Law Enforcement Trust	13,507.38	6,017.60	700.00		18,824.98
Vehicle Impound Costs	69,403.92	17,180.00	14,501.60		72,082.32
Tax Sale Premiums	477,700.00	963,500.00	348,100.00		1,093,100.00
Recycling	43,370.01	59,816.59	27,571.49		75,615.11
Uniform Fire Safety Act Penalty Monies	25,036.44	400.00			25,436.44
Recreation	10,850.17	25,220.74	18,367.75		17,703.16
Parking Offenses Adjudication Act	25,598.33	5,507.50	8,043.14		23,062.69
Neighborhood Preservation Program	1.74			1.74	
Eisner Foundation:					
Charitable Scientific	310,437.55				310,437.55
Riverside Gardens Maintenance	8,464.62				8,464.62
Police - Forfeited Property	1,767.34	676.00			2,443.34
Police - Extra Duty Pay	41,662.74	323,287.50	236,537.50		128,412.74
Inspection Fees Escrow	168,109.56	51,820.24	56,670.70		163,259.10
Performance and Maintenance Escrow	654,730.63	91,644.42	145,955.94		600,419.11
Review Escrow	142,861.10	201,812.35	193,238.12		151,435.33
Dedicated Fire Penalty	1,187.05	3,091.39	2,691.39		1,587.05
Unemployment Trust	10,619.84	66,928.85	58,113.30		19,435.39
Police Donations	1,450.66	3,848.24	3,800.72		1,498.18
Manalapan RCA Agreement	275,314.09	32,595.84	29,542.33		278,367.60
Public Defender Fees	7,559.26	9,032.00	5,400.00		11,191.26
Council on Affordable Housing - Dev. Fees	18,533.60	47.08			18,580.68
Wayfinding Signs	14,850.00		10,520.00		4,330.00
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	2,813.41	2,150.00	4,211.00		752.41
Accumulated Absence Liability		105,470.12	55,470.12		50,000.00
Snow Expense		50,000.00			50,000.00
Community Garden		1,350.00	292.26		1,057.74
OEM Trust	3,000.00	1,000.00			4,000.00
Shade Tree	100.00	650.00			750.00
	<u>\$ 2,372,416.55</u>	<u>\$ 3,643,709.51</u>	<u>\$ 2,835,716.69</u>	<u>\$ 9,772.84</u>	<u>\$ 3,170,636.53</u>

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

<u>BALANCE, DECEMBER 31, 2012</u>		\$	10,619.84
<u>INCREASED BY</u>			
Payroll Deductions	\$	38,872.32	
Borough Contribution		28,000.00	
Interest Earned on Investments and Deposits		<u>56.53</u>	<u>66,928.85</u>
			77,548.69
<u>DECREASED BY</u>			
Unemployment Compensation Claims and Assessments			<u>58,113.30</u>
<u>BALANCE, DECEMBER 31, 2013</u>		\$	<u><u>19,435.39</u></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, 2013 AND 2012**

	December 31,	
	<u>2013</u>	<u>2012</u>
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 3,368,064.12	\$ 4,073,982.32
Intergovernmental Receivable:		
New Jersey Department of Transportation	112,500.00	112,500.00
New Jersey Department of Environmental Protection		287,500.00
County of Monmouth		171,563.00
	<u>112,500.00</u>	<u>571,563.00</u>
Interfunds Receivable:		
Due from Federal and State Grant Fund		175,000.00
Capital Lease Obligations - Unfunded	<u>2,830,600.00</u>	<u>2,375,800.00</u>
Deferred Charges to Future Taxation:		
Funded	11,007,054.36	13,216,467.52
Unfunded	<u>1,927,636.70</u>	<u>472,233.70</u>
	<u>12,934,691.06</u>	<u>13,688,701.22</u>
Total Assets	\$ <u>19,245,855.18</u>	\$ <u>20,885,046.54</u>
<u>LIABILITIES, RESERVES AND</u> <u>FUND BALANCE</u>		
Bond Anticipation Notes	\$ 1,786,405.00	\$ 300,000.00
Serial Bonds	<u>9,764,000.00</u>	<u>11,720,000.00</u>
Refunding Serial Bonds	<u>658,000.00</u>	<u>791,000.00</u>
Green Trust Loan Payable	<u>585,054.36</u>	<u>705,467.52</u>
Capital Lease Payable - Principal	<u>2,340,600.00</u>	<u>1,885,800.00</u>

**BOROUGH OF RED BANK**  
**GENERAL CAPITAL FUND**  
**COMPARATIVE STATEMENTS OF ASSETS, LIABILITIES, RESERVES**  
**AND FUND BALANCE - REGULATORY BASIS**  
**AS OF DECEMBER 31, 2013 AND 2012**

	<u>December 31,</u>	
	<u>2013</u>	<u>2012</u>
<b><u>LIABILITIES, RESERVES AND</u></b>		
<b><u>FUND BALANCE (CONTINUED)</u></b>		
Other Liabilities and Reserves:		
Capital Improvement Fund	\$ 81,696.76	\$ 15,191.76
Due to Current Fund	5,412.58	
Reserve for Encumbrances	909,283.57	2,899,611.83
Reserve for:		
Payment of Bonds	262,453.58	165,536.81
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>1,462,575.53</u>	<u>3,284,069.44</u>
Improvement Authorizations:		
Funded	1,479,638.36	1,771,269.25
Unfunded	1,162,329.48	170,187.88
	<u>2,641,967.84</u>	<u>1,941,457.13</u>
Fund Balance	<u>7,252.45</u>	<u>257,252.45</u>
Total Liabilities, Reserves and Fund Balance	\$ <u>19,245,855.18</u>	\$ <u>20,885,046.54</u>

There were Bonds and Notes Authorized But Not Issued of \$137,243.70 at December 31, 2013.

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

	Balance December 31, 2012	Note Proceeds	Receipts Other	Disbursements		Transfer		Balance December 31, 2013
				Improvement Authorizations	Other	From	To	
Fund Balance	\$ 257,252.45	\$	\$	\$	\$	\$	\$	\$
Capital Improvement Fund	15,191.76		150,000.00			83,495.00		7,252.45
Due (from)/to Current Fund	(175,000.00)		5,412.58					81,696.76
Due from Federal and State Grant Fund	(112,500.00)		175,000.00					5,412.58
Due from NJ DOT - Ord 11-06	(287,500.00)							(112,500.00)
Due from NJDEP Ord 09-44	(171,563.00)		259,576.47				27,923.53	
Due from Monmouth County CDBG Ord 12-4	196,667.40		171,563.00					
Reserve for Future Boat Ramp Improvements	2,899,811.83							196,667.40
Reserve for Encumbrances	165,536.81		96,916.77		2,751,128.40	16,301.36	777,101.50	909,283.57
Reserve for Payment of Bonds	5,000.00							262,453.58
Reserves for Marine Park Improvements	2,061.64							5,000.00
Reserve for Down Payments on Improvements								2,061.64
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		94,413.71	11,454.56		3,764.82		79,194.33
05-31	Acquisition of Waterfront Park		13,353.20	3,056.00				10,297.20
37-05	Purchase of Pumper Fire Truck		199.73					199.73
39-05/ 09-09/10-10	Various Improvements and Renovations to Marine Park		167,252.18	273.00			136.00	167,115.18
05-49	Various 2005 Road Improvements		21,013.75					21,013.75



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

Ordinance Number	Balance December 31, 2012	Note Proceeds	Receipts Other	Disbursements		Transfer From To	Balance December 31, 2013
				Improvement Authorizations	Other		
06-32/ 09-42/10-10	\$ 232,406.06	\$	\$	\$ 26,261.79	\$	\$ 128,477.21	\$ 77,667.06
<u>Improvement Authorizations</u>							
Conversion of Municipal Land to Waterfront Park							
07-21	Various 2007 Road Improvements						285,751.53
08-17	Phase II Road Improvements to Spring Street						164,182.30
09-27	Leasing of Certain Capital Equipment						30,000.00
09-44	Various Improvements to Count Basie Park					27,923.53	38,969.24
10-08	Various 2010 Road Improvements						3,056.84
10-17	Tax Appeal Judgements and Settlements						1,942.18
11-03	Refunding of Unfunded Accrued Pension ERI						(3,998.00)
11-06	Various 2011 Roadway Improvements			6,958.18			1,601.87
12-03	Acquisition of a Fire Truck			43,527.70		28,492.24	96,096.46
12-04	Various Improvements to Count Basie Park Phase III			19,511.60		8,241.62	12,603.26
13-15	Acquisition of Various Capital Equipment and Completion of Various Capital Projects			38,620.79		608,125.61	1,023,153.60
		1,586,405.00					
	\$ 4,073,982.32	\$ 1,586,405.00	\$ 858,468.82	\$ 149,663.62	\$ 3,001,128.40	\$ 904,821.39	\$ 3,368,064.12

Bracketed amount denotes deficit.

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

Ordinance Number	Improvement Description	Balance December 31, 2012	2013 Authorizations	Funded by Current Fund Appropriation	Cancelled	Balance December 31, 2013	Analysis of Balance, December 31, 2013		
							Bond Anticipation Notes	Expenditures	Unfunded Improvement Authorization
31-05	Acquisition of Waterfront Park	\$ 98,611.70	\$	\$		\$ 98,611.70	\$	\$	98,611.70
49-05	Various 2005 Road Improvements	37,500.00				37,500.00			37,500.00
10-08	Various 2010 Road Improvements	700.00				700.00			700.00
10-17	Tax Appeal Judgements and Settlements	300,000.00		100,000.00		200,000.00	200,000.00		
11-3	Refunding of Unfunded Accrued Pension ERI	35,000.00			31,002.00	3,998.00		3,998.00	
11-6	Various 2011 Roadway Improvements	422.00				422.00			422.00
13-15	Acquisition of Various Capital Equipment and Completion of Various Capital Projects		1,586,405.00			1,586,405.00	1,586,405.00		
		\$ 472,233.70	\$ 1,586,405.00	\$ 100,000.00	\$ 31,002.00	\$ 1,927,636.70	\$ 1,786,405.00	\$ 3,998.00	\$ 137,233.70

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

Ordinance Number	Description	Ordinance		Balance December 31, 2012		2013 Authorizations				Prior Years Encumbrances Cancelled	Balance December 31, 2013	
		Date	Amount	Funded	Unfunded	Deferred Charges to Future Taxation, Unfunded	Capital Improvement Fund	Paid or Charged	Ordinance Cancellation		Funded	Unfunded
6-02	Acquisition of a Pumper Fire Truck	03/12/02	\$ 575,000.00	\$ 1,889.61	\$	\$	\$	\$	\$	\$	1,889.61	\$
1-04	Renovations and Improvements to Red Bank Library	02/10/04	1,775,000.00	94,413.71							79,194.33	
31-05	Acquisition of Waterfront Park	07/11/05	550,000.00	13,353.20	98,611.70						10,297.20	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	167,252.18					273.00		167,115.18	
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	859,003.00	232,406.06					154,739.00		77,667.06	
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 Street	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 Count Basie Park	10/09/09	1,125,000.00	66,471.45						27,923.53	421.32	38,969.24
10-8	2010 Road Program	02/22/10	1,115,100.00	3,056.84	700.00							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 Liability	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	8,550.05	432.00				6,958.18		1,601.87	422.00
12-3	Acquisition of a Fire Truck	03/14/12	1,100,000.00	156,672.40					72,019.94		96,096.46	
12-4	Various Improvements to Count Basie Park Phase III	03/28/12	2,110,500.00	36,056.44					27,753.22		4,300.04	
13-15	Various Capital Equipment and the Completion of Various Capital Improvements	07/10/13	1,669,900.00			1,586,405.00	83,495.00	646,746.40				1,023,153.60
				\$ 1,771,269.25	\$ 170,187.88	\$ 1,586,405.00	\$ 83,495.00	\$ 926,765.12	\$ 58,925.53	\$ 16,301.36	\$ 1,479,638.36	\$ 1,162,329.48

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

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Original Amount Issued</u>	<u>Date of Issue of Original Note</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance December 31, 2012</u>	<u>Increased</u>	<u>Decreased</u>	<u>December 31, 2013</u>
10-17	Tax Appeal Refunding Note	\$ 500,000.00	06/02/10	05/23/13	05/24/14	1.60%	\$ 300,000.00	\$	\$ 100,000.00	\$ 200,000.00
13-15	Acquisition of Various Capital Equipment and Completion of Various Capital Projects	715,000.00	12/05/13	12/05/13	12/04/14	2.00%		725,000.00		725,000.00
13-15	Acquisition of Various Capital Equipment and Completion of Various Capital Projects	861,405.00	11/26/13	11/26/13	11/25/14	1.00%		861,405.00		861,405.00
							<u>\$ 300,000.00</u>	<u>\$ 1,586,405.00</u>	<u>\$ 100,000.00</u>	<u>\$ 1,786,405.00</u>

Exhibit D-5

**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, 2013		Interest Rate	Balance December 31, 2012	Decrease	Balance December 31, 2013
			Date	Amount				
General Improvement	8/1/2002	\$ 5,481,000.00				\$ 696,000.00	\$ 696,000.00	\$
General Improvement	6/15/2004	2,731,000.00	2014	\$ 331,000.00	4.000%	646,000.00	315,000.00	331,000.00
General Improvement	7/15/2007	7,391,000.00	2014	700,000.00	4.125%	4,741,000.00	640,000.00	4,101,000.00
			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	2014	315,000.00	2.000%	5,637,000.00	305,000.00	5,332,000.00
			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%			
						\$ 11,720,000.00	\$ 1,956,000.00	\$ 9,764,000.00

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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds		Interest Rate	Balance December 31, 2012	Decrease	Balance December 31, 2013
			Date	Outstanding December 31, 2013 Amount				
MCIA Refunding Bonds	2/1/2006	\$ 888,000.00	2014	\$ 98,000.00	3.80%	\$ 284,000.00	\$ 99,000.00	\$ 185,000.00
			2015	87,000.00	5.00%			
Pension ERI Refunding Bonds	4/3/2011	540,000.00	2014	41,000.00	2.80%	507,000.00	34,000.00	473,000.00
			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>\$ 791,000.00</u>	<u>\$ 133,000.00</u>	<u>\$ 658,000.00</u>

BOROUGH OF RED BANK  
GENERAL CAPITAL FUND  
STATEMENT OF INTERGOVERNMENTAL RECEIVABLES

		<u>NJDOI</u>	<u>NJDEP</u>	<u>Monmouth County</u>
		2011 Road Improvements Ord. #11-06	Various Improvements to Count Basie Park Ord. # 09-44	CDBG Various Improvements to Count Basie Park Ord. # 12-4
	<u>Total</u>			
<u>BALANCE, DECEMBER 31, 2012</u>	\$ 571,563.00	\$ 112,500.00	\$ 287,500.00	\$ 171,563.00
<u>DECREASED BY</u>				
Receipts	431,139.47		259,576.47	171,563.00
Canceled	27,923.53		27,923.53	
<u>BALANCE, DECEMBER 31, 2013</u>	\$ 112,500.00	\$ 112,500.00	\$	\$
Detail:				
Unreserved	\$ 112,500.00	\$ 112,500.00	\$	\$
Reserved				
	\$ 112,500.00	\$ 112,500.00	\$	\$

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

<u>Ordinance Number</u>	<u>Improvement Description</u>	Balance December 31, 2012	2013 <u>Authorizations</u>	<u>Cancelled</u>	Bond Anticipation Notes Issued	Balance December 31, 2013
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
13-15	Acquisition of Various Capital Equipment and Completion of Various Capital Projects		1,586,405.00		1,586,405.00	
		\$ 172,243.70	\$ 1,586,405.00	\$ 35,000.00	\$ 1,586,405.00	\$ 137,243.70



**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, 2013 AND 2012**

	Parking Utility		Water-Sewer Utility		Totals (Memorandum Only)	
	2013	2012	2013	2012	2013	2012
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ 556,036.01	\$ 503,794.87	\$ 1,314,103.09	\$ 1,241,126.70	\$ 1,870,139.10	\$ 1,744,921.57
Consumer Accounts Receivable			760,090.64	853,991.94	760,090.64	853,991.94
Water-Sewer Utility Liens Receivable			4,438.55	4,438.55	4,438.55	4,438.55
Interfunds Receivable	472.23		22,937.96	1,790.83	23,410.19	1,790.83
Inventory	215,980.99	9,319.59		4,426.65	215,980.99	13,746.24
Total Assets	\$ 772,489.23	\$ 513,114.46	\$ 2,101,570.24	\$ 2,105,774.67	\$ 2,874,059.47	\$ 2,618,889.13
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>						
<b>Liabilities:</b>						
Appropriation Reserves	\$ 88,040.12	\$ 33,318.65	\$ 202,886.52	\$ 113,879.61	\$ 290,926.64	\$ 147,198.26
Other Liabilities and Reserves:						
Reserve for Encumbrances	14,986.73	24,849.92	201,058.53	171,853.38	216,045.26	196,703.30
Interfunds Payable	24,000.00				24,000.00	
Reserve for Parking Fee Variance	225,880.00	226,270.00			225,880.00	226,270.00
Customer Overpayments			15,495.37	13,364.92	15,495.37	13,364.92
	264,866.73	251,119.92	216,553.90	185,218.30	481,420.63	436,338.22
Accrued Interest on Bonds and Notes		1,009.97	119,665.90	119,177.05	119,665.90	120,187.02
Reserve for Receivables and Inventory	215,980.99	9,319.59	764,529.19	862,857.14	980,510.18	872,176.73
Fund Balance	203,601.39	218,346.33	797,934.73	824,642.57	1,001,536.12	1,042,988.90
Total Liabilities, Reserves and Fund Balance	\$ 772,489.23	\$ 513,114.46	\$ 2,101,570.24	\$ 2,105,774.67	\$ 2,874,059.47	\$ 2,618,889.13

**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 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
Revenue and Other Income Realized:		
Operating Fund Balance Appropriated	\$ 58,681.36	\$ 70,000.00
Parking Fees	1,190,106.90	1,132,717.47
Riverview Hospital - Lease Agreement	336,216.72	323,285.40
Reserve for Payment of Bonds	19,768.64	20,000.00
Non-Budget Revenue	2,343.01	2,449.34
Other Credits to Income - Unexpended Balance of Appropriation Reserves	42,259.82	20,026.57
Current Year's Budget Appropriations Cancelled	<u>1,009.97</u>	
Total Income	<u>1,650,386.42</u>	<u>1,568,478.78</u>
Expenditures:		
Operating	731,200.00	662,500.00
Debt Service	62,250.00	107,500.00
Deferred Charges and Statutory Expenditures	58,000.00	55,000.00
Surplus Transferred to Current Fund	<u>680,000.00</u>	<u>655,000.00</u>
Total Expenditures	<u>1,531,450.00</u>	<u>1,480,000.00</u>
Excess in Revenues/ Statutory Excess to Fund Balance	118,936.42	88,478.78
Fund Balance, January 1	<u>218,346.33</u>	<u>299,867.55</u>
	337,282.75	388,346.33
Decreased by:		
Utilized as Anticipated Revenue	58,681.36	70,000.00
Transferred to Current Fund	<u>75,000.00</u>	<u>100,000.00</u>
	<u>133,681.36</u>	<u>170,000.00</u>
Fund Balance, December 31	<u>\$ 203,601.39</u>	<u>\$ 218,346.33</u>

**BOROUGH OF RED BANK**  
**PARKING UTILITY OPERATING FUND**  
**STATEMENT OF REVENUES - REGULATORY BASIS**  
**YEAR ENDED DECEMBER 31, 2013**

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess</u>
Parking Utility Anticipated Fund Balance	\$ 58,681.36	\$ 58,681.36	\$
Parking Fees	1,130,000.00	1,190,106.90	60,106.90
Riverview Hospital - Lease Payment	323,000.00	336,216.72	13,216.72
Reserve for Payment of Bonds	<u>19,768.64</u>	<u>19,768.64</u>	
	\$ 1,531,450.00	\$ 1,604,773.62	\$ 73,323.62
Non-Budget Revenue	<u></u>	<u>2,343.01</u>	<u>2,343.01</u>
	\$ <u>1,531,450.00</u>	\$ <u>1,607,116.63</u>	\$ <u>75,666.63</u>

**ANALYSIS OF NON-BUDGET REVENUES**

Miscellaneous:

Interest on Investments:

Operating Fund

Capital Fund

\$ 1,870.78

472.23

\$ 2,343.01

BOROUGH OF RED BANK  
PARKING UTILITY OPERATING FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2013

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	<u>Canceled</u>
<u>OPERATING</u>						
Salaries and Wages	\$ 250,750.00	\$ 250,750.00	\$ 240,902.55	\$ 14,988.73	\$ 9,847.45	\$
Other Expenses	480,450.00	480,450.00	388,971.95		76,489.32	
Total Operating	731,200.00	731,200.00	629,874.50	14,988.73	86,336.77	
<u>DEBT SERVICE</u>						
Payment of Bond Principal	60,000.00	60,000.00	60,000.00			
Interest on Bonds	2,250.00	2,250.00	1,240.03			1,009.97
Total Debt Service	62,250.00	62,250.00	61,240.03			1,009.97
<u>DEFERRED CHARGES AND STATUTORY EXPENDITURES</u>						
Statutory Expenditures:						
Contribution to:						
Public Employees' Retirement System	36,000.00	36,000.00	36,000.00			
Social Security System (O.A.S.I.)	21,000.00	21,000.00	19,296.65		1,703.35	
Unemployment Compensation Insurance	1,000.00	1,000.00	1,000.00			
Total Deferred Charges and Statutory Expenditures	58,000.00	58,000.00	56,296.65		1,703.35	
<u>SURPLUS (GENERAL BUDGET)</u>						
	680,000.00	680,000.00	680,000.00			
Total Parking Utility Appropriations	\$ 1,531,450.00	\$ 1,531,450.00	\$ 1,427,411.18	\$ 14,988.73	\$ 88,040.12	\$ 1,009.97

**BOROUGH OF RED BANK**  
**PARKING UTILITY OPERATING FUND**  
**STATEMENT OF 2012 APPROPRIATION RESERVES**

	Balance December 31, 2012		Balance After Transfers	Paid or Charged	Balance Lapsed
	Appropriation Reserves	Reserve for Encumbrances			
Operating:					
Salaries and Wages	\$ 7,934.12		\$ 7,934.12	3,548.61	\$ 4,385.51
Other Expenses	22,664.21	\$ 24,849.92	47,514.13	\$ 12,091.00	35,423.13
Statutory Expenditures:					
Contribution to Social Security	2,720.32		2,720.32	269.14	2,451.18
	\$ 33,318.65	\$ 24,849.92	\$ 58,168.57	\$ 15,908.75	\$ 42,259.82

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

<u>BALANCE DECEMBER 31, 2012</u>	\$ 1,009.97
<u>INCREASED BY</u>	
2013 Budget Appropriation:	
Interest on Bonds	<u>1,240.03</u>
	2,250.00
<u>DECREASED BY</u>	
Cash Disbursed	<u>2,250.00</u>
<u>BALANCE DECEMBER 31, 2013</u>	\$ <u>None</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, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
Revenue and Other Income Realized:		
Operating Fund Balance Appropriated	\$ 361,656.00	\$ 399,500.00
Collection of Water-Sewer Rents	6,679,987.83	6,626,893.58
Water and Sewer Connection Fees	276,909.00	293,636.18
Miscellaneous	139,810.24	124,323.50
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	88,241.09	20,014.41
Current Appropriations Cancelled	25,000.00	54,454.33
Prior Years's Outstanding Check Voided	<u>720.00</u>	<u>720.00</u>
Total Income	<u>7,571,604.16</u>	<u>7,519,542.00</u>
Expenditures:		
Operating	4,751,656.00	4,816,919.87
Debt Service	1,236,000.00	1,079,080.13
Deferred Charges and Statutory Expenditures	124,000.00	123,500.00
Surplus - General Budget	<u>950,000.00</u>	<u>990,000.00</u>
Total Expenditures	<u>7,061,656.00</u>	<u>7,009,500.00</u>
Excess in Revenues/ Statutory Excess to Fund Balance	509,948.16	510,042.00
Fund Balance, January 1	<u>824,642.57</u>	<u>914,100.57</u>
	<u>1,334,590.73</u>	<u>1,424,142.57</u>
Decreased by:		
Utilized as Anticipated Revenue	361,656.00	399,500.00
Transferred to Current Fund	<u>175,000.00</u>	<u>200,000.00</u>
	<u>536,656.00</u>	<u>599,500.00</u>
Fund Balance, December 31	<u>\$ 797,934.73</u>	<u>\$ 824,642.57</u>

**BOROUGH OF RED BANK**  
**WATER-SEWER UTILITY OPERATING FUND**  
**STATEMENT OF REVENUES - REGULATORY BASIS**  
**YEAR ENDED DECEMBER 31, 2013**

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess</u>
Fund Balance Anticipated	\$ 361,656.00	\$ 361,656.00	\$
Rents and Other Charges	6,550,000.00	6,679,987.83	129,987.83
Water and Sewer Connection Fees	40,000.00	276,909.00	236,909.00
Miscellaneous	<u>110,000.00</u>	<u>137,550.07</u>	<u>27,550.07</u>
	\$ 7,061,656.00	\$ 7,456,102.90	\$ 394,446.90
Non-Budget Revenue	<u>                    </u>	<u>2,260.17</u>	<u>2,260.17</u>
	<u>\$ 7,061,656.00</u>	<u>\$ 7,458,363.07</u>	<u>\$ 396,707.07</u>

## Miscellaneous:

Interest on Investments:

Capital Fund

\$ 2,260.17\$ 2,260.17

**BOROUGH OF RED BANK**  
**WATER-SEWER UTILITY OPERATING FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**YEAR ENDED DECEMBER 31, 2013**

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	<u>Canceled</u>
<b>OPERATING</b>						
Salaries and Wages	\$ 627,656.00	\$ 627,656.00	\$ 624,576.26	\$	3,079.74	\$
Other Expenses	1,828,000.00	1,828,000.00	1,602,380.20	122,652.05	102,967.75	
Regional Sewer Authority Charges	1,571,000.00	1,571,000.00	1,540,119.00		30,881.00	
Manasquan River Water Purchases	725,000.00	725,000.00	594,005.76	72,121.29	58,872.95	
Total Operating	<u>4,751,656.00</u>	<u>4,751,656.00</u>	<u>4,361,081.22</u>	<u>194,773.34</u>	<u>195,801.44</u>	
<b>DEBT SERVICE</b>						
Payment of Bond Principal	900,000.00	934,580.13	909,580.13			25,000.00
Interest on Bonds	336,000.00	301,419.87	301,419.87			
Total Debt Service	<u>1,236,000.00</u>	<u>1,236,000.00</u>	<u>1,211,000.00</u>			<u>25,000.00</u>
<b>DEFERRED CHARGES AND STATUTORY EXPENDITURES</b>						
Statutory Expenditures:						
Contribution to:						
Public Employees' Retirement System	72,000.00	72,000.00	72,000.00			
Social Security System (O.A.S.I.)	50,000.00	50,000.00	42,914.92		7,085.08	
Unemployment Compensation Insurance	2,000.00	2,000.00	2,000.00			
Total Deferred Charges and Statutory Expenditures	<u>124,000.00</u>	<u>124,000.00</u>	<u>116,914.92</u>		<u>7,085.08</u>	
<b>SURPLUS GENERAL BUDGET</b>						
	<u>950,000.00</u>	<u>950,000.00</u>	<u>950,000.00</u>			
Total Water-Sewer Utility Appropriations	<u>\$ 7,061,656.00</u>	<u>\$ 7,061,656.00</u>	<u>\$ 6,638,996.14</u>	<u>\$ 194,773.34</u>	<u>\$ 202,886.52</u>	<u>\$ 25,000.00</u>

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

<u>BALANCE, DECEMBER 31, 2012</u>	\$ 853,991.94
<u>INCREASED BY</u>	
Rents Charged in 2013	<u>6,586,086.65</u>
	7,440,078.59
<u>DECREASED BY</u>	
Collections - Net	<u>6,679,987.83</u>
<u>BALANCE, DECEMBER 31, 2013</u>	\$ <u><u>760,090.76</u></u>

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

<u>BALANCE, DECEMBER 31, 2012</u>	\$ 4,438.55
<u>AND</u>	
<u>BALANCE, DECEMBER 31, 2013</u>	\$ <u><u>4,438.55</u></u>

**BOROUGH OF RED BANK**  
**WATER - SEWER UTILITY OPERATING FUND**  
**STATEMENT OF 2012 APPROPRIATION RESERVES**

	Balance December 31, 2012			Balance After Transfers	Paid or Charged	Balance Lapsed
	Appropriation Reserves	Reserve for Encumbrances	Transfers			
Operating:						
Salaries and Wages	\$ 20,409.08	\$	\$	\$ 20,409.08	\$ 11,786.79	\$ 8,622.29
Other Expenses	24,821.84	99,732.10	10,000.00	134,553.94	112,746.38	21,807.56
Regional Sewer Authority Charges	14,889.00			14,889.00		14,889.00
Manasquan River Water Purchases	33,138.53	72,121.28		105,259.81	72,173.31	33,086.50
Statutory Expenditures:						
Contribution to Soc. Security	20,621.16		(10,000.00)	10,621.16	785.42	9,835.74
	<u>\$ 113,879.61</u>	<u>\$ 171,853.38</u>	<u>\$</u>	<u>\$ 285,732.99</u>	<u>\$ 197,491.90</u>	<u>\$ 88,241.09</u>

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

<u>BALANCE DECEMBER 31, 2012</u>	\$ 119,177.05
<u>INCREASED BY</u>	
2013 Budget Appropriation:	
Interest on Bonds	<u>301,419.87</u>
	420,596.92
<u>DECREASED BY</u>	
Cash Disbursed	<u>300,931.02</u>
<u>BALANCE DECEMBER 31, 2013</u>	<u>\$ 119,665.90</u>

ANALYSIS OF ACCRUAL

	<u>Date of Issue</u>	<u>Accrual Period</u>	<u>Interest Rate</u>	<u>Amount Outstanding December 31, 2013</u>	<u>Accrual</u>
<u>Serial Bonds</u>					
2004 Series	6/15/2004	5 Months	Var.	\$ 230,000.00	\$ 18,039.07
2007 Series	8/1/2007	5 Months	Var.	370,000.00	79,388.03
2012 Series	11/1/2012	2 Months	Var.	<u>125,000.00</u>	<u>8,537.83</u>
				<u>\$ 725,000.00</u>	<u>105,964.93</u>
<u>Bond Anticipation Notes</u>					
2013-07	11/26/2013	34 days	1.00%	\$ 500,000.00	472.22
2013-14	11/26/2013	34 days	1.00%	<u>205,440.00</u>	<u>194.03</u>
				<u>\$ 705,440.00</u>	<u>666.25</u>
					106,631.17
Add: Excess to be utilized in 2014 Budget					<u>13,034.73</u>
					<u>\$ 119,665.90</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, 2013 AND 2012**

	Parking Utility		Water-Sewer Utility		Totals	
	2013	2012	2013	2012	2013	2012
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ 168,163.04	\$ 188,900.45	\$ 1,453,577.10	\$ 1,311,747.37	\$ 1,621,740.14	\$ 1,500,647.82
Fixed Capital	3,864,558.93	3,864,558.93	12,134,828.52	10,408,328.52	15,999,387.45	14,272,887.45
Fixed Capital Authorized and Uncompleted	350,000.00	350,000.00	12,577,437.00	13,598,497.00	12,927,437.00	13,948,497.00
	4,214,558.93	4,214,558.93	24,712,265.52	24,006,825.52	28,926,824.45	28,221,384.45
Total Assets	\$ 4,382,721.97	\$ 4,403,459.38	\$ 26,165,842.62	\$ 25,318,572.89	\$ 30,548,564.59	\$ 29,722,032.27
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>						
Serial Bonds	\$	\$ 60,000.00	\$ 9,240,282.19	\$ 10,174,862.32	\$ 9,240,282.19	\$ 10,234,862.32
Bond Anticipation Notes			705,440.00		705,440.00	
Improvement Authorizations:						
Funded	164,282.83	165,294.16	753,460.12	1,142,025.87	917,742.95	1,307,320.03
Unfunded			618,876.00	290,673.00	618,876.00	290,673.00
	164,282.83	165,294.16	1,372,336.12	1,432,698.87	1,536,618.95	1,597,993.03
Capital Improvement Fund						
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	99,096.77	7,074.77	99,096.77	26,843.41
Interfunds Payable	472.23	429.67	259,398.48	152,072.73	259,398.48	152,502.40
			2,260.17		2,732.40	
Reserve for Amortization	3,872.23	23,598.31	371,329.42	169,721.50	375,201.65	193,319.81
Deferred Reserve for Amortization	3,864,558.93	3,804,558.93	14,259,771.26	13,325,191.13	18,124,330.19	17,129,750.06
Fund Balance	350,000.00	350,000.00	216,099.07	216,099.07	566,099.07	566,099.07
	7.98	7.98	584.56		592.54	7.98
Total Liabilities, Reserves and Fund Balance	\$ 4,382,721.97	\$ 4,403,459.38	\$ 26,165,842.62	\$ 25,318,572.89	\$ 30,548,564.59	\$ 29,722,032.27

There were Bonds and Notes Authorized But Not Issued at December 31, 2013 in the Parking Utility Capital Fund of \$ None and in the Water-Sewer Utility Capital Fund 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, 2012	Receipts	Disbursements	Transfer		Balance December 31, 2013
				To	From	
Fund Balance	\$ 7.98	\$	\$			\$ 7.98
Due (from)/to Parking Utility Operating Fund		472.23				472.23
Capital Improvement Fund	3,400.00					3,400.00
Reserve for Payment of Bonds	19,768.64		19,768.64			
Reserve for Encumbrances	429.67				429.67	
Improvement Authorizations:						
Ordinance						
Number						
12-09	165,294.16		1,441.00	429.67		164,282.83
Acquisition and Installation of Parking Pay Stations						
	\$ 188,900.45	\$ 472.23	\$ 21,209.64	\$ 429.67	\$ 429.67	\$ 168,163.04

**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, 2012</u>	<u>AND</u>	<u>Balance December 31, 2013</u>
12-09	Acquisition and Installation Parking Pay Stations	5/23/2012	\$ 350,000.00	\$ 350,000.00		\$ 350,000.00
				\$ 350,000.00		\$ 350,000.00

There was no change during the year.

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

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Maturities of</u>		<u>Interest Rate</u>	<u>Balance December 31, 2012</u>	<u>Decreased</u>	<u>Balance December 31, 2013</u>
			<u>Bonds Outstanding December 31, 2013</u>	<u>Date</u>				
Parking Utility Bonds	8/1/2002	\$ 535,000.00			3.750%	\$ 60,000.00	\$ 60,000.00	\$
						\$ 60,000.00	\$ 60,000.00	\$

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, 2012 Funded</u>	<u>Prior Year Encumbrance Canceled</u>	<u>Paid or Charged</u>	<u>Balance December 31, 2013 Funded</u>
12-09	Acquisition and Installation Parking Pay Stations	5/23/2012	\$ 350,000.00	\$ 165,294.16	\$ 429.67	\$ 1,441.00	\$ 164,282.83
				\$ 165,294.16	\$ 429.67	\$ 1,441.00	\$ 164,282.83

**WATER-SEWER UTILITY CAPITAL FUND**

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

	Balance December 31, 2012	Note Proceeds	Disbursements			Transfer	Balance December 31, 2013
			Other Receipts	Improvement Authorizations	Other	To From	
Due (from) Water-Sewer Utility Operating Fund	\$	\$	\$ 2,260.17	\$		\$	\$ 2,260.17
Capital Improvement Fund	10,574.00						10,574.00
Reserve for Payment of Bonds	7,074.77		92,022.00				99,096.77
Reserve for Encumbrances	152,072.73		584.56		108,179.05	32,637.75	259,398.48
Fund Balance							584.56
Improvement Authorizations:							
Ordinance Number	Description						
35-04/ 23-05	Reconstruction of the Sewer Main Along Maple Ave.	64,562.79			20,670.00		85,232.79
9-06	Repair and Replacement of Sewer Lines and Hydrant Installation	18,538.89			9,100.00		27,638.89
10-06	Various Facility Improvements	123,223.18					123,223.18
22-07	Water Mains, Fire Hydrant Valves and Sewer Pump Stations	1,338.69					1,338.69
23-07	Various 2007 Capital Improvements	49,823.36					49,823.36
38-24/09-04 09-24	Various 2008 Capital Improvements	91,505.60		2,918.50	2,867.75		91,454.85
10-09	Various 2010 Capital Improvements	21,042.85					21,042.85
10-39	Septic Tank 2010 Improvements	5,604.20					5,604.20
11-02	Various 2011 Capital Improvements	747,518.75		300,606.62		117,678.38	329,233.75
11-07	Various 2011 Drainage Improvements	18,867.56					18,867.56
13-07	Lake Avenue Water Utility Improvements		500,000.00	246,251.83		130,464.17	123,284.00
13-14	Various 2013 Capital Improvements		205,440.00	521.00			204,919.00
		\$ 1,311,747.37	\$ 705,440.00	\$ 550,297.95	\$ 280,780.30	\$ 280,780.30	\$ 1,453,577.10

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, 2012</u>	<u>2013 Authorization</u>	<u>Transferred to Fixed Capital</u>	<u>Balance December 31, 2013</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	3,156,503.00			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
13-07	Lake Avenue Capital Improvements	6/12/2013	500,000.00		500,000.00		500,000.00
13-14	Various Water Utility Improvements	7/10/2013	205,440.00		205,440.00		205,440.00
				<u>\$ 13,598,497.00</u>	<u>\$ 705,440.00</u>	<u>\$ 1,726,500.00</u>	<u>\$ 12,577,437.00</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 December 31, 2013		Interest Rate	Balance December 31, 2012	Decreased		Balance December 31, 2013
			Date	Amount			De-Obligated	Disbursed	
Water-Sewer Bonds	8/1/2002	\$ 1,200,000.00				\$ 150,000.00	\$	150,000.00	\$
Water-Sewer Bonds	6/15/2004	2,780,000.00	2014	\$ 245,000.00	4.000%	1,280,000.00		230,000.00	1,050,000.00
			2015	250,000.00	4.100%				
			2016	275,000.00	4.125%				
			2017	280,000.00	4.250%				
Water-Sewer Bonds	7/15/2007	6,385,000.00	2014	405,000.00	4.125%	4,865,000.00		370,000.00	4,495,000.00
			2015	435,000.00	4.250%				
			2016	455,000.00	4.250%				
			2017	455,000.00	4.250%				
			2018	480,000.00	4.250%				
			2019	550,000.00	4.250%				
			2020	560,000.00	4.250%				
			2021	575,000.00	4.250%				
			2022	580,000.00	4.250%				
NJ/EIT Trust Bonds	11/23/09	680,000.00	2014	25,000.00	5.000%	630,000.00	25,000.00		605,000.00
			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 December 31, 2013		Interest Rate	Balance December 31, 2012	Decreased		Balance December 31, 2013
			Date	Amount			De-Obligated	Disbursed	
NJ/EIT Fund Loan	11/23/09	\$ 2,040,227.00	2014	\$ 34,580.13	0.000%	\$ 587,862.32	\$	34,580.13	\$ 553,282.19
			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%				
Water-Sewer Bonds	11/1/2012	2,662,000.00	2014	125,000.00	2.000%	2,662,000.00		125,000.00	2,537,000.00
			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%				
						<u>\$ 10,174,862.32</u>	<u>\$ 25,000.00</u>	<u>\$ 909,580.13</u>	<u>\$ 9,240,282.19</u>

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

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Date of Issue of Original Note</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Increased</u>	<u>Balance December 31, 2013</u>
13-7	Various Water Utility Improvements	11/26/2013	11/26/2013	11/25/2014	1.00%	\$ 500,000.00	\$ 500,000.00
13-14	Various Water and Sewer Utility Improvements	11/26/2013	11/26/2013	11/25/2014	1.00%	205,440.00	205,440.00
						<u>\$ 705,440.00</u>	<u>\$ 705,440.00</u>

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

Ordinance Number	Description	Ordinance		Balance December 31, 2012		Encumbrance Cancelled	Paid or Charged	Balance December 31, 2013	
		Date	Amount	Funded	Unfunded			Funded	Unfunded
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	\$ 64,562.79	\$	\$ 20,670.00	\$	\$ 85,232.79	\$
9-06	Repair and Replacement of Sewer Lines and Hydrant Installation	3/13/2006	250,000.00	18,538.89		9,100.00		27,638.89	
10-06	Various Facility Improvements	3/13/2006	2,425,000.00	123,223.18				123,223.18	
22-07	Water Mains, Fire Hydrant Valves and Sewer Pump Stations	2007	1,140,000.00	1,338.69				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	91,505.60	289,773.00	2,867.75	2,918.50	91,454.85	289,773.00
10-09	Various 2010 Capital Improvements	2010	477,900.00	21,042.85	900.00			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	747,518.75			418,285.00	329,233.75	
11-07	Various 2011 Drainage Improvements	5/25/2011	189,168.00	18,867.56				18,867.56	
13-07	Lake Ave. Water Utility Improvements	6/12/2013	500,000.00				376,716.00		123,284.00
13-14	Various 2013 Capital Improvements	7/10/2013	205,440.00				521.00		204,919.00
				\$ 1,142,025.87	\$ 290,673.00	\$ 32,637.75	\$ 798,440.50	\$ 753,460.12	\$ 618,876.00

**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, 2012</u>	<u>2013 Authorizations</u>	<u>Bond Anticipation Notes Issued</u>	<u>Balance December 31, 2013</u>
08-24/09-04/ 09-24	Various 2008 Water/Sewer Improvements	\$ 289,773.00	\$		\$ 289,773.00
10-09	Various 2010 Capital Improvements	900.00			900.00
13-07	Lake Avenue Capital Improvements		500,000.00	500,000.00	
13-14	Various 2013 Capital Improvements		205,440.00	205,440.00	
		<u>\$ 290,673.00</u>	<u>\$ 705,440.00</u>	<u>\$ 705,440.00</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, 2013 AND 2012

	December 31,	
	<u>2013</u>	<u>2012</u>
General Fixed Assets:		
Land and Buildings	\$ 17,919,976.00	\$ 18,053,582.00
Contents	3,051,481.00	2,551,481.00
Vehicles and Equipment	<u>9,999,084.95</u>	<u>10,386,719.06</u>
	<u>\$ 30,970,541.95</u>	<u>\$ 30,991,782.06</u>
Investment in General Fixed Assets	<u>\$ 30,970,541.95</u>	<u>\$ 30,991,782.06</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, 2013, and the related notes to the financial statements, which collectively comprise the Borough's financial statements, and have issued our report dated May 9, 2014. 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 our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Borough's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough's internal control.

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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the Comments and Recommendations section of this report and identified as recommendation # 2013-2.

#### 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 an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying Comments and Recommendations section of this report as Recommendation # 2013-1.

We also noted certain other matters that we reported to management in the Comments and Recommendations section of this report.

#### Borough's Response to Findings

The Borough's response to the findings identified in our audit are described in the Comments and Recommendations section of this report. The Borough's response was not subjected to the auditing procedures applied in the audit of the financials statements and, accordingly, we express no opinion on it.

#### Purpose 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  
May 9, 2014

## 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	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
General Government	\$ 2,804,750.00	\$ 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
Land Use Administration	195,700.00	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
Insurance	3,332,244.00	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	1,620,000.00
Public Safety	5,340,060.00	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
Public Works	1,480,180.00	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
Landfill/Solid Waste Disposal Costs	390,000.00	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
Health and Welfare	232,250.00	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
Parks and Recreation	454,325.00	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
Utility Expenses and Bulk Purchases	599,000.00	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
Uniform Construction Code	347,104.00	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
Contingent and Celebration	1,000.00	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
Deferred Charges and Statutory										
Expenditures	1,825,162.55	1,786,284.92	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
State and Federal Grants	167,363.79	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
Judgements	25,000.00	25,000.00				66,603.84				
Capital Improvements	150,000.00	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
Debt Service	3,255,763.00	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
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	1,031,247.44	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
	<u>\$ 21,631,149.78</u>	<u>\$ 21,177,029.79</u>	<u>\$ 20,141,755.19</u>	<u>\$ 20,122,287.83</u>	<u>\$ 19,571,760.67</u>	<u>\$ 19,244,282.07</u>	<u>\$ 20,260,850.01</u>	<u>\$ 16,308,484.50</u>	<u>\$ 15,929,287.14</u>	<u>\$ 15,267,792.50</u>

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

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

	Fiscal Year									
Function	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Operating	\$ 731,200.00	\$ 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
Debt Service	62,250.00	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
Deferred Charges and Statutory										
Expenditures	58,000.00	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
Surplus Transferred to Current Fund	680,000.00	655,000.00	655,000.00	656,410.00	135,000.00	100,000.00				
	\$ 1,531,450.00	\$ 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	\$ 903,299.96	\$ 729,384.00

**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									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Operating	\$ 4,751,656.00	\$ 4,816,919.87	\$ 4,171,600.78	\$ 4,193,201.00	\$ 4,608,176.00	\$ 4,906,532.05	\$ 5,082,104.62	\$ 4,523,807.89	\$ 4,051,882.00	\$ 4,070,246.00
Capital Improvements			10,000.00	17,500.00	155,000.00				55,000.00	60,000.00
Debt Service	1,236,000.00	1,079,080.13	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
Deferred Charges and Statutory Expenditures	124,000.00	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
Surplus General Budget	950,000.00	990,000.00	990,000.00	993,720.00	955,000.00	200,000.00	286,000.00			
	\$ 7,061,656.00	\$ 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	\$ 5,247,090.82	\$ 4,977,719.25

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

Exhibit H-4

Source	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Fund Balance Anticipated	\$ 500,000.00	\$ 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
Taxes (1)	12,405,394.67	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
Delinquent Taxes	861,867.45	1,024,210.42	1,133,337.42	849,803.52	965,911.37	962,570.81	728,820.90	678,059.56	604,856.25	632,738.36
Miscellaneous Revenues	5,697,166.39	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
State Aid	2,011,681.00	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
Federal and State Grants/Interlocal	167,363.79	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
Non-budget Revenues and Other										
Items	333,539.54	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
	<u>\$ 21,977,012.84</u>	<u>\$ 21,286,799.52</u>	<u>\$ 20,971,981.34</u>	<u>\$ 19,415,243.09</u>	<u>\$ 19,918,210.73</u>	<u>\$ 20,228,720.16</u>	<u>\$ 20,928,081.42</u>	<u>\$ 17,187,003.61</u>	<u>\$ 16,475,041.89</u>	<u>\$ 15,846,343.47</u>

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

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

<u>Year</u>	<u>Borough</u>	<u>County</u>	<u>County Open Space Fund</u>	<u>District School</u>	<u>Regional High School</u>	<u>Total</u>	<u>Collection Rates Current</u>	<u>Delinquent Taxes as Percent of Levy</u>
2013	\$ 0.555	\$ 0.242	\$ 0.013	\$ 0.616	\$ 0.384	\$ 1.810	97.82%	2.56%
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%

Source: Tax Collector.

\* Revaluation



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

<u>Year Ended December 31,</u>	<u>Net Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percentage of Collections</u>
2013	\$ 40,772,587.02	\$ 39,882,088.68	97.81%
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%

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

<u>Year Ended December 31,</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2013	\$ 2,096.77	\$ 968,907.91	\$ 971,004.68	2.38%
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%

**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>
2013	\$ 2,219,797,941	\$ 1,999,817,965	111.10%
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%

\* 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, 2013**

<u>Taxpayer</u>	<u>Assessed Value - 2013</u>	<u>As a Percent of Net Assessed Valuation Taxable</u>
#1	\$ 37,545,000	1.69%
#2	34,631,100	1.55%
#3	31,979,200	1.44%
#4	24,195,400	1.09%
#5	20,438,900	0.92%
#6	16,913,500	0.76%
#7	16,075,900	0.72%
#8	15,412,500	0.69%
#9	13,685,100	0.61%
#10	<u>12,347,800</u>	<u>0.55%</u>
	<u>\$ 235,243,400</u>	<u>10.56%</u>

Source: Red Bank Tax Assessor

**BOROUGH OF RED BANK**  
**COMPUTATION OF LEGAL DEBT MARGIN**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2013**

Average Equalized Valuation	\$ <u>2,041,899,838.67</u>
Borrowing Margin - 3½% of Average Equalized Valuation	\$ 71,466,494.35
Net Debt	<u>12,035,249.50</u>
Remaining Borrowing Power	\$ <u>59,431,244.85</u>

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Municipal Debt - Borough of Red Bank	\$ <u>12,930,703.08</u>	\$ <u>895,453.58</u>	\$ 12,035,249.50
Overlapping Debt Apportioned to the Municipality:		<u>Red Bank Allocation</u>	
County of Monmouth (1)		2.1817%	<u>9,882,353.44</u>
			\$ <u>21,917,602.94</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 December 31,</u>	<u>Borough Population (1)</u>	<u>Equalized Valuation (2)</u>	<u>Net Debt (3)</u>	<u>Ratio of Net Debt to Equalized Valuation</u>	<u>Net Debt Per Capita</u>
2013	12,206	\$ 1,999,817,964.86	\$ 12,035,249.50	0.60%	\$ 986.01
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

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

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

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

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

Year Ended December 31,	Bond and Note Principal	Interest on Bonds and Notes	Green Trust Loans	Capital Equipment Leases	Total Municipal Debt Service	Total Current Fund Governmental Fund Expenditures	Ratio of Debt Service to Current Fund Expenditures
2013	\$ 2,189,000.00	\$ 379,215.31	\$ 133,923.44	\$ 552,192.60	\$ 3,254,331.35	\$ 20,173,382.51	16.13%
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%

(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		\$ 1,528,666.63
Deductions:		
Operating and Maintenance Cost	\$ 789,200.00	
Debt Service	<u>62,250.00</u>	
Total Deductions		<u>851,450.00</u>
Excess in Revenue		\$ <u><u>677,216.63</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		\$ 7,439,976.11
Deductions:		
Operating and Maintenance Cost	\$ 4,875,656.00	
Debt Service	<u>1,211,000.00</u>	
Total Deductions		<u>6,086,656.00</u>
Excess in Revenue		\$ <u><u>1,353,320.11</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>
2013	8.9%
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%

Source : NJ Department of Labor and Workforce Development Website.

**BOROUGH OF RED BANK**  
**MISCELLANEOUS STATISTICS**  
**DECEMBER 31, 2013**

Date of Incorporation	March 10, 1908
Form of Government	Borough
Area	1.8 square miles
Total Number of Employees (includes part-time)	213

Source: Borough Records.

**AUDITOR'S COMMENTS AND RECOMMENDATIONS**

**GENERAL COMMENTS**  
**DECEMBER 31, 2013**

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 2013 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:

Dr. James Parker Boulevard Pump Station Replacement	Count Basie Park Aluminum Bleachers
Lake Avenue Water Main Improvements Electrical Services	Wells and Pump Stations Maintenance Sulfate and Hydrated Lime

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

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

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

**GENERAL COMMENTS (CONTINUED)**  
**DECEMBER 31, 2013**

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 2013 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, 2013 covering all unpaid charges on that date was verified with the accounting control figures shown in this report.

The 2013 tax sales were complete. Inspection of tax sale certificates on file revealed that all tax sale certificates were available for audit.

The detail of all unpaid Water-Sewer rents for 2013 and prior years is being properly carried in the Water-Sewer Collector's records. An abstract taken from these records as at December 31, 2013, covering all unpaid charges on that date was verified with the accounting control figures shown in this report.

**Finding:**

**Condition:** During 2013, the Borough advised us that one days collection of taxes and water-sewer rents that were received and processed by the Borough did not get deposited into their respective bank accounts.

**Criteria:** Sound internal controls.

**Cause:** The cause of this incident is under investigation by the Borough's Police Department and the Monmouth County Prosecutor's Office. We noted a series of internal controls were in place, but not functioning as designed that would have mitigated the chances of an incident like this happening.

**GENERAL COMMENTS (CONTINUED)**  
**DECEMBER 31, 2013**

Collection of Interest on Delinquent Taxes and Utility Charges-Continued

**Client Response:** The Borough, acting in response to a request made by the Monmouth County Prosecutor's office, authorized our office to undertake a special examination of the tax office. Both investigations are ongoing. The Borough has already begun corrective action on many of the control deficiencies identified.

**Recommendation:** It is recommended that the significant deficiencies in internal controls over the tax and water-sewer departments be corrected.

**Finding:**

**Condition:** Our examination revealed that deposits of taxes and water-sewer rents that were received and processed by the Borough were not deposited within forty-eight hours of receipt.

**Criteria:** N.J.S.A. 40A:5A-15.

**Cause:** No plausible explanation.

**Client Response:** The Borough is reviewing all the internal controls over the collection function and is aware of the failures to deposit funds within forty eight hours of receipt.

**Recommendation:** It is recommended that all funds collected by the Borough be deposited within forty-eight hours of receipt.

**OTHER COMMENTS**

Cash Balances

The cash balances in all funds were verified by independent certifications obtained from the depositories as at December 31, 2013. Supplemental bank reconciliations were reviewed as of January 31, 2014.

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.

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.

**GENERAL COMMENTS (CONTINUED)**  
**DECEMBER 31, 2013**

Other Comments - Continued

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 2013 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.

Budget and General Ledger

**Finding:**

**Condition:** The Borough's Mayor and Council approved six resolutions throughout the year adding revenues and appropriations to the current fund budget as special items of revenue. Only three of the six amounts were recorded into the Borough's accounting system.

**Criteria:** State statute and internal controls

**Cause:** Turnover in the Chief Financial Officer position during the year.

**Recommendation:** It is recommended that all Chapter 159 special items of anticipated revenues approved by resolution be inserted into the budget.

Bank Reconciliations

**Finding:**

**Condition:** Bank reconciliations are not being completed on a timely basis.

**Criteria:** The Borough's internal control policy requires timely, accurate bank reconciliations.

**Cause:** Turnover in the Chief Financial Officer position during the year.

**Effect:** Lack of timely accurate bank reconciliations precludes the Borough from identifying errant or unexpected transactions and its ability to act on the cause and take other corrective actions on the transactions.

**Recommendation:** It is recommended that all bank reconciliations be prepared on a timely basis.



**GENERAL COMMENTS (CONTINUED)**  
**DECEMBER 31, 2013**

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**

It is recommended:

- 2013-1     That the significant deficiencies in the tax and water-sewer departments be corrected.
- 2013-2     That all funds collected by the Borough be deposited within forty-eight hours of receipt.
- 2013-3     That all Chapter 159 special items of anticipated revenue approved by resolution be inserted into the budget.
- 2013-4     That all bank reconciliations be prepared on a timely basis.

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 contact me.

Very truly yours,



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

For The Firm  
DAK CPA Certified Public Accountants