

*BOROUGH OF  
PEAPACK AND GLADSTONE*

*COUNTY OF SOMERSET*

*REPORT OF AUDIT*

*2021*

*NISIVOCCIA LLP  
CERTIFIED PUBLIC ACCOUNTANTS*

BOROUGH OF PEAPACK AND GLADSTONE

COUNTY OF SOMERSET

REPORT OF AUDIT

2021

BOROUGH OF PEAPACK AND GLADSTONE  
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PART I

FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2021

## Independent Auditors' Report

The Honorable Mayor and Members  
of the Borough Council  
Borough of Peapack and Gladstone  
Peapack, New Jersey

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the financial statements – *regulatory basis* - of the various funds and account group of the Borough of Peapack and Gladstone, in the County of Somerset (the "Borough") as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, as listed in the table of contents.

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of each fund and account group of the Borough as of December 31, 2021 and 2020, and the results of operations and changes in fund balance, where applicable, of such funds and account group, thereof for the years then ended in accordance with the accounting practices prescribed or permitted, as described in Note 1, by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division").

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

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the accompanying financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund and account group of the Borough as of December 31, 2021 and 2020, or the changes in financial position or where applicable, cash flows thereof for the years then ended.

#### ***Basis for Opinions***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS), audit requirements prescribed by the Division and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Borough, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

The Honorable Mayor and Members  
of the Borough Council  
Borough of Peapack and Gladstone  
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***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 1 of the financial statements, the financial statements are prepared by the Borough on the basis of the financial reporting provisions prescribed or permitted by the Division, which is a basis of accounting other than accounting principles generally accepted in the United State of America, to meet the requirements of the Division's regulatory basis of accounting and the budget laws of New Jersey.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") to demonstrate compliance with the Division's regulatory basis of accounting, and the budget laws of New Jersey. Management is also 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 Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards* and audit requirements prescribed by the Division will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, *Government Auditing Standards* and audit requirements prescribed by the Division, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Borough's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Borough's ability to continue as a going concern for a reasonable period of time.

The Honorable Mayor and Members  
of the Borough Council  
Borough of Peapack and Gladstone  
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We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements of the various funds and account group that collectively comprise the Borough's financial statements. The supplementary data schedules listed in the table of contents and the schedules of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the various fund and account group financial statements. The information has been subjected to the auditing procedures applied in the audit of the various fund financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the various fund and account group financial statements or to the various fund and account group financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary data schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the various fund and account group financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated July 7, 2022 on our consideration of the Borough of Peapack and Gladstone'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 solely 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 effectiveness of the Borough's 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 of Peapack and Gladstone's internal control over financial reporting and compliance.

Mount Arlington, New Jersey  
July 7, 2022

*Nisivoccia LLP*  
NISIVOCCIA LLP

*Heidi A. Wohlleb*

Heidi A. Wohlleb  
Certified Public Accountant  
Registered Municipal Accountant No. 481



BOROUGH OF PEAPACK AND GLADSTONE  
COUNTY OF SOMERSET  
2021  
CURRENT FUND

BOROUGH OF PEAPACK AND GLADSTONE  
CURRENT FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	Ref.	December 31,	
		2021	2020
<u>ASSETS</u>			
Regular Fund:			
Cash and Cash Equivalents:			
Treasurer	A-4	\$ 3,784,259.61	\$ 3,754,657.75
Change Fund		150.00	150.00
Petty Cash		125.00	125.00
		<u>3,784,534.61</u>	<u>3,754,932.75</u>
Due from State of New Jersey:			
Senior Citizens and Veterans Deductions		2,981.22	2,706.22
		<u>3,787,515.83</u>	<u>3,757,638.97</u>
Receivables and Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-7	189,993.24	115,674.47
Tax Title Liens Receivable	A-8	13,949.53	9,340.08
Property Acquired for Taxes at Assessed Valuation		139,900.00	139,900.00
Revenue Accounts Receivable	A-9	9,979.21	2,376.81
Due from State of New Jersey:			
Marriage License Fees		465.00	465.00
Due from Other Trust Funds	B	28,573.14	
Due from Other Trust Funds - Open Space	B		5,714.77
Due from Animal Control Fund	B	0.02	1.64
Due from General Capital Fund	C	17.37	28.72
Due from Net Payroll and Payroll Agency Accounts		0.26	184,418.87
Total Receivables and Other Assets With Full Reserves		<u>382,877.77</u>	<u>457,920.36</u>
Total Regular Fund		<u>4,170,393.60</u>	<u>4,215,559.33</u>
Federal and State Grant Fund:			
Grants Receivable	A-13	252,267.09	63,513.76
Due from Current Fund	A	85,664.86	77,979.43
Due from General Capital Fund	C		37,276.78
Total Federal and State Grant Fund		<u>337,931.95</u>	<u>178,769.97</u>
<u>TOTAL ASSETS</u>		<u>\$ 4,508,325.55</u>	<u>\$ 4,394,329.30</u>

BOROUGH OF PEAPACK AND GLADSTONE  
CURRENT FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
(Continued)

	Ref.	December 31,	
		2021	2020
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Regular Fund:			
Appropriation Reserves:			
Encumbered	A-3;A-11	\$ 332,144.85	\$ 323,532.98
Unencumbered	A-3;A-11	807,974.35	871,431.37
		<u>1,140,119.20</u>	<u>1,194,964.35</u>
Prepaid Taxes		106,065.36	104,128.81
Accounts Payable			19,099.04
Tax Overpayments		32,502.04	26,845.98
Due to Insurance Company for Claim Restitution		200.00	200.00
Regional School Taxes Payable	A-12	1,263.14	1,264.58
Due to Federal and State Grant Fund	A	85,664.86	77,979.43
Due to Other Trust Funds	B		167,906.18
Due to Other Trust Funds - Open Space	B	226,910.92	
Due to Sewer Utility Operating Fund	E		1,197.49
Reserve for:			
Master Plan		5,087.16	5,087.16
		<u>1,597,812.68</u>	<u>1,598,673.02</u>
Reserve for Receivables and Other Assets	A	382,877.77	457,920.36
Fund Balance	A-1	2,189,703.15	2,158,965.95
		<u>4,170,393.60</u>	<u>4,215,559.33</u>
Federal and State Grant Fund:			
Unappropriated Reserves	A-14	145,216.05	9,495.47
Appropriated Reserves	A-15	189,715.90	169,274.50
Reserve for Encumbrances	A-15	3,000.00	
		<u>337,931.95</u>	<u>178,769.97</u>
Total Federal and State Grant Fund		<u>337,931.95</u>	<u>178,769.97</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u>\$ 4,508,325.55</u>	<u>\$ 4,394,329.30</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF PEAPACK AND GLADSTONE  
CURRENT FUND  
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE -  
REGULATORY BASIS

	Ref.	Year Ended December 31,	
		2021	2020
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized		\$ 1,850,000.00	\$ 1,650,000.00
Miscellaneous Revenue Anticipated		776,590.24	588,069.82
Receipts from:			
Delinquent Taxes		115,674.46	82,133.65
Current Taxes		13,976,321.84	13,736,964.87
Nonbudget Revenue		128,344.71	61,968.92
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		716,563.42	443,360.32
Interfunds and Other Receivables Returned		190,164.00	257,913.65
Cancellation of:			
Tax Overpayments			200.00
Accounts Payable		19,099.04	6,377.00
Total Income		<u>17,772,757.71</u>	<u>16,826,988.23</u>
<u>Expenditures</u>			
Budget Appropriations:			
Municipal Purposes		6,006,420.88	5,514,121.79
County Taxes		2,959,573.30	2,947,737.26
Open Space Taxes		226,971.54	221,347.57
Regional School District Taxes		6,670,464.00	6,618,486.00
Prior Year Veterans and Senior Citizen Deduction Disallowed			250.00
Interfunds and Other Receivables Advanced		28,590.79	185,646.05
Total Expenditures		<u>15,892,020.51</u>	<u>15,487,588.67</u>
Excess in Revenue		1,880,737.20	1,339,399.56
<u>Fund Balance</u>			
Balance January 1		2,158,965.95	2,469,566.39
		<u>4,039,703.15</u>	<u>4,619,566.39</u>
Decreased by:			
Utilized as Anticipated Revenue		1,850,000.00	2,150,000.00
Balance December 31	A	<u>\$ 2,189,703.15</u>	<u>\$ 2,158,965.95</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF PEAPACK AND GLADSTONE

CURRENT FUND

STATEMENT OF REVENUE - REGULATORY BASIS

YEAR ENDED DECEMBER 31, 2021

	Budget	Added by N.J.S.A 40A:4-87	Realized	Excess or Deficit *
Fund Balance Anticipated	\$ 1,850,000.00		\$ 1,850,000.00	
Miscellaneous Revenue:				
Alcoholic Beverage Licenses	13,000.00		12,600.00	\$ 400.00 *
Fees and Permits	66,000.00		37,708.50	28,291.50 *
Municipal Court - Fines and Costs	40,000.00		74,876.27	34,876.27
Interest and Costs on Taxes	37,000.00		33,950.98	3,049.02 *
Interest on Investments	6,400.00		2,742.24	3,657.76 *
Energy Receipts Taxes	251,059.00		251,059.00	
Uniform Construction Code Fees	75,000.00		118,203.85	43,203.85
Rental of Borough Property	45,000.00		22,928.84	22,071.16 *
Recycling Tonnage Grant	1,853.76		1,853.76	
Reserve for Clean Communities Program	7,073.23		7,073.23	
Body Armor Replacement Fund	1,255.41		1,255.41	
Somerset County Click-It or Ticket		\$ 2,090.00	2,090.00	
Reserve for Somerset County Distracted Driving Grant	500.00		500.00	
Somerset County Drive Sober or Get Pulled Over Grant	880.00		880.00	
Alcohol Education and Rehabilitation Fund	666.83		666.83	
Assistance to Firefighters Grant		173,333.33	173,333.33	
Somerset County Distracted Driving Grant	5,500.00		8,500.00	
Body Worn Camera Grant		3,000.00		
Driving While Intoxicated		22,418.00	22,418.00	
Drive Sober or Get Pulled Over Grant		1,430.00	1,430.00	
		2,520.00	2,520.00	
	551,188.23	204,791.33	776,590.24	20,610.68 *
Receipts from Delinquent Taxes	80,000.00		115,674.46	35,674.46
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes	4,262,869.82		5,059,313.00	796,443.18
Budget Totals	6,744,058.05	204,791.33	7,801,577.70	852,728.32
Nonbudget Revenue			128,344.71	128,344.71
	\$ 6,744,058.05	\$ 204,791.33	\$ 7,929,922.41	\$ 981,073.03

BOROUGH OF PEAPACK AND GLADSTONE  
CURRENT FUND  
STATEMENT OF REVENUE-REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2021  
(Continued)

Allocation of Current Tax Collections:		
Revenue from Collection of Current Taxes		\$ 13,976,321.84
Allocated to:		
Regional School District Taxes	\$ 6,670,464.00	
County Taxes	2,959,573.30	
Municipal Open Space Taxes	<u>226,971.54</u>	
		<u>9,857,008.84</u>
Balance for Support of Municipal Budget		4,119,313.00
Add: Appropriation "Reserve for Uncollected Taxes"		<u>940,000.00</u>
Realized for Support of Municipal Budget		<u><u>\$ 5,059,313.00</u></u>
Analysis of Fees and Permits:		
Municipal Clerk		\$ 3,995.00
Fire		6,605.00
Board of Health		4,985.00
Police		573.50
Zoning Officer		8,600.00
Engineering		700.00
Land Use		<u>12,250.00</u>
		<u><u>\$ 37,708.50</u></u>
Analysis of Nonbudget Revenue:		
Interest on Investments - Due from Other Funds:		
Due from General Capital Fund	\$ 17.37	
Due from Payroll Agency Account	0.18	
Due from Net Payroll Account	0.08	
Due from Animal Control Fund	0.02	
Due from Other Trust Funds - Open Space	60.62	
Due from Other Trust Funds	<u>27.43</u>	
Total Interest on Investments - Due from Other Funds		\$ 105.70

BOROUGH OF PEAPACK AND GLADSTONE  
CURRENT FUND  
STATEMENT OF REVENUE-REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2021  
(Continued)

Analysis of Nonbudget Revenue: (Cont'd)

DMV Inspection Fee	100.00	
Shared Vehicle Maintenance - Far Hills	1,440.00	
Police Outside Service Administrative Fee	51,666.25	
Other Miscellaneous	12,380.80	
Fees and Permits:		
Clerk	46,856.94	
Fire	1,923.00	
Engineering	1,500.00	
Board of Health	4,020.00	
Tax Assessor	140.00	
Police	197.22	
	120,224.21	\$ 120,224.21
 Tax Collector:		
Miscellaneous Revenue Not Anticipated	8,014.80	
		\$ 128,344.71

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF PEAPACK AND GLADSTONE  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2021

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
<b>GENERAL GOVERNMENT:</b>					
General Administration:					
Salaries & Wages	\$ 67,700.00	\$ 62,700.00	\$ 45,157.86	\$ 17,542.14	
Other Expenses	129,500.00	129,500.00	58,977.02	70,522.98	
Mayor and Council:					
Salaries & Wages	15,500.00	15,500.00	15,500.00		
Other Expenses	33,000.00	33,000.00	18,667.08	14,332.92	
Municipal Clerk:					
Salaries & Wages	111,300.00	111,300.00	92,855.99	18,444.01	
Other Expenses	60,600.00	60,600.00	36,852.32	23,747.68	
Financial Administration:					
Other Expenses	84,050.00	84,050.00	77,385.95	6,664.05	
Annual Audit	20,000.00	24,000.00	23,955.00	45.00	
Computer Information Technology:					
Other Expenses	64,150.00	64,150.00	57,006.95	7,143.05	
Revenue Administration (Tax Collection):					
Other Expenses	58,720.00	58,720.00	57,511.52	1,208.48	
Tax Assessment Administration:					
Salaries & Wages	35,100.00	35,100.00	31,855.27	3,244.73	
Other Expenses	11,650.00	11,650.00	1,177.16	10,472.84	
Legal Services and Costs:					
Other Expenses - Fees	110,000.00	110,000.00	29,372.13	80,627.87	
Engineering Services and Costs:					
Other Expenses	20,000.00	20,000.00	11,792.15	8,207.85	



BOROUGH OF PEAPACK AND GLADSTONE  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2021  
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
GENERAL GOVERNMENT: (Cont'd)					
Cultural Heritage:					
Other Expenses	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00		
LAND USE ADMINISTRATION:					
Municipal Land Use Law (N.J.S.A. 40:55D-1):					
Land Use Board:					
Salaries & Wages	7,900.00	10,400.00	9,376.74	\$ 1,023.26	
Other Expenses	24,225.00	24,225.00	8,773.52	15,451.48	
Zoning Cost:					
Salaries & Wages	18,700.00	16,200.00	14,517.12	1,682.88	
Other Expenses					
Insurance (P.L. 2003, C.92):					
Group Insurance Plans for Employees	500,000.00	500,000.00	335,624.12	164,375.88	
General Liability Insurance	101,200.00	101,200.00	94,889.89	6,310.11	
Workers' Compensation Insurance	30,000.00	30,000.00	26,188.32	3,811.68	
Health Benefit Waiver	18,000.00	18,000.00	11,607.34	6,392.66	
PUBLIC SAFETY:					
Police:					
Salaries & Wages	865,900.00	869,900.00	867,631.91	2,268.09	
Other Expenses	151,620.00	147,620.00	147,283.77	336.23	
Emergency Management Services:					
Salaries & Wages	1,600.00	1,600.00	1,599.88	0.12	
Other Expenses	7,705.00	7,705.00	7,612.53	92.47	
Aid to Volunteer Ambulance Company:					
Salaries & Wages	1,500.00	2,500.00	2,500.00		
Other Expenses	60,000.00	60,000.00	60,000.00		

BOROUGH OF PEAPACK AND GLADSTONE  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2021  
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
<b>PUBLIC SAFETY: (Cont'd)</b>					
Fire:					
Salaries & Wages	\$ 8,600.00	\$ 1,000.00		\$ 1,000.00	
Other Expenses	177,300.00	184,900.00	\$ 141,044.85	43,855.15	
Fire Safety Official:					
Salaries & Wages	15,400.00	15,400.00	10,015.00	5,385.00	
Other Expenses	2,975.00	2,975.00	1,075.00	1,900.00	
Fire Hydrant Services	91,000.00	91,000.00	79,289.46	11,710.54	
<b>PUBLIC WORKS:</b>					
Streets and Road Repairs and Maintenance:					
Salaries & Wages	167,100.00	167,100.00	166,360.78	739.22	
Other Expenses	209,900.00	209,900.00	201,275.94	8,624.06	
Shade Tree Commission:					
Other Expenses	3,600.00	3,600.00	3,600.00		
Garbage and Trash Removal:					
Other Expenses	119,500.00	119,500.00	115,251.39	4,248.61	
Public Building and Grounds:					
Salaries & Wages	211,700.00	211,700.00	188,401.85	23,298.15	
Other Expenses	173,150.00	173,150.00	168,292.07	4,857.93	
Vehicle Maintenance:					
Other Expenses	50,000.00	50,000.00	23,612.97	26,387.03	

BOROUGH OF PEAPACK AND GLADSTONE  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2021  
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
<b>HEALTH AND HUMAN SERVICES:</b>					
Board of Health:					
Salaries & Wages	\$ 1,800.00	\$ 1,800.00	\$ 1,716.24	\$ 83.76	
Other Expenses	28,110.00	28,110.00	28,099.26	10.74	
Environmental Commission:					
Other Expenses	8,850.00	8,850.00	8,849.75	0.25	
Animal Control:					
Other Expenses	6,500.00	6,500.00		6,500.00	
<b>PARKS AND RECREATION:</b>					
Recreation Services and Programs:					
Salaries & Wages	31,200.00	31,200.00	31,185.50	14.50	
Senior Citizen Center Transportation:					
Other Expenses	4,000.00	4,000.00		4,000.00	
<b>UNCLASSIFIED:</b>					
Accumulated Leave Compensation:					
Salaries & Wages	50,000.00	50,000.00	2,102.40	47,897.60	
<b>UNIFORM CONSTRUCTION CODE:</b>					
State Uniform Construction Code:					
Construction Official:					
Salaries & Wages	113,000.00	113,000.00	80,124.56	32,875.44	
Other Expenses	11,200.00	11,200.00	3,259.40	7,940.60	
<b>UTILITY EXPENSES AND BULK PURCHASES:</b>					
Electricity	37,000.00	37,000.00	25,684.99	11,315.01	
Street Lighting	25,000.00	25,000.00	19,960.77	5,039.23	
Telephone	21,000.00	21,000.00	13,549.22	7,450.78	

BOROUGH OF PEAPACK AND GLADSTONE  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2021  
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
<b>UTILITY EXPENSES AND BULK PURCHASES: (Cont'd)</b>					
Water	\$ 5,800.00	\$ 5,800.00	\$ 4,684.66	\$ 1,115.34	
Gasoline	33,000.00	33,000.00	27,058.59	5,941.41	
Natural Gas	26,000.00	26,000.00	16,259.84	9,740.16	
Landfill/Solid Waste Disposal Costs	85,000.00	85,000.00	65,459.28	19,540.72	
<b>Total Operations Within "CAPS"</b>	<b>4,328,805.00</b>	<b>4,328,805.00</b>	<b>3,573,385.31</b>	<b>755,419.69</b>	
Contingent	2,000.00	2,000.00		2,000.00	
<b>Total Operations including Contingent within "CAPS"</b>	<b>4,330,805.00</b>	<b>4,330,805.00</b>	<b>3,573,385.31</b>	<b>757,419.69</b>	
Detail:					
Salaries & Wages	1,742,000.00	1,734,400.00	1,572,508.44	161,891.56	
Other Expenses	2,588,805.00	2,596,405.00	2,000,876.87	595,528.13	
<b>Deferred Charges and Statutory Expenditures -</b>					
<b>Municipal Within "CAPS":</b>					
Statutory Expenditures:					
Contribution to:					
Public Employees' Retirement System	79,089.82	79,089.82	79,089.82		
Police and Firemen's Retirement System of New Jersey	218,983.00	218,983.00	218,983.00		
Social Security System (O.A.S.I.)	125,000.00	125,000.00	125,000.00		

BOROUGH OF PEAPACK AND GLADSTONE  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2021  
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Deferred Charges and Statutory Expenditures - Municipal Within "CAPS": Statutory Expenditures: Contribution to: Unemployment Insurance Defined Contribution Retirement Fund	\$ 2,000.00 2,000.00	\$ 2,000.00 2,000.00	\$ 1,326.29	\$ 2,000.00 673.71	
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	427,072.82	427,072.82	424,399.11	2,673.71	
Total General Appropriations for Municipal Purposes Within "CAPS"	4,757,877.82	4,757,877.82	3,997,784.42	760,093.40	
Operations Excluded from "CAPS": Recycling Tax Shared Service Agreements: Municipal Court: Other Expenses - Contractual Length of Service Awards Program (N.J.S.A. 40A:4-453) Fire Department First Aid Squad State and Federal Programs Offset by Revenues: Clean Communities Recycling Tonnage Grant Body Armor Replacement Fund Somerset County Distracted Driving Grant Somerset County Drive Sober or Get Pulled Over Grant Somerset County Click It or Ticket Grant (N.J.S.A. 40A:4-87 + \$2,520.00)	4,500.00    92,951.00 30,000.00 15,000.00 7,073.23 1,853.76 1,255.41 6,000.00 880.00	4,500.00   92,951.00 30,000.00 15,000.00 7,073.23 1,853.76 1,255.41 9,000.00 880.00 2,520.00	2,819.97   91,750.08   7,073.23 1,853.76 1,255.41 9,000.00 880.00	1,680.03   1,200.92 30,000.00 15,000.00      2,520.00	

BOROUGH OF PEAPACK AND GLADSTONE  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2021  
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Excluded from "CAPS" (Cont'd)					
State and Federal Programs Offset by Revenues: (Cont'd)					
Alcohol Education and Rehabilitation Fund	\$ 666.83	\$ 666.83	\$ 666.83		
Assistance to Firefighters Grant (N.J.S.A. 40A:4-87 + \$173,333.33)		173,333.33	173,333.33		
Somerset County Click-It or Ticket (N.J.S.A. 40A:4-87 + \$2,090.00)		2,090.00	2,090.00		
Body Worn Camera Grant (N.J.S.A. 40A:4-87 + \$22,418.00)		22,418.00	22,418.00		
Driving While Intoxicated (N.J.S.A. 40A:4-87 + \$1,430.00)		1,430.00	1,430.00		
Total Operations Excluded from "CAPS"	160,180.23	364,971.56	317,090.61	\$ 47,880.95	
Detail:					
Other Expenses	160,180.23	364,971.56	317,090.61	47,880.95	
Capital Improvements - Excluded from "CAPS":					
Capital Improvement Fund	500,000.00	500,000.00	500,000.00		
Total Capital Improvements - Excluded from "CAPS"	500,000.00	500,000.00	500,000.00		
Municipal Debt Service - Excluded from "CAPS":					
Payment of Bond Principal	341,000.00	341,000.00	340,200.00	\$ 800.00	
Interest on Bonds	45,000.00	45,000.00	43,371.50	1,628.50	
Total Municipal Debt Service - Excluded from "CAPS"	386,000.00	386,000.00	383,571.50	2,428.50	

BOROUGH OF PEAPACK AND GLADSTONE  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2021  
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Total General Appropriations - Excluded from "CAPS"	\$ 1,046,180.23	\$ 1,250,971.56	\$ 1,200,662.11	\$ 47,880.95	\$ 2,428.50
Subtotal General Appropriations	5,804,058.05	6,008,849.38	5,198,446.53	807,974.35	2,428.50
Reserve for Uncollected Taxes	940,000.00	940,000.00	940,000.00		
Total General Appropriations	\$ 6,744,058.05	\$ 6,948,849.38	\$ 6,138,446.53	\$ 807,974.35	\$ 2,428.50

Ref.

A

BOROUGH OF PEAPACK AND GLADSTONE  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2021  
(Continued)

		Analysis of	
	<u>Ref.</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>
Adopted Budget		\$ 6,744,058.05	
Added by N.J.S.A. 40A:4-87		204,791.33	
		\$ 6,948,849.38	
Reserve for Uncollected Taxes			\$ 940,000.00
Reserve for Encumbrances	A		332,144.85
Reserve for Revaluation			
Transfer to Appropriated Grant Reserves:			
Federal and State Grants			222,520.56
Local Match			
Cash Disbursed			4,735,601.35
			6,230,266.76
Less: Appropriation Refunds - Cash Received			91,820.23
			\$ 6,138,446.53

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT



BOROUGH OF PEAPACK AND GLADSTONE  
COUNTY OF SOMERSET  
2021  
TRUST FUNDS

BOROUGH OF PEAPACK AND GLADSTONE  
COMPARATIVE BALANCE SHEET - TRUST FUNDS - REGULATORY BASIS

	Ref.	December 31,	
		2021	2020
<u>ASSETS</u>			
Animal Control Fund:			
Cash and Cash Equivalents	B-4	\$ 2,572.50	\$ 5,623.21
Due from State of New Jersey			94.60
		<u>2,572.50</u>	<u>5,717.81</u>
Other Trust Funds:			
Cash and Cash Equivalents	B-4	3,820,488.93	3,370,443.64
Due from Current Fund	A		167,906.18
Due from Current Fund - Open Space	A	226,910.92	
		<u>4,047,399.85</u>	<u>3,538,349.82</u>
<u>TOTAL ASSETS</u>		<u>\$ 4,049,972.35</u>	<u>\$ 3,544,067.63</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Animal Control Fund:			
Due to Current Fund	A	\$ 0.02	\$ 1.64
Reserve for Animal Control Expenditures	B-6	2,572.48	5,716.17
		<u>2,572.50</u>	<u>5,717.81</u>
Other Trust Funds:			
Due to Current Fund	A	\$ 28,573.14	
Due to Current Fund - Open Space	A		\$ 5,714.77
Due to Payroll Account		3,210.00	8,565.00
Due to State of New Jersey - DCA Fees		3,304.00	1,611.00
Due to State of New Jersey - Marriage License		275.00	
Reserve for Open Space		2,050,692.06	1,541,703.52
Reserve for Housing Trust		680,577.70	693,503.95
Reserve for Unemployment Compensation Insurance		46,158.73	46,903.58
Reserve for Council on Affordable Housing		458,968.68	449,431.18
Reserve for Developers Escrow		173,304.17	233,592.76
Reserve for Recreation Commission		108,959.86	119,628.35
Reserve for Forfeited Assets		2,665.91	2,665.91
Reserve for Fire Prevention		1,343.05	1,343.05
Reserve for Flexible Spending		1,692.26	1,692.26
Reserve for Escrow Deposits		15,708.44	15,708.44
Reserve for Parking Offense Adjudication Act		442.00	440.00
Reserve for Accumulated Leave		194,117.60	194,117.60
Reserve for Recycling		1,068.85	1,253.85
Reserve for Tax Sale Premiums		133,300.00	56,600.00
Reserve for Police Outside Services		76,330.25	62,109.75
Reserve for Historic Preservation Commission		1,325.00	1,325.00
Reserve for Storm Recovery		37,662.08	46,251.01
Reserve for Friends of the Library		11,575.00	13,450.00
Reserve for Donations from Garden Club		7,000.00	7,000.00
Reserve for Public Defender		200.00	
Reserve for Private Police Donations		3,946.07	28,738.84
Reserve for Liberty Park Renovations		5,000.00	5,000.00
		<u>4,047,399.85</u>	<u>3,538,349.82</u>
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 4,049,972.35</u>	<u>\$ 3,544,067.63</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF PEAPACK AND GLADSTONE  
ASSESSMENT TRUST FUND  
STATEMENT OF FUND BALANCE - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2021

NOT APPLICABLE

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF PEAPACK AND GLADSTONE  
ASSESSMENT TRUST FUND  
STATEMENT OF REVENUE - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2021

NOT APPLICABLE

BOROUGH OF PEAPACK AND GLADSTONE  
ASSESSMENT TRUST FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2021

NOT APPLICABLE

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF PEAPACK AND GLADSTONE  
COUNTY OF SOMERSET  
2021  
GENERAL CAPITAL FUND

BOROUGH OF PEAPACK AND GLADSTONE  
GENERAL CAPITAL FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	Ref.	December 31,	
		2021	2020
<u>ASSETS</u>			
Cash and Cash Equivalents	C-2	\$ 1,865,997.63	\$ 1,947,752.61
Due from State of New Jersey:			
Department of Transportation Grant		144,032.75	314,097.89
Department of Law and Public Safety Grant	A	22,418.00	
Deferred Charges to Future Taxation:			
Funded		2,691,000.00	3,150,000.00
Unfunded	C-4	238,000.00	238,000.00
<u>TOTAL ASSETS</u>		<u>\$ 4,961,448.38</u>	<u>\$ 5,649,850.50</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Serial Bonds Payable	C-8	\$ 2,691,000.00	\$ 3,150,000.00
Improvement Authorizations:			
Funded	C-5	879,833.91	1,370,420.34
Unfunded	C-5	207,333.06	207,333.06
Due to Current Fund	A	17.37	28.72
Due to Federal and State Grant Fund	A		37,276.78
Capital Improvement Fund	C-6	358,417.79	554,617.79
Reserve for Encumbrances	C-5	790,448.50	295,776.06
Fund Balance	C-1	34,397.75	34,397.75
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 4,961,448.38</u>	<u>\$ 5,649,850.50</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF PEAPACK AND GLADSTONE  
GENERAL CAPITAL FUND  
STATEMENT OF FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	
Balance December 31, 2020	C	\$ 34,397.75
Balance December 31, 2021	C	<u>\$ 34,397.75</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF PEAPACK AND GLADSTONE  
COUNTY OF SOMERSET  
2021  
SEWER UTILITY FUND



BOROUGH OF PEAPACK AND GLADSTONE  
SEWER UTILITY FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	Ref.	December 31,	
		2021	2020
<u>ASSETS</u>			
Operating Fund:			
Cash and Cash Equivalents	E-4	\$ 1,154,354.37	\$ 1,388,074.36
Due from Current Fund Fund	A		1,197.49
Due from Sewer Utility Capital Fund	E	104.94	105.73
		<u>1,154,459.31</u>	<u>1,389,377.58</u>
Receivable with Full Reserve:			
Consumer Accounts Receivable	E-6	49,406.94	53,594.44
		<u>49,406.94</u>	<u>53,594.44</u>
Total Operating Fund		<u>1,203,866.25</u>	<u>1,442,972.02</u>
Capital Fund:			
Cash and Cash Equivalents	E-4	989,698.65	1,130,322.60
Fixed Capital	E-7	8,384,348.85	8,317,748.85
Fixed Capital Authorized and Uncompleted	E-8	338,000.00	231,200.00
Deferred Charge:			
Expenditure Without an Ordinance	E-4	16,267.50	
		<u>16,267.50</u>	
Total Capital Fund		<u>9,728,315.00</u>	<u>9,679,271.45</u>
<u>TOTAL ASSETS</u>		<u>\$ 10,932,181.25</u>	<u>\$ 11,122,243.47</u>

BOROUGH OF PEAPACK AND GLADSTONE  
SEWER UTILITY FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
(Continued)

	Ref.	December 31,	
		2021	2020
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Appropriation Reserves:			
Encumbered	E-3;E-9	\$ 41,336.56	\$ 80,375.09
Unencumbered	E-3;E-9	15,456.35	187,308.13
		<u>56,792.91</u>	<u>267,683.22</u>
Sewer Rent Overpayments		1,143.26	2,900.99
Due to Payroll Fund			46,437.32
		<u>57,936.17</u>	<u>317,021.53</u>
Reserve for Receivables	E	49,406.94	53,594.44
Fund Balance	E-1	1,096,523.14	1,072,356.05
		<u>1,203,866.25</u>	<u>1,442,972.02</u>
Total Operating Fund			
Capital Fund:			
Improvement Authorizations:			
Funded	E-10	186,261.06	137,216.72
Due to Sewer Utility Operating Fund	E	104.94	105.73
Capital Improvement Fund	E-11	736,486.27	909,886.27
Deferred Reserve for Amortization	E-12	338,000.00	231,200.00
Reserve for Amortization	E-13	8,384,348.85	8,317,748.85
Reserve for Contribution in Aid of Construction		29,359.57	29,359.57
Reserve for Sewer Pump		9,000.00	9,000.00
Reserve for Capital Improvements – Shared Services		25,000.00	25,000.00
Fund Balance	E-1A	19,754.31	19,754.31
		<u>9,728,315.00</u>	<u>9,679,271.45</u>
Total Capital Fund			
		<u>10,932,181.25</u>	<u>11,122,243.47</u>
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 10,932,181.25</u>	<u>\$ 11,122,243.47</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF PEAPACK AND GLADSTONE  
SEWER UTILITY OPERATING FUND  
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE -  
REGULATORY BASIS

	Ref.	Year Ended December 31,	
		2021	2020
<u>Revenue and Other Income Realized</u>			
Surplus Anticipated		\$ 150,000.00	\$ 150,000.00
Rents		1,110,344.20	1,174,145.37
Miscellaneous Revenue Not Anticipated		74,664.63	11,160.32
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		97,091.67	263,656.83
Total Income		<u>1,432,100.50</u>	<u>1,598,962.52</u>
<u>Expenditures</u>			
Budget Expenditures:			
Operating		1,206,430.00	1,157,261.00
Capital Improvements			25,000.00
Deferred Charges and Statutory Expenditures		51,503.41	57,068.59
Total Expenditures		<u>1,257,933.41</u>	<u>1,239,329.59</u>
Excess in Revenue		174,167.09	359,632.93
<u>Fund Balance</u>			
Balance January 1		1,072,356.05	862,723.12
		<u>1,246,523.14</u>	<u>1,222,356.05</u>
Decreased by:			
Utilized as Anticipated Revenue		150,000.00	150,000.00
Balance December 31	E	<u>\$ 1,096,523.14</u>	<u>\$ 1,072,356.05</u>

THE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF PEAPACK AND GLADSTONE  
SEWER UTILITY CAPITAL FUND  
STATEMENT OF SEWER CAPITAL FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	
Balance December 31, 2020	E	<u>\$ 19,754.31</u>
Balance December 31, 2021	E	<u><u>\$ 19,754.31</u></u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF PEAPACK AND GLADSTONE  
SEWER UTILITY OPERATING FUND  
STATEMENT OF REVENUE - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2021

	Anticipated	Realized	Excess or Deficit *
Surplus Anticipated	\$ 150,000.00	\$ 150,000.00	
Rents	1,099,433.00	1,110,344.20	\$10,911.20
Miscellaneous Revenue	8,500.41	74,664.63	66,164.22
	\$ 1,257,933.41	\$ 1,335,008.83	\$77,075.42
 Analysis of Rents:			
Collected in Sewer Utility Operating Fund		\$ 1,107,443.21	
Overpayments Applied		2,900.99	
		\$ 1,110,344.20	
 Analysis of Miscellaneous Revenue:			
Treasurer:			
Interest on Deposits	\$ 651.89		
Sewer Transmission Advisory Board Reimbursement	66,307.00		
Interest on Delinquent Rents	7,609.04		
		\$ 74,567.93	
 Interest on Investments -			
Due from Sewer Utility Capital Fund		96.70	
		\$ 74,664.63	

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF PEAPACK AND GLADSTONE  
SEWER UTILITY OPERATING FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2021

	Appropriations		Expended	
	Budget	Budget After Modification	Paid or Charged	Reserved
Operating:				
Salaries and Wages	\$ 142,300.00	\$ 174,300.00	\$ 172,529.78	\$ 1,770.22
Other Expenses	1,064,130.00	1,032,130.00	1,018,455.72	13,674.28
Statutory Expenditures:				
Contribution to:				
Public Employees' Retirement System	38,503.41	38,503.41	38,503.41	
Social Security System (O.A.S.I.)	13,000.00	13,000.00	12,988.15	11.85
	<u>\$ 1,257,933.41</u>	<u>\$ 1,257,933.41</u>	<u>\$ 1,242,477.06</u>	<u>\$ 15,456.35</u>
<u>Analysis of Paid or Charged</u>				E
Cash Disbursed			\$ 1,205,387.35	
Encumbered			41,336.56	
Less: Appropriation Refunds			(4,246.85)	
			<u>\$ 1,242,477.06</u>	

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
 ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF PEAPACK AND GLADSTONE  
COUNTY OF SOMERSET  
2021  
PUBLIC ASSISTANCE FUND

BOROUGH OF PEAPACK AND GLADSTONE  
PUBLIC ASSISTANCE FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

		December 31,	
<u>ASSETS</u>	<u>Ref.</u>	2021	2020
Cash and Cash Equivalents	F-1	\$ 3,446.57	\$ 3,446.23
<u>TOTAL ASSETS</u>		<u>\$ 3,446.57</u>	<u>\$ 3,446.23</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Reserve for Public Assistance		\$ 3,446.57	\$ 3,446.23
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 3,446.57</u>	<u>\$ 3,446.23</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT



BOROUGH OF PEAPACK AND GLADSTONE  
COUNTY OF SOMERSET  
2021  
GENERAL FIXED ASSETS ACCOUNT GROUP

BOROUGH OF PEAPACK AND GLADSTONE  
GENERAL FIXED ASSETS ACCOUNT GROUP  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	December 31,	
	2021	2020
<u>ASSETS</u>		
Land	\$ 5,437,362.00	\$ 5,437,362.00
Land Improvements	192,873.00	192,873.00
Buildings	1,347,855.00	1,347,855.00
Machinery and Equipment	4,518,764.88	4,320,364.88
	<u>\$ 11,496,854.88</u>	<u>\$ 11,298,454.88</u>
<u>TOTAL ASSETS</u>	<u>\$ 11,496,854.88</u>	<u>\$ 11,298,454.88</u>
 <u>RESERVES</u>		
Investment in General Fixed Assets	\$ 11,496,854.88	\$ 11,298,454.88
	<u>\$ 11,496,854.88</u>	<u>\$ 11,298,454.88</u>
<u>TOTAL RESERVES</u>	<u>\$ 11,496,854.88</u>	<u>\$ 11,298,454.88</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF PEAPACK AND GLADSTONE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2021

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

Except as noted below, the financial statements of the Borough of Peapack and Gladstone include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Borough of Peapack and Gladstone, as required by N.J.S. 40A:5-5. Accordingly, the financial statements of the Borough of Peapack and Gladstone do not include the operations of the volunteer fire and first aid squads.

Governmental Accounting Standards Board ("GASB") Codification Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents. (2) The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization. (3). The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. As the financial reporting entity was established in accordance with New Jersey statutes, the requirements of GASB Codification Section 2100 were not followed and, accordingly, the reporting entity could be different from accounting principles generally accepted in the United States of America.

B. Description of Funds

The accounting policies of the Borough of Peapack and Gladstone conform to the accounting principles applicable to municipalities which have been prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Such 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 of Peapack and Gladstone accounts for its financial transactions through the following separate funds:

Current Fund - Resources and expenditures for governmental operations of a general nature, including federal and state grant funds.

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

BOROUGH OF PEAPACK AND GLADSTONE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2021  
(Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

B. Description of Funds (Cont'd)

General Capital Fund - Receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the Current Fund.

Sewer Utility Operating and Capital Funds - Account for the operations and acquisition of capital facilities of the municipally owned sewer utility.

Public Assistance Fund - Receipt and disbursement of funds that provide assistance to certain residents of the Borough pursuant to Title 44 of New Jersey statutes. The operations of the State funded welfare program were transferred to the County of Somerset in a prior year.

General Fixed Assets Account Group - These accounts were established with estimated values of land, building and certain fixed assets of the Borough as discussed in Note 1E.

C. Basis of Accounting

Basis of accounting refers to when revenue and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Revenue is recorded when received in cash except for certain amounts which may be due from the State of New Jersey. Grant revenue is realized in the Operating Funds when grants are budgeted, in the Trust Funds on the cash basis, and in the Capital Funds when improvements are authorized. The amounts recorded as property taxes and consumer accounts receivable have not been included in revenue. Amounts that are due to the municipality which are susceptible of accrual are recorded as receivables with offsetting reserves in the Current Fund.

Expenditures are charged to operations based on budgeted amounts. Exceptions to this general rule include:

1. Accumulated unpaid vacation, sick pay and other employee amounts are not accrued.
2. Prepaid expenses, such as insurance premiums applicable to subsequent periods, are charged to current budget appropriations in total.
3. Principal and interest on long-term debt are recognized when due.

Expenditures, if any, in excess of appropriations, appropriation reserves or ordinances become deferred charges which must be raised by future taxes. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements and constitute part of the statutory appropriation reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31 of each year and recorded as liabilities, except for amounts which may be cancelled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year.

BOROUGH OF PEAPACK AND GLADSTONE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2021  
(Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

C. Basis of Accounting (Cont'd)

Lapsed appropriation reserves are recorded as income.

Had the Borough's financial statements been prepared under accounting principles generally accepted in the United States of America, encumbrances would not be considered as expenditures; appropriation reserves would not be recorded; revenue susceptible to accrual would have been reflected without offsetting reserves; Federal and State grants and assistance would be recognized when earned, not when budgeted, received or authorized as applicable; inventories would not be reflected as expenditures at the time of purchase, fixed assets purchased by the Sewer Utility Capital Fund would be depreciated, investments would generally be stated at fair value and the Borough's net pension liability and net OPEB liability and related deferred inflows and outflows would be recorded.

The cash basis of accounting is followed in the Trust Funds.

D. Deferred Charges to Future Taxation

The General Capital Fund balance sheet includes both funded and unfunded deferred charges. Funded means that bonds have been issued and are being paid off on a serial basis. Unfunded means the debt has been authorized but not permanently financed. A municipality can eliminate an unfunded deferred charge by raising it in the budget, or collecting a grant. The unfunded deferred charge may also be funded by selling bonds, by loans or by capital leases.

E. Other significant accounting policies include:

Management Estimates – The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

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

Investments – Investments are stated at cost.

Grants Receivable – Grants receivable represent total grant awarded less amounts collected to date. Because the amount of grant funds to be collected are dependent on the total costs eligible for reimbursement, the actual amount collected may be less than the total amounts awarded.

Allowance for Uncollectible Accounts – No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

Compensated Absences – Expenditures relating to unused vested accumulated vacation and sick pay are not recorded until paid.

BOROUGH OF PEAPACK AND GLADSTONE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2021  
 (Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

E. Other significant accounting policies include (Cont'd):

Foreclosed Property - Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved.

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.

Inventories of Supplies - The cost of inventories of supplies are recorded as expenditures at the time individual items are purchased. The cost of inventories are not included on the various balance sheets.

General Fixed Assets Account Group - General fixed assets are recorded at historical cost or estimated historical cost.

The total value recorded for general fixed assets is offset by an "Investment in General Fixed Assets." When properties are retired or otherwise disposed of, the asset and the reserve are adjusted accordingly.

Assets recorded in the General Fixed Assets Account Group may also be recorded in the Current Fund, General Capital Fund, and Sewer Utility Funds. The values recorded in the General Fixed Assets Account Group and the Current, General Capital, and Sewer Utility Funds may not always agree due to differences in valuation methods, timing of recognition of assets, and the recognition of infrastructures. Fixed assets are reviewed for impairment.

Property and equipment purchased by the Sewer Utility Funds, are recorded in the capital accounts at cost and are not adjusted for dispositions and abandonments. The amounts shown do not purport to represent reproduction costs or current value. Contributions in aid of construction are not capitalized. The balances in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the Sewer Utility Capital Fund represent charges to operations for the cost of acquisition of property, equipment and improvements. The utility does not record depreciation on fixed assets.

F. Budget/Budgetary Controls

Annual appropriated budgets are prepared in the 1<sup>st</sup> quarter for the Current, Open Space Trust, and Sewer Utility Operating Funds. The budgets are submitted to the governing body and the Division of Local Government Services. Budgets are prepared using the cash basis of accounting. The legal level of budgetary control is established at the line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the flexible chart of accounts referenced in N.J.S.A. 40A. All budget amendments/transfers must be approved by the Borough during the year.

BOROUGH OF PEAPACK AND GLADSTONE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2021  
(Continued)

Note 2: Long-Term Debt

The Local Bond Law governs the issuance of bonds to finance general Borough capital expenditures. All bonds are retired in serial installments within the statutory period of usefulness. All bonds issued by the Borough are general obligation bonds. The Borough's full faith and credit and taxing power has been pledged to the payment of the general obligation debt principal and interest.

Summary of Municipal Debt

	<u>December 31,</u>		
	<u>2021</u>	<u>2020</u>	<u>2019</u>
<u>Issued</u>			
General:			
Bonds, Notes and Loans	<u>\$ 2,691,000.00</u>	<u>\$ 3,150,000.00</u>	<u>\$ 3,621,631.36</u>
Net Debt Issued	<u>2,691,000.00</u>	<u>3,150,000.00</u>	<u>3,621,631.36</u>
 <u>Authorized but not Issued:</u>			
General:			
Bonds and Notes	<u>238,000.00</u>	<u>238,000.00</u>	<u>238,000.00</u>
Total Authorized but not Issued	<u>238,000.00</u>	<u>238,000.00</u>	<u>238,000.00</u>
 Net Bonds, Notes and Loans Issued and Authorized but not Issued	 <u>\$ 2,929,000.00</u>	 <u>\$ 3,388,000.00</u>	 <u>\$ 3,859,631.36</u>

Summary of Statutory Debt Condition – Annual Debt Statement

The summarized statement of debt condition, which follows, is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.388%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Regional School District Debt	\$ 4,354,785.39	\$ 4,354,785.39	
General Debt	<u>2,929,000.00</u>		<u>\$ 2,929,000.00</u>
	<u>\$ 7,283,785.39</u>	<u>\$ 4,354,785.39</u>	<u>\$ 2,929,000.00</u>

Net Debt \$2,929,000.00 divided by Equalized Valuation Basis per N.J.S. 40A:2-2 as amended, \$754,938,055.33= 0.388%.

BOROUGH OF PEAPACK AND GLADSTONE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2021  
(Continued)

Note 2: Long-Term Debt (Cont'd)

Borrowing Power Under N.J.S. 40A:2-6 As Amended

3-1/2% Average Equalized Valuation of Real Property \$ 26,422,831.94

Net Debt 2,929,000.00

Remaining Borrowing Power \$ 23,493,831.94

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

Cash Receipts from Fees, Rents or Other Charges for Year \$ 1,335,008.83

Deductions:

Operating and Maintenance Cost 1,257,933.41

Excess in Revenue \$ 77,075.42

Note: If there is a deficit in revenue, sewer utility debt is not deductible to the extent of 20 times of said deficit or total debt service, whichever is smaller (40A:2-48).

The foregoing debt information is in agreement with the Annual Debt Statement filed by the Chief Financial Officer.

Summary of Municipal Debt Issued and Outstanding – Current Year

	<u>Balance</u> <u>12/31/2020</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>12/31/2021</u>
Serial Bonds:				
General Capital Fund	<u>\$ 3,150,000.00</u>		<u>\$ 459,000.00</u>	<u>\$ 2,691,000.00</u>
Total	<u>\$ 3,150,000.00</u>	<u>\$ -0-</u>	<u>\$ 459,000.00</u>	<u>\$ 2,691,000.00</u>



BOROUGH OF PEAPACK AND GLADSTONE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2021  
(Continued)

Note 2: Long-Term Debt (Cont'd)

Summary of Municipal Debt Issued and Outstanding – Prior Year

	<u>Balance</u> <u>12/31/2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>12/31/2020</u>
Serial Bonds:				
General Capital Fund	\$ 3,591,000.00		\$ 441,000.00	\$ 3,150,000.00
NJDEP Loans Payable:				
General Capital Fund	<u>30,631.36</u>		<u>30,631.36</u>	
Total	<u>\$ 3,621,631.36</u>	<u>\$ -0-</u>	<u>\$ 471,631.36</u>	<u>\$ 3,150,000.00</u>

Analysis of Debt Issued and Outstanding at December 31, 2021

General Capital Serial Bonds Payable

<u>Purpose</u>	<u>Final</u> <u>Maturity</u>	<u>Interest</u> <u>Rate</u>	<u>Balance</u> <u>Dec. 31, 2021</u>
General Improvement Bonds of 2015	07/15/23	2.00%	\$ 430,000.00
Refunding Bonds 2017	12/01/29	2.20%	<u>2,261,000.00</u>
TOTAL DEBT ISSUED AND OUTSTANDING			<u>\$ 2,691,000.00</u>

Refunding Bonds

The Borough issued \$2,882,000 of refunding bonds with interest rates of 2.200% dated October 24, 2017 to refund \$2,634,000 of the General Improvement Bonds of 2009 with interest rates of 3.625% to 4.000%. The refunding bonds mature on December 1, 2017 through December 1, 2029. The net proceeds from the issuance of the general obligation bonds were used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the bonds were called on December 1, 2019. The refunding met the requirements of an in-substance debt defeasance and the bonds were removed from the Borough's financial statements. As a result of the refunding Borough will realize on a net present value basis savings equating to \$121,652.77 over the life of the bond issue.

BOROUGH OF PEAPACK AND GLADSTONE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2021  
(Continued)

Note 2: Long-Term Debt (Cont'd)

Schedule of Annual Debt Service for Principal and Interest for the Next Five Years and Thereafter for Bonds Issued and Outstanding

<u>Year</u>	<u>General</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2022	\$ 481,000.00	\$ 58,342.00	\$ 539,342.00
2023	493,000.00	48,180.00	541,180.00
2024	279,000.00	37,774.00	316,774.00
2025	284,000.00	31,636.00	315,636.00
2026	285,000.00	25,388.00	310,388.00
2027-2029	869,000.00	38,434.00	907,434.00
	<u>\$ 2,691,000.00</u>	<u>\$ 239,754.00</u>	<u>\$ 2,930,754.00</u>

Note 3: Fund Balances Appropriated

The amount of fund balance at December 31, 2021, which is included in the adopted budget for the Current and Sewer Utility Operating Funds for the year ending December 31, 2022 is as follows:

Current Fund	\$ 1,750,000.00
Sewer Utility Operating Fund	340,000.00

Note 4: Regional School District 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 respective school district.

The Borough of Peapack and Gladstone has not elected to defer school taxes.

Note 5: Deferred Charge to be Raised in a Succeeding Year's Budget

Certain was expenditures are required to be deferred to budgets of succeeding years. At December 31, 2021, there a deferred charge to be raised in a succeeding year's budget as follows:

	<u>Balance</u> <u>Dec 31, 2021</u>	<u>Required</u> <u>2023 Budget</u> <u>Appropriation</u>
Sewer Utility Capital Fund: Expenditure Without an Ordinance	<u>\$ 16,267.50</u>	<u>\$ 16,267.50</u>
	<u>\$ 16,267.50</u>	<u>\$ 16,267.50</u>

BOROUGH OF PEAPACK AND GLADSTONE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2021  
(Continued)

Note 6: Pension Plans

Borough employees participate in one of the two contributory, defined benefit public employee retirement systems: the State of New Jersey Public Employee's Retirement System (PERS) or the State of New Jersey Police and Firemen's Retirement System (PFRS); or the Defined Contribution Retirement Program (DCRP), a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) 401(a).

A. Public Employees' Retirement System (PERS)

Plan Description

The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about the PERS, please refer to the Division's annual financial statements which can be found at:  
[www.state.nj.us/treasury/pensions/annual-reports.shtml](http://www.state.nj.us/treasury/pensions/annual-reports.shtml).

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service.

The following represents the membership tiers for PERS:

Tier	Definition
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 with 25 or more years of service credit before age 62 and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

BOROUGH OF PEAPACK AND GLADSTONE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2021  
(Continued)

Note 6: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and are adjusted by the rate of return on the actuarial value of assets. Borough contributions to PERS amounted to \$116,677 for 2021.

The employee contribution rate was 7.50% effective July 1, 2018.

Pension Liabilities and Pension Expense

At June 30, 2020, the Borough's liability was \$1,739,276 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 which was rolled forward to June 30, 2020. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2020, the Borough's proportion was .0106%, which was a decrease of 0.0029% from its proportion measured as of June 30, 2019. The Borough has rolled forward the net pension liability as of June 30, 2020 with no adjustments. The State of New Jersey Public Employees' Retirement System (PERS)' valuation cycle is July 1 instead of December 31. The roll forward methodology puts them a year in arrears in terms of valuation. The Division of Local Government Services, Department of Community Affairs, State of New Jersey is permitting municipalities to include the June 30, 2020 pension information in the Notes to the Financial Statements as the June 30, 2021 pension information has not been released as of the date of this audit.

For the year ended December 31, 2021, the Borough recognized actual pension expense in the amount of \$116,677.

BOROUGH OF PEAPACK AND GLADSTONE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2021  
(Continued)

Note 6: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Actuarial Assumptions

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019 which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00 – 6.00% based on years of service
Thereafter	3.00 – 7.00% based on years of service
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee Mortality Table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and a 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2020 are summarized in the following table:

BOROUGH OF PEAPACK AND GLADSTONE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2021  
(Continued)

Note 6: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Long Term Expected Rate of Return (Cont'd)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	7.71%
Non-U.S. Developed Market Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Management Strategies	3.00%	3.40%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based upon 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments the total pension liability.

Sensitivity of the Borough's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Borough's proportionate share of the collective net pension liability as of June 30, 2020 calculated using the discount rate as disclosed below, as well as what the Borough's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

BOROUGH OF PEAPACK AND GLADSTONE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2021  
(Continued)

Note 6: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Sensitivity of the Borough's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate (Cont'd)

	June 30, 2020		
	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
Borough's proportionate share of the Net Pension Liability	\$ 2,184,608	\$ 1,739,276	\$ 1,354,277
<u>Pension Plan Fiduciary Net Position</u>			

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial statements.

B. Police and Firemen's Retirement System (PFRS)

Plan Description

The State of New Jersey, State of New Jersey Police and Firemen's Retirement System (PFRS), is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about the PFRS, please refer to the Division's annual financial statements which can be found at [www.state.nj.us/treasury/pensions/annual-reports.shtml](http://www.state.nj.us/treasury/pensions/annual-reports.shtml).

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:16A. The PFRS provides retirement as well as death and disability benefits. All benefits vest after ten years of service, except disability benefits which vest after 4 years of service. The following represents the membership tiers for PFRS:

Tier	Definition
1	Members who were enrolled prior to May 22, 2010
2	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
3	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service, as defined, up to 30 years plus 1% for each year of service in excess of 30 years. Members may seek special retirement after achieving 25 years of creditable service, in which benefits would equal 65% (tiers 1 and 2 members) and 60% (tier 3 members) of final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years. Members may elect deferred retirement benefits after achieving ten years of service, in which case benefits would begin at age 55 equal to 2% of final compensation for each year of service.

BOROUGH OF PEAPACK AND GLADSTONE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2021  
(Continued)

Note 6: Pension Plans (Cont'd)

B. Police and Firemen's Retirement System (PFRS) (Cont'd)

Contributions

The contribution policy for PFRS is set by N.J.S.A. 43:16A and requires contributions by active members and contributing members. The Local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PFRS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual amounts over a period of 15 years, beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of the assets.

Special Funding Situation

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

Borough contributions to PFRS amounted to \$218,983 for the year ended December 31, 2021. During the fiscal year ended June 30, 2019, the State of New Jersey contributed \$30,247 to the PFRS for normal pension benefits on behalf of the Borough, which is less than the contractually required contribution of \$44,547.

The employee contributions for PFRS are 10.00% of employees' annual compensation, as defined.



BOROUGH OF PEAPACK AND GLADSTONE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2021  
(Continued)

Note 6: Pension Plans (Cont'd)

B. Police and Firemen's Retirement System (PFRS) (Cont'd)

Pension Liabilities and Pension Expense

At June 30, 2020, the Borough's liability for its proportionate share of the net pension liability was \$2,532,781. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 which was rolled forward to June 30, 2020. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2020, the Borough's proportion was .01960%, which was an increase of .0011% from its proportion measured as of June 30, 2019. The Borough has rolled forward the net pension liability as of June 30, 2020 with no adjustments. The State of New Jersey Police and Firemen's Retirement System (PFRS)' valuation cycle is July 1 instead of December 31. The roll forward methodology puts them a year in arrears in terms of valuation. The Division of Local Government Services, Department of Community Affairs, State of New Jersey is permitting municipalities to include the June 30, 2020 pension information in the Notes to the Financial Statements as the June 30, 2021 pension information has not been released as of the date of this audit.

Additionally, the State's proportionate share of the net pension liability attributable to the Borough is \$393,076 as of June 30, 2020. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 which was rolled forward to June 30, 2020. The State's proportionate share of the net pension liability associated with the Borough was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2020, the State's proportion was .01960%, which was an increase of .0011% from its proportion measured as of June 30, 2019 which is the same proportion as the Borough's.

Borough's Proportionate Share of the Net Pension Liability	\$ 2,532,781
State's Proportionate Share of the Net Pension Liability Associated with the Borough	<u>393,076</u>
Total Net Pension Liability	<u><u>\$ 2,925,857</u></u>

For the year ended December 31, 2021, the Borough recognized total pension expense of \$218,983.

BOROUGH OF PEAPACK AND GLADSTONE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2021  
(Continued)

Note 6: Pension Plans (Cont'd)

B. Police and Firemen's Retirement System (PFRS) (Cont'd)

Actuarial Assumptions

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019 which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through all future years	3.25 – 15.25% based on years of service
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the RP-2010 Safety Employee Mortality Table with a 105.6% adjustment for males and 102.5% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Safety Retiree Below-Median Income Weighted Retiree mortality table with a 96.7% adjustment for males and a 96.0% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. For beneficiaries (contingent annuitants), the Pub-2010 General Retiree Below-Median Income Weighted mortality table was used, unadjusted, and with future improvement from the base year of 2010 on a generational basis. Disability rates were based on the Pub-2010 Safety Disabled Retiree mortality table with a 152.0% adjustment for males and 109.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2018.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

BOROUGH OF PEAPACK AND GLADSTONE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2021  
(Continued)

Note 6: Pension Plans (Cont'd)

B. Police and Firemen's Retirement System (PFRS) (Cont'd)

Long Term Expected Rate of Return (Cont'd)

Best estimates of arithmetic real rates of return for each major asset class included in PFRS' target asset allocation as of June 30, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	7.71%
Non-U.S. Developed Market Equit	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Management Strategies	3.00%	3.40%

Discount Rate – PFRS

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be made based on 78% of the actuarially contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all projected benefit payments to determine the total pension liability.

BOROUGH OF PEAPACK AND GLADSTONE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2021  
(Continued)

Note 6: Pension Plans (Cont'd)

B. Police and Firemen's Retirement System (PFRS) (Cont'd)

Sensitivity of the Total Net Pension Liability (including the State's proportionate share of the net pension liability attributable to the Borough) to Changes in the Discount Rate

The following presents the total net pension liability (including the State's proportionate share of the net pension liability attributable to the Borough) as of June 30, 2020 calculated using the discount rate as disclosed above, as well as what the collective net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2020		
	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
Borough's proportionate share of the NPL and the State's proportionate share of the Net Pension Liability associated with the Borough	\$ 3,890,788	\$ 2,925,857	\$ 2,124,409

Pension Plan Fiduciary Net Position - PFRS

Detailed information about the PFRS's fiduciary net position is available in the separately issued PFRS financial statements.

C. Defined Contribution Retirement Program (DCRP)

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or PFRS, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the DCRP. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

For DCRP, the Borough recognized pension expense of \$1,326.29 for the year ended December 31, 2021. Employee contributions to DCRP amounted to \$1,942.91 for the year ended December 31, 2021.

BOROUGH OF PEAPACK AND GLADSTONE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2021  
(Continued)

Note 7: Accrued Vacation and Compensatory Time Benefits

The Borough of Peapack and Gladstone has permitted employees to accrue unused vacation, sick and compensatory pay, which may be taken as time off or paid at a later date at an agreed-upon rate. It is estimated that the current cost of such unpaid compensation would approximate \$246,644 at December 31, 2021. This amount is not reported either as an expenditure or a liability. It is expected that the cost of such unpaid compensation would be included in the Borough's budget operating expenditures in the year in which it is used. This amount is partially funded in the Reserve for Accumulated Leave of \$194,117.60 reflected on the Other Trust Funds' balance sheet as of December 31, 2021.

Note 8: Selected Tax Information

Property taxes are levied as of January 1 on property values assessed as of the previous calendar year. The tax levy is divided into two billings. The first billing is an estimate of the current year's levy based on the prior year's taxes. The second billing reflects adjustments to the current year's actual levy. The final tax bill is usually mailed on or before June 14th along with the first half estimated tax bills for the subsequent year. The first half estimated taxes are divided into two due dates, February 1 and May 1. The final tax bills are also divided into two due dates, August 1 and November 1. A ten-day grace period is usually granted before the taxes are considered delinquent and the imposition of interest charges. A penalty may be assessed for any unpaid taxes in excess of \$10,000 at December 31 of the current year. Unpaid taxes of the prior year may be placed in lien at a tax sale held after April 1 and through December 31. Unpaid taxes of the current year may be placed in lien at a tax sale held after December 10.

Comparative Schedule of Tax Rate Information

	<u>2021</u>	<u>2020</u>	<u>2019</u>
<u>Tax Rate</u>	\$ 1.891	\$ 1.879	\$ 1.870
<u>Apportionment of Tax Rate</u>			
Municipal (Including Open Space)	.596	.580	.581
County	.399	.401	.401
Regional School	.896	.898	.888
<u>Assessed Valuations</u>			
2021	<u>\$ 753,372,070.00</u>		
2020		<u>\$ 737,337,570.00</u>	
2019			<u>\$ 740,676,735.00</u>

Comparison of Tax Levies and Collections Currently

A study of this tabulation could indicate a possible trend in future tax levies. A decrease in the percentage of current collection could be an indication of a probable increase in future tax levies.

BOROUGH OF PEAPACK AND GLADSTONE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2021  
(Continued)

Note 8: Selected Tax Information (Cont'd)

Comparison of Tax Levies and Collections Currently (Cont'd)

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Cash Collections</u>	<u>Percentage of Collection</u>
2021	\$ 14,172,158.21	\$ 13,976,321.84	98.61%
2020	13,856,923.46	13,736,964.87	99.13%
2019	13,859,854.13	13,765,450.06	99.31%

Also, increases in future tax levies can also be warranted if revenue sources outside of those directly generated by the municipality, such as federal or state aid, should decline without corresponding creases in budgeted expenditures.

Note 9: Cash and Cash Equivalents

Cash and cash equivalents include petty cash, change funds, amounts in deposits, money market accounts, and short-term investments with original maturities of three months or less.

Investments are stated at cost. The Borough classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

GASB requires disclosure of the level of custodial credit risk assumed by the Borough in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial risk is the risk that in the event of bank failure, the government's deposits may not be returned.

Interest Rate Risk – In accordance with its cash management plan, the Borough ensures that any deposit or investment matures within the time period that approximates the prospective need for the funds, deposited or invested, so that there is not a risk to the market value of such deposits or investments.

Credit Risk – The Borough limits its investments to those authorized in its cash management plan which are permitted under state statutes as detailed on the following pages.

Custodial Credit Risk – The Borough's policy with respect to custodial credit risk requires that the Borough ensures that Borough funds are only deposited in financial institutions in which NJ municipalities are permitted to invest their funds.

Deposits:

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

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed insurance limits as follows:

BOROUGH OF PEAPACK AND GLADSTONE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2021  
(Continued)

Note 9: Cash and Cash Equivalents (Cont'd)

Deposits: (Cont'd)

The market value of the collateral must equal 5% of the average daily balance of public funds on deposit; and in addition

If the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value equal to 100% of the amount exceeding 75%.

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.

Investments:

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations of the local unit or bonds or other obligations of school districts of which the local unit is a part or within which the school district is located;
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law" P.L. 1983, c. 313 (C.40A:5A-1 et seq.) Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Local Government Services in the Department of Community Affairs for investment by local units;
- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or
- (8) Agreements for the repurchase of fully collateralized securities if:
  - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a. or are bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties and entities subject to the "Local Authorities Fiscal Control Law", P.L. 1983 c.313 (C.40A:5A-1 et seq.);
  - (b) the custody of collateral is transferred to a third party;
  - (c) the maturity of the agreement is not more than 30 days;

BOROUGH OF PEAPACK AND GLADSTONE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2021  
(Continued)

Note 9: Cash and Cash Equivalents (Cont'd)

Investments: (Cont'd)

- (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
- (e) a master repurchase agreement providing for the custody and security of collateral is executed.

As of December 31, 2021, cash and cash equivalents of the Borough of Peapack and Gladstone consisted of the following:

Fund	Cash on Hand	Checking Accounts	New Jersey Cash Management Fund	Totals
Current	\$ 275.00	\$ 1,541,161.38	\$ 2,243,098.23	\$ 3,784,534.61
Animal Control		2,572.50		2,572.50
Other Trust		3,820,488.93		3,820,488.93
General Capital		1,755,997.63	110,000.00	1,865,997.63
Sewer Utility Operating		610,282.91	544,071.46	1,154,354.37
Sewer Utility Capital		929,698.65	60,000.00	989,698.65
Public Assistance		3,446.57		3,446.57
	<u>\$ 275.00</u>	<u>\$ 8,663,648.57</u>	<u>\$ 2,957,169.69</u>	<u>\$ 11,621,093.26</u>

The Borough did not hold any investments during the year ended December 31, 2021. The carrying amount of the Borough's cash and cash equivalents at year end was \$11,621,093.26 and the bank balance was \$12,063,826.56. The \$2,957,169.69 in the New Jersey Cash Management Fund is uninsured and unregistered.

Note 10: 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. Health benefits are provided to employees through the State of New Jersey health benefits plan.

The Borough of Peapack and Gladstone is a member of the Statewide Insurance Fund (the "Fund"). This fund is both an insured and self-administered group of municipalities established for the purpose of providing certain low-cost insurance coverage for member municipalities in order to keep local property taxes at a minimum.

The following coverages are offered by these funds to its members:

- a.) Workers' Compensation and Employers' Liability
- b.) Liability Other Than Motor Vehicles
- c.) Property Damage Other Than Motor Vehicles
- d.) Motor Vehicle
- e.) Environmental



BOROUGH OF PEAPACK AND GLADSTONE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2021  
(Continued)

Note 10: Risk Management (Cont'd)

As a member of this Fund, the Borough could be subject to supplemental assessments in the event of deficiencies. If the assets of the Funds were to be exhausted, members would become responsible for their respective shares of the Fund's liabilities.

This Fund can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided amongst the members in the same ratio as their individual assessment relates to the total assessment of the membership body. In accordance with the Governmental Accounting Standards Board, these distributions are used to reduce the amount recorded for membership expense in the year in which the distribution was declared.

The December 31, 2021 audit report for the fund is not filed as of the date of this audit. Selected financial information for the Fund as of December 31, 2020 is as follows:

	Statewide Insurance Fund
Total Assets	\$ 50,426,242
Net Position	\$ 17,737,333
Total Revenue	\$ 25,411,881
Total Expenses	\$ 22,716,618
Change in Net Position	\$ 2,695,263
Members Dividends	\$ -0-

Financial statements for the Fund are available at the offices of the Fund's Executive Director:

Statewide Insurance Fund  
One Sylvan Way  
Parsippany, NJ 07054  
(862) 260-2050

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.

On the following page is a summary of Borough and employee contributions, interest earned and reimbursements to the State for benefits paid and the ending balance of the Borough's expendable trust fund for the current and previous two years.

BOROUGH OF PEAPACK AND GLADSTONE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2021  
(Continued)

Note 10: Risk Management (Cont'd)

New Jersey Unemployment Compensation Insurance (Cont'd)

Year	Borough Contribution	Interest Earned	Employee Contributions	Amount Reimbursed	Ending Balance
2021	\$ -0-	\$ -0-	\$ 3,035.54	\$ 3,780.39	\$ 46,158.73
2020	-0-	-0-	3,061.10	334.75	46,903.58
2019	-0-	21.99	3,135.42	203.91	44,177.23

Note 11: Interfund Receivables and Payables

The following interfund balances remained on the balance sheet at December 31, 2021:

Fund	Interfund Receivable	Interfund Payable
Current - Regular	\$ 28,590.53	\$ 312,575.78
Current - Federal and State Grant	85,664.86	
Animal Control		0.02
Other Trust		28,573.14
Other Trust - Open Space	226,910.92	
General Capital		17.37
Sewer Utility Operating	104.94	
Sewer Utility Capital		104.94
	<u>\$ 341,271.25</u>	<u>\$ 341,271.25</u>

The interfund receivable in the Current Fund due from the Animal Control Fund is comprised of the December interest earnings due from the Animal Control Fund. The interfund payable in the Current Fund due to the Other Trust Funds – Open Space is for the Open Space Tax Levy for 2021 due from the Current Fund offset by interest earnings due to the Current Fund. The interfund payable in the Other Trust Funds is primarily comprised of Reserve for Police Donation expenditures paid for by the Current Fund. The interfund receivable in the Federal and State Grant Fund reflects the net of Federal and State Grant Fund receipts collected in the Current Fund offset by expenditures paid by the Current Fund. The interfund payable in the Sewer Utility Capital Fund is due to interest earnings due to the Sewer Utility Operating Fund not yet turned over. The interfund payable in the General Capital Fund is comprised of interest earnings due to the Current Fund not yet turned over.

BOROUGH OF PEAPACK AND GLADSTONE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2021  
(Continued)

Note 12: Economic Dependency

The Borough of Peapack and Gladstone receives a substantial amount of support from federal and state governments. A significant reduction in the level of support, if this were to occur, may have an effect on the Borough's programs and activities.

Note 13: Contingent Liabilities

The Borough is occasionally involved in various lawsuits arising in the normal course of business, including claims for property damage, personal injury, and various contract disputes. The Borough vigorously contests these lawsuits and believes the ultimate resolution will not have a material adverse effect on its financial position.

Amounts received or receivable from grantors, principally the federal and state governments are subject to regulatory requirements and adjustments by the agencies. Any disallowed claims, including amounts previously recognized by the Borough as revenue would constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantors cannot be determined at this time, although Borough officials expect such amounts, if any, to be immaterial.

Note 14: Fixed Assets

The following is a summarization of general fixed assets for the years ended December 31, 2021 and 2020:

	Balance Dec. 31, 2020	Additions	Deletions	Balance Dec. 31, 2021
Land	\$ 5,437,362.00			\$ 5,437,362.00
Land Improvements	192,873.00			192,873.00
Buildings	1,347,855.00			1,347,855.00
Machinery and Equipment	4,320,364.88	\$ 198,400.00		4,518,764.88
	<u>\$ 11,298,454.88</u>	<u>\$ 198,400.00</u>	<u>\$ -0-</u>	<u>\$ 11,496,854.88</u>
	Balance Dec. 31, 2019	Additions	Deletions	Balance Dec. 31, 2020
Land	\$ 5,437,362.00			\$ 5,437,362.00
Land Improvements	192,873.00			192,873.00
Buildings	1,347,855.00			1,347,855.00
Machinery and Equipment	4,218,964.79	\$ 101,400.09		4,320,364.88
	<u>\$ 11,298,454.88</u>	<u>\$ 101,400.09</u>	<u>\$ -0-</u>	<u>\$ 11,298,454.88</u>

BOROUGH OF PEAPACK AND GLADSTONE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2021  
(Continued)

Note 15: Postemployment Benefits Other Than Pensions

State Health Benefit Local Government Retired Employees Plan

General Information about the OPEB Plan

Plan Description

The State Health Benefit Local Government Retired Employees Plan (the Plan) is a cost sharing multiple employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) annual financial statements, which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

Benefits Provided

The Plan provides medical and prescription drug coverage to retirees and their covered dependents of the participating employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

In accordance with Chapter 330, P.L. 1997, which is codified in N.J.S.A. 52:14-17.32i, the State provides medical and prescription coverage to local police officers and firefighters, who retire with 25 years of service or on a disability from an employer who does not provide postretirement medical coverage. Local employers were required to file a resolution with the Division in order for their employees to qualify for State-paid retiree health benefits coverage under Chapter 330. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L. 1989.

In accordance with the Borough's resolution, Borough employees are entitled to the following benefits:

Upon retirement, full time Borough employees hired before April 1, 2017 who retire with twenty-five (25) or more years of service, and fifteen (15) years of service with the employer will receive full benefits. The coverage applies to the employee and their dependents. In the event of an employee's death, coverage ceases.

BOROUGH OF PEAPACK AND GLADSTONE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2021  
(Continued)

Note 15: Postemployment Benefits Other Than Pensions (Cont'd)

State Health Benefit Local Government Retired Employees Plan (Cont'd)

Contributions

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

Allocation Methodology

GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB (benefit)/expense. The special funding situation's and nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are based on separately calculated total OPEB liabilities. The nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB (benefit)/expense are further allocated to employers based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2019 through June 30, 2020. Employer and nonemployer allocation percentages were rounded for presentation purposes; therefore, amounts presented in the schedule of OPEB amounts by employer and nonemployer may result in immaterial differences.

OPEB Expense

The Borough has rolled forward the net OPEB liability as of June 30, 2020 with no adjustments. The Division of Local Government Services, Department of Community Affairs, State of New Jersey, is permitting municipalities and counties to include the June 30, 2020 OPEB information in the Notes to the Financial Statements as the June 30, 2021 information has not been released as of the date of this report.

The total OPEB Liability as of June 30, 2020 was determined by an actuarial valuation as of June 30, 2019 which was rolled forward to June 30, 2020.

At June 30, 2020, the Borough had a liability of \$6,717,058 for its proportionate share of the net OPEB liability. At June 30, 2020, the Borough's proportion was .03742% which was a decrease of .00255% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2020 the Borough's OPEB benefit as determined by the State of New Jersey Division of Pensions and Benefits was \$76,840

The Borough's actual post retirement payments in 2021 for 17 retiree employees were \$231,110.75.

Actuarial Assumptions and Other Inputs

The actuarial assumptions vary for each plan member depending on the pension plan the member is

BOROUGH OF PEAPACK AND GLADSTONE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2021  
(Continued)

Note 15: Postemployment Benefits Other Than Pensions (Cont'd)

State Health Benefit Local Government Retired Employees Plan (Cont'd)

Actuarial Assumptions and Other Inputs (Cont'd)

enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%
Salary Increases*:	
Public Employees' Retirement System (PERS)	
Initial fiscal year applied	
Rate through 2026	2.00% - 6.00%
Rate thereafter	3.00% to 7.00%
Police and Firemen's Retirement System (PFRS)	
Rate for all future years	3.25% to 15.25%

\* - Salary increases are based on years of service within the respective plan.

Mortality:

PERS Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2020

PFRS Pub-2010 Safety classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2020

Actuarial assumptions used in the June 30, 2019 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2013 to June 30, 2018 and July 1, 2014 – June 30, 2018, respectively.

100% of active members are considered to participate in the Plan upon retirement.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially is 5.6% and decreases to a 4.5% long term trend rate after seven years. For post 65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2021 through 2022 are reflected. The rates used for 2023 and 2024 are 21.83% and 18.53%, respectively trending to 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to a 4.5% long term rate after seven years.

Discount Rate

The discount rate for June 30, 2020 was 2.21 %. The discount rate for June 30, 2019 was 3.50%. This represents the municipal bond rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average

BOROUGH OF PEAPACK AND GLADSTONE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2021  
(Continued)

Note 15: Postemployment Benefits Other Than Pensions (Cont'd)

State Health Benefit Local Government Retired Employees Plan (Cont'd)

Discount Rate (Cont'd)

rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Sensitivity of the Net OPEB Liability Attributable to the Borough to Changes in the Discount Rate

The following presents the net OPEB Liability of the Borough as of June 30, 2020, calculated using the discount rate as disclosed in this note, as well as what the net OPEB Liability of the Borough would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2020		
	At 1%	At	At 1%
	Decrease (1.21%)	Discount Rate (2.21%)	Increase (3.21%)
Net OPEB Liability Attributable to the Borough	\$ 7,940,982	\$ 6,717,058	\$ 5,748,211

Sensitivity of the Net OPEB Liability Attributable to the Borough to Changes in the Healthcare Trend Rate

The following presents the net OPEB Liability of the Borough as of June 30, 2020, calculated using the healthcare trend rate as disclosed in this note, as well as what the net OPEB Liability of the Borough would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2020		
	1%	Healthcare	1%
	Decrease	Cost Trend Rate	Increase
Net OPEB Liability Attributable to the Borough	\$ 5,558,372	\$ 6,717,058	\$ 8,234,373

Note 16: Deferred Compensation

The Borough of Peapack and Gladstone offers its employees a deferred compensation plan (the "Plan") created in accordance with Section 457 of the Internal Revenue Code. The Plan, which is administered by The Variable Annuity Life Insurance Company is available to all Borough of Peapack and Gladstone employees and permits participants to defer a portion of their salary. The deferred compensation is not available to employees until termination, retirement, unforeseeable emergency, or upon death to their beneficiaries.

BOROUGH OF PEAPACK AND GLADSTONE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2021  
(Continued)

Note 17: Open Space Trust Reserve

The Borough established an Open Space Trust Fund in 1998. The Borough has levied a tax equal to 3 cents per \$100 of assessed valuation. The Borough is currently using the funds primarily for the payment of debt service related to open space as well as park improvements. The balance in the Reserve for Open Space is \$2,050,692.06 at December 31, 2021.



SUPPLEMENTARY DATA

BOROUGH OF PEAPACK AND GLADSTONE  
OFFICIALS IN OFFICE AND SURETY BONDS  
YEAR ENDED DECEMBER 31, 2021

Name	Title	Amount of		Name of Corporate Surety
		Bond		
Gregory Skinner	Mayor			
Mark A. Corigliano	Council President			
Gianpaolo Caminiti	Councilmember			
Amy Dietrich	Councilmember			
Dr. Jamie Murphy	Councilmember			
Royal Smith	Councilmember			
John Sweeney	Councilmember			
Nancy Bretzger	Clerk/Administrator (effective 10/1/21); Clerk/Assistant Administrator (to 9/30/21)	Blanket (1)		Statewide Insurance Fund
Randy Bahr	Acting Administrator (to 9/30/21)			
Nancy Muoio	Deputy Clerk	Blanket (1)		Statewide Insurance Fund
Dale Melville	Chief Financial Officer; Tax Collector; Treasurer; Tax Search Officer			
Edward L. Kerwin, Jr.	Tax Assessor	Blanket (1)		Statewide Insurance Fund
Hollyann Dominguez	Sewer Collector	Blanket (1)		Statewide Insurance Fund
John E. Bruder	Attorney			
Miles S. Winder, III	Municipal Prosecutor			
Frank La Gaurino	Construction Code Official	Blanket (1)		Statewide Insurance Fund
Dan Megill	Public Works Supervisor	Blanket (1)		Statewide Insurance Fund
Katherine Howes	Magistrate	(A)		
Teresa VanAllen	Court Administrator	(A)		
Sandy Henderson	Deputy Court Administrator	(A)		

(1) There is Employee Theft and Faithful Performance Insurance coverage per loss of \$2,000,000.

(A) Municipal Court Employees are employees of Bedminster Township who are not specifically bonded and are covered under \$50,000 and \$950,000 Faithful Performance Bonds provided by the Suburban Municipal Joint Insurance Fund and the Municipal Excess Liability Joint Insurance Fund, respectively. Peapack and Gladstone Borough is in a joint municipal court with the Township of Bedminster.

BOROUGH OF PEAPACK AND GLADSTONE  
COUNTY OF SOMERSET  
2021  
CURRENT FUND

BOROUGH OF PEAPACK AND GLADSTONE  
CURRENT FUND  
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	
Balance December 31, 2020	A	\$ 3,754,657.75
Increased by Receipts:		
Tax Collector		\$ 14,153,868.00
Revenue Accounts Receivable		517,376.46
Due from State of New Jersey:		
Veterans' and Senior Citizens' Deductions		11,475.00
Miscellaneous Revenue Not Anticipated		120,224.21
Interest on Investments		2,742.24
Due from Other Trust Funds:		
Reserve for Private Police Donations		72.08
Due from Other Trust Funds - Open Space:		
Interfund Returned		5,714.77
Due from Animal Control Trust Fund:		
Interfunds Returned		1.64
Due from Net Payroll and Payroll Agency Accounts:		
Interfunds Returned		184,418.87
Due from General Capital Fund:		
Federal and State Grant Fund - Prior Year Interfund		37,276.78
Interfunds Returned		28.72
Appropriation Refunds		91,820.23
Due to Federal and State Grant Fund:		
Unappropriated Grant Reserves		145,216.05
Grant Receivables		1,853.76
		15,272,088.81
		19,026,746.56
Decreased by Disbursements:		
2021 Appropriation Expenditures		4,735,601.35
2020 Appropriation Reserves		478,400.93
Regional School District Taxes		6,670,465.44
County Taxes		2,959,573.30
Third Party Tax Title Liens		21,392.69
Tax Overpayments		2,670.62
Due from Federal and State Grant Fund:		
Appropriated Grant Expenditures		176,661.16
Due to/from Other Trust Funds:		
Partial Settlement of Prior Year Interfund		167,785.13
Reserve for Private Police Donations		28,738.84
Due to Sewer Utility Fund:		
Settlement of Prior Year Interfund		1,197.49
		15,242,486.95
Balance December 31, 2021	A	\$ 3,784,259.61

BOROUGH OF PEAPACK AND GLADSTONE  
CURRENT FUND  
SCHEDULE OF CASH - COLLECTOR  
YEAR ENDED DECEMBER 31, 2021

Increased by Receipts:			
Taxes Receivable	\$	13,960,203.14	
2022 Prepaid Taxes		106,065.36	
Third Party Tax Title Liens		21,392.69	
Interest and Costs on Taxes		33,950.98	
Tax Overpayments		24,241.03	
Miscellaneous Revenue Not Anticipated		<u>8,014.80</u>	
			<u>\$ 14,153,868.00</u>
Decreased by:			
Payments to Municipal Treasurer			<u><u>\$ 14,153,868.00</u></u>

SCHEDULE OF CASH - GRANT FUNDS  
YEAR ENDED DECEMBER 31, 2021

NOT APPLICABLE

BOROUGH OF PEAPACK AND GLADSTONE  
CURRENT FUND  
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year	Balance		Collections		State of NJ Veterans' and Senior Citizens' Deductions	Overpayments Applied	Cancelled	Transferred to Tax Title Liens	Balance Dec. 31, 2021
	Dec. 31, 2020	2021 Levy	2020	2021					
2020	\$ 115,674.47		\$ 104,128.81	\$ 115,674.46					\$ 0.01
2021		\$ 14,172,158.21	\$ 104,128.81	13,844,528.68	\$ 11,750.00	\$ 15,914.35	\$ 1,233.69	\$ 4,609.45	189,993.23
	\$ 115,674.47	\$ 14,172,158.21	\$ 104,128.81	\$ 13,960,203.14	\$ 11,750.00	\$ 15,914.35	\$ 1,233.69	\$ 4,609.45	\$ 189,993.24

Ref. A

A

Analysis of 2021 Property Tax Levy

Tax Yield:

General Purpose Tax	\$ 14,110,658.87
Added and Omitted Taxes	<u>61,499.34</u>
	<u>\$ 14,172,158.21</u>

Tax Levy:

Regional School District Taxes	\$ 6,670,464.00
County Taxes	<u>2,946,789.67</u>
Due County for Added and Omitted Taxes	<u>12,783.63</u>
	<u>2,959,573.30</u>
	<u>9,630,037.30</u>

Local Tax for Municipal Purposes Levied	4,262,869.82
Additional Taxes Levied	52,279.55
Open Space Tax Levy	<u>226,971.54</u>
	<u>4,542,120.91</u>
	<u>\$ 14,172,158.21</u>

BOROUGH OF PEAPACK AND GLADSTONE  
CURRENT FUND  
SCHEDULE OF TAX TITLE LIENS

	<u>Ref.</u>	
Balance December 31, 2020	A	\$ 9,340.08
Increased by:		
Transfer from Taxes Receivable		<u>4,609.45</u>
Balance December 31, 2021	A	<u>\$ 13,949.53</u>

BOROUGH OF PEAPACK AND GLADSTONE  
CURRENT FUND  
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	<u>Balance</u> <u>Dec. 31, 2020</u>	<u>Accrued in</u> <u>2021</u>	<u>Received in</u> <u>2021</u>	<u>Balance</u> <u>Dec. 31, 2021</u>
Clerk:				
Alcoholic Beverage Licenses		\$ 12,600.00	\$ 12,600.00	
Fees and Permits		37,708.50	37,708.50	
Municipal Court:				
Fines and Costs	\$ 2,376.81	82,478.67	74,876.27	\$ 9,979.21
Uniform Construction Code Fees		118,203.85	118,203.85	
Rental of Borough Property		22,928.84	22,928.84	
Energy Receipts Taxes		251,059.00	251,059.00	
	<u>\$ 2,376.81</u>	<u>\$ 524,978.86</u>	<u>\$517,376.46</u>	<u>\$ 9,979.21</u>
<u>Ref.</u>	A			A



BOROUGH OF PEAPACK AND GLADSTONE  
CURRENT FUND  
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE  
YEAR ENDED DECEMBER 31, 2021

NOT APPLICABLE

BOROUGH OF PEAPACK AND GLADSTONE  
CURRENT FUND  
SCHEDULE OF 2020 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2021

	Balance Dec. 31, 2020	Balance After Modification	Paid or Charged	Balance Lapsed
GENERAL GOVERNMENT:				
General Administration:				
Salaries & Wages	\$ 77,578.87	\$ 77,578.87		\$ 77,578.87
Other Expenses	22,524.73	22,524.73	\$ 21,137.87	1,386.86
Mayor and Council:				
Other Expenses	210.09	210.09		210.09
Municipal Clerk:				
Salaries & Wages	10,464.36	10,464.36		10,464.36
Other Expenses	32,102.20	32,102.20	6,779.49	25,322.71
Financial Administration:				
Salaries & Wages	6,202.89	6,202.89		6,202.89
Other Expenses	70,622.27	70,622.27	14,361.00	56,261.27
Annual Audit	2,900.00	2,900.00	2,900.00	
Computer Information Technology:				
Other Expenses	10,997.78	10,997.78	2,984.02	8,013.76
Revenue Administration (Tax Collection):				
Salaries & Wages	16,303.39	16,303.39		16,303.39
Other Expenses	1,682.50	1,682.50	853.00	829.50
Tax Assessment Administration:				
Salaries & Wages	4,291.17	4,291.17		4,291.17
Other Expenses	9,491.00	9,491.00	1,209.97	8,281.03
Legal Services and Costs:				
Other Expenses - Fees	51,230.30	51,230.30	22,794.50	28,435.80
Engineering Services and Costs:				
Other Expenses	23,750.70	23,750.70		23,750.70
Cultural Heritage:				
Other Expenses	175.00	175.00		175.00
LAND USE ADMINISTRATION:				
Municipal Land Use Law:				
Land Use Board:				
Salaries & Wages	1,004.05	1,004.05		1,004.05
Other Expenses	32,045.74	32,045.74	130.00	31,915.74
Zoning Cost:				
Salaries & Wages	3,474.62	3,474.62		3,474.62
Insurance:				
Group Insurance Plans for Employees	112,259.54	112,259.54	51,030.24	61,229.30
General Liability Insurance	12,384.95	12,384.95		12,384.95
Workers Compensation	5,913.28	5,913.28		5,913.28
Health Benefit Waiver	6,245.50	6,245.50		6,245.50
PUBLIC SAFETY:				
Police:				
Salaries & Wages	34,955.48	34,355.48		34,355.48
Other Expenses	20,312.98	20,312.98	17,288.76	3,024.22

BOROUGH OF PEAPACK AND GLADSTONE  
CURRENT FUND  
SCHEDULE OF 2020 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2021  
(Continued)

	Balance Dec. 31, 2020	Balance After Modification	Paid or Charged	Balance Lapsed
<b>PUBLIC SAFETY: (Cont'd)</b>				
Emergency Management Services:				
Salaries & Wages	\$ 0.06	\$ 600.06	\$ 600.00	\$ 0.06
Other Expenses	2,373.86	2,373.86	1,447.94	925.92
Aid to Volunteer Ambulance Company:				
Salaries & Wages	5,996.00	5,996.00		5,996.00
Other Expenses	92,938.42	92,938.42	78,983.39	13,955.03
Fire:				
Salaries & Wages	1,000.00	1,000.00		1,000.00
Other Expenses	60,000.00	60,000.00	60,000.00	
Fire Prevention Program:				
Salaries & Wages	2,198.93	2,198.93		2,198.93
Other Expenses	1,075.00	1,075.00	67.02	1,007.98
Fire Hydrant Services	7,556.14	7,556.14	7,106.92	449.22
<b>PUBLIC WORKS:</b>				
Streets and Roads:				
Salaries & Wages - Streets and Roads	20,460.20	20,460.20		20,460.20
Other Expenses - Maintenance and Repairs	61,405.44	61,405.44	32,478.86	28,926.58
Shade Tree Commission:				
Other Expenses	3,200.00	3,200.00	3,200.00	
Garbage and Trash Removal:				
Other Expenses	15,431.10	15,431.10	15,431.10	
Public Building and Grounds:				
Salaries & Wages	13,029.77	13,029.77		13,029.77
Other Expenses	83,516.31	83,516.31	62,975.11	20,541.20
Vehicle Maintenance:				
Other Expenses	31,088.35	31,088.35	25,949.30	5,139.05
<b>HEALTH AND WELFARE:</b>				
Board of Health:				
Salaries & Wages	258.72	258.72		258.72
Other Expenses	211.14	211.14		211.14
Environmental Commission:				
Other Expenses	6,733.00	6,733.00	5,879.90	853.10
Animal Control:				
Other Expenses	6,400.00	6,400.00		6,400.00
<b>PARKS AND RECREATION:</b>				
Recreation Services and Programs:				
Salaries & Wages	15,897.08	15,897.08		15,897.08
Senior Citizen Center Transportation:				
Other Expenses	7,505.00	7,505.00		7,505.00
<b>UNCLASSIFIED:</b>				
Accumulated Leave Compensation:				
Salaries & Wages	19,865.60	19,865.60		19,865.60

BOROUGH OF PEAPACK AND GLADSTONE  
CURRENT FUND  
SCHEDULE OF 2020 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2021  
(Continued)

	Balance Dec. 31, 2020	Balance After Modification	Paid or Charged	Balance Lapsed
Uniform Construction Code:				
Construction Official:				
Salaries & Wages	\$ 222.00	\$ 222.00		\$ 222.00
Other Expenses	9,850.00	9,850.00	\$ 1,418.82	8,431.18
UTILITIES AND BULK PURCHASES:				
Telephone	8,203.87	8,203.87	2,805.33	5,398.54
Water	1,508.92	1,508.92	757.39	751.53
Gasoline	23,429.77	23,429.77		23,429.77
Electricity	11,919.93	11,919.93	5,331.07	6,588.86
Street Lighting	7,865.68	7,865.68	1,640.97	6,224.71
Natural Gas	15,403.40	15,403.40	3,058.03	12,345.37
Waste Disposal:				
Other Expenses	31,117.04	31,117.04		31,117.04
Deferred Charges and Statutory Expenditures:				
Contributions to:				
Social Security System (O.A.S.I.)	7,274.86	7,274.86		7,274.86
Police and Fireman's Retirement System of NJ	459.25	459.25		459.25
Defined Contribution Retirement Fund	1,041.16	1,041.16		1,041.16
Unemployment Compensation Insurance				
Contingent	2,000.00	2,000.00		2,000.00
Operations Excluded from "CAPS":				
Shared Service Agreements:				
Municipal Court:				
Other Expenses: Contractual	736.67	736.67		736.67
Maintenance of Library:				
Other Expenses	133.82	133.82	14.54	119.28
Recycling Tax	1,534.47	1,534.47	273.24	1,261.23
LOSAP - Fire Company	30,000.00	30,000.00	20,962.40	9,037.60
LOSAP - First Aid Squad	15,000.00	15,000.00	6,550.75	8,449.25
	<u>\$ 1,194,964.35</u>	<u>\$ 1,194,964.35</u>	<u>\$ 478,400.93</u>	<u>\$ 716,563.42</u>
	<u>Ref.</u>			
Encumbered	A \$ 323,532.98			
Unencumbered	A 871,431.37			
	<u>\$ 1,194,964.35</u>			

BOROUGH OF PEAPACK AND GLADSTONE  
CURRENT FUND  
SCHEDULE OF REGIONAL SCHOOL DISTRICT TAXES PAYABLE

	<u>Ref.</u>	
Balance December 31, 2020	A	\$ 1,264.58
Increased by:		
Levy - Calendar Year 2021		6,670,464.00
		<u>6,671,728.58</u>
Decreased by:		
Payments to Regional School District		6,670,465.44
		<u>6,670,465.44</u>
Balance December 31, 2021	A	<u>\$ 1,263.14</u>

BOROUGH OF PEAPACK AND GLADSTONE  
FEDERAL AND STATE GRANT FUND  
SCHEDULE OF GRANTS RECEIVABLE

	Balance Dec. 31, 2020	2021 Budget Revenue Realized	Grant Funds Received in Current Fund	Transferred from Unappropriated Reserves	Cancelled	Balance Dec. 31, 2021
Clean Communities Grant		\$ 7,073.23		\$ 7,073.23		
Alcohol Education and Rehabilitation Fund		666.83		666.83		
Bulletproof Vest Grant	\$ 1,152.08					\$ 1,152.08
Body Armor Replacement Fund		1,255.41		1,255.41		
Recycling Tonnage Grant		1,853.76	\$ 1,853.76			
New Jersey Department of Transportation: 2019 Municipal Aid Program	17,236.68					17,236.68
Somerset County Distracted Driving Grant	3,140.00	9,000.00		500.00		11,640.00
Green Community Forestry Management Plan	3,000.00					3,000.00
Somerset County Click-It or Ticket		2,090.00				2,090.00
County Municipal Planning Grant	14,250.00					14,250.00
NJ Highlands Plan Conformance Grant	7,500.00					7,500.00
Smart Growth Planning Assistance Grant	6,500.00					6,500.00
Sustainable Jersey Small Grant	7,500.00					7,500.00
Body Worm Cameras Grant		22,418.00			\$ 22,418.00	
Assistance to Firefighters Grant		173,333.33				173,333.33
Driving While Intoxicated		1,430.00				1,430.00
Drive Sober or Get Pulled Over Grant		2,520.00				2,520.00
Somerset County Drive Sober or Get Pulled Over Grant		880.00				880.00
Somerset County DWI Grant	3,235.00					3,235.00
	<u>\$ 63,513.76</u>	<u>\$ 222,520.56</u>	<u>\$ 1,853.76</u>	<u>\$ 9,495.47</u>	<u>\$ 22,418.00</u>	<u>\$ 252,267.09</u>
<u>Ref.</u>	A					A
Federal State		\$ 173,333.33				
		37,217.23	\$ 1,853.76			
County and Local Grants		11,970.00				
		<u>\$ 222,520.56</u>	<u>\$ 1,853.76</u>			

BOROUGH OF PEAPACK AND GLADSTONE  
FEDERAL AND STATE GRANT FUND  
SCHEDULE OF UNAPPROPRIATED RESERVES

	Balance Dec. 31, 2020	Grant Funds Received	Transferred to 2021 Budget Revenue	Balance Dec. 31, 2021
Somerset County Click It or Ticket Grant	\$ 500.00		\$ 500.00	
Body Armor Replacement Fund	1,255.41	\$ 1,052.44	1,255.41	\$ 1,052.44
Clean Communities Grant	7,073.23	7,524.29	7,073.23	7,524.29
Alcohol Education and Rehabilitation Fund	666.83	227.20	666.83	227.20
Garden Club Somerset Hills		500.00		500.00
American Rescue Plan		135,912.12		135,912.12
	<u>\$ 9,495.47</u>	<u>\$ 145,216.05</u>	<u>\$ 9,495.47</u>	<u>\$ 145,216.05</u>

Ref.

A

A

Federal	\$ 135,912.12
State	8,803.93
Local	500.00
	<u>\$ 145,216.05</u>

BOROUGH OF PEAPACK AND GLADSTONE  
FEDERAL AND STATE GRANT FUND  
SCHEDULE OF APPROPRIATED RESERVES

	Balance Dec. 31, 2020	Transferred from Budget Appropriations	Expended in Current Fund	Encumbrances Payable	Canceled	Balance Dec. 31, 2021
NJ Forestry Management Grant	\$ 1,972.18					\$ 1,972.18
NJ Forestry Management Grant - Matching	916.67					916.67
Green Community Forestry Management Plan	3,000.00			\$ 3,000.00		
Space Study Grant	1,944.00					1,944.00
Municipal Court Alcohol Education and Rehabilitation Fund - 2015	2,813.64					2,813.64
Municipal Court Alcohol Education and Rehabilitation Fund - 2016	235.73					235.73
Municipal Court Alcohol Education and Rehabilitation Fund - 2018	579.06					579.06
Municipal Court Alcohol Education and Rehabilitation Fund - 2019	884.12					884.12
Municipal Court Alcohol Education and Rehabilitation Fund - 2020		\$ 666.83	\$ 1,181.33			666.83
Recycling Tonnage Grant - 2019	9,098.07					7,916.74
Recycling Tonnage Grant - 2020	2,010.77					2,010.77
Recycling Tonnage Grant - 2021		1,853.76				1,853.76
Body Armor Replacement Fund - Prior Years	1,216.28					1,216.28
Body Armor Replacement Fund - 2016	1,089.36					1,089.36
Body Armor Replacement Fund - 2017	360.95					360.95
Body Armor Replacement Fund - 2019	1,227.99					1,227.99
Body Armor Replacement Fund - 2020		1,255.41				1,255.41
New Jersey Highlands Council Planning Grant	1,472.16					1,472.16
Drunk Driving Enforcement Fund - 2015	166.00		120.00			46.00
Clean Communities Grant - Prior Years	3,186.99		2,026.50			1,160.49
Clean Communities Grant - 2016	7,464.56					7,464.56
Clean Communities Grant - 2017	8,536.90					8,536.90
Clean Communities Grant - 2018	7,252.64					7,252.64
Clean Communities Grant - 2019	6,936.35					6,936.35
Clean Communities Grant - 2020	7,845.40					7,845.40
Clean Communities Grant - 2021		7,073.23				7,073.23
Municipal Alliance on Alcoholism and Drug Abuse:						
Municipal Share 2020	350.00					350.00
Somerset County Distracted Driving Grant	3,632.50	9,000.00				12,632.50
Domestic Violence Training Program	1,597.43					1,597.43
New Jersey Department of Transportation						
2019 Municipal Aid Program	5,146.48					5,146.48
Federal Bulletproof Vest Grant	22.25					22.25
Federal Bulletproof Vest Grant	1,152.08					1,152.08
Somerset County Youth Athletic and Recreation	15,000.00					15,000.00
Somerset County Chief's Association	1,000.00					1,000.00



BOROUGH OF PEAPACK AND GLADSTONE  
FEDERAL AND STATE GRANT FUND  
SCHEDULE OF APPROPRIATED RESERVES  
(Continued)

	Balance Dec. 31, 2020	Transferred from Budget Appropriations	Expended in Current Fund	Encumbrances Payable	Cancelled	Balance Dec. 31, 2021
Somerset County Drive Sober or Get Pulled Over Grant	\$ 2,896.20	\$ 880.00				\$ 3,776.20
Police Donations	632.35					632.35
Gov. Connect Municipal Clerk	0.45					0.45
N.J. Local Library Aid Grant	25,000.00					25,000.00
Municipal Stormwater Regulation Program	5.39					5.39
Smart Growth Planning Assistance Grant	6,500.00					6,500.00
Smart Growth Planning Assistance Grant - Matching	6,500.00					6,500.00
Sustainable Jersey Small Grant	9,686.00					9,686.00
Garden Club Somerset Hills	500.00					500.00
County Municipal Planning Grant	14,250.00					14,250.00
County Cross Acceptance Grant	2,000.00					2,000.00
Help America Vote Grant	523.55					523.55
Green Community Grant	400.00					400.00
Green Community Grant - Matching	400.00					400.00
Somerset County Click It or Ticket Grant	1,870.00					1,870.00
Body Worn Cameras Grant		22,418.00			\$ 22,418.00	
Assistance to Firefighters Grant		173,333.33	\$ 173,333.33			
Somerset County Click It or Ticket Grant		2,090.00				2,090.00
Driving While Intoxicated		1,430.00				1,430.00
Drive Sober or Get Pulled Over Grant		2,520.00				2,520.00
	<u>\$ 169,274.50</u>	<u>\$ 222,520.56</u>	<u>\$ 176,661.16</u>	<u>\$ 3,000.00</u>	<u>\$ 22,418.00</u>	<u>\$ 189,715.90</u>
Ref.	A			A		A
Federal		\$ 173,333.33	\$ 173,333.33			
State		37,217.23	3,327.83	\$ 3,000.00	\$ 22,418.00	
County and Local Grants		11,970.00				
	<u>\$ 222,520.56</u>	<u>\$ 176,661.16</u>	<u>\$ 176,661.16</u>	<u>\$ 3,000.00</u>	<u>\$ 22,418.00</u>	<u>\$ 189,715.90</u>

BOROUGH OF PEAPACK AND GLADSTONE  
COUNTY OF SOMERSET  
2021  
TRUST FUNDS

BOROUGH OF PEAPACK AND GLADSTONE  
TRUST FUNDS  
SCHEDULE OF CASH - TREASURER

		Animal Control Fund		Other Trust Funds
<u>Ref.</u>				
Balance December 31, 2020	B	\$ 5,623.21		\$ 3,370,443.64
Increased by Receipts:				
Borough Dog License Fees		\$ 4,375.80		
Penalties on Dog License Fees		120.00		
State Dog License Fees		442.20		
Due to/from Current Fund:			\$ 167,785.13	
Interest Earned		0.02	27.43	
Due to Current Fund - Open Space:				
Interest Earned			60.62	
Due to State of New Jersey:				
Marriage License Fees			900.00	
DCA Fees			10,223.00	
Reserve for:				
Open Space::				
County of Somerset Open Space Grant			475,000.00	
Other Receipts			2,366.65	
Unemployment Compensation Insurance:				
Employee Contributions			3,035.54	
Council on Affordable Housing			9,537.50	
Developers Escrow			74,839.00	
Recreation Commission			51,180.84	
Parking Offense Adjudication Act			2.00	
Tax Sale Premiums			132,400.00	
Police Outside Services			155,239.25	
Public Defender			200.00	
Private Police Donations			9,935.48	
		4,938.02		1,092,732.44
		10,561.23		4,463,176.08

BOROUGH OF PEAPACK AND GLADSTONE  
TRUST FUNDS  
SCHEDULE OF CASH - TREASURER  
(Continued)

	<u>Ref.</u>	<u>Animal Control Fund</u>	<u>Other Trust Funds</u>
Decreased by Disbursements:			
Due to State of New Jersey Board of Health Administrative Expenses (R.S. 4:19-15.11)	\$	442.20 7,544.89	
Due to Payroll Account:			
Partial Settlement of Prior Year Interfund			\$ 5,355.00
Due to Current Fund - Open Space:			
Settlement of Prior Year Interfund			5,714.77
Due to Current Fund:			
Settlement of Prior Year Interfund	1.64		
Due to State of New Jersey:			
Marriage License Fees			625.00
DCA Fees			8,530.00
Reserve for:			
Open Space			195,349.65
Housing Trust			12,926.25
Unemployment Compensation Insurance			3,780.39
Developers Escrow			135,127.59
Recreation Commission			61,849.33
Recycling			185.00
Tax Sale Premiums			55,700.00
Police Outside Services			141,018.75
Friends of the Library			1,875.00
Private Police Donations			6,061.49
Storm Recovery			8,588.93
		<u>\$ 7,988.73</u>	<u>\$ 642,687.15</u>
Balance December 31, 2021	B	<u>\$ 2,572.50</u>	<u>\$ 3,820,488.93</u>

BOROUGH OF PEAPACK AND GLADSTONE  
ASSESSMENT TRUST FUND  
ANALYSIS OF ASSESSMENT TRUST FUND CASH  
YEAR ENDED DECEMBER 31, 2020

NOT APPLICABLE

BOROUGH OF PEAPACK AND GLADSTONE  
ANIMAL CONTROL FUND  
SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

	<u>Ref.</u>	
Balance December 31, 2020	B	\$ 5,716.17
Increased by:		
Dog License Fees Collected		\$ 4,375.80
Penalties on Dog Licenses		120.00
		4,495.80
		10,211.97
Decreased by:		
Expenditures Under R.S. 4:19-15.11		7,544.89
Cancellation of Due From State of New Jersey		94.60
		7,639.49
Balance December 31, 2021	B	\$ 2,572.48

License Fees Collected	
<u>Year</u>	<u>Amount</u>
2019	\$ 5,029.20
2020	4,515.40
	9,544.60
Maximum Allowable Reserve	\$ 9,544.60

BOROUGH OF PEAPACK AND GLADSTONE  
COUNTY OF SOMERSET  
2021  
GENERAL CAPITAL FUND

BOROUGH OF PEAPACK AND GLADSTONE  
GENERAL CAPITAL FUND  
SCHEDULE OF CASH - TREASURER

Balance December 31, 2020	<u>Ref.</u> C	\$ 1,947,752.61
Increased by:		
2021 Budget Appropriation:		
Capital Improvement Fund	\$ 500,000.00	
New Jersey Department of Transportation Grants Receivable:		
Willow Ave	44,500.00	
Mosle Road	125,565.14	
Due from Other Trust Funds - Reserve for Open Space:		
Funding of Ordinance #1102	35,000.00	
Due to Current Fund:		
Interest Earned	17.37	
	<hr/>	705,082.51
		<hr/> 2,652,835.12
Decreased by:		
Improvement Authorization Expenditures	478,451.39	
Encumbrances Payable	271,080.60	
Due to Federal and State Grant Fund:		
Interfund Returned	37,276.78	
Due to Current Fund:		
Settlement of Prior Year Interfund	28.72	
	<hr/>	786,837.49
		<hr/> <hr/> 786,837.49
Balance December 31, 2021	C	\$ <u><u>1,865,997.63</u></u>





BOROUGH OF PEAPACK AND GLADSTONE  
GENERAL CAPITAL FUND  
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Ord. No.	Improvement Description	Analysis of Balance Dec. 31, 2021		Unexpended Improvement Authorizations
		Balance Dec. 31, 2020	Balance Dec. 31, 2021	
955/956	Various Improvements: Improvements to Highland Ave. and Trimmer Lane	\$ 159,500.00	\$ 159,500.00	\$ 128,833.06
992	Various Capital Improvements- Replacement of Boiler	7,500.00	7,500.00	7,500.00
1021	Milling/Paving of Sections 1 & 3 of Mosle Road	35,000.00	35,000.00	35,000.00
1057	Various Road and Sidewalk Improvements	36,000.00	36,000.00	36,000.00
		<u>\$ 238,000.00</u>	<u>\$ 238,000.00</u>	<u>\$ 207,333.06</u>
		<u>Ref.</u> C	C	
			Improvement Authorizations Unfunded	<u>\$ 207,333.06</u>



BOROUGH OF PEAPACK AND GLADSTONE  
GENERAL CAPITAL FUND  
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2020	C	\$ 554,617.79
Increased by:		
Current Fund Budget Appropriation		500,000.00
		<u>1,054,617.79</u>
Decreased by:		
Appropriated to Finance Improvement Authorizations		696,200.00
		<u>696,200.00</u>
Balance December 31, 2021	C	<u>\$ 358,417.79</u>

BOROUGH OF PEAPACK AND GLADSTONE  
GENERAL CAPITAL FUND  
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE  
YEAR ENDED DECEMBER 31, 2021

NOT APPLICABLE



BOROUGH OF PEAPACK AND GLADSTONE  
GENERAL CAPITAL FUND  
SCHEDULE OF NJDEP OPEN SPACE ACQUISITION LOAN  
YEAR ENDED DECEMBER 31, 2021

NOT APPLICABLE

BOROUGH OF PEAPACK AND GLADSTONE  
GENERAL CAPITAL FUND  
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

<u>Ord. No.</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2020</u>	<u>Balance Dec. 31, 2021</u>
955/956	Various Improvements:		
	Improvements to Highland Ave. and Trimmer Lane	\$ 159,500.00	\$ 159,500.00
992	Various Capital Improvements:		
	Replacement of Boiler	7,500.00	7,500.00
1021	Milling/Paving of Sections 1 & 3 of Mosle Road	35,000.00	35,000.00
1057	Various Road and Sidewalk Improvements	36,000.00	36,000.00
		<u>\$ 238,000.00</u>	<u>\$ 238,000.00</u>



BOROUGH OF PEAPACK AND GLADSTONE  
COUNTY OF SOMERSET  
2021  
SEWER UTILITY FUND

BOROUGH OF PEAPACK AND GLADSTONE  
SEWER UTILITY FUND  
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>Operating</u>		<u>Capital</u>
Balance December 31, 2020	E	\$ 1,388,074.36		\$ 1,130,322.60
Increased by Receipts:				
Consumer Accounts Receivable		\$ 1,107,443.21		
Interest on Delinquent Rents		7,609.04		
Sewer Overpayments		1,143.26		
Interest on Investments		651.89		
Appropriation Refunds		4,246.85		
Due from Current Fund:				
Interfund Returned		1,197.49		
Due from Sewer Utility Capital Fund:				
Interfund Returned		97.49		
Due to Sewer Utility Operating Fund:				
Interest on Deposits			\$ 96.70	
Improvement Authorization Refund			1,074.10	
Other Sewer Fees		66,307.00		
		<u>1,188,696.23</u>		<u>1,170.80</u>
		<u>2,576,770.59</u>		<u>1,131,493.40</u>
Decreased by Disbursements:				
2021 Budget Appropriations		1,205,387.35		
2020 Appropriation Reserves		170,591.55		
Improvement Authorizations			125,429.76	
Expenditure Without an Ordinance			16,267.50	
Due to Payroll Account:				
Settlement of Prior Year Interfund		46,437.32		
Due to Sewer Utility Operating Fund:				
Interfund Returned			97.49	
		<u>1,422,416.22</u>		<u>141,794.75</u>
	E	<u>\$ 1,154,354.37</u>		<u>\$ 989,698.65</u>

BOROUGH OF PEAPACK AND GLADSTONE  
SEWER UTILITY OPERATING FUND  
SCHEDULE OF CASH - COLLECTOR  
FOR THE YEAR ENDED DECEMBER 31, 2021

NOT APPLICABLE

BOROUGH OF PEAPACK AND GLADSTONE  
SEWER UTILITY CAPITAL FUND  
ANALYSIS OF SEWER CAPITAL CASH

	Balance Dec. 31, 2020	Receipts		Disbursements		Transfers		Balance/ (Deficit) Dec. 31, 2021
		Miscellaneous		Improvement Authorizations	Miscellaneous	From	To	
Capital Improvement Fund	\$ 909,886.27					\$ 173,400.00		\$ 736,486.27
Due to Sewer Utility Operating Fund	105.73	\$ 96.70		\$ 97.49				104.94
Deferred Charge - Expenditure Without an Ordinance				16,267.50				(16,267.50)
Reserve for Contribution in Aid of Construction	29,359.57							29,359.57
Reserve for Sewer Pump	9,000.00							9,000.00
Reserve for Capital Improvements – Shared Services	25,000.00							25,000.00
Fund Balance	19,754.31							19,754.31

Ord Date	Improvement Description							
04/08/97	Acquisition of Sewer Department Equipment	839.13						839.13
04/13/99	Acquisition of Sewer Department Equipment	2,131.04						2,131.04
05/10/05	Acquisition of Sewer Department Equipment	1,829.50						1,829.50
09/11/18	Miller Lane Pump Station	65,817.05	1,074.10	\$ 58,829.76				8,061.39
12/15/20	Acquisition of Dump Truck with Plow and Salt Spreader	66,600.00		66,600.00				
07/20/21	Various Sewer Improvements					\$ 173,400.00		173,400.00
		\$ 1,130,322.60	\$ 1,170.80	\$ 125,429.76		\$ 173,400.00		\$ 989,698.65

BOROUGH OF PEAPACK AND GLADSTONE  
SEWER UTILITY OPERATING FUND  
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

	<u>Ref.</u>	
Balance December 31, 2020	E	\$ 53,594.44
Increased by:		
Sewer Rents Levied		<u>1,108,521.96</u>
		1,162,116.40
Decreased by Collections:		
Sewer Rents:		
Collected in Sewer Utility Operating Fund		\$ 1,107,443.21
Sewer Rent Overpayments Applied		2,900.99
Cancelled by Resolution		2,170.26
Senior Citizen Discount Applied		<u>195.00</u>
		<u>1,112,709.46</u>
Balance December 31, 2021	E	<u><u>\$ 49,406.94</u></u>

BOROUGH OF PEAPACK AND GLADSTONE  
SEWER UTILITY CAPITAL FUND  
SCHEDULE OF FIXED CAPITAL

	<u>Ref.</u>	
Balance December 31, 2020	E	\$ 8,317,748.85
Increased by:		
Transfer from Fixed Capital Authorized and Uncompleted		<u>66,600.00</u>
Balance December 31, 2021	E	<u>\$ 8,384,348.85</u>

BOROUGH OF PEAPACK AND GLADSTONE  
SEWER UTILITY CAPITAL FUND  
SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

Improvement Description	Ordinance		Balance Dec. 31, 2020	2021 Authorizations	Transferred to Fixed Capital	Balance Dec. 31, 2021
	Date	Amount				
Acquisition of Sewer Department Equipment	04/08/97	\$ 57,000.00	\$ 57,000.00			\$ 57,000.00
Purchase of Mason Dump Truck	04/13/99	11,000.00	11,000.00			11,000.00
Purchase of Mason Dump Truck	05/10/05	21,600.00	21,600.00			21,600.00
Miller Lane Pump Station	09/11/18	75,000.00	75,000.00			75,000.00
Acquisition of Dump Truck with Plow and Salt Spreader	12/15/20	66,600.00	66,600.00		\$ 66,600.00	
Various Sewer Improvements	07/20/21	173,400.00		\$ 173,400.00		173,400.00
			\$ 231,200.00	\$ 173,400.00	\$ 66,600.00	\$ 338,000.00

Ref.

E

E

BOROUGH OF PEAPACK AND GLADSTONE  
SEWER UTILITY OPERATING FUND  
SCHEDULE OF 2020 APPROPRIATION RESERVES  
FOR THE YEAR ENDED DECEMBER 31, 2021

		<u>Balance</u> <u>Dec. 31, 2020</u>	<u>Balance After</u> <u>Transfers</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
Operating:					
Salaries and Wages		\$ 17,985.32	\$ 17,985.32		\$ 17,985.32
Other Expenses		247,462.25	247,462.25	\$ 170,591.55	76,870.70
Statutory Expenditures:					
Contribution to:					
Public Employees' Retirement System		1.78	1.78		1.78
Social Security System		2,233.87	2,233.87		2,233.87
		<u>\$ 267,683.22</u>	<u>\$ 267,683.22</u>	<u>\$ 170,591.55</u>	<u>\$ 97,091.67</u>
	<u>Ref.</u>				
Encumbered	E	\$ 80,375.09			
Unencumbered	E	<u>187,308.13</u>			
		<u>\$ 267,683.22</u>			





BOROUGH OF PEAPACK AND GLADSTONE  
SEWER UTILITY CAPITAL FUND  
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2020	E	\$ 909,886.27
Decreased by:		
Amount Appropriated to Finance Improvement Authorizations		<u>173,400.00</u>
Balance December 31, 2021	E	<u><u>\$ 736,486.27</u></u>

BOROUGH OF PEAPACK AND GLADSTONE  
SEWER UTILITY CAPITAL FUND  
SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

Ord No.	Improvement Description	Balance Dec. 31, 2020	2021 Authorizations	Transfer to Reserve for Amortization	Balance Dec. 31, 2021
736	Acquisition of Sewer Department Equipment	\$ 57,000.00			\$ 57,000.00
758	Acquisition of Sewer Department Equipment	11,000.00			11,000.00
862	Acquisition of Sewer Department Equipment	21,600.00			21,600.00
1062	Miller Lane Pump Station	75,000.00			75,000.00
1096	Acquisition of Dump Truck with Plow and Salt Spreader	66,600.00		\$ 66,600.00	173,400.00
1102	Various Sewer Improvements		\$ 173,400.00		173,400.00
		<u>\$ 231,200.00</u>	<u>\$ 173,400.00</u>	<u>\$ 66,600.00</u>	<u>\$ 338,000.00</u>
	<u>Ref.</u>	E			E

BOROUGH OF PEAPACK AND GLADSTONE  
SEWER UTILITY CAPITAL FUND  
SCHEDULE OF RESERVE FOR AMORTIZATION

	<u>Ref.</u>	
Balance December 31, 2020	E	\$ 8,317,748.85
Increased by:		
Transfer from Deferred Reserve for Amortization		<u>66,600.00</u>
Balance December 31, 2021	E	<u>\$ 8,384,348.85</u>

BOROUGH OF PEAPACK AND GLADSTONE  
SEWER UTILITY CAPITAL FUND  
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE  
YEAR ENDED DECEMBER 31, 2021

NOT APPLICABLE

BOROUGH OF PEAPACK AND GLADSTONE  
SEWER UTILITY CAPITAL FUND  
SCHEDULE OF SERIAL BONDS PAYABLE  
YEAR ENDED DECEMBER 31, 2021

NOT APPLICABLE

BOROUGH OF PEAPACK AND GLADSTONE  
SEWER UTILITY CAPITAL FUND  
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED  
YEAR ENDED DECEMBER 31, 2021

NOT APPLICABLE

BOROUGH OF PEAPACK AND GLADSTONE  
COUNTY OF SOMERSET  
2021  
PUBLIC ASSISTANCE FUND



BOROUGH OF PEAPACK AND GLADSTONE  
PUBLIC ASSISTANCE FUND  
SCHEDULE OF CASH

	<u>Ref.</u>	<u>Fund Total</u>	<u>P.A.T.F. I</u>
Balance December 31, 2020	F	\$ 3,446.23	\$ 3,446.23
Increased by Receipts:			
Interest Earned		<u>0.34</u>	<u>0.34</u>
Balance December 31, 2021	F	<u>\$ 3,446.57</u>	<u>\$ 3,446.57</u>

BOROUGH OF PEAPACK AND GLADSTONE

PART II

SINGLE AUDIT

YEAR ENDED DECEMBER 31, 2021

BOROUGH OF PEAPACK AND GLADSTONE  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 YEAR ENDED DECEMBER 31, 2021

Name of Federal Agency or Department/Pass Through Dept.	Assistance Listing No.	Name of Program	State Account #	Grant Award Amount	Grant Period		Current Year Receipts	Current Year Expenditures	Cumulative Expenditures	Amount Provided to Subrecipients
					From	To				
<u>U.S. Department of Treasury</u> (Passed thru NJ Department of Community Affairs)	21.027	COVID 19 - American Rescue Plan Act - Coronavirus State and Local Fiscal Recovery Funds	100-022-8030- 687-046010	\$ 271,824.24	03/03/21	12/31/24	\$ 135,912.12			
Total U.S. Department of Treasury				271,824.24			135,912.12			
<u>U.S. Department of Homeland Security</u> (Passed thru NJ Department of Law and Public Safety)	97.044	Assistance to Firefighters Grant	N/A	173,333.33	01/01/21	12/31/22		\$ 173,333.33	\$ 173,333.33	
Total U.S. Department of Homeland Security				173,333.33				173,333.33	173,333.33	
Total Federal Awards				\$ 445,157.57			\$ 135,912.12	\$ 173,333.33	\$ 173,333.33	\$ -0-

N/A - Not Available

SEE ACCOMPANYING NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

BOROUGH OF PEAPACK AND GLADSTONE  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
YEAR ENDED DECEMBER 31, 2021

Name of State Agency or Department	Name of Program	Grant I.D. No.	Grant Award Amount	Grant Period		Current Year Receipts	Current Year Expenditures	Cumulative Expenditures
				From	To			
<u>Department of Law and Public Safety</u>	Drunk Driving Enforcement Fund	N/A	\$ 4,118.43	01/01/15	12/31/22	\$	120.00	\$ 4,072.43
	Body Armor Replacement Grant	718-066-1020- 001-090160	1,052.44	01/01/21	12/31/22	\$	1,052.44	
Total Department of Law and Public Safety			5,170.87				120.00	4,072.43
<u>Department of Health and Senior Services</u>	Municipal Court Alcohol Education and Rehabilitation Fund	760-098-9735- 001-600000	227.20	01/01/21	12/31/22	227.20		
Total Department of Health and Senior Services			227.20			227.20		
<u>Department of Transportation</u>	Municipal Aid: Milling and Paving of Willow Avenue Milling and Paving of Section 2 of Mosle Road	480-078-6320- AM2-605178 480-078-6320- AMF-609166	178,000.00	01/01/16	12/31/20	44,500.00	176,184.10	* 178,000.00
Total Department of Transportation			309,000.00			170,065.14	176,184.10	309,000.00
<u>Department of Environmental Protection</u>	Clean Communities Grant	765-042-4900- 004-178910	6,144.09	01/01/15	12/31/22		2,026.50	6,010.10
	Recycling Tonnage Grant	100-042-4910- 224-238490	7,524.29	01/01/21	12/31/22	7,524.29		
			13,668.38			7,524.29	2,026.50	6,010.10
Total Department of Environmental Protection			27,742.99			9,378.05	3,207.83	10,314.21
Total State Awards			\$ 342,141.06			\$ 180,722.83	\$ 179,511.93	\$ 323,386.64

N/A - Not Available

\* - Expended in a prior year.

SEE ACCOMPANYING NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

BOROUGH OF PEAPACK AND GLADSTONE  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
YEAR ENDED DECEMBER 31, 2021

A. BASIS OF PRESENTATION

The accompanying Schedules of Expenditures of Federal and State Awards (the "Schedules") include the federal and state grant activity of the Borough of Peapack and Gladstone under programs of the federal and state governments for the year ended December 31, 2021. The information in these schedules is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the Borough, they are not intended to and do not present the financial position, changes in fund balance or cash flows of the Borough.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying Schedules of Expenditures of Federal and State Awards are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through identifying numbers are presented where available. The Borough has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

C. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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



Mount Arlington, NJ  
 Newton, NJ  
 Bridgewater, NJ  
 973.298.8500  
 nisivoccia.com  
 Independent Member  
 BKR International

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*

Independent Auditors' Report

The Honorable Mayor and Members  
 of the Borough Council  
 Borough of Peapack and Gladstone  
 Peapack, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements – *regulatory basis* - of the various funds of the Borough of Peapack and Gladstone, in the County of Somerset (the "Borough") as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements and have issued our report thereon dated July 7, 2022. These financial statements have been prepared in accordance with accounting practices prescribed or permitted by the Division to demonstrate compliance with the Division's regulatory basis of accounting, and the budget laws of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

**Report on 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) as a basis for designing 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 Borough'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 important enough to merit attention by those charged with governance.

The Honorable Mayor and Members  
of the Borough Council  
Borough of Peapack and Gladstone  
Page 2

Our consideration of the 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings and Responses as Finding 2021-001 that we consider to be a significant deficiency.

### **Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **The Borough's Response to the Finding**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Borough's response to the finding identified in our audit and described in the accompanying Schedule of Findings and Responses. The Borough's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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

Mount Arlington, New Jersey  
July 7, 2022

*Nisivoccia LLP*  
NISIVOCCIA LLP

*Heidi A. Wohlleb*

Heidi A. Wohlleb  
Certified Public Accountant  
Registered Municipal Accountant No. 481

BOROUGH OF PEAPACK AND GLADSTONE  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED DECEMBER 31, 2021

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the Borough's financial statements, prepared in accordance with accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.
- A significant deficiency disclosed during the audit of the financial statements is reported in the *Independent Auditors' 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*. No material weaknesses are reported.
- No instances of noncompliance material to the financial statements of the Borough which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- The Borough was not subject to the single audit provisions of the Uniform Guidance and New Jersey OMB's Circular 15-08 for the year ended December 31, 2021 as both state and federal grant expenditures were less than the single audit thresholds of \$750,000 identified in the Uniform Guidance and NJOMB 15-08.

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

- The audit disclosed the following significant deficiency required to be reported under Generally Accepted Government Auditing Standards:

Finding 2021-001

Segregation of Duties

Criteria

Concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view.

Condition

The Borough does not maintain an adequate segregation of duties with respect to the recording and treasury functions. The various departments/offices of the Borough are responsible for the issuance of permits and licenses; collection of utility charges and permit and license fees; and recording of collections. Also, the Chief Financial Officer is responsible for payroll processing duties, the reconciliation of the bank accounts and most general ledger functions and is the Tax and Utility Collector.

Cause

This is due, in part, to the limited number of personnel of the Borough and the decentralized nature of governmental collection procedures.

Effect or Potential Effect

Segregation of duties refers to separating those functions that place too much control over a transaction or class of transactions that would enable a person to perpetuate errors and prevent detection within a reasonable period of time.



BOROUGH OF PEAPACK AND GLADSTONE  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED DECEMBER 31, 2021  
(Continued)

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards: (Cont'd)

Finding 2021-001 (Cont'd)

Segregation of Duties (Cont'd)

Recommendation

It is recommended that an adequate segregation of duties be maintained with respect to the recording and treasury functions.

Management's Response

The finding was evaluated, however, due to budgetary constraints, no resolution can be made at this time.

Findings and Questioned Costs for Federal Awards:

- Not Applicable – Grant expenditures were below the single audit threshold.

Findings and Questioned Costs for State Awards:

- Not Applicable – Grant expenditures were below the single audit threshold.

BOROUGH OF PEAPACK AND GLADSTONE  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED DECEMBER 31, 2021

The prior year finding 2020-001 regarding segregation of duties has not been resolved due to budgetary constraints and is included as current year Finding 2021-001.

BOROUGH OF PEAPACK AND GLADSTONE

PART III

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2021

BOROUGH OF PEAPACK AND GLADSTONE  
COMMENTS AND RECOMMENDATIONS

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

N.J.S. 40A:11-3 states:

a. " When the cost or price of any contract awarded by the contracting agent in the aggregate does not exceed in a contract year the total sum of \$17,500, the contract may be awarded by a purchasing agent when so authorized by ordinance or resolution, as appropriate to the contracting unit, of the governing body of the contracting unit without public advertising for bids, except that the governing body of any contracting unit may adopt an ordinance or resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to subsection b. of section 9 of P.L. 1971, c.198 (C.40A:11-9), the governing body of the contracting unit may establish that the bid threshold may be up to \$25,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.

b. Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to subparagraph (i) of paragraph (a) of subsection (1) of section 5 of P.L. 1971, c.198 (C.40A: 11-5) may be awarded for a period not exceeding 12 consecutive months. The Division of Local Government Services shall adopt and promulgate rules and regulations concerning the methods of accounting for all contracts that do not coincide with the contracting unit's fiscal year.

c. The Governor, in consultation with the Department of the Treasury, shall, no later than March 1 of every fifth year beginning in the fifth year after the year in which P.L.1999, c.440 takes effect, adjust the threshold amount and the higher threshold amount which the governing body is permitted to establish, as set forth in subsection a. of this section, or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in section 2 of P.L.1971, c.198 (C.40A11-2), and shall round the adjustment to the nearest \$1,000. The Governor shall, no later than June 1 of every fifth year, notify each governing body of the adjustment. The adjustment shall become effective on July 1 of the year in which it is made."

N.J.S. 40A: 11-4 states: "Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding 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."

Effective July 1, 2020 and thereafter, the bid thresholds in accordance with N.J.S.A. 40A:11-3 are \$17,500 for a contracting unit without a qualified purchasing agent and \$44,000 for a contracting unit with a qualified purchasing agent.

The governing body of the Borough of Peapack and Gladstone has the responsibility of determining whether the expenditures in any category will exceed the bid threshold within the fiscal year and where question arises as to whether any contract or agreement might result in violation of the statute, the Borough Attorney's opinion should be sought before a commitment is made.

The minutes indicated that bids were requested by public advertising per N.J.S. 40A:11-4. The minutes also indicated that resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services," per N.J.S. 40A:11-5.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the

BOROUGH OF PEAPACK AND GLADSTONE  
COMMENTS AND RECOMMENDATIONS  
(Continued)

Contracts and Agreements Required to be Advertised for N.J.S. 40A:11-4 (Cont'd)

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. None were noted.

Collection of Interest on Delinquent Taxes and Assessments

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

On January 2, 2021, the governing body adopted the following resolution authorizing interest to be charged on delinquent taxes and sewer charges as follows:

1. "The Tax Collector is hereby authorized and directed to charge 8% per annum on the first \$1,500 of delinquent taxes and 18% per annum on any amount of taxes in excess of \$1,500, in addition a penalty of 6% is to be charged on the amount of delinquency in excess of \$10,000 on December 31, 2021."
2. "A ten-day grace period is provided for each quarterly due date, namely February, May, August and November. Any taxes remaining unpaid after the 10th day will be subject to interest starting with the first day of the quarter."

BE IT FURTHER RESOLVED that

3. "After the expiration of said ten (10) day grace period, said delinquent residential sewer account shall be assessed an interest charge at the rate of eight per cent (8%) per annum, starting with the first day of the quarter."

It appears from an examination of the Tax Collector's and the Utility Collector's records that interest was collected in accordance with the foregoing resolution.

Tax Title Liens

There was one tax title lien as of December 31, 2021 and 2020, and none in 2019 or 2018. The 2021 tax sale was held on November 12, 2021.

Verification of Delinquent Taxes and Other Charges

A test verification of delinquent charges and current payments was made in accordance with the regulations of the Division of Local Government Services, including the mailing of verification notices as detailed in the below table.

<u>Type</u>	<u>Number Mailed</u>
Payment of 2021 and 2022 Taxes	20
Delinquent Taxes	15
Payment of 2021 Sewer Charges	15
Delinquent Sewer Charges	20

BOROUGH OF PEAPACK AND GLADSTONE  
COMMENTS AND RECOMMENDATIONS  
(Continued)

Verification of Delinquent Taxes and Other Charges (Cont'd)

Verification notices were mailed to confirm balances as of December 31, 2021. The items that were returned were compared to and are in agreement with the Borough's records. For receivable items not returned, the receivable balance was agreed to the subsequent receipt. For other items not returned, alternative procedures were performed.

New Jersey Administrative Code Accounting Requirements

The Division of Local Government Services has established three (3) accounting requirements which are prescribed by the New Jersey Administrative Code. They are as follows:

1. Maintenance of an encumbrance accounting system.
2. Fixed asset accounting and reporting system.
3. General ledger accounting and record system.

The Borough of Peapack and Gladstone is in compliance with the above accounting requirements.

Joint Municipal Court

The report of the Joint Municipal Court has been forwarded to the Division of Local Government Services and the Borough's Magistrate under separate cover. Reflected on the following page is a summary of receipts and disbursements for the year ended December 31, 2021.

RECEIPTS AND DISBURSEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

	Balance <u>Dec. 31, 2020</u>	<u>Receipts</u>	<u>Disbursements</u>	Balance <u>Dec. 31, 2021</u>
Municipal Treasurer:				
Fines and Costs	\$ 2,376.81	\$ 82,478.67	\$ 74,876.27	\$ 9,979.21
Interest:				
Regular Account	0.05		0.05	
State Treasurer	1,471.92	64,670.19	64,410.12	1,731.99
County Treasurer	1,231.25	46,816.00	46,297.25	1,750.00
Public Defender		200.00	200.00	
Weights and Measures		300.00	300.00	
Restitution		1,200.00	1,200.00	
Cash Bail		3,275.00	3,275.00	
	<u>\$ 5,080.03</u>	<u>\$ 198,939.86</u>	<u>\$ 190,558.69</u>	<u>\$ 13,461.20</u>

Segregation of Duties

The Borough does not maintain an adequate segregation of duties with respect to the recording and treasury functions. Segregation of duties refers to separating those functions that place too much control over a transaction or class of transactions that would enable a person to perpetuate errors and prevent detection within a reasonable period of time. The various departments/offices of the Borough are responsible for the issuance of permits and licenses; collection of utility charges and permit and license fees; and recording of collections. Also, the Chief Financial Officer is responsible for payroll processing duties, the reconciliation of the bank accounts and most general ledger functions and is the Tax and Utility Collector. This is due, in part, to the limited number of

BOROUGH OF PEAPACK AND GLADSTONE  
COMMENTS AND RECOMMENDATIONS  
(Continued)

Segregation of Duties (Cont'd)

personnel of the Borough and the decentralized nature of governmental collection procedures. Accordingly, management and the Borough Council should be aware of this situation and realize that the concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view. It is recommended that an adequate segregation of duties be maintained with respect to the recording and treasury functions.

Management's Response

The finding was evaluated, however due to budgetary constraints no resolution can be made at this time.

Outside Office Records

During our review of the outside office records we noted that collections per the outside offices are not reconciled with the Finance Office records on a monthly basis. In addition, we noted that a formal cashbook is not being prepared for Recreation Department collections.

Recommendation

It is recommended that monthly reports for the various outside offices are prepared which are reconciled with collections per the Finance Office on a monthly basis. Also, a formal cashbook should be maintained for Recreation Department collections.

Management's Response

Monthly reports for the various outside offices will be prepared which are reconciled with collections per the Finance Office records on a monthly basis. Also, a formal cashbook will be maintained for Recreation Department collections.

Finance Office Records

During our review of the Finance Office records we noted the following:

- 1) One employee was paid an amount in excess of the approved salary ordinance/resolution.
- 2) Employee health benefit withholdings were not calculated in accordance with the current year's premium calculator from the NJ Division of Pensions and Benefits.
- 3) Purchase orders were not prepared and approved prior to the purchase of goods or services in order to ensure availability of funds.
- 4) There was an expenditure without an ordinance in the amount of \$16,267.50 in the Sewer Utility Capital Fund which needs to be raised in the 2023 budget.

Recommendations

It is recommended that:

- 1) Employees are paid in accordance with an approved salary ordinance or resolution.
- 2) Employee health benefit withholdings are calculated in accordance with the current year's premium calculator from the NJ Division of Pensions and Benefits.

BOROUGH OF PEAPACK AND GLADSTONE  
COMMENTS AND RECOMMENDATIONS  
(Continued)

Finance Office Records (Cont'd)

Recommendations (Cont'd)

It is recommended that: (Cont'd)

- 3) Purchase orders are prepared and approved prior to the purchase of goods or services in order to ensure availability of funds.
- 4) Every effort be made to ensure that there are no expenditures without an ordinance in the Sewer Utility Capital Fund.

Management's Response

The Borough will ensure that salaries are paid in accordance with an approved salary ordinance/resolution, employee health benefits withholdings are calculated in accordance with the current year's premium calculator from the NJ Division of Pensions and Benefits, purchase orders are prepared and approved prior to the purchase of goods or services to ensure availability of funds and every effort will be made to ensure that there are no expenditures without an ordinance in the Sewer Utility Capital Fund.

General Capital Fund

There is one General Capital ordinance which has a deficit cash balance at December 31, 2021. Management is aware of this situation and will fund the deficit with a future budget appropriation.

Management Suggestions

Grant Receivables and Appropriated Grant Reserves

There are various older appropriated reserve and receivable balances in the Federal and State Grant Fund and grant receivable balances in the General Capital Fund. The balances should be reviewed for possible cancellation.

Improvement Authorization Balances

There are various older improvement authorization balances in the Sewer Utility Capital Fund which should be reviewed for possible cancellation.

Fixed Assets

We suggest that the fixed assets be tagged, where practical.

Governmental Accounting Standards Board (GASB) Statements

GASB Statement No. 87, *Leases*, is effective for the year ended December 31, 2022. Previously leases were either categorized as capital leases or operating leases. This statement will likely affect most leases formerly classified as operating leases. There will be required disclosures for leases for which the Borough is either a lessee or a lessor although there will be no impact on the actual financial statements. It is likely that a lease software or similar spreadsheets will need to be utilized to perform the various calculations necessary to implement this standard.



BOROUGH OF PEAPACK AND GLADSTONE  
COMMENTS AND RECOMMENDATIONS  
(Continued)

Management Suggestions (Cont'd)

COVID-19 Federal Funding

It is possible that the Borough will undergo some review of its COVID-19 funding by the federal government. We strongly suggest that the Borough ensures that these funds are utilized in accordance with the applicable federal requirements especially with respect to procurement. Additionally, we strongly suggest that the Borough ensures that these funds are separately accounted for in the Borough's accounting records and that any applicable Borough policies are current with respect to federal grant requirements.

Because of the nature of these funds, being new programs, generally of a significant dollar amount, and some of which may be expended over a period of years, they may be subject to federal or state audit several years from now. It is important that the grant files maintained by local governments be complete, self-explanatory, and fully document the program(s) undertaken as part of the funding.

Status of Prior Year Recommendations

The prior year recommendations with respect to segregation of duties, monthly reports for the various outside offices being prepared and reconciled with collections per the Finance Office on a monthly basis, a formal cashbook being maintained for Recreation Department collections, purchases being prepared and approved prior to the purchase of goods or services to ensure availability of funds and stipends being paid in accordance with an approved salary ordinance or resolution were not resolved and are included in the current year recommendations. The prior year recommendations regarding Senior Club activity collections being sent directly to the Borough's offices for deposit, net payroll and payroll agency accounts being reconciled in a timely manner and any reconciling items being resolved in a timely manner, a monthly analysis of the activity and ending balance in the payroll agency account being prepared and the amounts transferred to the net payroll account to fund each payroll being based on the actual payroll for each pay period, vouchers being available for audit review, a dedication by rider being obtained for the Reserve for Private Police Donations, and audit journal entries and current year cash activity being posted in the Other Trust Funds general ledger and such entries and activity being posted to the correct general ledger accounts were resolved in the current year.

BOROUGH OF PEAPACK AND GLADSTONE  
SUMMARY OF RECOMMENDATIONS

It is recommended that:

1. An adequate segregation of duties be maintained with respect to the recording and treasury functions.
2. Monthly reports for the various outside offices are prepared which are reconciled with collections per the Finance Office on a monthly basis. Also, a formal cashbook should be maintained for all Recreation Department collections.
3. Finance Office Records:
  - a) Employees are paid in accordance with an approved salary ordinance or resolution.
  - b) Employee health benefit withholdings are calculated in accordance with the current year's premium calculator from the NJ Division of Pensions and Benefits.
  - c) Purchase orders are prepared and approved prior to the purchase of goods or services in order to ensure availability of funds.
  - d) Every effort be made to ensure that there are no expenditures without an ordinance in the Sewer Utility Capital Fund.

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