

BOROUGH OF PEAPACK AND GLADSTONE

**REPORT ON EXAMINATION OF FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010**

BOROUGH OF PEAPACK AND GLADSTONE

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INDEPENDENT AUDITOR'S REPORT



T. M. Vrabel & Associates, LLC
Accountants and Auditors

Timothy M. Vrabel, RMA, PSA

Chris C. Hwang, CPA

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying balance sheets – regulatory basis of the various funds and account groups of the Borough of Peapack and Gladstone as of December 31, 2010 and December 31, 2009, and the results of operations and changes in fund balance – regulatory basis of such funds for the years then ended and the statements of revenues – regulatory basis and statements of expenditures – regulatory basis of the various funds for the year ended December 31, 2010. These financial statements are the responsibility of the management of the Borough of Peapack and Gladstone. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

The financial statement referred to in the first paragraph includes the balance sheet of the Length of Service Award Program which is unaudited. The Length of Service Award Program is included in the Trust Fund. We have also issued a separate Review Report dated April 14, 2011 in accordance with the American Institute of Certified Public Accountants' Statement on Standards for Accounting and Review Services.

In our opinion, because of the Borough's policy to prepare its financial statements on the basis of accounting discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Borough of Peapack and Gladstone as of December 31, 2010 and December 31, 2009, or the results of its operations for the years then ended.

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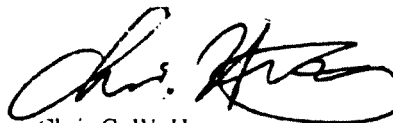
However, in our opinion, except for the effects of such adjustments, if any, as might have been determined had we audited the financial statements of the Length of Service Award Program, the financial statements referred to above present fairly, in all material respects, the financial position – regulatory basis of the various funds and account groups of the Borough of Peapack and Gladstone as of December 31, 2010 and December 31, 2009, and the results of operations and changes in fund balance – regulatory basis of such funds for the years then ended and the statements of revenues – regulatory basis and statements of expenditures – regulatory basis of the various funds for the year ended December 31, 2010, on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued our report dated April 14, 2011 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Borough of Peapack and Gladstone, in the County of Somerset, State of New Jersey, taken as a whole. The supplemental schedules presented in the Supplementary Data Section are presented for purposes of additional analysis, as required by the Division of Local Government Services and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, such information is fairly stated in all material respects in relation to the financial statements taken as a whole.



Timothy M. Vrabel
Registered Municipal Accountant
License No. CR000339



Chris C. W. Hwang
Certified Public Accountant
License No. CC033704

April 14, 2011

SECTION A
CURRENT FUND

BOROUGH OF PEAPACK AND GLADSTONE

CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

<u>Assets</u>	<u>Ref.</u>	<u>December 31,</u>	
		<u>2010</u>	<u>2009</u>
General Fund:			
Cash - Treasurer	A-4	\$ 4,927,361.67	\$ 3,491,400.51
Change Fund	A-6	125.00	125.00
Amount Due from State of New Jersey for Senior Citizens and Veterans Deductions	A-8	<u>3,538.88</u>	<u>4,038.88</u>
		<u>4,931,025.55</u>	<u>3,495,564.39</u>
Receivables and other Assets With Full Reserves :			
Delinquent Property Taxes	A-9	128,790.79	105,445.23
Property Acquired for Taxes - Assessed Valuation	A-11	139,900.00	139,900.00
Revenue Accounts Receivable	A-12	8,942.61	6,792.39
Interfunds Accounts Receivable	A-13	<u>22,494.40</u>	<u>18,304.12</u>
		<u>300,127.80</u>	<u>270,441.74</u>
		<u>5,231,153.35</u>	<u>3,766,006.13</u>
Federal and State Grants Fund :			
Amount Due From Current Fund	A-26	55,213.60	51,552.98
Federal and State Aid Receivable	A-27	<u>28,642.90</u>	<u>48,924.17</u>
		<u>83,856.50</u>	<u>100,477.15</u>
		<u>\$ 5,315,009.85</u>	<u>\$ 3,866,483.28</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF PEAPACK AND GLADSTONE

CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
(CONCLUDED)

<u>Liabilities, Reserves and Fund Balance</u>	<u>Ref.</u>	<u>December 31,</u>	
		<u>2010</u>	<u>2009</u>
Liabilities :			
Appropriation Reserves	A-3,16	\$ 370,751.03	\$ 442,707.69
Reserve for Encumbrances	A-17	309,268.29	195,945.11
Interfunds Accounts Payable	A-18	352,731.01	66,991.40
Prepaid Taxes	A-19	1,094,295.84	59,913.86
Tax Overpayments	A-20	10,570.37	5,432.35
Reserve for Funds - Unappropriated	A-23	7,869.08	100.00
Other	A-24	75.00	150.00
Regional School District Taxes Payable	A-25	1,261.86	1,254.42
County Taxes Payable	A-25	<u>35,818.14</u>	<u>13,982.49</u>
		2,182,640.62	786,477.32
Reserve for Receivables and Other Assets		300,127.80	270,441.74
Fund Balance	A-1	<u>2,748,384.93</u>	<u>2,709,087.07</u>
		<u>5,231,153.35</u>	<u>3,766,006.13</u>
Federal and State Grants Fund :			
Appropriated Reserves	A-28	76,505.17	96,384.15
Unappropriated Reserves	A-29	4,306.97	-
		<u>83,856.50</u>	<u>100,477.15</u>
		<u>\$ 5,315,009.85</u>	<u>\$ 3,866,483.28</u>

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

<u>Revenue and Other Income Realized</u>	<u>Ref.</u>	<u>Year 2010</u>	<u>Year 2009</u>
Fund Balance Utilized	A-2	\$ 2,100,000.00	\$ 2,000,000.00
Miscellaneous Revenue Anticipated	A-2	271,328.26	359,874.35
Receipts from Delinquent Taxes	A-2	105,528.79	143,746.74
Receipts from Current Taxes	A-2	12,780,073.83	13,110,786.31
Non - Budget Revenue	A-2	473,685.06	445,169.09
Other Credits to Income :			
Prior Year Veterans' Deduction Allowed		-	250.00
Interfund Advance Returned		-	53,292.10
Unexpended Balance of Appropriation			
Reserves Lapsed	A-16	387,475.09	403,565.87
Unappropriated Reserves Canceled		-	6,496.00
Total Income		<u>16,118,091.03</u>	<u>16,523,180.46</u>
<u>Expenditures</u>			
Budgetary and Emergency Appropriations :			
Appropriations Within "CAP"			
Operations:			
Salaries and Wages	A-3	1,763,959.00	1,730,369.00
Other Expenses	A-3	1,849,965.00	1,806,381.00
Deferred Charges and Statutory Expenditures	A-3	378,097.57	375,449.00
Appropriations Excluded from "CAP"			
Operations:			
Salaries and Wages	A-3	1,223.26	
Other Expenses	A-3	59,465.43	86,212.35
Capital Improvements	A-3	227,480.00	100,000.00
Debt Service	A-3	340,935.00	723,846.09
Deferred Charges - Municipal		-	6,000.00

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
(CONCLUDED)

<u>Expenditures (Continued)</u>	<u>Ref.</u>	<u>Year 2010</u>	<u>Year 2009</u>
Refund of Prior Year Revenue		\$ -	\$ 445.05
Prior Year Senior Citizen Deduction Disallowed	A-8	83.56	625.80
Interfund Advance		-	22,200.00
Local Open Space Tax	A-25	208,862.49	228,506.16
Local Open Space Share of Added Taxes	A-25	2,736.50	1,133.98
Regional School District Tax	A-25	6,226,488.16	6,340,808.27
County Taxes	A-25	2,883,679.06	2,857,947.89
County Share of Added and Omitted Taxes	A-25	35,818.14	13,982.49
Total Expenditures		<u>13,978,793.17</u>	<u>14,293,907.08</u>
 Fund Balance January 1	 A	 <u>2,709,087.07</u>	 <u>2,479,813.69</u>
		4,848,384.93	4,709,087.07
Decreased by :			
Utilized as Anticipated Revenue	A-1	<u>2,100,000.00</u>	<u>2,000,000.00</u>
 Fund Balance December 31	 A	 <u>\$ 2,748,384.93</u>	 <u>\$ 2,709,087.07</u>

BOROUGH OF PEAPACK AND GLADSTONE

CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS

	Ref.	Anticipated	Added by 40A:4-87	Realized	Excess or (Deficit)
Fund Balance Anticipated	A-1	\$ 2,100,000.00	\$ -	\$ 2,100,000.00	\$ -
Miscellaneous Revenues :					
Licenses :					
Alcohol Beverages	A-12	12,876.00		12,626.00	(250.00)
Energy Receipts Tax	A-12	251,059.00		251,059.00	-
Garden State Trust	A-12	58.00		-	(58.00)
Public and Private Revenues Off-Set with Appropriations:					
DDEF	A-18	1,223.26		1,223.26	-
Somerset County Cultural and Heritage Grant	A-18	1,000.00		1,000.00	-
Donations:					
Police Equipment	A-23	100.00		100.00	-
Historical Commission	A-12	320.00		320.00	-
Library	A-12	5,000.00		5,000.00	-
Total Miscellaneous Revenues	A-1	271,636.26		271,328.26	(308.00)
Receipts from Delinquent Taxes	A-1,2	100,000.00		105,528.79	5,528.79
Amount to be raised by Taxes for Support of Municipal Budget :					
Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes	A-2	3,438,876.67		4,736,456.74	1,297,580.07
Budget Totals	A-1,2	5,910,512.93		7,213,313.79	1,302,800.86
Non-Budget Revenues				473,685.06	473,685.06
		\$ 5,910,512.93	\$ -	\$ 7,686,998.85	\$ 1,776,485.92

Ref. A-3 A-3

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF PEAPACK AND GLADSTONE
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
(CONTINUED)

<u>Analysis of Realized Revenue</u>	<u>Ref.</u>		
Allocation of Current Tax Collections :			
2010 Taxes Collected in 2009	A-9	\$ 59,913.86	
2010 Taxes Collected in 2010	A-9	12,699,034.10	
State's Share of Senior Citizens' and Veterans' Deductions	A-9	19,000.00	
Prior Year Tax Appeals Applied	A-9	<u>2,125.87</u>	
	A-1	12,780,073.83	
Allocated to School and County Taxes	A-25	<u>9,333,004.76</u>	
		3,447,069.07	
Add : Reserve for Uncollected Taxes	A-3	<u>1,289,387.67</u>	
Amount for Support of Municipal Budget	A-2		<u>\$ 4,736,456.74</u>
Receipts from Delinquent Taxes :			
Prior Year Taxes Collected	A-9	<u>105,528.79</u>	
	A-2		<u>\$ 105,528.79</u>

BOROUGH OF PEAPACK AND GLADSTONE
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
(CONCLUDED)

	<u>Ref.</u>		
<u>Analysis of Non-Budget Revenue</u>			
Treasurer :			
Administrative Fee for Senior Citizens' and Veterans' Deductions		\$ 388.33	
LEA Rebate		9,464.96	
Payroll and Payroll Agency Accounts Excesses		14,119.32	
Health Benefits 1.5% Contributions		11,096.11	
DMV Inspection Fines		9,170.00	
Miscellaneous		<u>9,441.94</u>	
	A-4		\$ 53,680.66
Tax Collector:			
Tax Searches		370.00	
Interest and Costs on Taxes		<u>48,374.13</u>	
	A-5		48,744.13
Revenue Accounts Receivable:			
Fees and Permits:			
Clerk	A-12	21,123.17	
Registrar of Vital Statistics	A-12	1,690.00	
Board of Health	A-12	7,255.00	
Police Chief	A-12	1,279.80	
Municipal Court Fines and Costs	A-12	71,250.11	
Tax Assessor	A-12	140.00	
Uniform Fire Safety Bureau	A-12	4,601.00	
Zoning Official	A-12	1,755.00	
Rentals	A-12	124,916.24	
Interest on Deposits - Treasurer	A-12	22,740.33	
Interest on Deposits - Municipal Court - Regular	A-12	11.38	
Interest on Deposits - Municipal Court - Bail	A-12	<u>0.49</u>	
			256,762.52
Interfunds Accounts Receivable:			
Statutory Excess - Animal Control Fund	A-13	2,205.36	
Administrative Fees - Police Outside Duty	A-13	5,837.50	
Interest on Investments	A-13	3,214.89	
Construction Code Official Fees	A-13	<u>103,240.00</u>	
			<u>114,497.75</u>
	A-2		<u>\$ 473,685.06</u>

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

	Ref.	Budget	Appropriations Budget After Modification	Paid or Charged	Expended	Reserved	Unexpended Balance Canceled
OPERATIONS WITHIN "CAP"							
GENERAL GOVERNMENT :							
General Administration		\$ 46,677.00	\$ 66,677.00	\$ 47,619.59	\$ 19,057.41	\$ -	
Salaries and Wages		850.00	850.00	442.54	407.46		
Other Expenses							
Mayor and Borough Council		15,500.00	15,500.00	15,500.00			
Salaries and Wages		58,900.00	58,900.00	12,713.78	46,186.22		
Other Expenses							
Borough Clerk		126,357.00	126,357.00	124,585.41	1,771.59		
Salaries and Wages		36,525.00	36,525.00	24,596.78	11,928.22		
Other Expenses							
Financial Administration		83,514.00	83,514.00	74,166.86	9,347.14		
Salaries and Wages		7,800.00	7,800.00	6,090.90	1,709.10		
Other Expenses							
Audit Services		23,500.00	23,500.00	11,975.00	11,525.00		
Other Expenses							
Collection of Taxes		60,007.00	60,007.00	59,785.99	221.01		
Salaries and Wages		17,200.00	17,200.00	16,040.10	1,159.90		
Other Expenses							
Assessment of Taxes		31,774.00	31,774.00	31,574.34	199.66		
Salaries and Wages		9,100.00	9,100.00	9,040.30	59.70		
Other Expenses							
Legal Services and Costs		44,500.00	102,500.00	95,626.90	6,873.10		
Other Expenses							
Municipal Court		69,356.00	69,356.00	67,063.59	2,292.41		
Salaries and Wages		9,355.00	9,355.00	6,316.47	3,038.53		
Other Expenses							
Public Defender (P. L. 1997, c.256)		3,300.00	3,300.00	876.00	2,424.00		
Other Expenses							
Engineering Services and Costs		54,000.00	54,000.00	31,932.19	22,067.81		
Other Expenses							
Cultural Heritage		2,950.00	2,950.00	833.39	2,116.61		
Other Expenses							
Municipal Land Use Law (N.J.S.A. 40:55D-1)		11,600.00	11,600.00	7,484.26	4,115.74		
Land Use Board		44,350.00	14,350.00	1,751.08	12,598.92		
Salaries and Wages							
Other Expenses							
Zoning Costs		8,732.00	8,732.00	8,352.50	379.50		
Salaries and Wages		755.00	755.00	56.64	698.36		
Other Expenses							
INSURANCE:							
General Liability		117,900.00	97,900.00	97,838.89	61.11		
Worker's Compensation Insurance		27,500.00	27,500.00	26,680.72	819.28		
Group Insurance - Hospital and Medical		381,006.00	385,006.00	381,072.38	3,933.62		
Unemployment Compensation Insurance		2,000.00	2,000.00	-	2,000.00		

BOROUGH OF PEAPACK AND GLADSTONE

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
(CONTINUED)

	Ref.	Budget	Appropriations Budget After Modification	Paid or Charged	Expended	Reserved	Unexpended Balance Canceled
OPERATIONS WITHIN "CAP" (CONTINUED)							
PUBLIC SAFETY :							
Police							
Salaries and Wages		\$ 772,247.00	\$ 777,247.00	\$ 776,798.43	\$ 448.57	\$ -	\$ -
Other Expenses		58,927.00	58,927.00	41,139.74	17,787.26		
Purchase of Police Vehicles		33,000.00	33,000.00	32,961.00	39.00		
Emergency Management Services							
Salaries and Wages		985.00	985.00	985.00			
Other Expenses		1,950.00	1,950.00	835.72	1,114.28		
Fire							
Salaries and Wages		5,900.00	6,800.00	6,600.00	200.00		
Other Expenses		70,650.00	69,750.00	63,615.12	6,134.88		
Aid to Volunteer Ambulance Company		60,000.00	60,000.00	60,000.00			
Fire Official							
Salaries and Wages		7,891.00	7,891.00	7,205.58	685.42		
Other Expenses		2,835.00	2,835.00	1,264.99	1,570.01		
Fire Hydrant Service		90,480.00	90,480.00	90,265.53	214.47		
Municipal Prosecutor							
Other Expenses		20,000.00	20,000.00	20,000.00			
PUBLIC WORKS FUNCTIONS:							
Road Repairs and Maintenance							
Salaries and Wages		189,768.00	189,768.00	170,660.89	19,107.11		
Other Expenses		107,800.00	107,800.00	98,689.01	9,110.99		
Garbage and Trash Removal							
Salaries and Wages		1,579.00	1,579.00	1,507.80	71.20		
Other Expenses		122,000.00	97,000.00	88,062.96	8,937.04		
Public Buildings and Grounds							
Salaries and Wages		178,699.00	178,699.00	175,582.58	3,116.42		
Other Expenses		98,950.00	98,950.00	78,437.94	20,512.06		
Vehicle Maintenance							
Other Expenses		28,000.00	28,000.00	24,954.88	3,045.12		
HEALTH AND WELFARE :							
Board of Health							
Salaries and Wages		2,182.00	2,182.00	2,182.00			
Other Expenses		27,656.00	27,656.00	26,947.79	708.21		
Environmental Commission							
Other Expenses		10,100.00	10,100.00	9,878.77	221.23		
Animal Control Regulations							
Other Expenses		5,826.00	5,826.00	5,826.00			
Administration of Public Assistance							
Salaries and Wages		1,864.00	1,864.00	1,863.99	0.01		
Other Expenses		250.00	250.00	100.00	150.00		

BOROUGH OF PEAPACK AND GLADSTONE

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
(CONTINUED)

	Ref.	Budget	Appropriations Budget After Modification	Paid or Charged	Expended	Reserved	Unexpended Balance Canceled
<u>OPERATIONS WITHIN "CAP" (CONTINUED)</u>							
RECREATION AND EDUCATION :							
Recreation Services and Programs							
Salaries and Wages		\$ 28,917.00	\$ 28,917.00	\$ 28,917.00	\$ -	\$ -	\$ -
Other Expenses		5,000.00	5,000.00	5,000.00	-	-	-
Senior Citizen Program							
Salaries and Wages		10,500.00	10,500.00	8,844.66	1,655.34	✓	✓
Other Expenses		7,000.00	7,000.00	2,900.00	4,100.00	✓	✓
<u>OTHER COMMON OPERATING FUNCTIONS:</u>							
Accumulated Leave Compensation							
Salaries and Wages		10,000.00	10,000.00	-	10,000.00	✓	✓
<u>UTILITY EXPENSES AND BULK PURCHASES:</u>							
Electricity		41,000.00	45,000.00	38,218.02	6,781.98	✓	✓
Street Lighting		26,000.00	26,000.00	23,666.21	2,933.79	✓	✓
Telephone and Telegraph		25,000.00	25,000.00	21,655.89	3,344.11	✓	✓
Water		5,000.00	5,000.00	3,533.91	1,466.09	✓	✓
Natural Gas		40,000.00	28,000.00	18,038.16	9,961.84	✓	✓
Gasoline		55,000.00	50,400.00	38,000.00	12,400.00	✓	✓
		84,000.00	84,000.00	53,542.35	30,457.65	✓	✓
<u>LANDFILL/SOLID WASTES DISPOSAL COSTS</u>							
<u>CODE ENFORCEMENT AND ADMINISTRATION:</u>							
State Uniform Construction Code:							
Construction Official		74,010.00	74,010.00	65,779.66	8,230.34	✓	✓
Salaries and Wages		5,950.00	5,950.00	4,814.97	1,135.03	✓	✓
Other Expenses							
		3,611,924.00	3,611,924.00	3,259,293.15	352,630.85	✓	✓
<u>TOTAL OPERATIONS WITHIN "CAP"</u>		<u>2,000.00</u>	<u>2,000.00</u>	<u>-</u>	<u>2,000.00</u>	<u>✓</u>	<u>✓</u>
<u>TOTAL OPERATIONS INCLUDING CONTINGENT - WITHIN "CAP"</u>		<u>3,613,924.00</u>	<u>3,613,924.00</u>	<u>3,259,293.15</u>	<u>354,630.85</u>	<u>✓</u>	<u>✓</u>
<u>DETAIL :</u>							
Salaries and Wages	A-1	1,738,059.00	1,763,959.00	1,683,060.13	80,898.87	✓	✓
Other Expenses	A-1	1,875,865.00	1,849,965.00	1,576,233.02	273,731.98	✓	✓
		<u>3,613,924.00</u>	<u>3,613,924.00</u>	<u>3,259,293.15</u>	<u>354,630.85</u>	<u>✓</u>	<u>✓</u>

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
(CONTINUED)

	Ref.	Budget	Appropriations Budget After Modification	Paid or Charged	Expended	Reserved	Unexpended Balance Canceled
DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN *CAP*							
STATUTORY EXPENDITURES:							
Contribution to:							
Public Employees Retirement System		\$ 52,328.57	\$ 52,328.57	\$ 52,328.57	\$ -	\$ -	\$ -
Social Security System (O.A.S.I.)		144,000.00	144,000.00	130,005.84	13,994.16	-	-
Police and Firemen's Retirement System of N.J.		181,769.00	181,769.00	181,769.00	-	-	-
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN *CAP*	A-1	378,097.57	378,097.57	364,103.41	13,994.16	-	-
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN *CAP*		3,992,021.57	3,992,021.57	3,623,396.56	368,625.01	-	-
OPERATIONS EXCLUDED FROM *CAP*							
Length of Seservice Awards Program							
Fire Department		26,100.00	26,100.00	26,100.00	-	-	-
First Aid Squad		8,500.00	8,500.00	8,500.00	-	-	-
Maintenance of Library (N.J.S.A. 40.54-35)		3,105.00	3,105.00	3,061.49	43.51	-	-
Recycling Tax		5,000.00	5,000.00	3,420.15	1,579.85	-	-
Contribution to:							
Public Employees Retirement System		10,340.43	10,340.43	10,340.43	-	-	-
Public and Private Programs Offset by Revenues:							
Drunk Driving Enforcement Fund		1,223.26	1,223.26	1,223.26	-	-	-
Somerset County Cultural and Heritage Grant		1,000.00	1,000.00	1,000.00	-	-	-
Donations:							
Police Equipment		100.00	100.00	100.00	-	-	-
Historical Commission		320.00	320.00	320.00	-	-	-
Library		5,000.00	5,000.00	4,917.34	82.66	-	-
TOTAL OPERATIONS EXCLUDED FROM *CAP*		60,688.69	60,688.69	58,562.67	2,126.02	-	-
DETAIL:							
Salaries and Wages	A-1	1,223.26	1,223.26	1,223.26	-	-	-
Other Expenses	A-1	59,465.43	59,465.43	57,339.41	2,126.02	-	-
		60,688.69	60,688.69	58,562.67	2,126.02	-	-

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
(CONTINUED)

	Ref.	Budget	Appropriations Budget After Modification	Paid or Charged	Expended	Reserved	Unexpended Balance Canceled
CAPITAL IMPROVEMENTS EXCLUDED FROM "CAP"							
Capital Improvement Fund		\$ 172,000.00	\$ 172,000.00	\$ 172,000.00	\$ -	\$ -	\$ -
Reserve for Purchase of Police Records Management System		15,480.00	15,480.00	15,480.00	-	-	-
Reserve for Fire Department Pagers		40,000.00	40,000.00	40,000.00	-	-	-
TOTAL CAPITAL IMPROVEMENTS EXCLUDED FROM "CAP"	A-1	<u>227,480.00</u>	<u>227,480.00</u>	<u>227,480.00</u>	-	-	-
MUNICIPAL DEBT SERVICE EXCLUDED FROM "CAP"							
Payment of Bond Principal		222,610.00	222,610.00	222,610.00	-	-	-
Interest on Bonds		118,325.00	118,325.00	118,325.00	-	-	-
TOTAL MUNICIPAL DEBT SERVICE EXCLUDED FROM "CAP"	A-1	<u>340,935.00</u>	<u>340,935.00</u>	<u>340,935.00</u>	-	-	-
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES - EXCLUDED FROM "CAP"							
		<u>629,103.69</u>	<u>629,103.69</u>	<u>626,977.67</u>	<u>2,126.02</u>	<u>-</u>	<u>-</u>
SUBTOTAL GENERAL APPROPRIATIONS RESERVE FOR UNCOLLECTED TAXES							
		<u>4,621,125.26</u>	<u>4,621,125.26</u>	<u>4,250,374.23</u>	<u>370,751.03</u>	<u>-</u>	<u>-</u>
		<u>1,289,387.67</u>	<u>1,289,387.67</u>	<u>1,289,387.67</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL GENERAL APPROPRIATIONS		<u>\$ 5,910,512.93</u>	<u>\$ 5,910,512.93</u>	<u>\$ 5,539,761.90</u>	<u>\$ 370,751.03</u>	<u>\$ -</u>	<u>\$ -</u>
	Ref.						A
Adopted Budget	A-2		\$ 5,910,512.93				
Added by N.J.S.A. 40A:4-87	A-2		-				
			<u>5,910,512.93</u>				
Cash Disbursed			\$ 3,887,773.82				
Less: Refunds			<u>4,371.14</u>				
				<u>3,883,402.68</u>			
Reserve for Encumbrances	A-4			<u>309,268.29</u>			
Amount Due to Federal and State Grants Fund	A-17			<u>2,223.26</u>			
Amount Due to General Capital Fund	A-18			<u>55,480.00</u>			
Reserve for Uncollected Taxes	A-18			<u>1,289,387.67</u>			
	A-2						
				<u>\$ 5,539,761.90</u>			

SECTION B
TRUST FUND

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

<u>Assets</u>	<u>Ref.</u>	<u>December 31,</u>	
		<u>2010</u>	<u>2009</u>
Animal Control Fund :			
Cash - Treasurer	B-1	\$ <u>7,907.93</u>	\$ <u>7,745.33</u>
		<u>7,907.93</u>	<u>7,745.33</u>
Other Funds :			
Cash - Treasurer	B-1	1,726,965.42	1,309,100.13
Interfunds Accounts Receivable	B-2	<u>242,037.41</u>	<u>15,438.42</u>
		<u>1,969,002.83</u>	<u>1,324,538.55</u>
		<u>\$ 1,976,910.76</u>	<u>\$ 1,332,283.88</u>
Length of Service Award Program:			
Cash with Agent Provider (Unaudited)		<u>\$ 268,558.78</u>	<u>\$ 213,941.98</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

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

<u>Liabilities, Reserves and Fund Balance</u>	<u>Ref.</u>	<u>December 31,</u>	
		<u>2010</u>	<u>2009</u>
Animal Control Fund :			
Interfunds Accounts Payable	B-3	\$ 2,032.33	\$ 2,206.23
Reserve for Animal Control Fund Expenditures	B-4	5,982.80	5,646.30
Amount Due to State Board of Health	B-5	<u>(107.20)</u>	<u>(107.20)</u>
		<u>7,907.93</u>	<u>7,745.33</u>
Other Funds :			
Interfunds Accounts Payable	B-3	9,566.62	5,142.09
Amount Due to State of New Jersey	B-7	2,488.00	1,377.00
Reserve for Special Funds	B-8	<u>1,956,948.21</u>	<u>1,318,019.46</u>
		<u>1,969,002.83</u>	<u>1,324,538.55</u>
		<u>\$ 1,976,910.76</u>	<u>\$ 1,332,283.88</u>
Length of Service Award Program:			
Reserve for Qualified Participants (Unaudited)		<u>\$ 268,558.78</u>	<u>\$ 213,941.98</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF PEAPACK AND GLADSTONE

TRUST FUND
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>Animal Control</u>	<u>Other Funds</u>
Balance December 31, 2009	B	\$ 7,745.33	\$ 1,309,100.13
Increased by Receipts :			
Interfund Accounts Payable	B-3	9.30	116,495.02
2010 Dog License Fees	B-4	2,706.40	
Late Fees	B-4	479.00	
Amount Due to State Board of Health	B-5	960.60	
Amount Due to State of New Jersey	B-7		8,314.00
Reserve for Special Funds	B-8	-	1,036,498.80
		<u>4,155.30</u>	<u>1,161,307.82</u>
		<u>11,900.63</u>	<u>2,470,407.95</u>
Decreased by Disbursements :			
Interfund Accounts Receivable	B-2		15,000.00
Interfund Accounts Payable	B-3	2,215.10	112,070.49
Expenditures Per R.S. 4:19-15.11	B-4	817.00	
Amount Due to State Board of Health	B-5	960.60	
Amount Due to State of New Jersey	B-7		7,203.00
Reserve for Special Funds	B-8	-	609,169.04
		<u>3,992.70</u>	<u>743,442.53</u>
Balance December 31, 2010	B	\$ 7,907.93	\$ 1,726,965.42

SECTION C
GENERAL CAPITAL FUND

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

<u>Assets</u>	<u>Ref.</u>	<u>December 31,</u>	
		<u>2010</u>	<u>2009</u>
Cash - Treasurer	C-2	\$ 675,528.29	\$ 1,269,173.16
Deferred Charges to Future Taxation:			
Funded	C-4	5,324,532.51	5,639,636.27
Unfunded	C-5	700.00	700.00
Federal and State Aid Receivable	C-7	95,877.98	49,890.00
Interfund Accounts Receivable	C-8	<u>55,480.00</u>	<u>-</u>
		<u>\$ 6,152,118.78</u>	<u>\$ 6,959,399.43</u>
 <u>Liabilities, Reserves and Fund Balance</u>			
Serial Bonds	C-15	\$ 5,044,000.00	\$ 5,334,000.00
NJDEP Open Space Acquisition Loan	C-16	280,532.51	305,636.27
Improvement Authorizations :			
Funded	C-9	589,082.68	646,865.57
Unfunded	C-9	700.00	700.00
Reserve for Encumbrances	C-10	59,853.79	538,169.26
Capital Improvement Fund	C-11	114,990.82	101,490.82
Capital Reserves	C-12	61,480.00	6,000.00
Interfund Accounts Payable	C-13	893.87	952.40
Fund Balance	C-1	<u>585.11</u>	<u>25,585.11</u>
		<u>\$ 6,152,118.78</u>	<u>\$ 6,959,399.43</u>

There were Bonds and Notes Authorized but not Issued at December 31, 2010 in the amount of \$700.00. See Schedule C-18 for analysis.

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, 2009	C	\$ 25,585.11
Decreased by :		
Appropriated to Finance		
Improvement Authorizations	C-9	<u>25,000.00</u>
Balance December 31, 2010	C	<u>\$ 585.11</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

SECTION D
SEWER UTILITY FUND

BOROUGH OF PEAPACK AND GLADSTONE

SEWER UTILITY OPERATING FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

<u>Assets</u>	<u>Ref.</u>	<u>December 31,</u>	
		<u>2010</u>	<u>2009</u>
Sewer Operating Fund:			
Cash - Treasurer	D-5	\$ 926,361.31	\$ 1,028,005.13
Interfunds Accounts Receivable	D-8	<u>1.46</u>	<u>2.92</u>
		<u>926,362.77</u>	<u>1,028,008.05</u>
Receivables with Full Reserves:			
Consumers' Accounts Receivable	D-9	<u>73,924.05</u>	<u>56,896.72</u>
Total Sewer Operating Fund		<u>1,000,286.82</u>	<u>1,084,904.77</u>
Sewer Capital Fund :			
Cash - Treasurer	D-5	94,401.28	94,402.74
Fixed Capital	D-12	8,238,876.73	8,228,576.65
Fixed Capital Authorized and Uncompleted	D-13	<u>89,600.00</u>	<u>89,600.00</u>
Total Sewer Capital Fund		<u>8,422,878.01</u>	<u>8,412,579.39</u>
		<u>\$ 9,423,164.83</u>	<u>\$ 9,497,484.16</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF PEAPACK AND GLADSTONE

SEWER UTILITY OPERATING FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
(CONCLUDED)

<u>Liabilities, Reserves and Fund Balance</u>	<u>Ref.</u>	<u>December 31,</u>	
		<u>2010</u>	<u>2009</u>
Sewer Operating Fund :			
Liabilities :			
Appropriation Reserves	D-4,16	\$ 108,770.21	\$ 128,153.26
Reserve for Encumbrances	D-17	147,282.20	127,363.78
Utility Charges Overpayments	D-19	166.27	531.06
Accrued Interest on Bonds	D-20	20,443.75	25,337.50
		<u>276,662.43</u>	<u>281,385.60</u>
Reserve Receivables		73,924.05	56,896.72
Fund Balance	D-1	649,700.34	746,622.45
Total Sewer Operating Fund		<u>1,000,286.82</u>	<u>1,084,904.77</u>
Sewer Capital Fund :			
Serial Bonds	D-29	1,110,000.00	1,400,000.00
Interfund Accounts Payable	D-18	1.46	2.92
Improvement Authorizations - Funded	D-23	4,799.67	4,799.67
Capital Improvement Fund	D-25	31,486.27	31,486.27
Capital Reserves	D-26	38,359.57	38,359.57
Reserve for Amortization	D-27	7,128,876.73	6,828,576.65
Deferred Reserve for Amortization	D-28	89,600.00	89,600.00
Fund Balance	D-2	19,754.31	19,754.31
Total Sewer Capital Fund		<u>8,422,878.01</u>	<u>8,412,579.39</u>
		<u>\$ 9,423,164.83</u>	<u>\$ 9,497,484.16</u>

There were no Bonds and Notes Authorized but not Issued at December 31, 2010.

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

<u>Revenue and Other Income Realized</u>	<u>Ref.</u>	<u>Year 2010</u>	<u>Year 2009</u>
Operating Fund Balance Utilized	D-1,3	\$ 338,948.00	\$ 235,945.25
Sewer Rents	D-3	1,310,148.27	1,222,098.80
Miscellaneous	D-3	9,801.40	13,224.09
Other Credits to Income :			
Unexpended Balance of Appropriation Reserves	D-16	117,157.55	149,300.23
Encumbrances Canceled	D-17	<u>24.92</u>	<u>5,354.58</u>
Total Income		<u>1,776,080.14</u>	<u>1,625,922.95</u>
 <u>Expenditures</u> 			
Budgetary and Emergency Appropriations:			
Operating	D-4	1,129,993.00	1,077,859.00
Capital Improvements	D-4	30,000.00	30,000.00
Debt Service	D-4	335,781.25	340,306.25
Deferred Charges and Statutory Expenditures	D-4	<u>38,280.00</u>	<u>37,780.00</u>
Total Expenditures		<u>1,534,054.25</u>	<u>1,485,945.25</u>
Excess in Revenue		242,025.89	139,977.70
Fund Balance January 1	D	<u>746,622.45</u>	<u>842,590.00</u>
		988,648.34	982,567.70
Decreased by :			
Utilization by Sewer Operating Budget	D-1	<u>338,948.00</u>	<u>235,945.25</u>
Fund Balance December 31	D	<u>\$ 649,700.34</u>	<u>\$ 746,622.45</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 CAPITAL FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	
Balance December 31, 2009	D	<u>\$ 19,754.31</u>
Balance December 31, 2010	D	<u>\$ 19,754.31</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 REVENUES - REGULATORY BASIS

	<u>Ref.</u>	<u>Budget Anticipated</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Operating Fund Balance Utilized	D-1	\$ 338,948.00	\$ 338,948.00	\$ -
Rents	D-1,3	1,200,000.00	1,310,148.27	110,148.27
Miscellaneous	D-1,3	<u>-</u>	<u>9,801.40</u>	<u>9,801.40</u>
	D-4	<u>\$ 1,538,948.00</u>	<u>\$ 1,658,897.67</u>	<u>\$ 119,949.67</u>

Analysis of Realized Revenue

	<u>Ref.</u>		
Rents :			
Consumer Accounts Receivable	D-9	\$ 1,309,617.21	
Prepaid Sewer Charges Applied	D-9	<u>531.06</u>	
	D-3		<u>\$ 1,310,148.27</u>
Miscellaneous :			
Interest on Investments - Operating		\$ 3,133.36	
Miscellaneous		92.92	
Interest on Sewer Rents		<u>6,544.38</u>	
Interfund Accounts Receivable	D-5		9,770.66
	D-8		<u>30.74</u>
	D-3		<u>\$ 9,801.40</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 EXPENDITURES - REGULATORY BASIS

	Ref.	Budget Appropriations	Transfers	Budget After Transfers	Paid or Charged	Expended	Reserved	Unexpended Balance Canceled
Operating :								
Salaries and Wages		\$ 135,308.00		\$ 135,308.00	\$ 133,516.55	\$	1,791.45	\$ -
Other Expenses		994,685.00		994,685.00	910,167.21		84,517.79	
Total Operating	D-1	1,129,993.00		1,129,993.00	1,043,683.76		86,309.24	
Capital Improvement :								
Capital Outlay		30,000.00		30,000.00	10,325.00		19,675.00	
Total Capital Improvement	D-1	30,000.00		30,000.00	10,325.00		19,675.00	
Debt Service :								
Payment of Bond Principal		290,000.00		290,000.00	290,000.00			4,893.75
Interest on Bonds		50,675.00		50,675.00	45,781.25			4,893.75
Total Debt Service	D-1	340,675.00		340,675.00	335,781.25			
Deferred Charges and Statutory Expenditures :								
Contribution:								
Public Employees Retirement System		25,280.00		25,280.00	25,280.00			
Social Security (O.A.S.I.)		13,000.00		13,000.00	10,214.03		2,785.97	
Total Statutory Expenditures	D-1	38,280.00	-	38,280.00	35,494.03		2,785.97	
		\$ 1,538,948.00	\$ -	\$ 1,538,948.00	\$ 1,425,284.04	\$	108,770.21	\$ 4,893.75

Ref. D-3

D

Ref.

Disbursed
Encumbrances
Accrued Interest on Bonds

\$ 1,232,220.59
147,282.20
45,781.25
\$ 1,425,284.04

D-5
D-17
D-20

The accompanying Notes to Financial Statements are an integral part of this statement.

SECTION E
PUBLIC ASSISTANCE FUND

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

<u>Assets</u>	<u>Ref.</u>	<u>December 31,</u>	
		<u>2010</u>	<u>2009</u>
Cash - Treasurer - Public Assistance Trust Fund No. 1	E-1	\$ 3,435.38	\$ 3,431.94
Cash - Treasurer - Public Assistance Trust Fund No. 2	E-1	<u>4,380.19</u>	<u>6,117.08</u>
		<u>\$ 7,815.57</u>	<u>\$ 9,549.02</u>
 <u>Liabilities and Reserves</u>			
Reserve for Public Assistance Trust Fund No. 1	E-2	3,435.38	3,431.94
Reserve for Public Assistance Trust Fund No. 2	E-2	<u>4,380.19</u>	<u>6,117.08</u>
		<u>\$ 7,815.57</u>	<u>\$ 9,549.02</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF PEAPACK AND GLADSTONE

PUBLIC ASSISTANCE FUND
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>P.A.T.F. No. 1</u>	<u>P.A.T.F. No. 2</u>	<u>Total</u>
Balance December 31, 2009	E	<u>\$ 3,431.94</u>	<u>\$ 6,117.08</u>	<u>\$ 9,549.02</u>
Increased by Receipts :				
State Aid	E-2	-	2,900.00	2,900.00
Interest Earned	E-2	<u>3.44</u>	<u>5.11</u>	<u>8.55</u>
		<u>3,435.38</u>	<u>9,022.19</u>	<u>12,457.57</u>
Decreased by Disbursements :				
Public Assistance Expenditure	E-2	<u>-</u>	<u>4,642.00</u>	<u>4,642.00</u>
		<u>-</u>	<u>4,642.00</u>	<u>4,642.00</u>
Balance December 31, 2010	E	<u>\$ 3,435.38</u>	<u>\$ 4,380.19</u>	<u>\$ 7,815.57</u>

BOROUGH OF PEAPACK AND GLADSTONE
PUBLIC ASSISTANCE FUND
SCHEDULE OF RESERVE FOR PUBLIC ASSISTANCE

	<u>Ref.</u>	P.A.T.F. <u>No. 1</u>	P.A.T.F. <u>No. 2</u>	<u>Total</u>
Balance December 31, 2009	E	<u>\$ 3,431.94</u>	<u>\$ 6,117.08</u>	<u>\$ 9,549.02</u>
Increased by :				
State Aid	E-1	-	2,900.00	2,900.00
Interest Earned	E-1	<u>3.44</u>	<u>5.11</u>	<u>8.55</u>
		<u>3,435.38</u>	<u>9,022.19</u>	<u>12,457.57</u>
Decreased by :				
Public Assistance Expenditure	E-1	<u>-</u>	<u>4,642.00</u>	<u>4,642.00</u>
		<u>-</u>	<u>4,642.00</u>	<u>4,642.00</u>
Balance December 31, 2010	E	<u>\$ 3,435.38</u>	<u>\$ 4,380.19</u>	<u>\$ 7,815.57</u>

SECTION F

GENERAL FIXED ASSETS ACCOUNT GROUP

BOROUGH OF PEAPACK AND GLADSTONE
PUBLIC ASSISTANCE FUND
SCHEDULE OF RESERVE FOR PUBLIC ASSISTANCE REVENUES - 2010

	P.A.T.F. <u>No. 1</u>	P.A.T.F. <u>No. 2</u>	Fund <u>Total</u>
State Aid	\$ -	\$ 2,900.00	\$ 2,900.00
Interest Earned	<u>3.07</u>	<u>5.11</u>	<u>8.18</u>
Total Revenues (PATF)	<u>\$ 3.07</u>	<u>\$ 2,905.11</u>	<u>\$ 2,908.18</u>

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

	<u>December 31,</u>	
	<u>2010</u>	<u>2009</u>
General Fixed Assets:		
Land	\$ 14,806,488.10	\$ 14,526,547.01
Land Improvements	5,035.00	5,035.00
Buildings	702,029.06	702,029.06
Machinery and Equipment	<u>2,659,619.44</u>	<u>2,644,161.26</u>
	<u>\$ 18,173,171.60</u>	<u>\$ 17,877,772.33</u>
 Investments in General Fixed Assets	 <u>\$ 18,173,171.60</u>	 <u>\$ 17,877,772.33</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

BOROUGH OF PEAPACK AND GLADSTONE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009
(CONTINUED)

Note I: Summary of Significant Accounting Policies

A. Basis of Presentation

The financial statements of the Borough of Peapack and Gladstone have been prepared in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Borough's accounting policies are described below.

B. Reporting Entity

The Borough of Peapack and Gladstone is an instrumentality of the State of New Jersey, established to function as a municipality. The Borough Council consists of elected officials and is responsible for the fiscal control of the Borough of Peapack and Gladstone.

The primary criterion for including activities within the Borough's reporting entity, as set forth in section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is the degree of oversight responsibility maintained by the Borough of Peapack and Gladstone. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters.

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 municipal library, or volunteer fire and first aid squads. Furthermore, the Borough of Peapack and Gladstone is not includable in any other reporting entity on the basis of such criteria.

C. Description of Funds

GASB Codification establishes seven fund types and two account groups to be used by general purpose governmental units when reporting financial position and results of operations in accordance with generally accepted accounting principles (GAAP).

The accounting policies of the Borough of Peapack and Gladstone conform to the accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the Division). Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Borough of Peapack and Gladstone accounts for its financial transactions through the following separate funds which differ from the fund structure required by accounting principles generally accepted in the United States of America.

Current Fund – resources and expenditures for governmental operations of a general nature, including Federal and State grants for operation.

BOROUGH OF PEAPACK AND GLADSTONE

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009
(CONTINUED)

Note I: Summary of Significant Accounting Policies (Continued)

C. Description of Funds (Continued)

Trust Fund – receipts, custodianship and disbursement of monies in accordance with the purpose for which each reserve was created.

General Capital Fund – receipt and disbursement of funds used for acquisition of general capital facilities other than those acquired in the Current Fund.

Sewer Operating and Capital Funds – account for the operations and acquisition of capital facilities of the sewer utility.

Public Assistance Fund – receipts and disbursements of funds that provide assistance to certain residents of the Borough of Peapack and Gladstone pursuant to Title 44 of New Jersey statutes.

D. Basis of Accounting

The accounting principles and practices prescribed for municipalities by the Division differ in certain respects from accounting principles generally accepted in the United States of America (GAAP) applicable to local government units. The more significant differences are as follows:

Property Taxes and Other Revenues – property taxes and other revenues are recognized on a cash basis. Receivables for property taxes and other items that are susceptible to accrual are recorded with offsetting reserves on the balance sheets. GAAP requires such revenue to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

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

Expenditures (including Federal and State Financial Assistance Programs) – unexpended or uncommitted appropriations, at December 31, are reported as expenditures through the establishment of appropriation reserves unless canceled by the governing body. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which should be recognized when due.

Encumbrances – contractual orders at December 31, are reported as expenditures through the establishment of a reserve for encumbrances. Encumbrances do not constitute expenditures under GAAP.

Appropriation Reserves – are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding year. Lapsed appropriation reserves are recorded as additions to income. Appropriation reserves do not exist under GAAP.

BOROUGH OF PEAPACK AND GLADSTONE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009
(CONTINUED)

Note I: Summary of Significant Accounting Policies (Continued)

D. Basis of Accounting (Continued)

Compensated Absences – expenditures relating to obligations for unused vested accumulated vacation and sick pay are not recorded until paid. GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the operating funds and the remaining obligations be recorded as a long-term obligation.

Property Acquired for Taxes – is recorded in the Current Fund at the assessed valuation when such property was acquired and fully reserved. GAAP requires such property to be recorded in the general fixed assets account group at market value on the date of acquisition.

Inventories of Supplies – The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased.

Interfunds – advances from the Current Fund are reported as interfund receivables with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. GAAP does not require the establishment of an offsetting reserve.

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

E. Budgetary Information

Annual budgets are adopted on a basis consistent with the requirements of the State of New Jersey, Department of Community Affairs, Division of Local Government Services.

Under New Jersey State Statutes, the annual budget is required to be balanced, prepared on a cash basis and to provide a reserve for uncollected taxes. The 2010 statutory budget included a reserve for uncollected taxes in the amount of \$1,289,387.67. To balance the budget, the municipality is permitted to utilize fund balance. The amount of fund balance utilized to balance the 2010 statutory budgets were as follows:

Current Fund	\$2,100,000.00
Sewer Utility Operating Fund	338,948.00

BOROUGH OF PEAPACK AND GLADSTONE

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009
(CONTINUED)

Note I: Summary of Significant Accounting Policies (Continued)

E. Budgetary Information (Continued)

Transfers of line item amounts are permitted after November 1 and must be made by a resolution adopted by the governing body. The following significant budget transfers were approved in the 2010 calendar year.

<u>Budget Category</u>	<u>Amount</u>
General Administration – Salaries and Wages	20,000.00
Legal Services and Costs – Other Expenses	58,000.00
Land Use Board – Other Expenses	(30,000.00)
General Liability Insurance	(20,000.00)
Garbage and Trash Removal - Other Expenses	(25,000.00)

N.J.S.A. 40A:4-87 permits special items of revenue and appropriations to be inserted into the annual budget, after the adoption of the budget, when the item has been made available by any public or private funding source. There were no significant budget insertions approved during the 2010 calendar year.

The municipality may make emergency appropriations, after the adoption of the budget, for a purpose which was not foreseen at the time the budget was adopted or for which adequate provision was not made therein. This type of appropriation shall be made to meet a pressing need for public expenditure to protect or promote the public health, safety, morals or welfare or to provide temporary housing or public assistance prior to the next succeeding fiscal year. Emergency appropriations, except those classified as a special emergency, must be raised in the budget of the succeeding year. Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years. There were no emergency appropriations approved during the 2010 calendar year.

F. Assets and Liabilities

1. Deposits and Investments

Deposits are cash and cash equivalents including petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. Other than Certificates of Deposit, deposits with maturities of greater than three months are considered to be Investments. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

New Jersey governmental units are limited as to the types of investments and types of financial institutions they may invest in. New Jersey statutes provide a list of permissible investments that may be purchased by New Jersey governmental units.

BOROUGH OF PEAPACK AND GLADSTONE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009
(CONTINUED)

Note 1: Summary of Significant Accounting Policies (Continued)

F. Assets and Liabilities (Continued)

2. Property Tax Assessment and Billing

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income where appropriate. Current assessments are the result of new assessments on a like basis with established comparable properties for newly assessed or purchased properties. This method assures equitable treatment to like property owners. But it often results in a divergence of the assessment ratio to true value. Because of the changes in property resale values, annual adjustments could not keep pace with the changing values. A revaluation of all property in the

Borough of Peapack and Gladstone was last completed in 1990 with reassessments effective in 2001, 2003, 2005, 2008, 2009 and 2010.

Upon the filing of certified adopted budgets by the School District and the County, the tax rate is struck by the County Board of Taxation based on the certified amounts in each of the taxing districts for collection to fund the budgets. The statutory provision for the assessment of property, levying of taxes and the collection thereof are set forth in N.J.S.A. 54:4-1 et seq. Special taxing districts are permitted in New Jersey for various special services rendered to the properties located within the special districts.

Tax bills are mailed annually in June. The taxes are due August 1 and November 1 respectively, and are adjusted to reflect the current calendar year's total tax liability. The preliminary taxes due February 1 and May 1 of the succeeding year, are based upon one-half of the current year's total tax.

Tax installments not paid on or before the due date are subject to interest penalties of 8% per annum of the first \$1,500.00 of the delinquency and 18% per annum on any amount in excess of \$1,500.00. Pursuant to c. 75, P.L. 1991, the governing body may also fix a penalty to be charged to a taxpayer with a delinquency in excess of \$10,000.00 who fails to pay that delinquency prior to the end of the calendar year. The penalty so fixed shall not exceed 6% of the amount of the delinquency. These interest and penalties are the highest permitted under New Jersey Statutes. Delinquent taxes open for one year or more are annually included in a tax sale in accordance with New Jersey Statutes.

3. Deferred Charges

The funding of certain expenditures incurred in the current year (i.e. emergencies, overexpenditures) are deferred to subsequent years' budgets.

4. Fixed Assets

In accordance with N.J.A.C. 5:30-5.6, Accounting for Governmental Fixed Assets, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles, the Borough of Peapack and Gladstone has developed a fixed assets accounting and reporting system based on an inspection and appraisal prepared by an independent appraisal firm.

Fixed assets used in governmental operation (general fixed assets) are accounted for in the General Fixed Assets Account Group. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized.

BOROUGH OF PEAPACK AND GLADSTONE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009
(CONTINUED)

Note I: Summary of Significant Accounting Policies (Continued)

F. Assets and Liabilities (Continued)

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available except for land which is valued at estimated market value.

No depreciation has been provided for in the financial statements.

Expenditures for construction in progress are recorded in the Capital Funds until such time as the construction is completed and put into operation.

Fixed assets acquired through grants in aid or contributed capital have not been accounted for separately.

Accounting for utility fund "fixed capital" remains unchanged under the requirements of N.J.A.C. 5:30-5.6.

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

5. Use of Estimates

The preparation of financial statements in conformity with the accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey requires management to make estimates and assumptions that affect certain reports, amounts and disclosures. Accordingly, actual results could differ from those estimates.

6. Comparative Data

Comparative total data for the prior year has been presented in the accompanying Balance Sheets and Statements of Operations in order to provide an understanding of changes in the Borough of Peapack and Gladstone's financial position. However, comparative data have not been presented in each of the supplemental schedules since their inclusion would make statements unduly complex and difficult to read.

Note II: Detailed Notes On All Funds

A. Deposits and Investments

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), the Savings Association Insurance Fund, or by any other agencies of the United States that insure deposits or the State of New Jersey Cash Management Fund.

BOROUGH OF PEAPACK AND GLADSTONE

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009
(CONTINUED)

Note II: Detailed Notes On All Funds(Continued)

A, Deposits and Investments(Continued)

Deposits (Continued)

N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act (GUDPA). Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

At December 31, 2010 the Borough of Peapack and Gladstone's cash and cash equivalents amounted to \$8,523,318.01. Of this amount, \$250,000.00 was covered by federal depository insurance (F.D.I.C.) and \$6,061,209.15 was covered by a collateral pool maintained by the banks as required by GUDPA.

At December 31, 2010 the Borough of Peapack and Gladstone's participation in the State of New Jersey Cash Management Fund amounted to \$2,091,924.32

GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, requires the disclosure of bank deposits that are subject to custodial credit risk. The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Borough of Peapack and Gladstone will not be able to recover deposits or will not be able to recover collateral securities that may be in the possession of an outside party.

As of December 31, 2010, \$2,091,924.32 of the Borough of Peapack and Gladstone's cash and cash equivalents of \$8,523,318.01 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ -0-
Uninsured and collateral held by public depository or by its' trust department not in the Borough of Peapack and Gladstone's name	<u>2,091,924.32</u>
	<u>\$ 2,091,924.32</u>

Investments

New Jersey statutes (N.J.S.A. 40A:5-15.1) permit the Borough of Peapack and Gladstone to purchase the following types of securities:

a. When authorized by a cash management plan approved pursuant to N.J.S. 40A:5-14, any local unit may use moneys which may be in hand for the purchase of the following types of securities which, if suitable for registry, may be registered in the name of the local unit;

(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;

BOROUGH OF PEAPACK AND GLADSTONE

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009
(CONTINUED)

Note II: Detailed Notes On All Funds (Continued)

A. Deposits and Investments (Continued)

Investments (Continued)

- (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, approved by the Division of Investment of the Department of the Treasury 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;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (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.

The Borough of Peapack and Gladstone had no investments as described in Note I:F.1. at December 31, 2010.

B. Property Taxes

The Borough of Peapack and Gladstone is responsible for assessing, collecting and distributing property taxes in accordance with enabling state legislation. All property tax revenue is recognized when received in cash. Property taxes receivable as of December 31, 2010 are composed of the following:

<u>Year of Levy</u>	<u>Amount</u>
2010	\$ <u>128,790.79</u>

BOROUGH OF PEAPACK AND GLADSTONE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009
(CONTINUED)

Note II: Detailed Notes On All Funds (Continued)

C. Interfund Receivables and Payables

As of December 31, 2010 interfund receivables and payables resulting from various interfund transactions were as follows:

	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
Current Fund	\$ 22,494.40	\$ 352,731.01
Federal and State Grants Fund	55,213.60	
Trust Funds:		
Animal Control Fund		2,032.33
Other Trust Fund	242,037.41	9,566.62
Capital Fund	55,480.00	893.87
Sewer Utility Fund:		
Operating Fund	1.46	
Capital Fund		1.46
Payroll and Payroll Agency		10,001.58
	<u>\$ 375,226.87</u>	<u>\$ 375,226.87</u>

D. Deferred Charges to be Raised in Succeeding Budgets

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2010 there were no deferred charges shown on the balance sheets of the various funds.

E. Leases

The Borough of Peapack and Gladstone has not entered into any long-term agreements.

BOROUGH OF PEAPACK AND GLADSTONE

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009
(CONTINUED)

Note II: Detailed Disclosures Regarding Liabilities and Expenses/Expenditures

F. Debt

The Local Bond Law governs the issuance of bonds and notes to finance general municipal and utility capital expenditures. Bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Borough of Peapack and Gladstone are general obligation bonds, backed by the full faith and credit of the Borough of Peapack and Gladstone. Bond anticipation notes, which are issued to temporarily finance capital projects, must be paid off within ten years or retired by the issuance of bonds.

Summary of Municipal Debt

	<u>Year 2010</u>	<u>Year 2009</u>	<u>Year 2008</u>
<u>Issued</u>			
General:			
Bonds and Notes	\$ 5,044,000.00	\$ 5,334,000.00	\$ 5,992,000.00
Loan	280,532.51	305,636.27	330,245.39
Sewer Utility:			
Bonds and Notes	<u>1,110,000.00</u>	<u>1,400,000.00</u>	<u>1,685,000.00</u>
Total Issued	<u>6,434,532.51</u>	<u>7,039,636.27</u>	<u>8,007,245.39</u>
Net Debt Issued	<u>6,434,532.51</u>	<u>7,039,636.27</u>	<u>8,007,245.39</u>
<u>Authorized but not Issued</u>			
General:			
Bonds and Notes	700.00	700.00	475,700.00
Sewer Utility:			
Bonds and Notes	<u>-</u>	<u>-</u>	<u>-</u>
Total Authorized but Not Issued	<u>700.00</u>	<u>700.00</u>	<u>475,700.00</u>
Net Bonds and Notes Issued and Authorized but not Issued	<u>\$ 6,435,232.51</u>	<u>\$ 7,040,336.27</u>	<u>\$ 8,482,945.39</u>

BOROUGH OF PEAPACK AND GLADSTONE

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009
(CONTINUED)

Note II: Detailed Disclosures Regarding Liabilities and Expenses/Expenditures (Continued)

F. Debt (Continued)

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 .63%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Regional School District Debt	\$ 8,383,354.69	\$ 8,383,354.69	\$ -
Sewer Utility Debt	1,110,000.00	1,110,000.00	-
General Debt	<u>5,325,232.51</u>	<u>-</u>	<u>5,325,232.51</u>
	<u>\$ 14,818,587.20</u>	<u>\$ 9,493,354.69</u>	<u>\$ 5,325,232.51</u>

Net Debt \$5,640,336.27 divided by Equalized Valuation Basis
per N.J.S.A. 40A:2-2 as amended, \$ 844,534,692.67 = 0.63%

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 29,558,714.24
Net Debt	<u>5,325,232.51</u>
Remaining Borrowing Power	<u>\$ 24,233,481.73</u>

BOROUGH OF PEAPACK AND GLADSTONE

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009
(CONTINUED)

Note II: Detailed Disclosures Regarding Liabilities and Expenses/Expenditures (Continued)

F. Debt (Continued)

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

Cash Receipts from fees, rents or other charges for year		\$ 1,658,897.67
Deductions:		
Operating and Maintenance Cost	\$ 1,168,273.00	
Debt Service per Sewer Account	<u>335,781.25</u>	
		<u>1,504,054.25</u>
Excess in Revenue-Self Liquidating		<u>\$ 154,843.42</u>

Footnote:

If there is an "excess in revenue", all such utility debt is deductible.

The foregoing debt information is in agreement with the annual debt statement filed by the Chief Financial Officer.

BOROUGH OF PEAPACK AND GLADSTONE

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009
(CONTINUED)

Note II: Detailed Disclosures Regarding Liabilities and Expenses/Expenditures (Continued)

F. Debt (Continued)

1. Bonds Payable

Bonds are authorized in accordance with State law by the adoption of an ordinance. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Borough of Peapack and Gladstone are general obligation bonds.

Serial Bonds outstanding as of December 31, 2010 consisted of the following:

<u>Description</u>	<u>Interest Rate</u>	<u>Due Date</u>	<u>Maturity Date</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
General Improvement of 2009	Various	12/1	2029	\$ 4,494,000.00	\$ 4,344,000.00
General Improvement of 2002	3.625%	7/1	2015	1,645,000.00	700,000.00
Sewer Refunding Bonds of 2002	Various	7/1	2014	2,845,000.00	1,110,000.00

Principal and interest due on serial bonds outstanding is as follows:

<u>Calendar Year</u>	<u>General</u>		<u>Sewer Utility</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2011	\$ 295,000.00	\$ 180,810.00	\$ 285,000.00	\$ 40,887.50	\$ 801,697.50
2012	305,000.00	171,472.50	280,000.00	30,912.50	787,385.00
2013	315,000.00	161,860.00	275,000.00	21,112.50	772,972.50
2014	325,000.00	151,535.00	270,000.00	10,800.00	757,335.00
2015	330,000.00	140,910.00			470,910.00
2016	200,000.00	130,135.00			
2017	205,000.00	124,135.00			
2018	215,000.00	117,985.00			
2019	220,000.00	110,997.50			
2020	230,000.00	103,297.50			
2021	235,000.00	94,960.00			
2022	245,000.00	86,147.50			
2023	250,000.00	76,960.00			
2024	260,000.00	66,960.00			
2025	270,000.00	56,560.00			
2026	275,000.00	45,760.00			
2027	280,000.00	34,760.00			
2028	290,000.00	23,560.00			
2029	299,000.00	11,960.00	-	-	-
	<u>\$ 5,044,000.00</u>	<u>\$ 1,890,765.00</u>	<u>\$ 1,110,000.00</u>	<u>\$ 103,712.50</u>	<u>\$ 3,590,300.00</u>

BOROUGH OF PEAPACK AND GLADSTONE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009
(CONTINUED)

Note II: Detailed Disclosures Regarding Liabilities and Expenses/Expenditures (Continued)

F. Debt (Continued)

2. Bond Anticipation Notes

There were no Bond Anticipation Notes outstanding as of December 31, 2010.

3. Bonds Authorized but not Issued

As of December 31, 2010 the Borough of Peapack and Gladstone had authorized but not issued bonds as follows:

General Capital Fund	\$	700.00
Sewer Utility Capital Fund		-0-

BOROUGH OF PEAPACK AND GLADSTONE

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009
(CONTINUED)

Note II: Detailed Disclosures Regarding Liabilities and Expenses/Expenditures (Continued)

G. Loan Agreements

The Borough of Peapack and Gladstone has entered into one loan agreement with the State of New Jersey for the acquisition of open space. The loan is repayable over 20 years from the date of final consummation of the loan. The funds have been provided through the Office of Trust Fund Management. The loan of \$500,000.00 is at an interest rate of 2.00% under Loan No. 1815-099-011.

Drawdown of the loan was initiated in 2001.

Following are the remaining maturities and debt schedule for the outstanding loan:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 25,608.35	\$ 5,483.25	\$ 31,091.60
2012	26,123.08	4,968.52	31,091.60
2013	26,648.15	4,443.44	31,091.59
2014	27,183.78	3,907.82	31,091.60
2015	27,730.18	3,361.42	31,091.60
2016	28,287.55	2,804.05	31,091.60
2017	28,856.13	2,235.46	31,091.59
2018	29,436.13	1,655.45	31,091.58
2019	30,027.81	1,063.79	31,091.60
2020	<u>30,631.35</u>	<u>460.23</u>	<u>31,091.58</u>
	<u>\$ 280,532.51</u>	<u>\$ 30,383.43</u>	<u>\$ 310,915.94</u>

BOROUGH OF PEAPACK AND GLADSTONE

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009
(CONTINUED)

Note II: Detailed Notes On All Funds (Continued)

H. Fund Balance Appropriated

Fund balances at December 31, 2010, which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2011 were as follows:

Current Fund	\$2,139,000.00
Sewer Utility Operating Fund	369,601.00

Note III: Pension Plans

Description of Systems

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

The Public Employees' Retirement System (PERS) was established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to substantially all full time employees of the State or any county, municipality, school district or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 8 to 10 years of service for pension benefits.

The Police and Fireman's Retirement System (PFRS) was established in July 1944, under the provisions of N.J.S.A. 43:16A to provide coverage to substantially all full time county and municipal police or firemen and State Firemen appointed after June 30, 1944. Membership is mandatory for such employees with vesting occurring after 10 years of membership.

According to the state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement systems terminate. The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits issues a publicly available financial report that includes the financial statements and required supplementary information of each of the above systems. The financial reports may be accessed via the New Jersey Division of Pensions and Benefits website at www.state.nj.us/treasury/pensions.

Retirement Benefits

For PERS employees, the benefits will be 1/55 of the average of the three highest year compensation for each year of service. However, for PERS who are veterans of the U.S. armed forces, the benefits will be 1/55 of final compensation for each year of service.

For PFRS employees, the benefits will be various percentages of final compensation depending upon the number of years of service.

BOROUGH OF PEAPACK AND GLADSTONE

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009
(CONTINUED)

Note III: Pension Plans (Continued)

Significant Legislation

P.L. 2010, c.1, effective May 21, 2010, made a number of changes to the State-administered retirement systems concerning eligibility, the retirement allowance formula, the definition of compensation, the positions eligible for service credit, the non-forfeitable right to a pension, the prosecutor's part of the PERS, special retirement under the PFRS, and employer contributions to the retirement systems.

This new legislation changed the membership eligibility criteria for new members of TPAF and PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of TPAF and PERS to 1/60 from 1/55, and it provided that new members of TPAF and PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of TPAF and PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. For new members of the PFRS, the law capped the maximum compensation that can be used to calculate a pension from these plans at the annual wage contribution base for Social Security, and requires the pension to be calculated using a three year average annual compensation instead of the last year's salary. This law also closed the prosecutor's part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time five years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined as 1/7th of the required amount, beginning in Fiscal Year 2012.

P.L. 2010, c.3, effective May 21, 2010, replaced the accidental and ordinary disability retirement for new members of the TPAF and PERS with disability insurance coverage similar to that provided by the State to individuals enrolled in the State's Defined Contribution Retirement Program.

Funding Status and Funding Progress

As of June 30, 2009, the most recent actuarial valuation date, the aggregate funded ratio for the retirement systems (TPAF, PERS, PFRS, POPF, CPFPPF, JRS, and SPRS) is 66.0 percent with an unfunded actuarial accrued liability of \$45.8 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 62.0 percent and \$30.7 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and PFRS is 72.1 percent and \$15.1 billion.

The required supplementary information regarding the funded status and funding progress of the retirement systems is based on actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

BOROUGH OF PEAPACK AND GLADSTONE

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009
(CONTINUED)

Note III: Pension Plans (Continued)

Contribution Requirements

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation, with the amount of contributions by the State of New Jersey contingent upon the annual Appropriations Act. The pension funds provide for employee contributions based on 8.5 percent for PFRS and 5.5 percent for PERS of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in all Funds. The actuarially determined employer contribution includes funding for cost-of living adjustments and noncontributory death benefits in the PFRS and PERS

During the state fiscal year ended June 30, 2019 for PFRS and PERS, which are cost sharing multi-employer defined benefit pension plans, the annual pension cost equals the annual required contribution.

The Borough's total payroll for the year ended December 31, 2010 was \$1,863,414.71 and covered payroll was \$930,598.00 for PERS and \$ 605,244.00 for PFRS. Contributions to the PERS and the PFRS for the last three years made by the employees and Borough of Peapack and Gladstone were as follows:

		<u>PERS</u>	Percent of Covered <u>Payroll</u>	<u>PFRS</u>	Percent of Covered <u>Payroll</u>
Employees	12/31/08	\$ 48,519.99	5.33%	\$ 57,637.97	6.33%
	12/31/09	52,344.40	5.57%	51,985.52	8.50%
	12/31/10	51,183.21	5.50%	51,445.85	8.50%
Borough of Peapack and Gladstone	12/31/08	\$ 55,494.00	8.18%	\$156,299.00	23.05%
	12/31/09	75,839.00	8.07%	180,890.00	29.58%
	12/31/10	87,949.00	9.45%	181,769.00	30.03%

Note IV: Post Retirement Medical Benefits

P.L. 1997, C.330 provides State paid post-retirement health benefits to qualified retirees of the Police and Firemen's Retirement System and the Consolidated Police and Firemen's Pension Fund and to dependents of qualified retirees. The State is responsible for 80% of the premium for the category of coverage elected by the retiree under the State managed care plan or a health maintenance organization participating in the program, whichever provides the lower charge. The State contributed \$28.8 million for the state fiscal year 2010 to provide benefits under Chapter 330 to qualified retirees.

In accordance with a Borough of Peapack and Gladstone policy which provides for post-retirement medical benefits for PERS retirees with 25 years of service, the Borough contributed \$171,746.52 to State of New Jersey, Department of Treasury, Division of Pensions and Benefits for 12 eligible retirees and 8 spouses.

BOROUGH OF PEAPACK AND GLADSTONE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009
(CONTINUED)

Note V: Risk Management

The Borough of Peapack and Gladstone 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.

The Borough of Peapack and Gladstone is a member of the Statewide Insurance Fund (the "Fund"). Fund is an insurance purchasing pool, in which the participants seek to lower insurance costs through their combined joint purchasing power. Each participant receives their own insurance policies. Risk transfers through the pool to the insurance company from which the policies are purchased. The Fund is also an insured and self-administered group of municipalities established for the purpose of providing certain low-cost workers' compensation insurance coverage for member municipalities in order to keep local property taxes at a minimum. The Borough of Peapack and Gladstone pays an annual assessment to the Fund and should it be determined that payments received by the Fund are deficient, additional assessments may be levied. Additionally, the Fund maintains a contract of excess insurance with a commercial reinsurer for claims in excess of \$250,000 to secure the payment of statutory workers' compensation benefits.

The Fund can declare and return Fund Equity to members upon approval of the State of New Jersey Department of Insurance. These distributions would be divided amongst the members in the same ratio as their individual assessment relates to the total assessment of the membership body. In accordance with Statement No. 10 of the Government Accounting Standards Board, these distributions may be used to reduce the amount recorded for membership expense in the year in which the distribution was declared.

The Borough of Peapack and Gladstone continues to carry commercial insurance coverage for all other risks of loss, including employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note VI: Segment Information – Utility/Enterprise Funds

The Borough of Peapack and Gladstone maintains one utility/enterprise fund which provides sewer services. Segment information for the year ended December 31, 2010 was as follows:

	<u>Sewer Utility Fund</u>
Operating Revenues	1,316,785.57
Operating Income	148,512.57
Operating Transfers in	30.74
Net Income	242,025.89
Fixed Assets:	
Additions	10,300.08
Deletions	
Net Working Capital	723,624.39
Total Operating Assets	1,000,286.82
Operating Fund Balance	649,700.34
Long Term Debt	1,110,000.00
Short Term Debt	

BOROUGH OF PEAPACK AND GLADSTONE

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009
(CONTINUED)

Note VII: Accrued Sick and Vacation Benefits

The Borough of Peapack and Gladstone permits employees to accrue a limited amount of unused vacation and sick pay, which may be taken as time off or paid upon retirement or separation at an agreed-upon rate as follows:

- a) Vacation – All employees will be paid for unused vacation leave upon termination.
- b) Sick – Police employees will be paid up to a maximum of 90 days upon retirement or one-half of the then accumulated maximum sick leave up to a maximum of 90 days upon termination for other than retirement provided the employee has ten or more years credited service.
- c) Sick – Employees (other than Police) will be paid up to a maximum of 90 days upon retirement.

It is estimated that the current cost of such unpaid compensation would approximate \$331,787.39. 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 of Peapack and Gladstone's budget operating expenditures in the year in which it is used.

SUPPLEMENTARY DATA

COMPARATIVE STATEMENT OF OPERATIONS AND
CHANGE IN FUND BALANCE - CURRENT FUND

	<u>Year 2010</u>		<u>Year 2009</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<u>Revenue and Other Income Realized</u>				
Fund Balance Utilized	\$2,100,000.00	13.03%	\$2,000,000.00	12.10%
Miscellaneous-From other than				
Local Property Tax Levies	745,013.32	4.62%	805,043.44	4.87%
Collection of Delinquent Taxes				
and Tax Title Liens	105,528.79	0.65%	143,746.74	0.86%
Collection of Current Tax Levy	12,780,073.83	79.29%	13,110,786.31	79.35%
Other Credits to Income	<u>387,475.09</u>	<u>2.40%</u>	<u>463,603.97</u>	<u>2.81%</u>
Total Income	<u>16,118,091.03</u>	<u>100.00%</u>	<u>16,523,180.46</u>	<u>100.00%</u>
 <u>Expenditures</u>				
Budget Expenditures:				
Municipal Purposes	4,621,125.26	33.06%	4,828,257.44	33.78%
Local Open Space Tax	211,598.99	1.51%	229,640.14	1.61%
County Taxes	2,919,497.20	20.89%	2,871,930.38	20.09%
Regional School Taxes	6,226,488.16	44.54%	6,340,808.27	44.36%
Other Expenditures	<u>83.56</u>	<u>0.00%</u>	<u>23,270.85</u>	<u>0.16%</u>
Total Expenditures	<u>13,978,793.17</u>	<u>100.00%</u>	<u>14,293,907.08</u>	<u>100.00%</u>
Excess in Revenue	2,139,297.86		2,229,273.38	
Fund Balance January 1	<u>2,709,087.07</u>		<u>2,479,813.69</u>	
	4,848,384.93		4,709,087.07	
Less:				
Utilization as Anticipated Revenue	<u>2,100,000.00</u>		<u>2,000,000.00</u>	
Fund Balance December 31	<u>\$2,748,384.93</u>		<u>\$2,709,087.07</u>	

COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN
FUND BALANCE - SEWER UTILITY OPERATING FUND

	<u>Year 2010</u>		<u>Year 2009</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<u>Revenue and Other Income Realized</u>				
Fund Balance Utilized	\$ 338,948.00	19.08%	\$ 235,945.25	14.51%
Collection of Sewer Charges	1,310,148.27	73.77%	1,222,098.80	75.16%
Miscellaneous	9,801.40	0.55%	13,224.09	0.81%
Other Credits to Income	<u>117,182.47</u>	<u>6.60%</u>	<u>154,654.81</u>	<u>9.51%</u>
Total Income	<u>1,776,080.14</u>	<u>100.00%</u>	<u>1,625,922.95</u>	<u>100.00%</u>
 <u>Expenditures</u>				
Budget Expenditures:				
Operating	1,129,993.00	73.66%	1,077,859.00	72.54%
Capital Improvements	30,000.00	1.96%	30,000.00	2.02%
Debt Service	335,781.25	21.89%	340,306.25	22.90%
Statutory Expenditures	<u>38,280.00</u>	<u>2.49%</u>	<u>37,780.00</u>	<u>2.54%</u>
Total Expenditures	<u>1,534,054.25</u>	<u>100.00%</u>	<u>1,485,945.25</u>	<u>100.00%</u>
Excess in Revenue	242,025.89		139,977.70	
Fund Balance January 1	<u>746,622.45</u>		<u>842,590.00</u>	
	988,648.34		982,567.70	
 Less:				
Utilization as Anticipated Revenue	<u>338,948.00</u>		<u>235,945.25</u>	
Fund Balance December 31	<u>\$ 649,700.34</u>		<u>\$ 746,622.45</u>	

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

<u>Year</u>	<u>Assessed Valuation</u>		<u>Apportionment of Tax Rate</u>				
			<u>Total</u>	<u>Municipal</u>	<u>Open Space</u>	<u>County</u>	<u>Regional School</u>
2010	696,208,334	(2)	\$ 1.833	\$ 0.493	\$ 0.030	\$ 0.416	\$ 0.894
2009	761,687,170	(2)	1.728	0.489	0.030	0.377	0.832
2008	826,529,097	(2)	1.621	0.439	0.030	0.375	0.777
2007	846,611,057		1.590	0.425	0.031	0.365	0.769
2006	818,923,214		1.660	0.455	0.031	0.365	0.809
2005	756,473,045	(2)	1.760	0.464	0.030	0.376	0.890
2004	675,463,289		1.850	0.485	0.031	0.439	0.895
2003	679,898,897	(2)	1.560	0.382	0.030	0.437	0.711
2002	598,313,253		1.640	0.413	0.022	0.479	0.726
2001	592,586,088	(2)	1.520	0.387	0.022	0.417	0.694

- (1) Revaluation Effective
(2) Reassessment Effective

COMPARISON OF TAX LEVIES AND COLLECTION 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.

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collection</u>	<u>Percentage of Collection</u>
2010	\$ 12,920,255.74	\$ 12,780,073.83	98.91%
2009	13,224,215.77	13,110,786.31	99.14%
2008	13,456,124.85	13,305,097.58	98.87%
2007	13,536,097.38	13,405,449.27	99.03%
2006	13,642,423.75	13,409,520.02	98.29%
2005	13,338,461.88	13,120,645.90	98.36%
2004	12,643,514.51	12,508,564.37	98.93%
2003	10,626,049.34	10,457,311.39	98.41%
2002	9,952,707.99	9,814,857.00	98.61%
2001	9,066,352.69	8,921,399.70	98.40%

DELINQUENT TAXES AND TAX TITLE LIENS

This tabulation includes a comparison, expressed in percentage, of the total of delinquent taxes and tax title liens, in relation to the tax levies of the last ten years.

<u>Dec. 31 Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2010	\$ -	\$ 128,790.79	\$ 128,790.79	0.99%
2009	-	105,445.23	105,445.23	0.79%
2008	-	143,370.94	143,370.94	1.06%
2007	-	146,107.85	146,107.85	1.07%
2006	-	204,188.60	204,188.60	1.49%
2005	-	201,198.02	201,198.02	1.50%
2004	-	119,328.76	119,328.76	0.94%
2003	-	156,170.62	156,170.62	1.46%
2002	-	112,285.79	112,285.79	1.12%
2001	-	130,387.13	130,387.13	1.43%

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

No properties have been acquired in 2010 by foreclosure or deed, as a result of liquidation of tax title liens.

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

<u>Year</u>	<u>Amount</u>
2010	\$ 139,900.00
2009	139,900.00
2008	139,900.00
2007	139,900.00
2006	139,900.00
2005	139,900.00
2004	139,900.00
2003	139,900.00
2002	139,900.00
2001	139,900.00

COMPARISON OF SEWER UTILITY LEVIES

<u>Year</u>	<u>Levy</u>	<u>Cash Collection</u>
2010	\$ 1,349,201.25	\$ 1,310,148.27
2009	1,259,778.98	1,222,098.80
2008	1,205,565.94	1,283,631.78
2007	1,265,468.47	1,212,385.19
2006	1,271,518.68	1,245,171.93
2005	1,470,350.01	1,457,374.95
2004	1,248,080.23	1,233,334.83
2003	1,253,825.83	1,262,594.43
2002	1,143,207.91	1,341,817.72
2001	1,396,311.91	1,327,876.09

COMPARATIVE SCHEDULE OF FUND BALANCES

	<u>Year</u>	<u>Balance Dec. 31</u>	<u>Utilized In Budget of Succeeding Year</u>
Current Fund	2010	\$ 2,748,384.93	\$ 2,139,000.00
	2009	2,709,087.07	2,100,000.00
	2008	2,479,813.69	2,000,000.00
	2007	2,730,599.81	2,210,000.00
	2006	2,277,598.82	1,875,000.00
	2005	1,968,389.36	1,740,000.00
	2004	1,925,871.00	1,700,000.00
	2003	1,711,269.21	1,500,000.00
	2002	1,994,834.21	1,670,000.00
	2001	1,920,459.65	1,478,000.00
Sewer Utility Operating Fund	2010	\$ 649,700.34	\$ 369,601.00
	2009	746,622.45	338,948.00
	2008	842,590.00	235,945.25
	2007	759,500.96	291,881.50
	2006	787,805.55	270,204.11
	2005	833,096.56	305,498.50
	2004	508,775.97	167,730.92
	2003	400,387.78	90,233.62
	2002	349,570.94	39,027.30
	2001	549,516.66	331,979.16

OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office during the period under audit:

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>
William H. Horton	Mayor	
Michael Seboria	President of Council	
Cathy Howes	Councilwoman	
Douglas McDowell	Councilman	
Judith Silacci	Councilwoman	
Anthony Suriano	Councilman	
John L. Sweeney	Councilman	
Margaret J. Gould	Administrator	\$ 10,000.00
	Clerk	
	Assessment Search Officer	
Donna Bassman	Deputy Clerk	
Mary P. Robinson	Chief Financial Officer	
	Collector of Taxes	200,000.00
	Treasurer	
	Tax Search Officer	
Edward L. Kerwin, Jr.	Tax Assessor	
Theresa M. Kelly	Payroll Clerk	50,000.00
	Deputy Treasurer	
Judith O'Brien (to 1/22/10)	Assistant Treasurer	100,000.00
	Deputy Collector	
Tina Markowicz (from 6/21/2010)	Assistant Treasurer	100,000.00
	Deputy Collector	
Sharon Moore	Attorney	
Raymond Stein	Municipal Prosecutor	
James Fania	Construction Code Official	
Rodney McCatharn	Public Works Supervisor	
Robert J. Foley	Judge	Blanket (1)
Vicki Mangulson	Court Administrator	Blanket (1)
Brenda Zimmerman	Deputy Court Administrator	Blanket (1)
Nancy Skoriak	Deputy Court Administrator	Blanket (1)

(1) Public Employees Faithful Performance Position Bond B-127619 issued by the Selective Insurance Company of America with coverage for Municipal Court personnel in the amount of \$10,000.00 is in force.

There is Employee Theft Insurance coverage written with National Union Fire Insurance Company of Pittsburgh, Pa. through the Statewide Insurance Fund in the amount of \$250,000.00.

All of the bonds were examined and properly executed.

The surety bonds for Tax Collector, Sewer Clerk and the Municipal Court personnel were in accordance with the Local Finance Board promulgated schedule.

BOROUGH OF PEAPACK AND GLADSTONE

CURRENT FUND
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>		
Balance December 31, 2009	A		\$ 3,491,400.51
Increased by Receipts:			
Miscellaneous Revenue Not Anticipated	A-2	\$ 53,680.66	
Tax Collector	A-5	13,956,525.24	
Petty Cash Returned	A-7	125.00	
Amount Due from State for Senior Citizens' and Veterans' Deductions	A-8	19,416.44	
Revenue Accounts Receivable	A-12	525,767.52	
Interfund Accounts Receivable	A-13	114,497.75	
Interfund Accounts Payable	A-18	41,811.50	
Reserve for Funds - Unappropriated	A-23	7,869.08	
Other Liabilities	A-24	<u>250.00</u>	
			<u>14,719,943.19</u>
			18,211,343.70
2010 Budget Appropriations	A-3	3,883,402.68	
Petty Cash	A-7	125.00	
2009 Appropriation Reserves	A-16	251,177.71	
Interfund Accounts Payable	A-18	23,150.88	
Tax Overpayments Refunded	A-20	1,658.49	
Other Liabilities	A-24	325.00	
Local Open Space, Regional School District and County Taxes	A-25	<u>9,124,142.27</u>	
			<u>13,283,982.03</u>
Balance December 31, 2010	A		<u>\$ 4,927,361.67</u>

BOROUGH OF PEAPACK AND GLADSTONE

CURRENT FUND
SCHEDULE OF CASH - TAX COLLECTOR

	<u>Ref.</u>		
Increased by Receipts :			
Miscellaneous Revenue	A-2	\$ 48,744.13	
Tax Receivable	A-9	12,804,562.89	
Prepaid Taxes	A-19	1,094,295.84	
Tax Overpayments	A-20	<u>8,922.38</u>	
			<u>\$ 13,956,525.24</u>
Decreased by Disbursements :			
Paid to Treasurer	A-4		<u>\$ 13,956,525.24</u>

BOROUGH OF PEAPACK AND GLADSTONE

CURRENT FUND
SCHEDULE OF CHANGE FUNDS

	<u>Balance</u> <u>Dec. 31, 2009</u>	<u>Balance</u> <u>Dec. 31, 2010</u>
Municipal Court	\$ 100.00	\$ 100.00
Tax Collector	<u>25.00</u>	<u>25.00</u>
	<u>\$ 125.00</u>	<u>\$ 125.00</u>
Ref.	A	A

SCHEDULE OF PETTY CASH

	<u>Ref.</u>	
Increased by:		
Received in 2010	A-4	<u>\$ 125.00</u>
Decreased by:		
Returned in 2010	A-4	<u>\$ 125.00</u>

BOROUGH OF PEAPACK AND GLADSTONE

CURRENT FUND
 SCHEDULE OF AMOUNT DUE FROM STATE OF NEW JERSEY
FOR SENIOR CITIZENS' AND VETERANS' DEDUCTIONS

	<u>Ref.</u>		
Balance December 31, 2009	A		\$ 4,038.88
Increased by :			
Senior Citizens' Deductions Per Tax Billings	A-8	\$ 4,000.00	
Veterans' Deductions Per Tax Billings	A-8	<u>15,000.00</u>	
			<u>19,000.00</u>
			23,038.88
Decreased by :			
Received in Cash from State of New Jersey	A-4	19,416.44	
Senior Citizens' Deductions Disallowed by			
Tax Collector - Prior Year	A-1	<u>83.56</u>	
			<u>19,500.00</u>
Balance December 31, 2010	A		<u>\$ 3,538.88</u>
<u>Calculation of State's Share of</u>			
<u>Senior Citizens' and Veterans' Deductions</u>			
Senior Citizens' Deductions per Tax Billings	A-8	\$ 4,000.00	
Veterans' Deductions per Tax Billings	A-8	<u>15,000.00</u>	
	A-9		<u>\$ 19,000.00</u>

BOROUGH OF PEAPACK AND GLADSTONE

CURRENT FUND
 SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF 2010 PROPERTY TAX LEVY

Year	Balance Dec. 31, 2009	Added Taxes	2010 Levy	2009	Collections 2010	State's Share of Senior Citizens' and Veterans' Deductions	Tax Overpayments Applied	Canceled	Balance Dec. 31, 2010
2009	\$ 105,445.23	\$ -	\$ -	\$ 59,913.86	\$ -	\$ (83.56)	\$ -	\$ -	\$ 0.00
2010	-	-	12,920,255.74	59,913.86	12,699,034.10	19,000.00	2,125.87	11,391.12	128,790.79
	\$ 105,445.23	\$ -	\$ 12,920,255.74	\$ 59,913.86	\$ 12,804,562.89	\$ 18,916.44	\$ 2,125.87	\$ 11,391.12	\$ 128,790.79

Ref. A

A-2,19

A-2,5

A-2,8

A-2,20

A

Analysis of 2010 Property Tax Levy

Tax Yield :

General Purpose Tax	\$ 12,743,353.32
Business Personality Tax	18,145.91
Added Taxes (54.4-63.1 et seq.)	\$ 12,761,499.23
	158,756.51
	\$ 12,920,255.74

Tax Levy :

Regional School District Tax (Abstract)	\$ 6,226,488.16
County Taxes (Abstract)	2,306,308.35
County Library Taxes (Abstract)	316,829.82
County Open Space Preservation (Abstract)	260,540.89
Amount Due to County for Added Taxes (54.4-63.1 et seq.)	35,818.14
	9,145,985.36
Local Tax for Municipal Purposes (Abstract)	3,438,876.67
Municipal Open Space	208,862.49
Amount Due to Municipal Open Space for Added Taxes	2,736.50
Add : Additional Tax Levied	123,794.72
	3,774,270.38
	\$ 12,920,255.74

BOROUGH OF PEAPACK AND GLADSTONE

CURRENT FUND
SCHEDULE OF TAX TITLE LIENS

NOT APPLICABLE

SCHEDULE OF PROPERTY ACQUIRED FOR TAXES - ASSESSED VALUATION

	<u>Ref.</u>	
Balance December 31, 2009	A	\$ <u>139,900.00</u>
Balance December 31, 2010	A	\$ <u>139,900.00</u>

BOROUGH OF PEAPACK AND GLADSTONE

CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Ref.	Balance Dec. 31, 2009	Accrued in 2010	Collected in 2010	Balance Dec. 31, 2010
Clerk :					
A.B.C. Licenses	A-2	\$ -	\$ 12,626.00	\$ 12,626.00	\$ -
Fees and Permits	A-2		21,123.17	21,123.17	-
Registrar of Vital Statistics:					
Fees and Permits	A-2		1,690.00	1,690.00	-
Board of Health:					
Fees and Permits	A-2		7,255.00	7,255.00	-
Police Chief:					
Fees and Permits	A-2		1,279.80	1,279.80	-
Municipal Court:					
Fines and Costs	A-2	6,791.18	73,400.75	71,250.11	8,941.82
Interest on Deposits	A-2	1.17	10.99	11.38	0.78
Interest on Deposits - Bail Account	A-2	0.04	0.46	0.49	0.01
Tax Assessor	A-2		140.00	140.00	-
Uniform Fire Safety Bureau	A-2		4,601.00	4,601.00	-
Zoning Official	A-2		1,755.00	1,755.00	-
Rentals	A-2		124,916.24	124,916.24	-
Interest on Deposits	A-2		22,740.33	22,740.33	-
Energy Receipts Tax	A-2		251,059.00	251,059.00	-
Donations:					
Historical Commission	A-2		320.00	320.00	-
Library	A-2		5,000.00	5,000.00	-
		<u>\$ 6,792.39</u>	<u>\$ 527,917.74</u>	<u>\$ 525,767.52</u>	<u>\$ 8,942.61</u>

Ref.

A

A-4

A

BOROUGH OF PEAPACK AND GLADSTONE

CURRENT FUND
SCHEDULE OF INTERFUND ACCOUNTS RECEIVABLE

	Balance Dec. 31, 2009	Accrued in in 2010	Paid in 2010	Received in 2010	Balance Dec. 31, 2010
Animal Control Fund:					
Interest	\$ 0.87	9.30		9.74	\$ 0.43
Statutory Excess	2,205.36	2,031.90		2,205.36	2,031.90
	<u>2,206.23</u>	<u>2,041.20</u>	-	<u>2,215.10</u>	<u>2,032.33</u>
Other Trust Funds:					
Recreation Commission - Interest	7.65	83.61		87.34	3.92
Recreation Capital - Interest	3.02	10.76		11.82	1.96
Developer's Escrow - Interest	1,815.90	1,616.23		2,525.36	906.77
General Trust Escrow - Interest	28.61	309.40		323.27	14.74
Police Special Services - Administrative Fees	-	7,442.50		5,837.50	1,605.00
Uniform Construction Code - Fees	3,279.00	106,991.00		103,240.00	7,030.00
Uniform Construction Code - Interest	7.79	40.32		43.94	4.17
Uniform Fire Safety Act Penalty Monies - Interest	0.12	1.20		1.26	0.06
	<u>5,142.09</u>	<u>116,495.02</u>	-	<u>112,070.49</u>	<u>9,566.62</u>
General Capital Fund:					
Interest	952.40	117.97		176.50	893.87
Payroll Fund:					
Interest	2.22	19.73		20.98	0.97
Advance	10,000.00	-		-	10,000.00
	<u>10,002.22</u>	<u>19.73</u>	-	<u>20.98</u>	<u>10,000.97</u>
Payroll Agency Fund:					
Interest	1.18	14.11		14.68	0.61
	<u>\$ 18,304.12</u>	<u>\$ 118,688.03</u>	<u>\$ -</u>	<u>\$ 114,497.75</u>	<u>\$ 22,494.40</u>
Ref.	A			A-4	A
Statutory Excess - Animal Control Fund			Ref.		
Administrative Fees - Police Outside Duty			A-2	2,205.36	
Interest on Investments			A-2	5,837.50	
Construction Code Official			A-2	3,214.89	
				<u>103,240.00</u>	
					<u>\$ 114,497.75</u>

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

NOT APPLICABLE

BOROUGH OF PEAPACK AND GLADSTONE

CURRENT FUND
SCHEDULE OF DEFERRED CHARGES

NOT APPLICABLE

BOROUGH OF PEAPACK AND GLADSTONE

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - 2009

	Balance Dec. 31, 2009	Transfers To/From	Transferred - Reserve for Encumbrances	Balance After Transfers	Paid or Charged	Lapsed
<u>OPERATIONS WITHIN "CAP"</u>						
Salaries and Wages :						
General Administration	17.14	\$ -	\$ -	17.14	\$ -	17.14
Borough Clerk	232.10			232.10		232.10
Financial Administration	1,481.80			1,481.80		1,481.80
Collection of Taxes	1,349.33			1,349.33		1,349.33
Municipal Court	2,592.86		1,191.47	3,784.33	1,191.47	2,592.86
Municipal Land Use Law (N.J.S.A. 40:55D-1):						
Land Use Board	2,674.48			2,674.48		2,674.48
Police	14,550.29			14,550.29		14,550.29
Emergency Management Services	25.34			25.34		25.34
Fire Official	898.81			898.81		898.81
Road Repairs and Maintenance	8,234.23			8,234.23		8,234.23
Public Buildings and Grounds	7,449.77			7,449.77		7,449.77
Administration of Public Assistance						
Recreation			539.90		539.90	
Senior Citizen Program	1,815.96			1,815.96		1,815.96
Accumulated Leave Compensation		12,000.00		12,000.00	12,000.00	
Uniform Construction Code:						
Construction Official	826.17			826.17		826.17
Other Expenses :						
General Administration	291.69			291.69		291.69
Mayor and Borough Council	33,022.60		1,330.00	34,352.60	2,016.67	32,335.93
Borough Clerk	8,443.07		7,190.96	15,634.03	10,526.02	5,108.01
Financial Administration	967.68		2,395.00	3,362.68	2,585.00	777.68
Audit Services			12,000.00	12,000.00	11,900.00	100.00
Collection of Taxes	1,404.51		293.76	1,698.27	308.76	1,389.51
Assessment of Taxes	633.56		162.86	796.42	433.80	362.62

BOROUGH OF PEAPACK AND GLADSTONE

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - 2009

	Balance Dec. 31, 2009	Transfers To/From	Transferred - Reserve for Encumbrances	Balance After Transfers	Paid or Charged	Lapsed
<u>Other Expenses: (Continued)</u>						
Legal Services and Costs	\$ 10,651.46		\$ 3,920.00	\$ 14,571.46	\$ 6,424.00	\$ 8,147.46
Municipal Court	3,266.65		1,065.51	4,332.16	1,056.75	3,275.41
Public Defender	1,110.00			1,110.00		1,110.00
Engineering Services and Costs	6,598.18		2,244.95	8,843.13	4,137.45	4,705.68
Cultural Heritage	2,373.27			2,373.27		2,373.27
Municipal Land Use Law (N.J.S.A. 40:55D-1)						
Land Use Board	26,357.89		834.00	27,191.89	1,203.92	25,987.97
Zoning Costs	455.00		300.00	755.00	300.00	455.00
Insurance:						
General Liability	26,612.98			26,612.98		26,612.98
Group Insurance - Hospital and Medical	53,704.23			53,704.23	20,017.76	33,686.47
Police	5,038.86		11,178.19	16,217.05	10,645.03	5,572.02
Emergency Management Services	895.24		352.90	1,248.14	392.91	855.23
Fire	510.54		21,941.07	22,451.61	20,013.84	2,437.77
Fire Official	498.90		400.00	898.90	400.00	498.90
Fire Hydrant Service	6,745.65		58.23	6,803.88	6,803.88	-
Municipal Prosecutor	5,000.00			5,000.00	5,000.00	-
Road Repairs and Maintenance	24,685.50		23,668.52	48,354.02	25,651.99	22,702.03
Garbage and Trash Removal	57,984.76	(12,000.00)	10,753.81	56,738.57	10,753.81	45,984.76
Public Buildings and Grounds	14,139.10		30,221.43	44,360.53	24,233.45	20,127.08
Vehicle Maintenance	2,063.13		6,488.57	8,551.70	2,988.26	5,563.44
Board of Health	648.30		184.00	832.30		832.30
Environmental Commission	20.71		1,365.47	1,386.18	1,005.47	380.71
Administration of Public Assistance	250.00			250.00		250.00
Recreation Services and Programs	263.40		525.00	788.40	377.73	410.67
Uniform Construction Code:						
Construction Official	1,555.32		1,120.00	2,675.32	1,533.65	1,141.67

BOROUGH OF PEAPACK AND GLADSTONE

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - 2009

	Balance Dec. 31, 2009	Transfers To/From	Transferred - Reserve for Encumbrances	Balance After Transfers	Paid or Charged	Lapsed
<u>Other Expenses: (Continued)</u>						
Utilities:						
Electricity	\$ 8,381.54		\$ 3.25	\$ 8,384.79	\$ 3,074.92	\$ 5,309.87
Street Lighting	8,174.58		1,975.59	10,150.17	1,975.59	8,174.58
Telephone	3,223.87		1,176.31	4,400.18	2,970.23	1,429.95
Water	2,000.44		75.18	2,075.62	391.96	1,683.66
Natural Gas	18,954.03			18,954.03	4,515.60	14,438.43
Gasoline	22,000.00		1,073.64	23,073.64	3,871.55	19,202.09
Landfill/Solid Waste Disposal Costs	27,976.44			27,976.44	5,193.03	22,783.41
Contingent	2,000.00			2,000.00		2,000.00
Social Security System (O.A.S.I.)	9,779.92			9,779.92	193.70	9,586.22
<u>OPERATIONS EXCLUDED FROM "CAP"</u>						
Length of Service Awqrd's Program:						
Fire Department			26,100.00	26,100.00	24,171.84	1,928.16
First Aid Squad			6,900.00	6,900.00	4,114.40	2,785.60
Maintenance of Library (N.J.S.A. 40:54-35)	223.31		2,593.54	2,816.85	2,601.90	214.95
Recycling Tax	1,534.10			1,534.10	331.47	1,202.63
Donations:						
Police Equipment	75.00		4,000.00	4,075.00	4,000.00	75.00
Buildings & Grounds			10,000.00	10,000.00	9,008.00	992.00
Historical Commission	44.00		322.00	366.00	322.00	44.00
	<u>\$ 442,707.69</u>	<u>\$ -</u>	<u>\$ 195,945.11</u>	<u>\$ 638,652.80</u>	<u>\$ 251,177.71</u>	<u>\$ 387,475.09</u>

Ref. A A-17 A-4 A-1

BOROUGH OF PEAPACK AND GLADSTONE
 CURRENT FUND
SCHEDULE OF RESERVE FOR ENCUMBRANCES

	<u>Ref.</u>	
Balance December 31, 2009	A	\$ 195,945.11
Increased by :		
2010 Budget Charges	A-3	<u>309,268.29</u>
		505,213.40
Decreased by :		
Transferred to 2009 Appropriation Reserves	A-16	<u>195,945.11</u>
Balance December 31, 2010	A	<u>\$ 309,268.29</u>

BOROUGH OF PEAPACK AND GLADSTONE
CURRENT FUND
SCHEDULE OF INTERFUND ACCOUNTS PAYABLE

	<u>Balance</u> Dec. 31, 2009	<u>Received</u> in 2010	<u>Accrued</u> in 2010	<u>Paid</u> in 2010	<u>Balance</u> Dec. 31, 2010
Federal and State Grants Funds	\$ 51,552.98	\$ 26,811.50	\$ -	\$ 23,150.88	\$ 55,213.60
Other Trust Funds - Open Space	15,428.42	15,000.00	211,598.99		242,027.41
Other Trust Funds - General Trust	10.00	-	-	-	10.00
General Capital Fund	-	-	55,480.00	-	55,480.00
	<u>\$ 66,991.40</u>	<u>\$ 41,811.50</u>	<u>\$ 267,078.99</u>	<u>\$ 23,150.88</u>	<u>\$ 352,731.01</u>

Ref.	A	A-4	A-4	A
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2010 Budget Revenue - Grants				
2010 Budget Appropriations - Grants	\$	(2,223.26)		
2010 Budget Appropriations - Capital Reserves		2,223.26		
2010 Open Space Levy and Added Assessment		55,480.00		
		<u>211,598.99</u>		
	<u>\$</u>	<u>267,078.99</u>		

BOROUGH OF PEAPACK AND GLADSTONE

CURRENT FUND
SCHEDULE OF PREPAID TAXES

	<u>Ref.</u>	
Balance December 31, 2009	A	\$ 59,913.86
Increased by :		
2011 Taxes Paid	A-5	<u>1,094,295.84</u>
		1,154,209.70
Decreased by :		
Applied to Taxes Receivable	A-9	<u>59,913.86</u>
Balance December 31, 2010	A	<u>\$ 1,094,295.84</u>

BOROUGH OF PEAPACK AND GLADSTONE

CURRENT FUND
SCHEDULE OF TAX OVERPAYMENTS

	<u>Ref.</u>	
Balance December 31, 2009	A	\$ 5,432.35
Increased by:		
Taxes Overpaid in 2010	A-5	<u>8,922.38</u>
		14,354.73
Decreased by:		
Refunded in 2010	A-4	\$ 1,658.49
Applied to Taxes Receivable	A-9	<u>2,125.87</u>
		<u>3,784.36</u>
Balance December 31, 2010	A	<u>\$ 10,570.37</u>
2008 Taxes		\$ 254.81
2009 Taxes		3,051.67
2010 Taxes		<u>7,263.89</u>
		<u>\$ 10,570.37</u>

SCHEDULE OF RESERVE FOR TAX APPEALS PENDING**NOT APPLICABLE**

BOROUGH OF PEAPACK AND GLADSTONE
 CURRENT FUND
SCHEDULE OF RESERVES FOR FUNDS - APPROPRIATED

NOT APPLICABLE

SCHEDULE OF RESERVE FOR FUNDS - UNAPPROPRIATED

	Ref.	Total	Donations		
			Historical Commission	Library	Police Equipment
Balance December 31, 2009	A	\$ 100.00	\$ -		\$ 100.00
Increased by:					
Received in 2010	A-4	<u>7,869.08</u>	<u>256.00</u>	<u>7,613.08</u>	<u>-</u>
		7,969.08	256.00	7,613.08	100.00
Decreased by :					
Realized Revenue in 2010	A-2	<u>100.00</u>	<u>-</u>	<u>-</u>	<u>100.00</u>
Balance December 31, 2010	A	<u>\$ 7,869.08</u>	<u>\$ 256.00</u>	<u>\$ 7,613.08</u>	<u>\$ -</u>

BOROUGH OF PEAPACK AND GLADSTONE
CURRENT FUND
SCHEDULE OF OTHER LIABILITIES AND RESERVES

	<u>Balance Dec. 31, 2009</u>	<u>Received in 2010</u>	<u>Paid in 2010</u>	<u>Balance Dec. 31, 2010</u>
Amount Due to State of N.J. - Marriage License Fees	<u>\$ 150.00</u>	<u>\$ 250.00</u>	<u>\$ 325.00</u>	<u>\$ 75.00</u>
	<u>\$ 150.00</u>	<u>\$ 250.00</u>	<u>\$ 325.00</u>	<u>\$ 75.00</u>
Ref.	A	A-4	A-4	A

BOROUGH OF PEAPACK AND GLADSTONE

CURRENT FUND
SCHEDULE OF LOCAL OPEN SPACE, REGIONAL SCHOOL DISTRICT AND COUNTY TAXES

	Ref.	Balance Dec. 31, 2009	2010 Levy	Paid in 2010	Balance Dec. 31, 2010
Local Open Space	A-2	\$ -	\$ 208,862.49	\$ 208,862.49	\$ -
Amount Due Local Open Space for Added and Omitted Taxes - 2010	A-2	-	2,736.50	2,736.50	-
Regional School District Tax	A-2	1,254.42	6,226,488.16	6,226,480.72	1,261.86
County Tax	A-2		2,306,308.35	2,306,308.35	-
County Library Tax	A-2		316,829.82	316,829.82	-
County Open Space Preservation Tax	A-2		260,540.89	260,540.89	-
Amount Due County for Added and Omitted Taxes - 2010	A-2	13,982.49	35,818.14	13,982.49	35,818.14
-2009			-		-
		\$ 15,236.91	\$ 9,357,584.35	\$ 9,335,741.26	\$ 37,080.00

A A-1 A-4 A A

Disbursed
 Interfund Accounts Payable \$ 9,124,142.27
 211,598.99

BOROUGH OF PEAPACK AND GLADSTONE
 CURRENT FUND
 SCHEDULE OF AMOUNT DUE FROM CURRENT FUND
TO FEDERAL AND STATE GRANTS FUND

	<u>Ref.</u>		
Balance December 31, 2009	A		\$ 51,552.98
Increased by :			
Received in Current Fund			
- State Aid Receivable	A-27	\$ 22,504.53	
- Unappropriated Reserves	A-29	4,306.97	
2010 Budget Appropriations	A-28	<u>2,223.26</u>	
			<u>29,034.76</u>
			80,587.74
Decreased by :			
2010 Budget Revenues			
- State Aid Receivable	A-27	2,223.26	
Expended in Current Fund			
- Appropriated Reserves	A-28	19,057.88	
- Reserve for Encumbrances	A-30	<u>4,093.00</u>	
			<u>25,374.14</u>
Balance December 31, 2010	A		<u>\$ 55,213.60</u>

BOROUGH OF PEAPACK AND GLADSTONE
CURRENT FUND
SCHEDULE OF FEDERAL AND STATE AID RECEIVABLE

	Balance <u>Dec. 31, 2009</u>	2010 Budget <u>Revenues</u>	Received in Current <u>Fund</u>	Balance <u>Dec. 31, 2010</u>
Drunk Driving Enforcement Fund	\$ -	\$ 1,223.26	1,223.26	\$ -
Clean Communities Program	4,165.27		4,165.27	-
Federal Bulletproof Vest Program	1,508.90		1,366.00	142.90
Somerset County Youth Athletic and Recreation	15,000.00		15,000.00	-
Somerset County Cultural and Heritage Grant	-	1,000.00	750.00	250.00
County Municipal Planning Grant	14,250.00			14,250.00
N.J. Highlands Council Planning Grant	7,500.00			7,500.00
Smart Growth Planning Assistance Grant	6,500.00			6,500.00
	<u>\$ 48,924.17</u>	<u>\$ 2,223.26</u>	<u>\$ 22,504.53</u>	<u>\$ 28,642.90</u>

Ref. A A-26 A-26 A

BOROUGH OF PEAPACK AND GLADSTONE

CURRENT FUND
SCHEDULE OF APPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS

	Balance Dec. 31, 2009	2010 Budget Appropriations	Expenditures in Current Fund	Encumbrances	Balance Dec. 31, 2010
Recycling Tonnage Grant	\$ 4,422.03	\$ -	\$ 37.00	\$ 668.36	\$ 3,716.67
Drunk Driving Enforcement Fund	-	1,223.26	403.46		819.80
Clean Communities Program	6,834.08		2,376.42		4,457.66
Alcohol Education and Rehabilitation Fund	1,856.24		657.00		1,199.24
Municipal Alliance on Alcoholism and Drug Abuse - Matching	895.00		720.00		175.00
Body Armor Replacement Fund	2,291.87			1,303.50	988.37
Federal Bulletproof Vest Program	1,926.65			1,072.50	854.15
Somerset County Youth Athletic and Recreation	15,000.00		13,864.00		1,136.00
Somerset County Cultural and Heritage Grant	-	1,000.00	1,000.00		-
County Cross Acceptance Grant	2,000.00				2,000.00
Municipal Stormwater Regulation Program	5.39				5.39
Domestic Violence Training Program	1,597.43				1,597.43
Somerset County Chief's Association	1,000.00				1,000.00
County Municipal Planning Grant	14,250.00				14,250.00
N.J. Highlands Council Planning Grant	1,472.16				1,472.16
N.J. Forestry Management Grant	1,972.18				1,972.18
N.J. Forestry Management Grant - Matching	916.67				916.67
Space Study Grant	1,944.00				1,944.00
Gov. Connect Municipal Clerk	0.45				0.45
N.J. Local Library Aid Grant	25,000.00				25,000.00
Smart Growth Planning Assistance Grant	6,500.00				6,500.00
Smart Growth Planning Assistance Grant - Matching	6,500.00				6,500.00
	<u>\$ 96,384.15</u>	<u>\$ 2,223.26</u>	<u>\$ 19,057.88</u>	<u>\$ 3,044.36</u>	<u>\$ 76,505.17</u>
Ref.	A	A-26	A-26	A-30	A

BOROUGH OF PEAPACK AND GLADSTONE

CURRENT FUND
SCHEDULE OF UNAPPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS

	Received in Current <u>Fund</u>	Balance <u>Dec. 31, 2010</u>
Clean Communities	\$ 1,584.11	\$ 1,584.11
Body Armor Replacement Fund	1,722.86	1,722.86
Sustainable NJ Grant	<u>1,000.00</u>	<u>1,000.00</u>
	<u>\$ 4,306.97</u>	<u>\$ 4,306.97</u>
Ref.	A-26	A

BOROUGH OF PEAPACK AND GLADSTONE
CURRENT FUND
SCHEDULE OF RESERVE FOR ENCUMBRANCES FOR FEDERAL AND STATE GRANTS

	<u>Ref.</u>	
Balance December 31, 2009	A	\$ 4,093.00
Increased by :		
Accrued in 2010	A-28	<u>3,044.36</u>
		7,137.36
Decreased by :		
Paid in 2010	A-26	<u>4,093.00</u>
Balance December 31, 2010	A	<u>\$ 3,044.36</u>
<u>Analysis of Balance December 31, 2010</u>		
2010 Purchase Orders		<u>\$ 3,044.36</u>
		<u>\$ 3,044.36</u>

BOROUGH OF PEAPACK AND GLADSTONE

TRUST FUND
SCHEDULE OF INTERFUND ACCOUNTS RECEIVABLE

	Balance <u>Dec. 31, 2009</u>	Paid <u>in 2010</u>	Accrued <u>in 2010</u>	Received <u>in 2010</u>	Balance <u>Dec. 31, 2010</u>
Other Trust Funds:					
Current Fund:					
General Trust	\$ 10.00	\$ -	\$ -	\$ -	\$ 10.00
Open Space	<u>15,428.42</u>	<u>15,000.00</u>	<u>211,598.99</u>	<u>-</u>	<u>242,027.41</u>
	<u>\$ 15,438.42</u>	<u>\$ 15,000.00</u>	<u>\$ 211,598.99</u>	<u>\$ -</u>	<u>\$ 242,037.41</u>
Ref.	B	B-1	B-8	B-1	B

SCHEDULE OF INTERFUND ACCOUNTS PAYABLE

	Balance <u>Dec. 31, 2009</u>	Received <u>in 2010</u>	Accrued <u>in 2010</u>	Paid <u>in 2010</u>	Balance <u>Dec. 31, 2010</u>
Animal Control Fund:					
Current Fund:					
Interest	\$ 0.87	\$ 9.30	\$ -	\$ 9.74	\$ 0.43
Statutory Excess	<u>2,205.36</u>	<u>-</u>	<u>2,031.90</u>	<u>2,205.36</u>	<u>2,031.90</u>
	<u>2,206.23</u>	<u>9.30</u>	<u>2,031.90</u>	<u>2,215.10</u>	<u>2,032.33</u>
Other Trust Funds:					
Current Fund:					
Recreation Commission - Interest	7.65	83.61		87.34	3.92
Recreation Capital - Interest	3.02	10.76		11.82	1.96
Developer's Escrow - Interest	1,815.90	1,616.23		2,525.36	906.77
General Trust Escrow - Interest	28.61	309.40		323.27	14.74
Police Special Services - Administrative Fees	-	7,442.50		5,837.50	1,605.00
Open Space - Paid in Error	-				-
Uniform Construction Code - Fees	3,279.00	106,991.00		103,240.00	7,030.00
Uniform Construction Code - Interest	7.79	40.32		43.94	4.17
Uniform Fire Safety Act Penalty Monies - Interest	<u>0.12</u>	<u>1.20</u>		<u>1.26</u>	<u>0.06</u>
	<u>5,142.09</u>	<u>116,495.02</u>	<u>-</u>	<u>112,070.49</u>	<u>9,566.62</u>
	<u>\$ 7,348.32</u>	<u>\$ 116,504.32</u>	<u>\$ 2,031.90</u>	<u>\$ 114,285.59</u>	<u>\$ 11,598.95</u>
Ref.	B	B-1	B-4	B-1	B

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

	<u>Ref.</u>	
Balance December 31, 2009	B	\$ 5,646.30
Increased by :		
2010 Dog License Fees	B-1	\$ 2,706.40
Late Fees	B-1	<u>479.00</u>
		<u>3,185.40</u>
		8,831.70
Decreased by :		
Expenditures Per R.S. 4:19-15.11	B-1	817.00
Statutory Excess	B-3	<u>2,031.90</u>
		<u>2,848.90</u>
Balance December 31, 2010	B	<u>\$ 5,982.80</u>

Animal Control Fees Collected

<u>Year</u>	<u>Amount</u>
2009	\$ 2,735.80
2008	<u>3,247.00</u>
	<u>\$ 5,982.80</u>

BOROUGH OF PEAPACK AND GLADSTONE
 TRUST FUND
SCHEDULE OF AMOUNT DUE TO STATE BOARD OF HEALTH

	<u>Ref.</u>	
Balance December 31, 2009	B	\$ (107.20)
Increased by :		
Fees Collected in 2010	B-1	\$ 960.60
		<u>853.40</u>
Decreased by :		
Paid to State Board of Health	B-1	<u>960.60</u>
Balance December 31, 2010	B	<u>\$ (107.20)</u>
		Amount Due to State Board of Health \$ -
		Amount Due from State Board of Health <u>(107.20)</u>
		<u>\$ (107.20)</u>

SCHEDULE OF PREPAID LICENSE FEES

NOT APPLICABLE

BOROUGH OF PEAPACK AND GLADSTONE
 TRUST FUND
SCHEDULE OF AMOUNT DUE TO STATE OF NEW JERSEY

	<u>Ref.</u>	<u>Total</u>	<u>Code Enforcement Fees</u>
Balance December 31, 2009	B	\$ 1,377.00	\$ 1,377.00
Increased by :			
Received in 2010	B-1	<u>8,314.00</u>	<u>8,314.00</u>
		9,691.00	9,691.00
Decreased by :			
Paid to State of New Jersey in 2010	B-1	<u>7,203.00</u>	<u>7,203.00</u>
Balance December 31, 2010	B	<u>\$ 2,488.00</u>	<u>\$ 2,488.00</u>

BOROUGH OF PEAPACK AND GLADSTONE

TRUST FUND
RESERVE FOR SPECIAL DEPOSITS

	Balance Dec. 31, 2009	Received in 2010	Interest Earnings	Interfund Accounts Receivable	Adjustments	Paid in in 2010	Balance Dec. 31, 2010
Recreation Commission	\$ 89,277.04	\$ 56,904.88	\$ -	\$ -	\$ -	\$ 56,331.52	\$ 89,850.40
Recreation Capital	2,980.17						2,980.17
Developer's Escrow	316,312.84	404,910.95	123.21			265,615.36	455,608.43
State Unemployment Compensation Insurance	34,155.71						34,278.92
Recycling	565.85	223.00				560.00	228.85
Police Special Services	10,847.50	35,922.63				34,880.00	11,890.13
Parking Offenses Adjudication Act Fines	198.00	12.00					210.00
Tax Sale Premium	-						-
In Lieu of Sidewalks	5,000.00						5,000.00
Accumulated Absences	283,422.74	22,000.00				9,934.08	295,488.66
Tenant Security	22,317.00						22,317.00
Matheny School	2,000.00						2,000.00
Special Use	1,000.00						1,000.00
Open Space	288,101.74	515,047.24		211,598.99		205,547.30	809,200.67
Housing Trust	260,254.72	416.25	938.42			36,300.78	225,308.61
Disposal of Forfeited Assets	243.10		0.22				243.32
Uniform Fire Safety Act Penalty Monies	1,343.05						1,343.05
	<u>\$ 1,318,019.46</u>	<u>\$ 1,035,436.95</u>	<u>\$ 1,061.85</u>	<u>\$ 211,598.99</u>	<u>\$ -</u>	<u>\$ 609,169.04</u>	<u>\$ 1,956,948.21</u>

Ref.

B

B-1

B-1

B-2

B-1

B

BOROUGH OF PEAPACK AND GLADSTONE
TRUST FUND
SCHEDULE OF RESERVE FOR ENCUMBRANCES

NOT APPLICABLE

BOROUGH OF PEAPACK AND GLADSTONE

GENERAL CAPITAL FUND
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>		
Balance December 31, 2009	C		\$ 1,269,173.16
Increased by Receipts:			
Federal and State Aid Receivable	C-7	\$ 67,512.02	
Capital Improvement Fund	C-11	172,000.00	
Interfund Accounts Payable	C-13	<u>117.97</u>	
			<u>239,629.99</u>
			1,508,803.15
Decreased by Disbursements :			
Improvement Authorizations	C-9	312,888.33	
Reserve for Encumbrances	C-10	520,210.03	
Interfund Accounts Payable	C-13	<u>176.50</u>	
			<u>833,274.86</u>
Balance December 31, 2010	C		<u>\$ 675,528.29</u>

BOROUGH OF PEAPACK AND GLADSTONE
 GENERAL CAPITAL FUND
 ANALYSIS OF CASH

	Receipts		Disbursements		Transfers From	Balance or (Deficit) Dec. 31, 2010
	Budget Appropriation	Miscellaneous	Improvement Authorizations	Miscellaneous		
Improvement Authorizations:						
803/809/854 Purchase and Renovation of the Sara Kay Memorial Building	\$ 96,104.84	\$ -	\$ 28,888.89	\$ -	\$ -	\$ 67,215.95
810/824/848 Various Improvements:						
Purchase of Various Equipment	5,500.00					5,500.00
Road Improvement Program	39,886.18					39,886.18
Renovations to the Firehouse	165,910.08		150,327.93			15,582.15
Municipal Complex Elevator	42,890.00					42,890.00
Various Improvements:						
834 Improvements to Municipal Complex	1,195.94					1,195.94
841 Improvements to the Park House	4,352.31				1,219.00	4,352.31
849 Acquisition of New Financial Software	4,689.33					3,470.33
861 Acquisition of Breathalyzer	697.05					697.05
871 Acquisition of Land (Block 20, Lot 1)	120,724.18		22,903.00			97,821.18
872 Acquisition of Land (Block 20, Lot 1.03)	20,221.83					20,221.83
885 Various Improvements:						
Acquisition of Administrative Equipment	3,108.01					3,108.01
Acquisition of OEM Equipment	60.00					60.00
Improvements to Buildings and Grounds	9,611.67					9,611.67
Acquisition of Police Records Management System	7,956.00					7,956.00
Acquisition of Fire Truck	43,864.00				4,975.26	38,888.74
901 Various Capital Improvements:						
908 Varios Improvements to the Municipal Complex	1,823.37					1,823.37
909 Replacement of Various DPW Equipment	3,142.37					3,142.37
914/922/932 Improvements to DPW Equipment	24,700.00			339.00		25,039.00
926 Improvements to DPW Facilities	20,330.00					20,330.00
928 Pedestrian and Vehicle Safety Study	2,398.41				27,700.00	2,398.41
937 ADA Improvements to Municipal Complex	27,700.00					27,700.00
941 ADA Improvements to Municipal Complex			21,084.69			6,615.31
945 Installation of Sidewalks on Pottersville Road			53,087.22			52,983.98
946 Various Improvements:						
Purchase of DPW Equipment			30,909.00			14,591.00
Improvements to Borough Complex						26,500.00
Improvements to Liberty Park Pond			5,687.60			77,201.90
947 Reserve for Encumbrances					17,110.50	59,853.79
Capital Improvement Fund						114,990.82
Capital Reserves						61,480.00
Interfund Accounts Payable						893.87
Fund Balance						585.11
Federal and State Aid Receivable						(95,877.98)
Interfunds Accounts Receivable						(55,480.00)
	\$ 1,269,173.16	\$ 172,000.00	\$ 312,888.33	\$ 520,386.53	\$ 450,113.56	\$ 675,528.29

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

	<u>Ref.</u>	
Balance December 31, 2009	C	\$ 5,639,636.27
Decreased by:		
Serial Bonds Paid by 2010 Budget Appropriation	C-15	290,000.00
Loans Paid by Open Space Trust Fund	C-16	<u>25,103.76</u>
Balance December 31, 2010	C	<u>\$ 5,324,532.51</u>

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

Ordinance Number	Improvement Description	Balance Dec. 31, 2009	2010 Authorizations	Notes Paid by Trust Fund and Budget	Serial Bonds Issued	Balance Dec. 31, 2010	Analysis of Balance December 31, 2010	
							Bond Anticipation Notes	Unexpended Balance
909	Various Capital Improvements: Acquisition of Various DPW Equipment	\$ 450.00			\$ -	\$ 450.00		\$ 450.00
914/922/932	Replacement of Boilers at Municipal Building	250.00			-	250.00		250.00
		<u>\$ 700.00</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 700.00</u>	<u>\$ -</u>	<u>\$ 700.00</u>
						C		C
	Improvement Authorizations - Unfunded							<u>\$ 700.00</u>

BOROUGH OF PEAPACK AND GLADSTONE
 GENERAL CAPITAL FUND
 SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION -
CANCELED FEDERAL AND STATE AID RECEIVABLE

NOT APPLICABLE

SCHEDULE OF FEDERAL AND STATE AID RECEIVABLE

	<u>Ref.</u>	
Balance December 31, 2009	C	\$ 49,890.00
Increased by :		
Appropriated to Finance		
Improvement Authorizations	C-9	<u>113,500.00</u>
		163,390.00
Decreased by :		
Received in 2010	C-2	<u>67,512.02</u>
Balance December 31, 2010	C	<u>\$ 95,877.98</u>

Analysis of Balance December 31, 2010

Federal Aid:		
U.S. Dept. of Housing and Urban Development (Ord. No. 834)		\$ 49,890.00
State Aid:		
NJDOT (Ord. No. 945)		<u>45,987.98</u>
		<u>\$ 95,877.98</u>

BOROUGH OF PEAPACK AND GLADSTONE

GENERAL CAPITAL FUND
SCHEDULE OF INTERFUND ACCOUNTS RECEIVABLE

	Accrued in 2010	Balance Dec. 31, 2010
Current Fund - Budget Appropriations	\$ 55,480.00	\$ 55,480.00
	<u>\$ 55,480.00</u>	<u>\$ 55,480.00</u>

Ref. C-12 C

BOROUGH OF PEAPACK AND GLADSTONE

GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord Number	Improvement Description	Date	Ordinance Amount	Balance Dec. 31, 2009		Authorizations Funded	Paid or Charged	Encumbrances	Canceled	Balance Dec. 31, 2010	
				Funded	Unfunded					Funded	Unfunded
803/809/854	Purchase and Renovation of the Sara Kay Memorial Building	2/8/05	\$ 1,700,000.00	\$ 96,104.84	\$ -	\$ -	\$ 28,888.89	\$ -	\$ -	\$ 67,215.95	\$ -
810/824/848/930	Various Improvements: Purchase of Various Equipment	6/25/02	30,000.00	5,500.00	-	-	-	-	-	5,500.00	-
	Road Improvement Program		626,500.00	39,886.18	-	-	-	-	-	39,886.18	-
	Renovations to the Firehouse		200,000.00	165,910.08	-	-	-	-	-	15,582.15	-
	Municipal Complex Elevator		49,890.00	42,890.00	-	-	-	-	-	42,890.00	-
834	Various Improvements:	11/25/03									
841	Improvements to Municipal Complex	5/25/04	40,950.00	1,195.94	-	-	-	-	-	1,195.94	-
849	Improvements to the Park House	7/13/04	7,500.00	4,352.31	-	-	-	-	-	4,352.31	-
861	Acquisition of New Financial Software	5/10/05	26,600.00	4,689.33	-	-	-	-	-	3,470.33	-
869	Acquisition of Breathalyzer	8/9/05	13,000.00	697.05	-	-	-	-	-	697.05	-
871	Acquisition of Land (Block 20, Lot 1)	9/13/05	6,450,000.00	120,724.18	-	-	-	-	-	97,821.18	-
872	Acquisition of Land (Block 20, Lot 1.03)	9/13/05	1,750,000.00	20,221.83	-	-	-	-	-	20,221.83	-
885	Various Improvements:	5/23/06									
	Acquisition of Administrative Equipment		10,000.00	3,108.01	-	-	-	-	-	3,108.01	-
	Acquisition of OEM Equipment		8,500.00	60.00	-	-	-	-	-	60.00	-
	Improvements to Buildings and Grounds		10,000.00	9,611.67	-	-	-	-	-	9,611.67	-
901	Acquisition of Police Records Management System	9/11/07	10,000.00	7,956.00	-	-	-	-	-	7,956.00	-
908	Acquisition of Fire Truck	6/10/08	500,000.00	43,864.00	-	-	-	-	-	38,888.74	-
909	Various Capital Improvements:	6/10/08									
	Various Improvements to the Municipal Complex		74,900.00	1,823.37	-	-	-	-	-	1,823.37	-
	Acquisition of Various DPW Equipment		36,100.00	3,142.37	450.00	-	-	-	-	3,142.37	450.00
914/922/932	Replacement of Boilers at Municipal Building	8/26/08	175,000.00	24,700.00	250.00	-	-	-	-	25,039.00	250.00
926	Improvements to DPW Facilities	4/14/09	35,000.00	20,330.00	-	-	-	-	-	20,330.00	-
928	Pedestrian and Vehicle Safety Study	5/26/09	10,000.00	2,398.41	-	-	-	-	-	2,398.41	-
937	ADA Improvements to Municipal Complex	10/13/09	27,700.00	27,700.00	-	-	-	-	27,700.00	-	-
941	ADA Improvements to Municipal Complex	3/9/10	27,700.00	-	-	-	-	-	-	-	-
945	Installation of Sidewalks on Pottersville Road	5/11/10	125,000.00	-	-	-	-	-	-	-	-
946	Various Improvements:	5/11/10									
	Purchase of DPW Equipment		45,500.00	-	-	-	-	-	-	-	-
	Improvements to Borough Complex		26,500.00	-	-	-	-	-	-	-	-
947	Improvements to Liberty Park Pond	5/11/10	100,000.00	-	-	-	-	-	-	-	-
				\$ 646,865.57	\$ 700.00	\$ 324,700.00	\$ 312,888.93	\$ 41,894.56	\$ 27,700.00	\$ 589,082.68	\$ 700.00
Ref.				C	C	C-2	C-11	C-10	C	C	C

Capital Fund Balance
Community Development Block Grant
NJ Transportation Trust Fund
Capital Improvement Fund

Ref.
C-1
C-7
C-7
C-11

25,000.00
13,500.00
100,000.00
166,200.00

324,700.00

BOROUGH OF PEAPACK AND GLADSTONE
 GENERAL CAPITAL FUND
SCHEDULE OF RESERVE FOR ENCUMBRANCES

	<u>Ref.</u>	
Balance December 31, 2009	C	\$ 538,169.26
Increased by :		
Improvement Authorization Charges	C-9	<u>41,894.56</u>
		580,063.82
Decreased by :		
Paid in 2010	C-2	<u>520,210.03</u>
Balance December 31, 2010	C	<u>\$ 59,853.79</u>

SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2009	C	\$ 101,490.82
Increased by :		
2010 Budget Appropriation	C-2	172,000.00
Improvement Authorizations Canceled in 2010	C-9	<u>27,700.00</u>
		<u>199,700.00</u>
		301,190.82
Decreased by :		
Appropriated to Finance Improvement Authorizations	C-9	<u>186,200.00</u>
Balance December 31, 2010	C	<u>\$ 114,990.82</u>

BOROUGH OF PEAPACK AND GLADSTONE

GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL RESERVES

	<u>Ref.</u>	<u>Total</u>	<u>Police Records Management System</u>	<u>Fire Dept. Pagets</u>	<u>Purchase of Air Conditioning</u>
Balance December 31, 2009	C	\$ 6,000.00	\$ -	\$ -	\$ 6,000.00
Increased by :					
2010 Budget Appropriation	C-8	<u>55,480.00</u>	<u>15,480.00</u>	<u>40,000.00</u>	<u>-</u>
Balance December 31, 2010	C	<u>\$ 61,480.00</u>	<u>\$ 15,480.00</u>	<u>\$ 40,000.00</u>	<u>\$ 6,000.00</u>

BOROUGH OF PEAPACK AND GLADSTONE

GENERAL CAPITAL FUND
SCHEDULE OF INTERFUND ACCOUNTS PAYABLE

	Balance Dec. 31, 2009	Received in 2010	Paid in 2010	Balance Dec. 31, 2010
Current Fund - Interest	\$ 952.40	\$ 117.97	\$ 176.50	\$ 893.87
	\$ 952.40	\$ 117.97	\$ 176.50	\$ 893.87

Ref. C C-2 C-2 C

BOROUGH OF PEAPACK AND GLADSTONE
GENERAL CAPITAL FUND
SCHEDULE OF RESERVE FOR FEDERAL AND STATE AID RECEIVABLE

NOT APPLICABLE

BOROUGH OF PEAPACK AND GLADSTONE
 GENERAL CAPITAL FUND
 SCHEDULE OF SERIAL BONDS

Purpose	Original Issue		Annual Maturities of Bonds Outstanding		Interest Rate	Balance		Paid	Balance	Ref.
	Date	Amount	Date	Amount		Dec. 31, 2009	Dec. 31, 2010			
General Improvement of 2002	11/1/02	\$ 1,645,000.00	7/1/11-15	\$ 140,000.00	3.625%	\$ 840,000.00	\$ 140,000.00	\$ 700,000.00		
General Improvement of 2009	12/1/09	4,494,000.00	12/1/11	155,000.00	2.75%	4,494,000.00	150,000.00	4,344,000.00		C
			12/1/12	165,000.00	2.75%					
			12/1/13	175,000.00	3.00%					
			12/1/14	185,000.00	3.00%					
			12/1/15	190,000.00	3.00%					
			12/1/16	200,000.00	3.00%					
			12/1/17	205,000.00	3.00%					
			12/1/18	215,000.00	3.25%					
			12/1/19	220,000.00	3.50%					
			12/1/20	230,000.00	3.63%					
			12/1/21	235,000.00	3.75%					
			12/1/22	245,000.00	3.75%					
			12/1/23	250,000.00	4.00%					
			12/1/24	260,000.00	4.00%					
			12/1/25	270,000.00	4.00%					
			12/1/26	275,000.00	4.00%					
			12/1/27	280,000.00	4.00%					
			12/1/28	290,000.00	4.00%					
12/1/29	299,000.00	4.00%								
						\$ 5,334,000.00	\$ 290,000.00	\$ 5,044,000.00		C

BOROUGH OF PEAPACK AND GLADSTONE
GENERAL CAPITAL FUND
SCHEDULE OF NJDEP OPEN SPACE ACQUISITION LOANS

	<u>Ref.</u>	
Balance December 31, 2009	C	\$ 305,636.27
Decreased by :		
Paid by Open Space Trust Fund	C-4	<u>25,103.76</u>
Balance December 31, 2010	C	<u>\$ 280,532.51</u>

BOROUGH OF PEAPACK AND GLADSTONE
GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES

NOT APPLICABLE

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

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2009</u>	<u>Balance Dec. 31, 2010</u>
909b	Acquisition of Various DPW Equipment	\$ 450.00	\$ 450.00
914/922/932	Replacement of Boilers at Municipal Building	<u>250.00</u>	<u>250.00</u>
		<u>\$ 700.00</u>	<u>\$ 700.00</u>

BOROUGH OF PEAPACK AND GLADSTONE

SEWER UTILITY OPERATING FUND
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance December 31, 2009	D	\$ 1,028,005.13	\$ 94,402.74
Increased by Receipts:			
Miscellaneous Revenue	D-3	9,770.66	
Sewer Collector	D-7	1,309,783.48	
Interfunds Accounts Receivable	D-8	32.20	
Interfunds Accounts Payable	D-18	-	30.74
		<u>1,319,586.34</u>	<u>30.74</u>
		<u>2,347,591.47</u>	<u>94,433.48</u>
Decreased by Disbursements :			
2010 Budget Appropriations	D-4	1,232,220.59	
2009 Appropriation Reserves	D-16	10,995.71	
Reserve for Encumbrances	D-17,24	127,338.86	-
Interfunds Accounts Payable	D-18	-	32.20
Accrued Interest on Bonds	D-20	50,675.00	-
		<u>1,421,230.16</u>	<u>32.20</u>
Balance December 31, 2010	D	\$ 926,361.31	\$ 94,401.28

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

Ord.	No.	Balance or (Deficit) <u>Dec. 31, 2009</u>	<u>Receipts</u> Miscellaneous	<u>Improvement Authorizations</u>	<u>Disbursements</u> Miscellaneous
		Balance or (Deficit) <u>Dec. 31, 2010</u>			
		\$ 839.13	\$ -	\$ -	\$ -
	736	2,131.04			839.13
	758	1,829.50			2,131.04
	862	-			1,829.50
	Reserve for Encumbrances	2.92	30.74		-
	Interfund Accounts Payable	31,486.27			32.20
	Capital Improvement Fund	29,359.57			31,486.27
	Reserve for Contribution in Aid of Construction	9,000.00			29,359.57
	Reserve for Sewer Pump	19,754.31			9,000.00
	Fund Balance	-	-	-	19,754.31
		<u>\$ 94,402.74</u>	<u>\$ 30.74</u>	<u>\$ -</u>	<u>\$ 32.20</u>
		<u>\$ 94,401.28</u>			<u>\$ 94,401.28</u>

Improvement Authorizations:

BOROUGH OF PEAPACK AND GLADSTONE
 SEWER UTILITY OPERATING FUND
SCHEDULE OF CASH - SEWER COLLECTOR

	<u>Ref.</u>		
Increased by Receipts:			
Consumers' Accounts Receivable	D-9	\$1,309,617.21	
Utility Charges Overpayments	D-19	<u>166.27</u>	
			<u>\$ 1,309,783.48</u>
Decreased by Disbursements :			
Amount Paid to Treasurer:	D-5		<u>\$ 1,309,783.48</u>

BOROUGH OF PEAPACK AND GLADSTONE

SEWER UTILITY FUND
SCHEDULE OF INTERFUND ACCOUNTS RECEIVABLE

	<u>Balance</u> <u>Dec. 31, 2009</u>	<u>Accrued</u> <u>in 2010</u>	<u>Received</u> <u>in 2010</u>	<u>Balance</u> <u>Dec. 31, 2010</u>
Sewer Operating Fund:	\$ 2.92	\$ 30.74	\$ 32.20	\$ 1.46
Sewer Capital Fund	<u>\$ 2.92</u>	<u>\$ 30.74</u>	<u>\$ 32.20</u>	<u>\$ 1.46</u>

Ref. D D-3 D-5 D

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

	<u>Ref.</u>	
Balance December 31, 2009	D	\$ 56,896.72
Increased by :		
2010 Charges		<u>1,349,201.25</u>
		1,406,097.97
Decreased by :		
Received in 2010	D-3,7	\$ 1,309,617.21
Utility Charges Overpayments Applied in 2010	D-3,19	531.06
Canceled in 2010		<u>22,025.65</u>
		<u>1,332,173.92</u>
Balance December 31, 2010	D	<u>\$ 73,924.05</u>

D-10

SCHEDULE OF SEWER LIENS RECEIVABLE

NOT APPLICABLE

BOROUGH OF PEAPACK AND GLADSTONE

SEWER UTILITY OPERATING FUND
SCHEDULE OF DEFERRED CHARGES-OPERATING DEFICIT

NOT APPLICABLE

BOROUGH OF PEAPACK AND GLADSTONE

SEWER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL

	<u>Ref.</u>	
Balance December 31, 2009	D	\$ 8,228,576.65
Increased by:		
Capital Outlay Expenditures	D-27	<u>10,325.00</u>
		8,238,901.65
Decreased by:		
Prior Years Encumbrances Canceled (Capital Outlay)	D-27	<u>24.92</u>
Balance December 31, 2010	D	<u>\$ 8,238,876.73</u>

BOROUGH OF PEAPACK AND GLADSTONE

SEWER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

<u>Improvement Description</u>	<u>Ordinance</u>		<u>Amount</u>	<u>Balance</u>	
	<u>Number</u>	<u>Date</u>		<u>Dec. 31, 2009</u>	<u>Dec. 31, 2010</u>
Acquisition of Sewer Department Equipment	736	4/8/97	\$ 57,000.00	\$ 57,000.00	\$ 57,000.00
Acquisition of Sewer Department Equipment	758	4/13/99	11,000.00	11,000.00	11,000.00
Acquisition of Sewer Department Equipment	862	5/10/05	21,600.00	21,600.00	21,600.00
			<u>\$ 89,600.00</u>	<u>\$ 89,600.00</u>	<u>\$ 89,600.00</u>

Ref.

D

D

D-14

BOROUGH OF PEAPACK AND GLADSTONE
SEWER UTILITY CAPITAL FUND
SCHEDULE OF WASTEWATER TREATMENT TRUST LOANS RECEIVABLE

NOT APPLICABLE

D-15

SCHEDULE OF FEDERAL AND STATE AID RECEIVABLE

NOT APPLICABLE

BOROUGH OF PEAPACK AND GLADSTONE
 SEWER UTILITY OPERATING FUND
SCHEDULE OF APPROPRIATION RESERVES - 2009

	<u>Balance</u> <u>Dec. 31, 2009</u>	<u>Paid or</u> <u>Charged</u>	<u>Lapsed</u>
Operating:			
Salaries and Wages	\$ 5,474.61	\$ -	\$ 5,474.61
Other Expenses	95,048.69	10,995.71	84,052.98
Capital Improvement:			
Capital Outlay	24,831.64		24,831.64
Statutory Expenditures:			
Contribution to:			
Social Security System (O.A.S.I.)	<u>2,798.32</u>	<u>-</u>	<u>2,798.32</u>
	<u>\$ 128,153.26</u>	<u>\$ 10,995.71</u>	<u>\$ 117,157.55</u>
Ref.	D	D-5	D-1

BOROUGH OF PEAPACK AND GLADSTONE
 SEWER UTILITY OPERATING FUND
SCHEDULE OF RESERVE FOR ENCUMBRANCES

	<u>Ref.</u>	
Balance December 31, 2009	D	\$ 127,363.78
Increased by :		
Charges 2010 Budget Appropriations	D-4	<u>147,282.20</u>
		274,645.98
Decreased by :		
Paid in 2010	D-5	\$ 127,338.86
Canceled in 2010	D-1	<u>24.92</u>
		<u>127,363.78</u>
 Balance December 31, 2010	 D	 <u>\$ 147,282.20</u>

BOROUGH OF PEAPACK AND GLADSTONE
SEWER UTILITY FUND
SCHEDULE OF INTERFUND ACCOUNTS PAYABLE

	<u>Balance</u> <u>Dec. 31, 2009</u>	<u>Received</u> <u>in 2010</u>	<u>Paid</u> <u>in 2010</u>	<u>Balance</u> <u>Dec. 31, 2010</u>	
Sewer Capital Fund:					
Sewer Operating Fund	\$ 2.92	\$ 30.74	\$ 32.20	\$ 1.46	
	<u>\$ 2.92</u>	<u>\$ 30.74</u>	<u>\$ 32.20</u>	<u>\$ 1.46</u>	
Ref.	D	D-5	D-5	D	

BOROUGH OF PEAPACK AND GLADSTONE
 SEWER UTILITY OPERATING FUND
SCHEDULE OF UTILITY CHARGES OVERPAYMENTS

	<u>Ref.</u>	
Balance December 31, 2009	D	\$ 531.06
Increased by :		
Received in 2010	D-7	<u>166.27</u>
		697.33
Decreased by :		
Applied to Consumers' Accounts Receivable in 2010	D-9	<u>531.06</u>
Balance December 31, 2010	D	<u>\$ 166.27</u>

SCHEDULE OF ACCRUED INTEREST ON BONDS

	<u>Ref.</u>	
Balance December 31, 2009	D	\$ 25,337.50
Increased by :		
2010 Budget Appropriation	D-4	<u>45,781.25</u>
		71,118.75
Decreased by :		
Interest Paid in 2010	D-5	<u>50,675.00</u>
Balance December 31, 2010	D	<u>\$ 20,443.75</u>

BOROUGH OF PEAPACK AND GLADSTONE
SEWER UTILITY OPERATING FUND
SCHEDULE OF ACCRUED INTEREST ON LOANS

NOT APPLICABLE

SCHEDULE OF ACCRUED INTEREST ON NOTES

NOT APPLICABLE

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

Number	Improvement Description	Date	Amount	Balance Dec. 31, 2009		Expended	Encumbered	Balance Dec. 31, 2010	
				Funded	Unfunded			Funded	Unfunded
736	Acquisition of Sewer Department Equipment	4/8/97	\$ 57,000.00	\$ 839.13	\$ -	\$ -	\$ -	\$ 839.13	\$ -
758	Acquisition of Sewer Department Equipment	4/13/99	11,000.00	2,131.04	-	-	-	2,131.04	-
862	Acquisition of Sewer Department Equipment	5/10/05	21,600.00	1,829.50	-	-	-	1,829.50	-
			\$ 4,799.67	\$ -	\$ -	\$ -	\$ -	\$ 4,799.67	\$ -

Ref. D D

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

NOT APPLICABLE

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

	<u>Ref</u>	
Balance December 31, 2009	D	<u>\$ 31,486.27</u>
Balance December 31, 2010	D	<u>\$ 31,486.27</u>

SCHEDULE OF CAPITAL RESERVES

	<u>Ref.</u>	<u>Total</u>	<u>Contribution in Aid of Construction</u>	<u>Purchase of Sewer Pump</u>
Balance December 31, 2009	D	<u>\$ 38,359.57</u>	<u>\$ 29,359.57</u>	<u>\$ 9,000.00</u>
Balance December 31, 2010	D	<u>\$ 38,359.57</u>	<u>\$ 29,359.57</u>	<u>\$ 9,000.00</u>

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

	Ref.	
Balance December 31, 2009	D	\$ 6,828,576.65
Increased by :		
Budget Additions to Fixed Capital	D-12	10,325.00
Serial Bonds Paid by Operating Budget	D-29	<u>290,000.00</u>
		<u>300,325.00</u>
		7,128,901.65
Decreased by :		
Prior Years Encumbrances Canceled (Capital Outlay)	D-12	<u>24.92</u>
Balance December 31, 2010	D	<u>\$ 7,128,876.73</u>

BOROUGH OF PEAPACK AND GLADSTONE

SEWER UTILITY CAPITAL FUND
SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

<u>Improvement Description</u>	<u>Ordinance Number</u>	<u>Date of Ordinance</u>	<u>Balance Dec. 31, 2009</u>	<u>Balance Dec. 31, 2010</u>
Acquisition of Sewer Department Equipment	736	4/8/97	\$ 57,000.00	\$ 57,000.00
Acquisition of Sewer Department Equipment	758	4/13/99	11,000.00	11,000.00
Acquisition of Sewer Department Equipment	862	5/10/05	21,600.00	21,600.00
			<u>\$ 89,600.00</u>	<u>\$ 89,600.00</u>

Ref.

D

D

BOROUGH OF PEAPACK AND GLADSTONE
SEWER UTILITY CAPITAL FUND
SCHEDULE OF BONDS PAYABLE

<u>Purpose</u>	<u>Original Issue</u>		<u>Annual Maturity of Bonds Outstanding Dec. 31, 2010</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2009</u>	<u>Paid</u>	<u>Balance Dec. 31, 2010</u>
	<u>Date</u>	<u>Amount</u>	<u>Date</u>	<u>Amount</u>				
Refunding Bonds	11/1/02	\$ 2,845,000.00	7/1/11	\$ 285,000.00	3.500%	\$ 1,400,000.00	\$ 290,000.00	\$ 1,110,000.00
			7/1/12	280,000.00	3.500%			
			7/1/13	275,000.00	3.750%			
			7/1/14	270,000.00	4.000%			
						\$ 1,400,000.00	\$ 290,000.00	\$ 1,110,000.00

Ref. D D-27 D

BOROUGH OF PEAPACK AND GLADSTONE
SEWER UTILITY CAPITAL FUND
SCHEDULE OF WASTEWATER TREATMENT TRUST LOANS PAYABLE

NOT APPLICABLE

BOROUGH OF PEAPACK AND GLADSTONE
SEWER UTILITY CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES

NOT APPLICABLE

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

NOT APPLICABLE

BOROUGH OF PEAPACK AND GLADSTONE

E-4

PUBLIC ASSISTANCE FUND
SCHEDULE OF PUBLIC ASSISTANCE EXPENDITURES - 2010

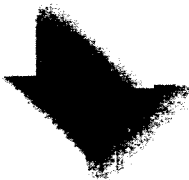
	P.A.T.F. <u>No. 1</u>	P.A.T.F. <u>No. 2</u>	Fund <u>Total</u>
Current Year Assistance (State Matching):			
Maintenance Payments	\$ -	\$ 1,050.00	\$ 1,050.00
Temporary Rental Assistance		1,992.00	1,992.00
Shelter/Motel House	-	<u>1,600.00</u>	<u>1,600.00</u>
Total Reported on GA-6	<u>-</u>	<u>4,642.00</u>	<u>4,642.00</u>
 Total Disbursements	 <u>\$ -</u>	 <u>\$ 4,642.00</u>	 <u>\$ 4,642.00</u>

BOROUGH OF PEAPACK AND GLADSTONE

PUBLIC ASSISTANCE FUND
SCHEDULE OF AMOUNT DUE TO CURRENT FUND

NOT APPLICABLE


REPORT PURSUANT TO GOVERNMENT AUDITING STANDARDS



T. M. Vrabel & Associates, LLC

Accountants and Auditors

Timothy M. Vrabel, RMA, PSA
Chris C. Hwang, CPA



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

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

We have audited the financial statements of the Borough of Peapack and Gladstone as of and for the years ended December 31, 2010 and December 31, 2009, and have issued our report thereon dated April 14, 2011. In our report our opinion was qualified because the Borough of Peapack and Gladstone prepares its financial statements on a comprehensive basis of accounting other than accounting principles generally accepted in the United State of America. Except as discussed in the preceding sentence, we conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States; and in compliance with audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Internal Control Over Financial Reporting

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

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

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

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Compliance and Other Matters

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

This report is intended solely for the information and use of management, the Borough of Peapack and Gladstone, Division of Local Government Services, Department of Community Affairs, State of New Jersey and other state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Timothy M. Vrabel
Registered Municipal Accountant
License No. CR000339



Chris C. W. Hwang
Certified Public Accountant
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April 14, 2011

BOROUGH OF PEAPACK AND GLADSTONE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2010

Federal Funding Department	Federal Program	CFDA No.	Federal Grant (Award) Number	Grant Award Amount	Total	Amount of Receipts		Accounts Receivable Dec. 31, 2010	Amount of Expenditures		Unexpended Balance Dec. 31, 2010
						Prior Year	Current Year		Prior Year	Current Year (1)	
HUD	Economic Development Initiative (Ord. No 834)	14 246	B-01-SP-NJ-0380	\$ 49,890.00		\$ -	\$ -	\$ 49,890.00	\$ 7,000.00	\$ -	\$ 42,890.00
HUD	Community Development Funds: Ordinance No 941	14 228		13,500.00		-	13,500.00	-	-	13,500.00	-
Homeland Security	Federal Bulletproof Vest Program			3,579.00	2008	3,579.00	-	-	1,652.35	1,072.50	854.15

(1) Represents total expenditures (grant activity) subject to audit.

BOROUGH OF PEAPACK AND GLADSTONE
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2010

State Program	State Account Number	Total		Amount of Receipts		Accounts Receivable Dec. 31, 2010	Amount of Expenditures		Unexpended Balance Dec. 31, 2010
		Grant Award Amount	Grant Period From To	Prior Year	Current Year		Prior Year	Current Year (1)	
Department of Transportation N.J. Transportation Trust Fund Ord. No. 945 - Pottersville Road Sidewalks		\$ 100,000.00		\$ -	\$ 54,012.02	\$ 45,987.98	\$ -	\$ 72,016.02	\$ 27,983.98
Department of Treasury Garden State Green Acres Trust	4800-727-042-4800	2,244,219.15		1,744,219.15	500,000.00	-	2,244,219.15	-	-
Recycling Tonnage Grant	4900-752-178810-60	4,422.03		4,422.03	1,223.26	-	-	705.36	3,716.67
Drunk Driving Enforcement Fund	1110-448-031020-60	1,223.26		1,223.26	5,749.38	-	-	403.46	819.80
Clean Communities Grant	4900-765-178910-60	8,418.19		2,668.81	1,856.24	-	-	2,376.42	6,041.77
Alcohol Education and Rehabilitation Fund	1,856.24	1,856.24		1,856.24	1,722.86	-	-	657.00	1,199.24
Body Armor Replacement Fund	4,014.73	4,014.73		2,291.87	15,000.00	-	-	1,303.50	2,711.23
Somerset County Youth Athletic and Recreation	15,000.00	15,000.00		15,000.00	750.00	250.00	-	13,864.00	1,136.00
Somerset County Cultural and Heritage Grant	1,000.00	1,000.00		2,000.00	-	-	-	1,000.00	2,000.00
County Cross Acceptance Grant	2,000.00	2,000.00		6,822.00	-	-	6,816.61	5.39	5.39
Municipal Stormwater Regulation Program	6,822.00	6,822.00		4,400.00	-	-	2,802.57	1,597.43	1,597.43
Domestic Violence Training Program	4,400.00	4,400.00		1,000.00	-	-	-	1,000.00	1,000.00
Somerset County Chiefs Association Grant	1,000.00	1,000.00		1,000.00	14,250.00	-	6,027.84	14,250.00	14,250.00
County Municipal Planning Grant	14,250.00	14,250.00		1,972.18	7,500.00	-	7,500.00	1,472.16	1,972.18
N.J. Highlands Council Planning Grant	7,500.00	7,500.00		52,000.00	-	-	50,056.00	1,944.00	1,944.00
N.J. Forestry Management Grant	1,972.18	1,972.18		500.00	-	-	499.55	0.45	0.45
Space Study Grant	500.00	500.00		25,000.00	1,000.00	-	-	25,000.00	25,000.00
Gov. Connect Municipal Clerk	25,000.00	25,000.00		6,500.00	-	-	-	6,500.00	6,500.00
N.J. Local Library Grant	6,500.00	6,500.00		1,000.00	-	-	-	1,000.00	1,000.00
Smart Growth Planning Assistance Grant	1,000.00	1,000.00		-	-	-	-	-	-
Sustainable NJ Grant	-	-		-	-	-	-	-	-
Public Assistance	7550-150-158010-60	N/A		-	2,900.00	N/A	-	4,642.00	N/A
				\$ 1,849,152.28	\$ 582,357.52	\$ 74,487.98	# \$ 2,310,421.72	\$ 96,967.76	\$ 100,350.30

(1) Represents total expenditures (grant activity) subject to audit

BOROUGH OF PEAPACK AND GLADSTONE

NOTES TO SCHEDULES OF EXPENDITURES OF AWARDS AND FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2010

Note 1: General

The accompanying schedules of expenditures of awards and financial assistance present the activity of all federal and state programs of the Borough of Peapack and Gladstone . The municipality is defined in Note I:B. to the ?b financial statements. All federal awards and state financial assistance received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

Note 2: Basis of Accounting

The accompanying schedules of expenditures of awards and financial assistance are presented using the budgetary basis of accounting as described in Notes I:D. to the Borough of Peapack and Gladstone's financial statements.

Note 3: Relationship to Financial Statements

Amounts reported in the accompanying schedules agree with amounts reported in the Borough of Peapack and Gladstone's financial statements. The information in the schedules is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in the schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 4: Relationship to Federal and State Financial Reports

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

BOROUGH OF PEAPACK AND GLADSTONE

PART II

**GENERAL COMMENTS AND RECOMMENDATIONS
YEAR ENDED DECEMBER 31, 2010**

GENERAL COMMENTS

CONTRACTS AND AGREEMENTS REQUIRING ADVERTISEMENT FOR BIDS

Effective April 17, 2000 N.J.S.A. 40A:11-1 et seq. (Local Public Contracts Law) was revised by P.L. 1999, c.440 (originally known as Assembly bill No. 3519). The Division of Local Government Services in the Department of Community Affairs, after consultation with the Commissioner of Education, shall prescribe rules and procedures to implement the requirements of the law.

Effective April 17, 2000 and thereafter the bid threshold in accordance with N.J.S.A. 40A:11-3 (as amended) was \$17,500.00.

Effective July 1, 2005 the bid threshold was raised to \$21,000.00.

Effective November 8, 2005 and thereafter the Borough raised the bid threshold to \$29,000.00.

Effective July 1, 2010 and thereafter the Borough raised the bid threshold to \$36,000.00.

It is pointed out that the governing body of the Borough has the responsibility of determining whether commitments and expenditures are in compliance with the statutes and, where question arises as to whether any contract or agreement might result in violation of these statutes the Borough Attorney's opinion should be sought before commitment is made.

Inasmuch as the system of records is not required to provide and therefore did not provide for an accumulation of payments by categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear cut violations existed. None were disclosed.

The results of our examination indicated that no individual payments, contracts or agreements were made "for the provision or performance of any "goods or services" in excess of the statutory limit where there had been no advertising for bids in accordance with the provisions of N.J.S.A. 40A:11-4.

The minutes indicate that resolutions were adopted and advertised authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. 40A:11-5 for Auditor, Attorney, Sewer Attorney, Municipal Engineer, Sewer Engineer, Insurance, Bond Attorney, Codification of Borough Ordinances, Borough Planner, Public Defender, Prosecutor, Open Space Advisor and Special Labor Counsel.

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

Municipal ADA Entrance, House Demolition and Pedestrian Safety Improvements

The system of records is not required to provide and therefore did not provide for an accumulation of purchases for which the Borough used contracts entered into by the State Department of Purchase and Property pursuant to Ch. 114, P.L. 1977, therefore, the extent of such purchases could not reasonably be ascertained. My examination revealed the following purchases were made through the use of State contracts:

Police Equipment, and Telephone System

COLLECTIONS OF INTEREST ON DELINQUENT TAXES, ASSESSMENTS AND SEWER CHARGES

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

The governing body on January 5, 2010, adopted the following resolution authorizing interest to be charged on delinquent taxes and sewer charges:

Resolution No. 4-10

WHEREAS, N.J.S.A. 54-4.67 has been amended to define a tax delinquency as the sum of all taxes and municipal charges due on a given parcel of property covering any number of quarters or years, and

WHEREAS, N.J.S.A. 54-4.67, has been amended to allow the governing body to fix a penalty not to exceed 6% to be charged to a taxpayer with a delinquency in excess of \$10,000.00 on December 31, 2010.

NOW, THEREFORE, BE IT RESOLVED by the Mayor and Council of the Borough of Peapack and Gladstone, County of Somerset, State of New Jersey, as follows:

1. The Tax Collector is hereby authorized and directed to charge 8% per annum on the first \$1,500.00 of delinquent taxes and 18% per annum on any amount of taxes in excess of \$1,500.00 in addition a penalty of 6% is to be charged on the amount of delinquency in excess of \$10,000.00 on December 31, 2010.

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.

Resolution No. 5-10

BE IT RESOLVED by the Mayor and Council of the Borough of Peapack and Gladstone that, a ten (10) day grace period with respect to interest on delinquent residential sewer accounts due and owing to the Borough of Peapack and Gladstone, shall be granted from the due date of said sewer accounts, namely, the first days of April, July, October and December of each calendar year, and

BE IT RESOLVED that, 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%) pre annum, starting with the first day of the quarter.

Resolution No. 16-10

WHEREAS, the Borough of Peapack and Gladstone collects sewer assessments for business and bulk sewer users, and

WHEREAS, the Borough of Peapack and Gladstone wishes to establish a billing procedure for said business and bulk sewer users.

NOW, THEREFORE, BE IT RESOLVED that the Mayor and Council of the Borough of Peapack and Gladstone hereby establish the following:

1. 1st quarter assessments will be due and payable June 1st.
2. 2nd quarter assessments will be due and payable September 1st.
3. 3rd quarter assessments will be due and payable December 1st.
4. 4th quarter assessments will be due and payable March 1st.

BE IT FURTHER RESOLVED that there will be no grace period past the above stated due date for each quarter.

BE IT FURTHER RESOLVED that delinquent sewer accounts shall be assessed an interest charge at the rate of eight per cent (8%) pre annum, starting with the first day of the quarter due date.

It appears from the examination of the records that interest was being collected in accordance with the foregoing resolutions.

DELINQUENT TAXES AND TAX TITLE LIENS

The delinquent taxes at December 31, 2010 are all 2010 taxes.

The last tax sale was held November 4, 2010 and was complete.

The following comparison is made of the number of tax title liens receivable on December 31, of the last ten years:

<u>Year</u>	<u>Number of Liens</u>
2010	0
2009	0
2008	0
2007	0
2006	0
2005	0
2004	0
2003	0
2002	0
2001	0

VERIFICATION OF 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 follows:

<u>Type</u>	<u>Number Mailed</u>
Payments of 2011 Taxes	25
Payments of 2010 Taxes	25
Delinquent Taxes	10
Payments of Sewer Utility Charges	25
Delinquent Sewer Utility Charges	12

The result of the test, which was made as of December 31, 2010, is not yet fully known, however the items that were returned were checked and in agreement with the Borough's records and for items not returned either a second request was made or the open items were traced to subsequent collection. If any irregularities are discovered as a result of our second request a separate report will be issued.

OTHER COMMENTS

MUNICIPAL COURT

The report required by statute covering the accounts of the Municipal Court has been filed under separate cover with the Magistrate, Borough Clerk and Division of Local Government Services. Comments regarding the financial records maintained by the Court Administrator are covered in this report.

TECHNICAL ACCOUNTING DIRECTIVES

The Division of Local Government Services has established three systems which are required by all local units. They are as follows:

1. Encumbrance accounting system (N.J.A.C. 5:30-5.2)
2. Fixed asset accounting and reporting system (N.J.A.C. 5:30-5.6)
3. General Ledger accounting and record system (N.J.A.C. 5:30-5.7)

The Borough of Peapack and Gladstone has complied by implementing the three directives.

RECOMMENDATIONS

Not Applicable

Status of prior years' Audit Findings/Recommendations:

In accordance with Government Auditing Standards, a review was performed on all prior year recommendations and corrective action was taken on all.

Should any questions arise as to our comments please do not hesitate to call us.

APPRECIATION

We wish to express our appreciation of the assistance and courtesies rendered by the Borough Officials during the course of the audit.



Timothy M. Vrabel
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April 14, 2011