

BOROUGH OF PEAPACK AND GLADSTONE

**REPORT ON EXAMINATION OF FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011**

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, 2011 and December 31, 2010, 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, 2011. 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 March 20, 2012 in accordance with the American Institute of Certified Public Accountants' Statement on Standards for Accounting and Review Services.

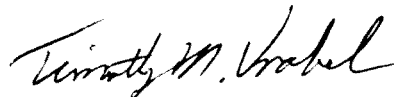
In our opinion, because of the Borough's policy to prepare its financial statements on the basis of accounting discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Borough of Peapack and Gladstone as of December 31, 2011 and December 31, 2010, 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, 2011 and December 31, 2010, 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, 2011, on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued our report dated March 20, 2012 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 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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

March 20, 2012

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>2011</u> | <u>2010</u> |
| General Fund: | | | |
| Cash - Treasurer | A-4 | \$ 4,017,943.06 | \$ 4,927,361.67 |
| Change Fund | A-6 | 125.00 | 125.00 |
| Amount Due from State of New Jersey for Senior Citizens and Veterans Deductions | A-8 | 6,653.19 | 3,538.88 |
| | | <u>4,024,721.25</u> | <u>4,931,025.55</u> |
| Receivables and other Assets With Full Reserves : | | | |
| Delinquent Property Taxes | A-9 | 115,416.63 | 128,790.79 |
| Property Acquired for Taxes - Assessed Valuation | A-11 | 139,900.00 | 139,900.00 |
| Revenue Accounts Receivable | A-12 | 5,775.58 | 6,792.39 |
| Interfunds Accounts Receivable | A-13 | 21,544.41 | 22,494.40 |
| | | <u>282,636.62</u> | <u>297,977.58</u> |
| | | <u>4,307,357.87</u> | <u>5,229,003.13</u> |
| Federal and State Grants Fund : | | | |
| Amount Due From Current Fund | A-26 | 79,306.04 | 55,213.60 |
| Federal and State Aid Receivable | A-27 | 33,999.38 | 28,642.90 |
| | | <u>113,305.42</u> | <u>83,856.50</u> |
| | | <u>\$ 4,420,663.29</u> | <u>\$ 5,312,859.63</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>2011</u> | <u>2010</u> |
| Liabilities : | | | |
| Appropriation Reserves | A-3,16 | \$ 494,020.42 | \$ 370,751.03 |
| Reserve for Encumbrances | A-17 | 225,488.03 | 309,268.29 |
| Interfunds Accounts Payable | A-18 | 286,232.43 | 352,731.01 |
| Prepaid Taxes | A-19 | 257,782.50 | 1,094,295.84 |
| Tax Overpayments | A-20 | 7,334.75 | 10,570.37 |
| Reserve for Funds - Unappropriated | A-23 | 8,814.42 | 7,869.08 |
| Other | A-24 | 50.00 | 75.00 |
| Regional School District Taxes Payable | A-25 | 1,261.86 | 1,261.86 |
| County Taxes Payable | A-25 | <u>24,688.12</u> | <u>35,818.14</u> |
| | | 1,305,672.53 | 2,182,640.62 |
| Reserve for Receivables and Other Assets | | 282,636.62 | 297,977.58 |
| Fund Balance | A-1 | <u>2,719,048.72</u> | <u>2,748,384.93</u> |
| | | <u>4,307,357.87</u> | <u>5,229,003.13</u> |
| Federal and State Grants Fund : | | | |
| Appropriated Reserves | A-28 | 107,848.70 | 76,505.17 |
| Unappropriated Reserves | A-29 | 5,081.72 | 4,306.97 |
| Reserves for Encumbrances | A-30 | <u>375.00</u> | <u>3,044.36</u> |
| | | <u>113,305.42</u> | <u>83,856.50</u> |
| | | <u>\$ 4,420,663.29</u> | <u>\$ 5,312,859.63</u> |

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

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

| <u>Revenue and Other Income Realized</u> | <u>Ref.</u> | <u>Year 2011</u> | <u>Year 2010</u> |
|---|-------------|----------------------|----------------------|
| Fund Balance Utilized | A-2 | \$ 2,139,000.00 | \$ 2,100,000.00 |
| Miscellaneous Revenue Anticipated | A-2 | 310,373.07 | 271,328.26 |
| Receipts from Delinquent Taxes | A-2 | 128,888.71 | 105,528.79 |
| Receipts from Current Taxes | A-2 | 12,750,675.87 | 12,780,073.83 |
| Non - Budget Revenue | A-2 | 447,187.71 | 473,685.06 |
| Other Credits to Income : | | | |
| Unexpended Balance of Appropriation | | | |
| Reserves Lapsed | A-16 | 366,419.29 | 387,475.09 |
| Tax Overpayments Canceled | A-20 | 254.81 | - |
| Total Income | | <u>16,142,799.46</u> | <u>16,118,091.03</u> |
| <u>Expenditures</u> | | | |
| Budgetary and Emergency Appropriations : | | | |
| Appropriations Within "CAP" | | | |
| Operations: | | | |
| Salaries and Wages | A-3 | 1,815,954.00 | 1,763,959.00 |
| Other Expenses | A-3 | 1,999,757.00 | 1,849,965.00 |
| Deferred Charges and Statutory Expenditures | A-3 | 415,568.00 | 378,097.57 |
| Appropriations Excluded from "CAP" | | | |
| Operations: | | | |
| Salaries and Wages | A-3 | - | 1,223.26 |
| Other Expenses | A-3 | 138,436.07 | 59,465.43 |
| Capital Improvements | A-3 | 100,000.00 | 227,480.00 |
| Debt Service | A-3 | 336,342.00 | 340,935.00 |

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 2011</u> | <u>Year 2010</u> |
|--|-------------|------------------------|------------------------|
| Refund of Prior Year Revenue | | \$ - | \$ - |
| Prior Year Senior Citizen Deduction Disallowed | A-8 | 97.92 | 83.56 |
| Interfund Advance | A-13 | 1,000.00 | |
| Local Open Space Tax | A-25 | 205,039.50 | 208,862.49 |
| Local Open Space Share of Added Taxes | A-25 | 1,876.89 | 2,736.50 |
| Regional School District Tax | A-25 | 6,311,024.96 | 6,226,488.16 |
| County Taxes | A-25 | 2,683,351.21 | 2,883,679.06 |
| County Share of Added and Omitted Taxes | A-25 | <u>24,688.12</u> | <u>35,818.14</u> |
| Total Expenditures | | <u>14,033,135.67</u> | <u>13,978,793.17</u> |
| Excess in Revenue | | 2,109,663.79 | 2,139,297.86 |
| Fund Balance January 1 | A | <u>2,748,384.93</u> | <u>2,709,087.07</u> |
| | | 4,858,048.72 | 4,848,384.93 |
| Decreased by : | | | |
| Utilized as Anticipated Revenue | A-1 | <u>2,139,000.00</u> | <u>2,100,000.00</u> |
| Fund Balance December 31 | A | <u>\$ 2,719,048.72</u> | <u>\$ 2,748,384.93</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 | 2,139,000.00 | - | 2,139,000.00 | - |
| Miscellaneous Revenues : | | | | | |
| Licenses : | | | | | |
| Alcohol Beverages | A-12 | 12,626.00 | | 12,876.00 | 250.00 |
| Energy Receipts Tax | A-12 | 251,059.00 | | 251,059.00 | - |
| Public and Private Revenues Off-Set with Appropriations: | | | | | |
| Recycling Tonnage Grant | A-18 | 3,797.37 | | 3,797.37 | - |
| Clean Communities Program | A-18 | 7,333.49 | 5,681.27 | 13,014.76 | - |
| Body Armor Replacement Fund | A-18 | 1,722.86 | | 1,722.86 | - |
| Federal Bulletproof Vest Program | A-18 | 170.00 | | 170.00 | - |
| Somerset County Youth Athletic and Recreation | A-18 | 13,864.00 | | 13,864.00 | - |
| Sustainable New Jersey Grant | A-18 | 1,000.00 | | 1,000.00 | - |
| ANJEC-Smart Growth Planning Assistance Grant | A-18 | 5,000.00 | | 5,000.00 | - |
| Donations: | | | | | |
| Historical Commission | A-12 | 256.00 | | 256.00 | - |
| Library | A-23 | 7,613.08 | | 7,613.08 | - |
| Total Miscellaneous Revenues | | 299,441.80 | 10,681.27 | 310,373.07 | 250.00 |
| Receipts from Delinquent Taxes | A-1 | 100,000.00 | | 128,888.71 | 28,888.71 |
| Amount to be raised by Taxes for Support of Municipal Budget : | | | | | |
| Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes | A-2 | 3,547,926.67 | | 4,815,687.86 | 1,267,761.19 |
| Non-Budget Revenues | A-1,2 | 6,086,368.47 | 10,681.27 | 7,393,949.64 | 1,296,899.90 |
| Budget Totals | | | | 447,187.71 | 447,187.71 |
| Non-Budget Revenues | | | | | |
| Total | | \$ 6,086,368.47 | \$ 10,681.27 | \$ 7,841,137.35 | \$ 1,744,087.61 |

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 : | | | |
| 2011 Taxes Collected in 2010 | A-9 | \$ 1,094,295.84 | |
| 2011 Taxes Collected in 2011 | A-9 | 11,628,720.86 | |
| State's Share of Senior Citizens' and Veterans' Deductions | A-9 | 22,114.31 | |
| Prior Year Tax Appeals Applied | A-9 | <u>5,544.86</u> | |
| | A-1 | 12,750,675.87 | |
| Allocated to School and County Taxes | A-25 | <u>9,225,980.68</u> | |
| | | 3,524,695.19 | |
| Add : Reserve for Uncollected Taxes | A-3 | <u>1,290,992.67</u> | |
| Amount for Support of Municipal Budget | A-2 | | <u>\$ 4,815,687.86</u> |
| Receipts from Delinquent Taxes : | | | |
| Prior Year Taxes Collected | A-9 | <u>128,888.71</u> | |
| | A-2 | | <u>\$ 128,888.71</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 | | \$ 378.04 | |
| LEA Rebate | | 9,432.46 | |
| DMV Inspection Fines | | 10,325.00 | |
| Payments In Lieu of Taxes | | 17,171.10 | |
| Miscellaneous | | <u>24,981.11</u> | |
| | A-4 | | \$ 62,287.71 |
| Tax Collector: | | | |
| Tax Searches | | 260.00 | |
| Interest and Costs on Taxes | | <u>31,821.15</u> | |
| | A-5 | | 32,081.15 |
| Revenue Accounts Receivable: | | | |
| Fees and Permits: | | | |
| Clerk | A-12 | 32,408.35 | |
| Registrar of Vital Statistics | A-12 | 2,685.00 | |
| Board of Health | A-12 | 6,715.00 | |
| Police Chief | A-12 | 494.51 | |
| Municipal Court Fines and Costs | A-12 | 85,654.41 | |
| Tax Assessor | A-12 | 180.00 | |
| Uniform Fire Safety Bureau | A-12 | 3,686.00 | |
| Zoning Official | A-12 | 1,900.00 | |
| Rentals | A-12 | 125,505.89 | |
| Interest on Deposits - Treasurer | A-12 | 7,712.16 | |
| Interest on Deposits - Municipal Court - Regular | A-12 | 7.46 | |
| Interest on Deposits - Municipal Court - Bail | A-12 | <u>0.07</u> | |
| | | | 266,948.85 |
| Interfunds Accounts Receivable: | | | |
| Statutory Excess - Animal Control Fund | A-13 | 2,031.90 | |
| Administrative Fees - Police Outside Duty | A-13 | 12,833.75 | |
| Interest on Investments | A-13 | 2,654.35 | |
| Construction Code Official Fees | A-13 | <u>68,350.00</u> | |
| | | | <u>85,870.00</u> |
| | A-2 | | <u>\$ 447,187.71</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 | | | | | | | |
| Salaries and Wages | | \$ 48,087.00 | \$ 48,087.00 | \$ 47,998.73 | \$ 88.27 | \$ - | \$ - |
| Other Expenses | | 7,800.00 | 7,800.00 | 6,592.57 | 1,207.43 | - | - |
| Mayor and Borough Council | | | | | | | |
| Salaries and Wages | | 15,500.00 | 15,500.00 | 15,500.00 | - | - | - |
| Other Expenses | | 67,900.00 | 67,900.00 | 17,129.02 | 50,770.98 | - | - |
| Borough Clerk | | | | | | | |
| Salaries and Wages | | 137,502.00 | 137,502.00 | 128,538.93 | 8,963.07 | - | - |
| Other Expenses | | 35,275.00 | 35,275.00 | 23,917.41 | 11,357.59 | - | - |
| Financial Administration | | | | | | | |
| Salaries and Wages | | 85,066.00 | 85,066.00 | 81,896.97 | 3,169.03 | - | - |
| Other Expenses | | 8,800.00 | 8,800.00 | 5,105.97 | 3,694.03 | - | - |
| Audit Services | | | | | | | |
| Other Expenses | | 24,400.00 | 24,400.00 | 24,400.00 | - | - | - |
| Collection of Taxes | | | | | | | |
| Salaries and Wages | | 63,229.00 | 63,229.00 | 63,229.00 | - | - | - |
| Other Expenses | | 13,200.00 | 13,200.00 | 12,138.40 | 1,061.60 | - | - |
| Assessment of Taxes | | | | | | | |
| Salaries and Wages | | 32,409.00 | 32,409.00 | 30,841.19 | 1,567.81 | - | - |
| Other Expenses | | 9,275.00 | 9,275.00 | 6,915.47 | 2,359.53 | - | - |
| Legal Services and Costs | | | | | | | |
| Other Expenses | | 60,500.00 | 140,500.00 | 101,984.41 | 38,515.59 | - | - |
| Municipal Court | | | | | | | |
| Salaries and Wages | | 70,279.00 | 70,279.00 | 67,551.27 | 2,727.73 | - | - |
| Other Expenses | | 9,121.00 | 9,121.00 | 6,951.70 | 2,169.30 | - | - |
| Public Defender (P. L. 1997, c.256) | | | | | | | |
| Other Expenses | | 3,300.00 | 3,300.00 | 438.00 | 2,862.00 | - | - |
| Engineering Services and Costs | | | | | | | |
| Other Expenses | | 35,000.00 | 35,000.00 | 10,836.84 | 24,163.16 | - | - |
| Cultural Heritage | | | | | | | |
| Other Expenses | | 3,000.00 | 3,000.00 | 1,405.82 | 1,594.18 | - | - |
| Municipal Land Use Law (N.J.S.A. 40:55D-1) | | | | | | | |
| Land Use Board | | | | | | | |
| Salaries and Wages | | 9,800.00 | 10,300.00 | 9,577.77 | 722.23 | - | - |
| Other Expenses | | 49,425.00 | 49,425.00 | 2,464.74 | 46,960.26 | - | - |
| Zoning Costs | | | | | | | |
| Salaries and Wages | | 8,732.00 | 10,232.00 | 8,732.00 | 1,500.00 | - | - |
| Other Expenses | | 755.00 | 755.00 | 587.82 | 167.18 | - | - |
| INSURANCE: | | | | | | | |
| General Liability | | | | | | | |
| Worker's Compensation Insurance | | 117,900.00 | 117,900.00 | 102,578.40 | 15,321.60 | - | - |
| Group Insurance - Hospital and Medical | | 28,000.00 | 28,000.00 | 28,000.00 | - | - | - |
| Unemployment Compensation Insurance | | 402,236.00 | 402,236.00 | 402,236.00 | - | - | - |
| | | 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 Cancelled |
|-------------------------------------|------|---------------|--|--------------------|--------------|----------|------------------------------------|
| OPERATIONS WITHIN "CAP" (CONTINUED) | | | | | | | |
| PUBLIC SAFETY : | | | | | | | |
| Police | | | | | | | |
| Salaries and Wages | | \$ 787,282.00 | \$ 814,132.00 | \$ 800,957.72 | \$ 13,174.28 | \$ - | |
| Other Expenses | | 54,577.00 | 43,627.00 | 36,123.97 | 7,503.03 | - | |
| Purchase of Police Vehicles | | | | | | | |
| Emergency Management Services | | | | | | | |
| Salaries and Wages | | 985.00 | 985.00 | 669.17 | 315.83 | - | |
| Other Expenses | | 1,950.00 | 2,050.00 | 1,060.73 | 989.27 | - | |
| Fire | | | | | | | |
| Salaries and Wages | | 6,600.00 | 6,600.00 | 6,405.00 | 195.00 | - | |
| Other Expenses | | 79,650.00 | 79,650.00 | 70,792.25 | 8,857.75 | - | |
| Aid to Volunteer Ambulance Company | | 60,000.00 | 60,000.00 | 60,000.00 | - | - | |
| Fire Official | | | | | | | |
| Salaries and Wages | | 13,059.00 | 13,059.00 | 12,928.67 | 130.33 | - | |
| Other Expenses | | 2,850.00 | 2,850.00 | 2,096.00 | 754.00 | - | |
| Fire Hydrant Service | | 92,480.00 | 92,480.00 | 69,293.70 | 23,186.30 | - | |
| Municipal Prosecutor | | | | | | | |
| Other Expenses | | 20,000.00 | 20,000.00 | 15,000.00 | 5,000.00 | - | |
| PUBLIC WORKS FUNCTIONS: | | | | | | | |
| Road Repairs and Maintenance | | | | | | | |
| Salaries and Wages | | 193,291.00 | 193,291.00 | 183,218.77 | 10,072.23 | - | |
| Other Expenses | | 127,950.00 | 127,950.00 | 88,101.80 | 39,848.20 | - | |
| Garbage and Trash Removal | | | | | | | |
| Salaries and Wages | | 1,603.00 | 1,603.00 | 1,590.82 | 12.18 | - | |
| Other Expenses | | 167,000.00 | 100,900.00 | 77,179.16 | 23,720.84 | - | |
| Public Buildings and Grounds | | | | | | | |
| Salaries and Wages | | 181,492.00 | 181,492.00 | 177,644.64 | 3,847.36 | - | |
| Other Expenses | | 100,450.00 | 100,450.00 | 82,792.94 | 17,657.06 | - | |
| Vehicle Maintenance | | | | | | | |
| Other Expenses | | 28,000.00 | 27,100.00 | 20,929.36 | 6,170.64 | - | |
| HEALTH AND WELFARE : | | | | | | | |
| Board of Health | | | | | | | |
| Salaries and Wages | | 2,182.00 | 2,182.00 | 2,170.52 | 11.48 | - | |
| Other Expenses | | 28,063.00 | 28,063.00 | 27,532.06 | 530.94 | - | |
| Environmental Commission | | | | | | | |
| Other Expenses | | 10,300.00 | 10,300.00 | 10,300.00 | - | - | |
| Animal Control Regulations | | | | | | | |
| Other Expenses | | 5,972.00 | 5,972.00 | 5,971.60 | 0.40 | - | |
| Administration of Public Assistance | | | | | | | |
| Salaries and Wages | | 1,864.00 | 1,864.00 | 1,864.00 | - | - | |
| Other Expenses | | 350.00 | 350.00 | 281.00 | 69.00 | - | |

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) | | | | | | | |
| RECREATION AND EDUCATION : | | | | | | | |
| Recreation Services and Programs | | | | | | | |
| Salaries and Wages | | \$ 29,496.00 | \$ 29,496.00 | \$ 29,496.00 | \$ - | \$ - | \$ - |
| Other Expenses | | 5,000.00 | 5,000.00 | 4,864.16 | | 135.84 | |
| Senior Citizen Program | | | | | | | |
| Salaries and Wages | | 10,404.00 | 10,404.00 | 9,623.16 | | 780.84 | |
| Other Expenses | | 6,000.00 | 6,000.00 | 6,000.00 | | - | |
| OTHER COMMON OPERATING FUNCTIONS: | | | | | | | |
| Accumulated Leave Compensation | | | | | | | |
| Salaries and Wages | | 10,000.00 | 10,000.00 | 10,000.00 | | - | |
| Celebration of Public Events: | | | | | | | |
| Other Expenses | | 25,000.00 | 26,204.00 | 26,204.00 | | - | |
| UTILITY EXPENSES AND BULK PURCHASES: | | | | | | | |
| Electricity | | 45,000.00 | 43,796.00 | 35,819.90 | | 7,976.10 | |
| Street Lighting | | 30,000.00 | 30,000.00 | 21,065.98 | | 8,934.02 | |
| Telephone and Telegraph | | 30,000.00 | 30,000.00 | 23,615.59 | | 6,384.41 | |
| Water | | 7,000.00 | 7,000.00 | 3,277.13 | | 3,722.87 | |
| Natural Gas | | 60,000.00 | 40,000.00 | 21,059.36 | | 18,940.64 | |
| Gasoline | | 60,000.00 | 60,000.00 | 49,500.00 | | 10,500.00 | |
| State Uniform Construction Code: | | 95,000.00 | 84,000.00 | 61,423.36 | | 22,576.64 | |
| Construction Official | | | | | | | |
| Salaries and Wages | | 78,242.00 | 78,242.00 | 74,697.29 | | 3,544.71 | |
| Other Expenses | | 6,128.00 | 6,128.00 | 3,739.37 | | 2,388.63 | |
| TOTAL OPERATIONS WITHIN "CAP" | | <u>3,813,711.00</u> | <u>3,813,711.00</u> | <u>3,344,837.61</u> | | <u>468,873.39</u> | |
| CONTINGENT | | <u>2,000.00</u> | <u>2,000.00</u> | | | <u>2,000.00</u> | |
| TOTAL OPERATIONS INCLUDING CONTINGENT - WITHIN "CAP" | | <u>3,815,711.00</u> | <u>3,815,711.00</u> | <u>3,344,837.61</u> | | <u>470,873.39</u> | |
| DETAIL: | | | | | | | |
| Salaries and Wages | A-1 | 1,787,104.00 | 1,815,954.00 | 1,765,131.62 | | 50,822.38 | |
| Other Expenses | A-1 | 2,028,607.00 | 1,999,757.00 | 1,579,705.99 | | 420,051.01 | |
| | | <u>3,815,711.00</u> | <u>3,815,711.00</u> | <u>3,344,837.61</u> | | <u>470,873.39</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 |
|---|------|--------------|----------------|---------------------------|-----------------|----------|------------|-----------------------------|
| <u>DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAP"</u> | | | | | | | | |
| STATUTORY EXPENDITURES: | | | | | | | | |
| Contribution to: | | | | | | | | |
| Public Employees Retirement System | | \$ 74,024.00 | \$ 74,024.00 | \$ 74,024.00 | \$ 74,024.00 | \$ - | \$ - | \$ - |
| Social Security System (O.A.S.I.) | | 144,000.00 | 144,000.00 | 144,000.00 | 137,408.68 | - | 6,591.32 | - |
| Police and Firemen's Retirement System of N.J. | | 195,844.00 | 195,844.00 | 195,844.00 | 195,844.00 | - | - | - |
| Defined Contribution Plan | | 1,700.00 | 1,700.00 | 1,700.00 | 531.65 | - | 1,168.35 | - |
| TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAP" | | 415,568.00 | 415,568.00 | 415,568.00 | 407,808.33 | - | 7,759.67 | - |
| TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAP" | A-1 | 4,231,279.00 | 4,231,279.00 | 4,231,279.00 | 3,752,645.94 | - | 478,633.06 | - |
| <u>OPERATIONS EXCLUDED FROM "CAP"</u> | | | | | | | | |
| Insurance (N.J.S.A. 40A:4-45.3pp) | | 48,896.00 | 48,896.00 | 48,896.00 | 35,567.02 | - | 13,328.98 | - |
| Employee Group Health | | 26,100.00 | 26,100.00 | 26,100.00 | 26,100.00 | - | - | - |
| Length of Service Awards Program | | 8,500.00 | 8,500.00 | 8,500.00 | 8,500.00 | - | - | - |
| Fire Department | | 2,080.00 | 2,080.00 | 2,080.00 | 1,554.46 | - | 525.54 | - |
| First Aid Squad | | 5,000.00 | 5,000.00 | 5,000.00 | 3,920.64 | - | 1,079.36 | - |
| Maintenance of Library (N.J.S.A. 40:54-35) | | 3,797.37 | 3,797.37 | 3,797.37 | 3,797.37 | - | - | - |
| Recycling Tax | | 7,333.49 | 7,333.49 | 13,014.76 | 13,014.76 | - | - | - |
| Public and Private Programs Offset by Revenues: | | 1,722.86 | 1,722.86 | 1,722.86 | 1,722.86 | - | - | - |
| Recycling Tonnage Grant | | 170.00 | 170.00 | 170.00 | 170.00 | - | - | - |
| Clean Communities Program (N.J.S.A. 40A:4-87 +\$5,681.27) | | 13,864.00 | 13,864.00 | 13,864.00 | 13,864.00 | - | - | - |
| Body Armor Replacement Fund | | 1,000.00 | 1,000.00 | 1,000.00 | 1,000.00 | - | - | - |
| Federal Bulletproof Vest Program | | 5,000.00 | 5,000.00 | 5,000.00 | 5,000.00 | - | - | - |
| Somerset County Youth Athletic and Recreation | | 256.00 | 256.00 | 256.00 | 256.00 | - | - | - |
| Sustainable New Jersey Grant | | 7,613.08 | 7,613.08 | 7,613.08 | 7,415.60 | - | 256.00 | - |
| ANJEC-Smart Growth Planning Assistance Grant (N.J.S.A. 40A:4-87 + \$5,000.00) | | 1,422.00 | 1,422.00 | 1,422.00 | 1,422.00 | - | - | - |
| Donations: | | 127,754.80 | 127,754.80 | 138,436.07 | 123,048.71 | - | 15,387.36 | - |
| Historical Commission | | | | | | | | |
| Library | | | | | | | | |
| Matching Funds For Grants: | | | | | | | | |
| Municipal Alliance on Alcoholism and Drug Abuse | | | | | | | | |
| TOTAL OPERATIONS EXCLUDED FROM "CAP" | | 127,754.80 | 138,436.07 | 138,436.07 | 123,048.71 | - | 15,387.36 | - |
| DETAIL: | | | | | | | | |
| Salaries and Wages | A-1 | 127,754.80 | 138,436.07 | 138,436.07 | 123,048.71 | - | 15,387.36 | - |
| Other Expenses | A-1 | 127,754.80 | 138,436.07 | 138,436.07 | 123,048.71 | - | 15,387.36 | - |

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 |
|--|------|-----------------|--|--------------------|---------------|----------|-----------------------------------|
| <u>CAPITAL IMPROVEMENTS EXCLUDED FROM "CAP"</u> | | | | | | | |
| Capital Improvement Fund | A-1 | \$ 100,000.00 | \$ 100,000.00 | 100,000.00 | | | |
| TOTAL CAPITAL IMPROVEMENTS EXCLUDED FROM "CAP" | | \$ 100,000.00 | \$ 100,000.00 | 100,000.00 | | | |
| <u>MUNICIPAL DEBT SERVICE EXCLUDED FROM "CAP"</u> | | | | | | | |
| Payment of Bond Principal | | 225,364.00 | 225,364.00 | 225,364.00 | | | |
| Interest on Bonds | | 110,978.00 | 110,978.00 | 110,978.00 | | | |
| TOTAL MUNICIPAL DEBT SERVICE EXCLUDED FROM "CAP" | A-1 | 336,342.00 | 336,342.00 | 336,342.00 | | | |
| <u>TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES - EXCLUDED FROM "CAP"</u> | | 564,096.80 | 574,778.07 | 559,390.71 | 15,387.36 | | |
| <u>SUBTOTAL GENERAL APPROPRIATIONS RESERVE FOR UNCOLLECTED TAXES</u> | | 4,795,375.80 | 4,806,057.07 | 4,312,036.65 | 494,020.42 | | |
| | | 1,290,992.67 | 1,290,992.67 | 1,290,992.67 | | | |
| TOTAL GENERAL APPROPRIATIONS | | \$ 6,086,368.47 | \$ 6,097,049.74 | \$ 5,603,029.32 | \$ 494,020.42 | | |
| | Ref. | | | | | | |
| Adopted Budget | A-2 | | \$ 6,086,368.47 | | | | |
| Added by N.J.S.A. 40A-4-87 | A-2 | | 10,681.27 | | | | |
| | | | 6,097,049.74 | | | | |
| Cash Disbursed | | | \$ 4,068,212.10 | | | | |
| Less: Refunds | | | 21,654.47 | | | | |
| Reserve for Encumbrances | A-4 | | | 4,046,557.63 | | | |
| Amount Due to Federal and State Grants Fund | A-17 | | | 225,488.03 | | | |
| Reserve for Uncollected Taxes | A-18 | | | 39,990.99 | | | |
| | A-2 | | | 1,290,992.67 | | | |
| | | | | \$ 5,603,029.32 | | | |
| | | | | | | | \$ - |

SECTION B
TRUST FUND

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

| | | <u>December 31,</u> | |
|---------------------------------------|-------------|------------------------|------------------------|
| <u>Assets</u> | <u>Ref.</u> | <u>2011</u> | <u>2010</u> |
| Animal Control Fund : | | | |
| Cash - Treasurer | B-1 | \$ 7,278.34 | \$ 7,907.93 |
| Amount Due from State Board of Health | B-5 | <u>107.20</u> | <u>107.20</u> |
| | | <u>7,385.54</u> | <u>8,015.13</u> |
| Other Funds : | | | |
| Cash - Treasurer | B-1 | 2,022,999.17 | 1,726,965.42 |
| Interfunds Accounts Receivable | B-2 | <u>206,926.39</u> | <u>242,037.41</u> |
| | | <u>2,229,925.56</u> | <u>1,969,002.83</u> |
| | | <u>\$ 2,237,311.10</u> | <u>\$ 1,977,017.96</u> |
| Length of Service Award Program: | | | |
| Cash with Agent Provider (Unaudited) | | <u>\$ 278,815.31</u> | <u>\$ 268,558.78</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>2011</u> | <u>2010</u> |
| Animal Control Fund : | | | |
| Interfunds Accounts Payable | B-3 | \$ 1,427.14 | \$ 2,032.33 |
| Reserve for Animal Control Fund Expenditures | B-4 | 5,921.20 | 5,982.80 |
| Amount Due to State Board of Health | B-5 | 37.20 | - |
| | | <u>7,385.54</u> | <u>8,015.13</u> |
| Other Funds : | | | |
| Interfunds Accounts Payable | B-3 | 10,109.73 | 9,566.62 |
| Amount Due to State of New Jersey | B-7 | 1,135.00 | 2,488.00 |
| Reserve for Special Funds | B-8 | 2,218,680.83 | 1,956,948.21 |
| | | <u>2,229,925.56</u> | <u>1,969,002.83</u> |
| | | <u>\$ 2,237,311.10</u> | <u>\$ 1,977,017.96</u> |
| Length of Service Award Program: | | | |
| Reserve for Qualified Participants (Unaudited) | | <u>\$ 278,815.31</u> | <u>\$ 268,558.78</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, 2010 | B | \$ <u>7,907.93</u> | \$ <u>1,726,965.42</u> |
| Increased by Receipts : | | | |
| Interfund Accounts Receivable | B-2 | | 242,027.41 |
| Interfund Accounts Payable | B-3 | 5.12 | 83,410.61 |
| 2011 Dog License Fees | B-4 | 2,747.20 | |
| Late Fees | B-4 | 260.00 | |
| Amount Due to State Board of Health | B-5 | 1,012.80 | |
| Amount Due to State of New Jersey | B-7 | | 4,780.00 |
| Reserve for Special Funds | B-8 | - | <u>600,363.55</u> |
| | | <u>4,025.12</u> | <u>930,581.57</u> |
| | | <u>11,933.05</u> | <u>2,657,546.99</u> |
| Decreased by Disbursements : | | | |
| Interfund Accounts Payable | B-3 | 2,037.04 | 82,867.50 |
| Expenditures Per R.S. 4:19-15.11 | B-4 | 1,642.07 | |
| Amount Due to State Board of Health | B-5 | 975.60 | |
| Amount Due to State of New Jersey | B-7 | | 6,133.00 |
| Reserve for Special Funds | B-8 | - | <u>545,547.32</u> |
| | | <u>4,654.71</u> | <u>634,547.82</u> |
| Balance December 31, 2011 | B | \$ <u>7,278.34</u> | \$ <u>2,022,999.17</u> |

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>2011</u> | <u>2010</u> |
| Cash - Treasurer | C-2 | \$ 620,951.39 | \$ 675,528.29 |
| Deferred Charges to Future Taxation: | | | |
| Funded | C-4 | 5,003,924.16 | 5,324,532.51 |
| Unfunded | C-5 | 431,700.00 | 700.00 |
| Canceled Federal and State Aid Receivable | C-6 | 7,000.00 | - |
| Federal and State Aid Receivable | C-7 | 45,987.98 | 95,877.98 |
| Interfund Accounts Receivable | C-8 | - | 55,480.00 |
| | | <u>6,109,563.53</u> | <u>6,152,118.78</u> |
| <u>Liabilities, Reserves and Fund Balance</u> | | | |
| Serial Bonds | C-15 | \$ 4,749,000.00 | \$ 5,044,000.00 |
| NJDEP Open Space Acquisition Loan | C-16 | 254,924.16 | 280,532.51 |
| Improvement Authorizations : | | | |
| Funded | C-9 | 516,508.09 | 589,082.68 |
| Unfunded | C-9 | 256,085.41 | 700.00 |
| Reserve for Encumbrances | C-10 | 184,463.66 | 59,853.79 |
| Capital Improvement Fund | C-11 | 141,990.82 | 114,990.82 |
| Capital Reserves | C-12 | 6,000.00 | 61,480.00 |
| Interfund Accounts Payable | C-13 | 6.28 | 893.87 |
| Fund Balance | C-1 | 585.11 | 585.11 |
| | | <u>6,109,563.53</u> | <u>6,152,118.78</u> |

There were Bonds and Notes Authorized but not Issued at December 31, 2011 in the amount of \$431,700.00. 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, 2010 | C | <u>\$ 585.11</u> |
| Balance December 31, 2011 | 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>2011</u> | <u>2010</u> |
| Sewer Operating Fund: | | | |
| Cash - Treasurer | D-5 | \$ 800,962.59 | \$ 926,361.31 |
| Interfunds Accounts Receivable | D-8 | 1.47 | 1.46 |
| | | <u>800,964.06</u> | <u>926,362.77</u> |
| | | | |
| Receivables with Full Reserves: | | | |
| Consumers' Accounts Receivable | D-9 | <u>64,281.65</u> | <u>73,924.05</u> |
| Total Sewer Operating Fund | | <u>865,245.71</u> | <u>1,000,286.82</u> |
| | | | |
| Sewer Capital Fund : | | | |
| Cash - Treasurer | D-5 | 94,401.29 | 94,401.28 |
| Fixed Capital | D-12 | 8,251,889.91 | 8,238,876.73 |
| Fixed Capital Authorized and Uncompleted | D-13 | <u>89,600.00</u> | <u>89,600.00</u> |
| Total Sewer Capital Fund | | <u>8,435,891.20</u> | <u>8,422,878.01</u> |
| | | <u>\$ 9,301,136.91</u> | <u>\$ 9,423,164.83</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>2011</u> | <u>2010</u> |
| Sewer Operating Fund : | | | |
| Liabilities : | | | |
| Appropriation Reserves | D-4,16 | \$ 194,472.91 | \$ 108,770.21 |
| Reserve for Encumbrances | D-17 | 75,815.05 | 147,282.20 |
| Utility Charges Overpayments | D-19 | 617.40 | 166.27 |
| Accrued Interest on Bonds | D-20 | <u>15,456.25</u> | <u>20,443.75</u> |
| | | 286,361.61 | 276,662.43 |
| Reserve Receivables | | 64,281.65 | 73,924.05 |
| Fund Balance | D-1 | <u>514,602.45</u> | <u>649,700.34</u> |
| Total Sewer Operating Fund | | <u>865,245.71</u> | <u>1,000,286.82</u> |
| Sewer Capital Fund : | | | |
| Serial Bonds | D-29 | 825,000.00 | 1,110,000.00 |
| Interfund Accounts Payable | D-18 | 1.47 | 1.46 |
| 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 | 7,426,889.91 | 7,128,876.73 |
| Deferred Reserve for Amortization | D-28 | 89,600.00 | 89,600.00 |
| Fund Balance | D-2 | <u>19,754.31</u> | <u>19,754.31</u> |
| Total Sewer Capital Fund | | <u>8,435,891.20</u> | <u>8,422,878.01</u> |
| | | <u>\$ 9,301,136.91</u> | <u>\$ 9,423,164.83</u> |

There were no Bonds and Notes Authorized but not Issued at December 31, 2011.

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 2011</u> | <u>Year 2010</u> |
|--|-------------|----------------------|----------------------|
| Operating Fund Balance Utilized | D-1,3 | \$ 369,601.00 | \$ 338,948.00 |
| Sewer Rents | D-3 | 1,309,325.58 | 1,310,148.27 |
| Miscellaneous | D-3 | 8,077.69 | 9,801.40 |
| Other Credits to Income : | | | |
| Unexpended Balance of Appropriation Reserves | D-16 | 92,366.07 | 117,157.55 |
| Encumbrances Canceled | D-17 | <u>24,733.77</u> | <u>24.92</u> |
| Total Income | | <u>1,804,104.11</u> | <u>1,776,080.14</u> |
| <u>Expenditures</u> | | | |
| Budgetary and Emergency Appropriations: | | | |
| Operating | D-4 | 1,173,977.00 | 1,129,993.00 |
| Capital Improvements | D-4 | 30,000.00 | 30,000.00 |
| Debt Service | D-4 | 320,900.00 | 335,781.25 |
| Deferred Charges and Statutory Expenditures | D-4 | <u>44,724.00</u> | <u>38,280.00</u> |
| Total Expenditures | | <u>1,569,601.00</u> | <u>1,534,054.25</u> |
| Excess in Revenue | | 234,503.11 | 242,025.89 |
| Fund Balance January 1 | D | <u>649,700.34</u> | <u>746,622.45</u> |
| | | 884,203.45 | 988,648.34 |
| Decreased by : | | | |
| Utilization by Sewer Operating Budget | D-1 | <u>369,601.00</u> | <u>338,948.00</u> |
| Fund Balance December 31 | D | <u>\$ 514,602.45</u> | <u>\$ 649,700.34</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, 2010 | D | <u>\$ 19,754.31</u> |
| Balance December 31, 2011 | 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> | Budget <u>Anticipated</u> | <u>Realized</u> | Excess or <u>(Deficit)</u> |
|---------------------------------|-------------|------------------------------|------------------------|-------------------------------|
| Operating Fund Balance Utilized | D-1 | \$ 369,601.00 | \$ 369,601.00 | \$ - |
| Rents | D-1,3 | 1,200,000.00 | 1,309,325.58 | 109,325.58 |
| Miscellaneous | D-1,3 | <u>-</u> | <u>8,077.69</u> | <u>8,077.69</u> |
| | D-4 | <u>\$ 1,569,601.00</u> | <u>\$ 1,687,004.27</u> | <u>\$ 117,403.27</u> |

Analysis of Realized Revenue

| | <u>Ref.</u> | | |
|-------------------------------------|-------------|-----------------|------------------------|
| <u>Rents :</u> | | | |
| Consumer Accounts Receivable | D-9 | \$ 1,309,325.58 | |
| Prepaid Sewer Charges Applied | D-9 | <u>-</u> | |
| | D-3 | | <u>\$ 1,309,325.58</u> |
| <u>Miscellaneous :</u> | | | |
| Interest on Investments - Operating | | \$ 1,646.43 | |
| Miscellaneous | | 349.91 | |
| Interest on Sewer Rents | | <u>6,064.14</u> | |
| Interfund Accounts Receivable | D-5 | | 8,060.48 |
| | D-8 | | <u>17.21</u> |
| | D-3 | | <u>\$ 8,077.69</u> |

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

BOROUGH OF PEAPACK AND GLADSTONE

D-4

SEWER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS

| | Ref. | Budget Appropriations | Transfers | Budget After Transfers | Expended Paid or Charged | Reserved | Unexpended Balance Canceled |
|---|------|--------------------------|-----------|---------------------------|--------------------------------|---------------|-----------------------------------|
| Operating : | | | | | | | |
| Salaries and Wages | | \$ 137,687.00 | | \$ 137,687.00 | \$ 133,167.03 | \$ 4,519.97 | \$ - |
| Other Expenses | | 1,036,290.00 | | 1,036,290.00 | 868,689.69 | 167,600.31 | |
| Total Operating | D-1 | 1,173,977.00 | | 1,173,977.00 | 1,001,856.72 | 172,120.28 | |
| Capital Improvement : | | | | | | | |
| Capital Outlay | | 30,000.00 | | 30,000.00 | 11,191.18 | 18,808.82 | |
| Total Capital Improvement | D-1 | 30,000.00 | | 30,000.00 | 11,191.18 | 18,808.82 | |
| Debt Service : | | | | | | | |
| Payment of Bond Principal | | 285,000.00 | | 285,000.00 | 285,000.00 | | |
| Interest on Bonds | | 35,900.00 | | 35,900.00 | 35,900.00 | | |
| Total Debt Service | D-1 | 320,900.00 | | 320,900.00 | 320,900.00 | | |
| Deferred Charges and Statutory Expenditures : | | | | | | | |
| Contribution: | | | | | | | |
| Public Employees Retirement System | | 31,724.00 | | 31,724.00 | 31,724.00 | - | |
| Social Security (O.A.S.I.) | | 13,000.00 | | 13,000.00 | 9,456.19 | 3,543.81 | |
| Total Statutory Expenditures | D-1 | 44,724.00 | | 44,724.00 | 41,180.19 | 3,543.81 | |
| | | \$ 1,569,601.00 | \$ - | \$ 1,569,601.00 | \$ 1,375,128.09 | \$ 194,472.91 | \$ - |

Ref. D-3

D

Ref.

Disbursed
Encumbrances
Accrued Interest on Bonds

\$ 1,263,413.04
75,815.05
35,900.00
\$ 1,375,128.09

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>2011</u> | <u>2010</u> |
| Cash - Treasurer - Public Assistance Trust Fund No. 1 | E-1 | \$ 3,436.72 | \$ 3,435.01 |
| Cash - Treasurer - Public Assistance Trust Fund No. 2 | E-1 | <u>13,150.80</u> | <u>4,380.19</u> |
| | | <u>\$ 16,587.52</u> | <u>\$ 7,815.20</u> |
| <u>Liabilities and Reserves</u> | | | |
| Reserve for Public Assistance Trust Fund No. 1 | E-2 | 3,436.72 | 3,435.01 |
| Reserve for Public Assistance Trust Fund No. 2 | E-2 | <u>13,150.80</u> | <u>4,380.19</u> |
| | | <u>\$ 16,587.52</u> | <u>\$ 7,815.20</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> | P.A.T.F. <u>No. 1</u> | P.A.T.F. <u>No. 2</u> | <u>Total</u> |
|-------------------------------|-------------|--------------------------|--------------------------|---------------------|
| Balance December 31, 2010 | E | \$ 3,435.01 | \$ 4,380.19 | \$ 7,815.20 |
| Increased by Receipts : | | | | |
| State Aid | E-2 | - | 13,647.25 | 13,647.25 |
| Interest Earned | E-2 | 1.71 | 4.36 | 6.07 |
| | | <u>3,436.72</u> | <u>18,031.80</u> | <u>21,468.52</u> |
| Decreased by Disbursements : | | | | |
| Public Assistance Expenditure | E-2 | - | 4,881.00 | 4,881.00 |
| | | <u>-</u> | <u>4,881.00</u> | <u>4,881.00</u> |
| Balance December 31, 2011 | E | <u>\$ 3,436.72</u> | <u>\$ 13,150.80</u> | <u>\$ 16,587.52</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, 2010 | E | <u>\$ 3,435.01</u> | <u>\$ 4,380.19</u> | <u>\$ 7,815.20</u> |
| Increased by : | | | | |
| State Aid | E-1 | - | 13,647.25 | 13,647.25 |
| Interest Earned | E-1 | <u>1.71</u> | <u>4.36</u> | <u>6.07</u> |
| | | <u>3,436.72</u> | <u>18,031.80</u> | <u>21,468.52</u> |
| Decreased by : | | | | |
| Public Assistance Expenditure | E-1 | - | 4,881.00 | 4,881.00 |
| | | <u>-</u> | <u>4,881.00</u> | <u>4,881.00</u> |
| Balance December 31, 2011 | E | <u>\$ 3,436.72</u> | <u>\$ 13,150.80</u> | <u>\$ 16,587.52</u> |

BOROUGH OF PEAPACK AND GLADSTONE

PUBLIC ASSISTANCE FUND
SCHEDULE OF RESERVE FOR PUBLIC ASSISTANCE REVENUES - 2011

| | P.A.T.F. <u>No. 1</u> | P.A.T.F. <u>No. 2</u> | Fund <u>Total</u> |
|-----------------------|--------------------------|--------------------------|----------------------|
| State Aid | \$ - | \$ 13,647.25 | \$ 13,647.25 |
| Interest Earned | <u>1.71</u> | <u>4.36</u> | <u>6.07</u> |
| Total Revenues (PATF) | <u>\$ 1.71</u> | <u>\$ 13,651.61</u> | <u>\$ 13,653.32</u> |

SECTION F
GENERAL FIXED ASSETS ACCOUNT GROUP

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

| | <u>December 31,</u> | |
|---|-----------------------------|-----------------------------|
| | <u>2011</u> | <u>2010</u> |
| General Fixed Assets: | | |
| Land | \$ 12,761,948.11 | \$ 14,806,488.10 |
| Land Improvements | 28,136.00 | 5,035.00 |
| Buildings | 710,298.06 | 702,029.06 |
| Machinery and Equipment | <u>2,659,562.21</u> | <u>2,659,619.44</u> |
| | <u>\$ 16,159,944.38</u> | <u>\$ 18,173,171.60</u> |
| Investments in General Fixed Assets | <u>\$ 16,159,944.38</u> | <u>\$ 18,173,171.60</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, 2011 AND 2010
(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, 2011 AND 2010
(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, 2011 AND 2010
(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 2011 statutory budget included a reserve for uncollected taxes in the amount of \$1,290,992.67. To balance the budget, the municipality is permitted to utilize fund balance. The amount of fund balance utilized to balance the 2011 statutory budgets were as follows:

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

BOROUGH OF PEAPACK AND GLADSTONE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010
(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 2011 calendar year.

| <u>Budget Category</u> | <u>Amount</u> |
|--|---------------|
| Legal Services and Costs – Other Expenses | \$ 80,000.00 |
| Police – Salaries and Wages | 26,850.00 |
| Garbage and Trash Removal – Other Expenses | (66,100.00) |
| Utility Expenses and Bulk Purchases –Natural Gas | (20,000.00) |
| Landfill/Solid Waste Disposal Costs | (11,000.00) |

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 2011 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 2011 calendar year.

F. Assets and Liabilities

I. 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, 2011 AND 2010
(CONTINUED)

Note I: 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, 2010 and 2011.

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, 2011 AND 2010
(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, 2011 AND 2010
(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, 2011 the Borough of Peapack and Gladstone's cash and cash equivalents amounted to \$7,934,601.53. Of this amount, \$250,000.00 was covered by federal depository insurance (F.D.I.C.) and \$5,590,408.40 was covered by a collateral pool maintained by the banks as required by GUDPA.

At December 31, 2011 the Borough of Peapack and Gladstone's participation in the State of New Jersey Cash Management Fund amounted to \$2,094,193.13.

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, 2011, \$2,094,193.13 of the Borough of Peapack and Gladstone's cash and cash equivalents of \$7,934,601.53 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>2,094,193.13</u> |
| | <u>\$ 2,094,193.13</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, 2011 AND 2010
(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, 2011.

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, 2011 are composed of the following:

| <u>Year of Levy</u> | <u>Amount</u> |
|---------------------|----------------------|
| 2011 | \$ <u>115,416.63</u> |

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

Note II: Detailed Notes On All Funds (Continued)

C. Interfund Receivables and Payables

As of December 31, 2011 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 | \$ 21,544.41 | \$ 286,232.43 |
| Federal and State Grants Fund | 79,306.04 | |
| Trust Funds: | | |
| Animal Control Fund | | 1,427.14 |
| Other Trust Fund | 206,926.39 | 10,109.73 |
| Capital Fund | | 6.28 |
| Sewer Utility Fund: | | |
| Operating Fund | 1.47 | |
| Capital Fund | | 1.47 |
| Payroll and Payroll Agency | | 10,001.26 |
| | <u>\$ 307,778.31</u> | <u>\$ 307,778.31</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, 2011 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, 2011 AND 2010
(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 2011</u> | <u>Year 2010</u> | <u>Year 2009</u> |
|---|------------------------|------------------------|------------------------|
| <u>Issued</u> | | | |
| General: | | | |
| Bonds and Notes | \$ 4,749,000.00 | \$ 5,044,000.00 | \$ 5,334,000.00 |
| Loan | 254,924.16 | 280,532.51 | 305,636.27 |
| Sewer Utility: | | | |
| Bonds and Notes | <u>825,000.00</u> | <u>1,110,000.00</u> | <u>1,400,000.00</u> |
| Total Issued | <u>5,828,924.16</u> | <u>6,434,532.51</u> | <u>7,039,636.27</u> |
| Net Debt Issued | <u>5,828,924.16</u> | <u>6,434,532.51</u> | <u>7,039,636.27</u> |
| <u>Authorized but not Issued</u> | | | |
| General: | | | |
| Bonds and Notes | 431,700.00 | 700.00 | 700.00 |
| Sewer Utility: | | | |
| Bonds and Notes | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Authorized but Not Issued | <u>431,700.00</u> | <u>700.00</u> | <u>700.00</u> |
| Net Bonds and Notes Issued and Authorized but not Issued | <u>\$ 6,260,624.16</u> | <u>\$ 6,435,232.51</u> | <u>\$ 7,040,336.27</u> |

BOROUGH OF PEAPACK AND GLADSTONE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010
(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 .67%.

| | <u>Gross Debt</u> | <u>Deductions</u> | <u>Net Debt</u> |
|-------------------------------|-------------------------|------------------------|------------------------|
| Regional School District Debt | \$ 7,879,045.46 | \$ 7,879,045.46 | \$ - |
| Sewer Utility Debt | 825,000.00 | 825,000.00 | - |
| General Debt | <u>5,435,624.16</u> | <u>-</u> | <u>5,435,624.16</u> |
| | <u>\$ 14,139,669.62</u> | <u>\$ 8,704,045.46</u> | <u>\$ 5,435,624.16</u> |

Net Debt \$5,435,624.16 divided by Equalized Valuation Basis
per N.J.S.A. 40A:2-2 as amended, \$ 807,795,809.00 = 0.67%

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

| | |
|---|-------------------------|
| 3 1/2% of Equalized Valuation Basis (Municipal) | \$ 28,272,853.32 |
| Net Debt | <u>5,435,624.16</u> |
| Remaining Borrowing Power | <u>\$ 22,837,229.16</u> |

BOROUGH OF PEAPACK AND GLADSTONE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010
(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 | | \$ 1,687,004.27 |
| Deductions: | | |
| Operating and Maintenance Cost | \$ 1,218,701.00 | |
| Debt Service per Sewer Account | <u>320,900.00</u> | |
| | | <u>1,539,601.00</u> |
| Excess in Revenue-Self Liquidating | | <u>\$ 147,403.27</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, 2011 AND 2010
(CONTINUED)

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

F. Debt (Continued)

I. 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, 2011 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 | \$ 4,189,000.00 |
| General Improvement of 2002 | 3.625% | 7/1 | 2015 | 1,645,000.00 | 560,000.00 |
| Sewer Refunding Bonds of 2002 | Various | 7/1 | 2014 | 2,845,000.00 | 825,000.00 |

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> | |
| 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>\$ 4,749,000.00</u> | <u>\$ 1,709,955.00</u> | <u>\$ 825,000.00</u> | <u>\$ 62,825.00</u> | <u>\$ 2,788,602.50</u> |

BOROUGH OF PEAPACK AND GLADSTONE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010
(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, 2011.

3. Bonds Authorized but not Issued

As of December 31, 2011 the Borough of Peapack and Gladstone had authorized but not issued bonds as follows:

| | |
|----------------------------|---------------|
| General Capital Fund | \$ 431,700.00 |
| Sewer Utility Capital Fund | -0- |

BOROUGH OF PEAPACK AND GLADSTONE

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010
(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> |
|-------------|----------------------|---------------------|----------------------|
| 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>\$ 254,924.16</u> | <u>\$ 24,900.18</u> | <u>\$ 279,824.34</u> |

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

Note II: Detailed Notes On All Funds (Continued)

H. Fund Balance Appropriated

Fund balances at December 31, 2011, which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2012 were as follows:

| | |
|------------------------------|----------------|
| Current Fund | \$2,220,000.00 |
| Sewer Utility Operating Fund | 345,020.50 |

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, 2011 AND 2010
(CONTINUED)

Note III: Pension Plans (Continued)

Significant Legislation

P.L. 2011, c.78, effective June 28, 2011, made various changes to the manner in which TPAF, PERS, PFRS, SPRS, and JRS operate and to the benefit provisions of those systems.

This new legislation's provisions impacting employee pension and health benefits include:

- New members of TPAF and PERS hired on or after June 28, 2011 (Tier 5 members), will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of $\frac{1}{4}$ of 1 percent for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the TPAF and PERS is increased from age 62 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60 percent instead of 65 percent of the member's final compensation plus 1 percent for each year of creditable service over 25 years but not to exceed 30 years.
- Active member contribution rates will increase. TPAF and PERS active member rates increase from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years; PFRS and PERS prosecutors Part active member rates increase from 8.5 percent to 10 percent; SPRS active member rates increase from 7.5 percent to 9 percent; and JRS active member rates increase from 3 percent to 12 percent phased-in over seven years. For Fiscal Year 2012, the member contributions for TPAF, PERS and JRS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.

In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

Funding Status and Funding Progress

As of June 30, 2010, the most recent actuarial valuation date, the aggregate funded ratio for the retirement systems (TPAF, PERS, PFRS, POPF, CPFPPF, JRS, and SPRS) is 70.5 percent with an unfunded actuarial accrued liability of \$36.3 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 65.2 percent and \$25.6 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and PFRS is 78.5 percent and \$10.7 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, 2011 AND 2010
(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, 2011 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, 2011 was \$1,994,187.00 and covered payroll was \$960,461.00 for PERS and \$ 630,398.00 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 | 12/31/09 | \$ 52,344.40 | 5.57% | \$ 51,985.52 | 8.50% |
| | 12/31/10 | 51,183.21 | 5.50% | 51,445.85 | 8.50% |
| | 12/31/11 | 55,358.78 | 5.76% | 55,992.01 | 8.88% |
| Borough of Peapack and Gladstone | 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% |
| | 12/31/11 | 105,748.00 | 11.01% | 195,844.00 | 31.07% |

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

Note IV: Health Benefits and Post Retirement Medical Benefits

P.L. 2011, c.78 effective October 2011, sets new employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to this new legislation's effective date with a minimum contribution required to be at least 1.5% of salary.

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 \$34.2 million for the state fiscal year 2011 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 \$194,589.00 to State of New Jersey, Department of Treasury, Division of Pensions and Benefits for 13 eligible retirees and 8 spouses.

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.

BOROUGH OF PEAPACK AND GLADSTONE

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010
(CONTINUED)

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, 2011 was as follows:

| | <u>Sewer Utility Fund</u> |
|------------------------|-----------------------------------|
| Operating Revenues | 1,315,739.63 |
| Operating Income | 97,038.63 |
| Operating Transfers in | 17.21 |
| Net Income | 234,503.11 |
| Fixed Assets: | |
| Additions | 13,013.18 |
| Deletions | |
| Net Working Capital | 578,884.10 |
| Total Operating Assets | 865,245.71 |
| Operating Fund Balance | 514,602.45 |
| Long Term Debt | 825,000.00 |
| Short Term Debt | |

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 \$393,850.56. 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 2011</u> | | <u>Year 2010</u> | |
|--|-----------------------|----------------|-----------------------|----------------|
| | <u>Amount</u> | <u>%</u> | <u>Amount</u> | <u>%</u> |
| <u>Revenue and Other Income Realized</u> | | | | |
| Fund Balance Utilized | \$2,139,000.00 | 13.25% | \$2,100,000.00 | 13.03% |
| Miscellaneous-From other than Local Property Tax Levies | 757,560.78 | 4.69% | 745,013.32 | 4.62% |
| Collection of Delinquent Taxes and Tax Title Liens | 128,888.71 | 0.79% | 105,528.79 | 0.65% |
| Collection of Current Tax Levy | 12,750,675.87 | 78.99% | 12,780,073.83 | 79.29% |
| Other Credits to Income | <u>366,674.10</u> | <u>2.27%</u> | <u>387,475.09</u> | <u>2.40%</u> |
| Total Income | <u>16,142,799.46</u> | <u>100.00%</u> | <u>16,118,091.03</u> | <u>100.00%</u> |
| <u>Expenditures</u> | | | | |
| Budget Expenditures: | | | | |
| Municipal Purposes | 4,806,057.07 | 34.25% | 4,621,125.26 | 33.06% |
| Local Open Space Tax | 206,916.39 | 1.47% | 211,598.99 | 1.51% |
| County Taxes | 2,708,039.33 | 19.30% | 2,919,497.20 | 20.89% |
| Regional School Taxes | 6,311,024.96 | 44.97% | 6,226,488.16 | 44.54% |
| Other Expenditures | <u>1,097.92</u> | <u>0.01%</u> | <u>83.56</u> | <u>0.00%</u> |
| Total Expenditures | <u>14,033,135.67</u> | <u>100.00%</u> | <u>13,978,793.17</u> | <u>100.00%</u> |
| Excess in Revenue | 2,109,663.79 | | 2,139,297.86 | |
| Fund Balance January 1 | <u>2,748,384.93</u> | | <u>2,709,087.07</u> | |
| | 4,858,048.72 | | 4,848,384.93 | |
| Less: | | | | |
| Utilization as Anticipated Revenue | <u>2,139,000.00</u> | | <u>2,100,000.00</u> | |
| Fund Balance December 31 | <u>\$2,719,048.72</u> | | <u>\$2,748,384.93</u> | |

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

| | <u>Year 2011</u> | | <u>Year 2010</u> | |
|--|----------------------|----------------|----------------------|----------------|
| | <u>Amount</u> | <u>%</u> | <u>Amount</u> | <u>%</u> |
| <u>Revenue and Other Income Realized</u> | | | | |
| Fund Balance Utilized | \$ 369,601.00 | 20.48% | \$ 338,948.00 | 19.08% |
| Collection of Sewer Charges | 1,309,325.58 | 72.57% | 1,310,148.27 | 73.77% |
| Miscellaneous | 8,077.69 | 0.45% | 9,801.40 | 0.55% |
| Other Credits to Income | <u>117,099.84</u> | <u>6.49%</u> | <u>117,182.47</u> | <u>6.60%</u> |
| Total Income | <u>1,804,104.11</u> | <u>100.00%</u> | <u>1,776,080.14</u> | <u>100.00%</u> |
| <u>Expenditures</u> | | | | |
| Budget Expenditures: | | | | |
| Operating | 1,173,977.00 | 74.79% | 1,129,993.00 | 73.66% |
| Capital Improvements | 30,000.00 | 1.91% | 30,000.00 | 1.96% |
| Debt Service | 320,900.00 | 20.44% | 335,781.25 | 21.89% |
| Statutory Expenditures | <u>44,724.00</u> | <u>2.84%</u> | <u>38,280.00</u> | <u>2.49%</u> |
| Total Expenditures | <u>1,569,601.00</u> | <u>100.00%</u> | <u>1,534,054.25</u> | <u>100.00%</u> |
| Excess in Revenue | 234,503.11 | | 242,025.89 | |
| Fund Balance January 1 | <u>649,700.34</u> | | <u>746,622.45</u> | |
| | 884,203.45 | | 988,648.34 | |
| Less: | | | | |
| Utilization as Anticipated Revenue | <u>369,601.00</u> | | <u>338,948.00</u> | |
| Fund Balance December 31 | <u>\$ 514,602.45</u> | | <u>\$ 649,700.34</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>Municipal Open Space</u> | <u>County</u> | <u>Regional School</u> |
| 2011 | \$ 683,465,059 | (2) | \$ 1.866 | \$ 0.519 | \$ 0.030 | \$ 0.394 | \$ 0.923 |
| 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 |

- (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> |
|-------------|------------------|----------------------------|-------------------------------------|
| 2011 | \$ 12,868,822.36 | \$ 12,750,675.87 | 99.08% |
| 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% |

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> |
|-------------------------|--|---|-----------------------------|-----------------------------------|
| 2011 | \$ - | \$ 115,416.63 | \$ 115,416.63 | 0.89% |
| 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% |

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

No properties have been acquired in 2011 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> |
|-------------|---------------|
| 2011 | \$ 139,900.00 |
| 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 |

COMPARISON OF SEWER UTILITY LEVIES

| <u>Year</u> | <u>Levy</u> | <u>Cash Collection</u> |
|-------------|-----------------|------------------------|
| 2011 | \$ 1,299,683.18 | \$ 1,309,325.58 |
| 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 |

COMPARATIVE SCHEDULE OF FUND BALANCES

| | <u>Year</u> | <u>Balance</u> <u>Dec. 31</u> | <u>Utilized</u> <u>In Budget of</u> <u>Succeeding Year</u> |
|---------------------------------|-------------|----------------------------------|--|
| Current Fund | 2011 | \$ 2,719,048.72 | \$ 2,220,000.00 |
| | 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 |
| Sewer Utility Operating Fund | 2011 | \$ 514,602.45 | \$ 345,020.50 |
| | 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 |

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 | |
| Tina Markowicz (to 9/27/2011) | Assistant Treasurer | 100,000.00 |
| | Deputy Collector | |
| Theresa Hudzina (11/15/11 - 12/29/11) | Assistant Treasurer | |
| | Deputy Collector | |
| Lorraine Staples | 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 Fidelity and Deposit Company of Maryland through the Statewide Insurance Fund in the amount of \$1,000,000.00.

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, 2010 | A | | \$ 4,927,361.67 |
| Increased by Receipts: | | | |
| Miscellaneous Revenue Not Anticipated | A-2 | \$ 62,287.71 | |
| Tax Collector | A-5 | 12,055,689.71 | |
| Petty Cash Returned | A-7 | 125.00 | |
| Amount Due from State for Senior Citizens' and Veterans' Deductions | A-8 | 18,902.08 | |
| Revenue Accounts Receivable | A-12 | 531,139.85 | |
| Interfund Accounts Receivable | A-13 | 85,870.00 | |
| Interfund Accounts Payable | A-18 | 33,987.26 | |
| Reserve for Funds - Unappropriated | A-23 | 8,558.42 | |
| Other Liabilities | A-24 | <u>500.00</u> | |
| | | | <u>12,797,060.03</u> |
| | | | 17,724,421.70 |
| Decreased by Disbursements : | | | |
| 2011 Budget Appropriations | A-3 | 4,046,557.63 | |
| Petty Cash | A-7 | 125.00 | |
| Interfund Accounts Receivable | A-13 | 1,000.00 | |
| 2010 Appropriation Reserves | A-16 | 313,600.03 | |
| Interfund Accounts Payable | A-18 | 308,824.23 | |
| Tax Overpayments Refunded | A-20 | 5,652.44 | |
| Other Liabilities | A-24 | 525.00 | |
| Local Open Space, Regional School District and County Taxes | A-25 | <u>9,030,194.31</u> | |
| | | | <u>13,706,478.64</u> |
| Balance December 31, 2011 | A | | <u>\$ 4,017,943.06</u> |

BOROUGH OF PEAPACK AND GLADSTONE

CURRENT FUND
SCHEDULE OF CASH - TAX COLLECTOR

| | <u>Ref.</u> | | |
|------------------------------|-------------|----|----------------------|
| Increased by Receipts : | | | |
| Miscellaneous Revenue | A-2 | \$ | 32,081.15 |
| Tax Receivable | A-9 | | 11,757,609.57 |
| Prepaid Taxes | A-19 | | 257,400.85 |
| Tax Overpayments | A-20 | | <u>8,598.14</u> |
| | | \$ | <u>12,055,689.71</u> |
| Decreased by Disbursements : | | | |
| Paid to Treasurer | A-4 | \$ | <u>12,055,689.71</u> |

BOROUGH OF PEAPACK AND GLADSTONE

CURRENT FUND
SCHEDULE OF CHANGE FUNDS

| | <u>Balance</u> <u>Dec. 31, 2010</u> | <u>Balance</u> <u>Dec. 31, 2011</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 |

A-7

SCHEDULE OF PETTY CASH

| | <u>Ref.</u> | |
|------------------|-------------|------------------|
| Increased by: | | |
| Received in 2011 | A-4 | <u>\$ 125.00</u> |
| Decreased by: | | |
| Returned in 2011 | 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, 2010 | A | \$ 3,538.88 |
| Increased by : | | |
| Senior Citizens' Deductions Per Tax Billings | A-8 | \$ 3,750.00 |
| Veterans' Deductions Per Tax Billings | A-8 | 15,000.00 |
| Senior Citizens' Deductions Allowed by Tax Collector | A-8 | <u>3,417.35</u> |
| | | <u>22,167.35</u> |
| | | 25,706.23 |
| Decreased by : | | |
| Received in Cash from State of New Jersey | A-4 | 18,902.08 |
| Senior Citizens' Deductions Disallowed by Tax Collector | A-8 | 53.04 |
| Senior Citizens' Deductions Disallowed by Tax Collector - Prior Year | A-1 | <u>97.92</u> |
| | | <u>19,053.04</u> |
| Balance December 31, 2011 | A | <u>\$ 6,653.19</u> |

Calculation of State's Share of
Senior Citizens' and Veterans' Deductions

| | | |
|--|-----|---------------------|
| Senior Citizens' Deductions per Tax Billings | A-8 | \$ 3,750.00 |
| Veterans' Deductions per Tax Billings | A-8 | 15,000.00 |
| Senior Citizens' Deductions Allowed by Tax Collector | A-8 | 3,417.35 |
| Senior Citizens' Deductions Disallowed by Tax Collector | A-8 | <u>(53.04)</u> |
| | A-9 | <u>\$ 22,114.31</u> |

BOROUGH OF PEAPACK AND GLADSTONE

CURRENT FUND
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF 2011 PROPERTY TAX LEVY

| Year | Balance Dec. 31, 2010 | Added Taxes | 2011 Levy | 2010 Collections | 2011 | State's Share of Senior Citizens' and Veterans' Deductions | Tax Overpayments Applied | Cancelled | Balance Dec. 31, 2011 |
|------|--------------------------|----------------|------------------|---------------------|------------------|---|--------------------------------|-------------|--------------------------|
| 2010 | \$ 128,790.79 | \$ 97.92 | \$ 12,868,822.36 | \$ 1,094,295.84 | \$ 128,888.71 | \$ 22,114.31 | \$ 5,544.86 | \$ 2,729.86 | \$ 115,416.63 |
| 2011 | - | - | \$ 12,868,822.36 | \$ 1,094,295.84 | \$ 11,628,720.86 | \$ 22,114.31 | \$ 5,544.86 | \$ 2,729.86 | \$ 115,416.63 |
| | \$ 128,790.79 | \$ 97.92 | \$ 12,868,822.36 | \$ 1,094,295.84 | \$ 11,757,609.57 | \$ 22,114.31 | \$ 5,544.86 | \$ 2,729.86 | \$ 115,416.63 |

Ref. A A A-2.19 A-2.5 A-2.8 A-2.20 A-2 A

Analysis of 2011 Property Tax Levy

Tax Yield:
 General Purpose Tax \$ 12,729,302.88
 Business Personality Tax 24,155.03

Added Taxes (54.4-63.1 et seq.)

\$ 12,753,457.91
 115,364.45

Tax Levy:

\$ 12,868,822.36

County Taxes (Abstract) 2,146,639.64
 County Library Taxes (Abstract) 310,982.87
 County Open Space Preservation (Abstract) 225,728.70
 Amount Due to County for Added Taxes (54.4-63.1 et seq.) 24,688.12

9,019,064.29

Local Tax for Municipal Purposes (Abstract) 3,547,926.67
 Municipal Open Space 205,039.50
 Amount Due to Municipal Open Space for Added Taxes 1,876.89
 Add : Additional Tax Levied 94,915.01

3,849,758.07

\$ 12,868,822.36

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, 2010 | A | <u>\$ 139,900.00</u> |
| Balance December 31, 2011 | A | <u>\$ 139,900.00</u> |

BOROUGH OF PEAPACK AND GLADSTONE

CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

| Ref. | Balance Dec. 31, 2010 | Accrued in 2011 | Collected in 2011 | Balance Dec. 31, 2011 |
|--------------------------------|--------------------------|----------------------|----------------------|--------------------------|
| Clerk : | | | | |
| A-2 | \$ - | \$ 12,876.00 | \$ 12,876.00 | \$ - |
| A-2 | | 32,408.35 | 32,408.35 | - |
| Registrar of Vital Statistics: | | | | |
| A-2 | | 2,685.00 | 2,685.00 | - |
| Board of Health: | | | | |
| A-2 | | 6,715.00 | 6,715.00 | - |
| Police Chief: | | | | |
| A-2 | | 494.51 | 494.51 | - |
| Municipal Court: | | | | |
| A-2 | 8,941.82 | 82,487.65 | 85,654.41 | 5,775.06 |
| A-2 | 0.78 | 7.19 | 7.46 | 0.51 |
| A-2 | 0.01 | 0.07 | 0.07 | 0.01 |
| Tax Assessor | | 180.00 | 180.00 | - |
| Uniform Fire Safety Bureau | | 3,686.00 | 3,686.00 | - |
| Zoning Official | | 1,900.00 | 1,900.00 | - |
| Rentals | | 125,505.89 | 125,505.89 | - |
| Interest on Deposits | | 7,712.16 | 7,712.16 | - |
| Energy Receipts Tax | | 251,059.00 | 251,059.00 | - |
| Donations: | | | | |
| A-2 | - | 256.00 | 256.00 | - |
| Historical Commission | | | | |
| | <u>\$ 8,942.61</u> | <u>\$ 527,972.82</u> | <u>\$ 531,139.85</u> | <u>\$ 5,775.58</u> |

Ref. A A-4 A

BOROUGH OF PEAPACK AND GLADSTONE

CURRENT FUND
SCHEDULE OF INTERFUND ACCOUNTS RECEIVABLE

| | Balance Dec. 31, 2010 | Accrued in in 2011 | Paid in 2011 | Received in 2011 | Balance Dec. 31, 2011 |
|---|--------------------------|---|--------------------|---------------------|--------------------------|
| Animal Control Fund: | | | | | |
| Interest | 0.43 | 5.12 | - | 5.14 | 0.41 |
| Statutory Excess | 2,031.90 | 1,426.73 | - | 2,031.90 | 1,426.73 |
| | <u>2,032.33</u> | <u>1,431.85</u> | - | <u>2,037.04</u> | <u>1,427.14</u> |
| Other Trust Funds: | | | | | |
| Recreation Commission - Interest | 3.92 | 50.06 | - | 49.53 | 4.45 |
| Developer's Escrow - Interest | 1.96 | 6.89 | - | 7.35 | 1.50 |
| General Trust Escrow - Interest | 906.77 | 1,047.21 | - | 1,433.93 | 520.05 |
| Police Special Services - Administrative Fees | 14.74 | 173.99 | - | 172.45 | 16.28 |
| Uniform Construction Code - Fees | 1,605.00 | 11,915.00 | - | 12,833.75 | 686.25 |
| Uniform Construction Code - Interest | 7,030.00 | 69,198.00 | - | 68,350.00 | 7,878.00 |
| Uniform Fire Safety Act Penalty Monies - Interest | 4.17 | 18.55 | - | 19.82 | 2.90 |
| Cafeteria Plan Section 125 | 0.06 | 0.67 | - | 0.67 | 0.06 |
| | - | 0.24 | 1,000.00 | - | 1,000.24 |
| | <u>9,566.62</u> | <u>82,410.61</u> | <u>1,000.00</u> | <u>82,867.50</u> | <u>10,109.73</u> |
| General Capital Fund: | | | | | |
| Interest | 893.87 | 65.02 | - | 952.61 | 6.28 |
| Payroll Fund: | | | | | |
| Interest | 0.97 | 10.81 | - | 10.70 | 1.08 |
| Advance | 10,000.00 | - | - | - | 10,000.00 |
| | <u>10,000.97</u> | <u>10.81</u> | - | <u>10.70</u> | <u>10,001.08</u> |
| Payroll Agency Fund: | | | | | |
| Interest | 0.61 | 1.72 | - | 2.15 | 0.18 |
| | <u>\$ 22,494.40</u> | <u>\$ 83,920.01</u> | <u>\$ 1,000.00</u> | <u>\$ 85,870.00</u> | <u>\$ 21,544.41</u> |
| Ref. | A | | A-1.4 | A-4 | A |
| | | | Ref. | | |
| | | Statutory Excess - Animal Control Fund | A-2 | 2,031.90 | |
| | | Administrative Fees - Police Outside Duty | A-2 | 12,833.75 | |
| | | Interest on Investments | A-2 | 2,654.35 | |
| | | Construction Code Official | A-2 | 68,350.00 | |
| | | | | | <u>\$ 85,870.00</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 - 2010

| | Balance Dec. 31, 2010 | Transfers To/From | Transferred - Reserve for Encumbrances | Balance After Transfers | Paid or Charged | Lapsed |
|---|--------------------------|----------------------|--|-------------------------------|--------------------|--------------|
| OPERATIONS WITHIN "CAP" | | | | | | |
| Salaries and Wages : | | | | | | |
| General Administration | \$ 19,057.41 | | | \$ 19,057.41 | \$ - | \$ 19,057.41 |
| Borough Clerk | 1,771.59 | | | 1,771.59 | | 1,771.59 |
| Financial Administration | 9,347.14 | | | 9,347.14 | | 9,347.14 |
| Collection of Taxes | 221.01 | | | 221.01 | | 221.01 |
| Assessment of Taxes | 199.66 | | 466.81 | 666.47 | 466.81 | 199.66 |
| Municipal Court | 2,292.41 | | | 2,292.41 | | 2,292.41 |
| Municipal Land Use Law (N.J.S.A. 40:55D-1): | | | | | | |
| Land Use Board | 4,115.74 | | | 4,115.74 | | 4,115.74 |
| Zoning Costs | 379.50 | | | 379.50 | | 379.50 |
| Police | 448.57 | | 25,000.00 | 25,448.57 | 20,486.64 | 4,961.93 |
| Emergency Management Services | | | | | | |
| Fire | 200.00 | | | 200.00 | (195.00) | 395.00 |
| Fire Official | 685.42 | | | 685.42 | | 685.42 |
| Road Repairs and Maintenance | 19,107.11 | | | 19,107.11 | | 19,107.11 |
| Garbage and Trash Removal | 71.20 | | | 71.20 | | 71.20 |
| Public Buildings and Grounds | 3,116.42 | | | 3,116.42 | | 3,116.42 |
| Administration of Public Assistance | 0.01 | | | 0.01 | | 0.01 |
| Recreation | | | | | | |
| Senior Citizen Program | 1,655.34 | | | 1,655.34 | | 1,655.34 |
| Accumulated Leave Compensation | 10,000.00 | | | 10,000.00 | 10,000.00 | - |
| Uniform Construction Code: | | | | | | |
| Construction Official | 8,230.34 | | 386.18 | 8,616.52 | 386.18 | 8,230.34 |
| Other Expenses : | | | | | | |
| General Administration | 407.46 | | | 407.46 | | 407.46 |
| Mayor and Borough Council | 46,186.22 | | 417.15 | 46,603.37 | 877.15 | 45,726.22 |
| Borough Clerk | 11,928.22 | | 3,395.46 | 15,323.68 | 4,467.39 | 10,856.29 |
| Financial Administration | 1,709.10 | | 1,444.64 | 3,153.74 | 1,648.90 | 1,504.84 |
| Audit Services | 11,525.00 | | | 11,525.00 | 9,925.00 | 1,600.00 |
| Collection of Taxes | 1,159.90 | | 1,140.00 | 2,299.90 | 1,622.50 | 677.40 |
| Assessment of Taxes | 59.70 | | 2,023.24 | 2,082.94 | 2,029.36 | 53.58 |

BOROUGH OF PEAPACK AND GLADSTONE

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - 2010

| | Balance Dec. 31, 2010 | Transfers To/From | Transferred - Reserve for Encumbrances | Balance After Transfers | Paid or Charged | Lapsed |
|--|--------------------------|----------------------|--|-------------------------------|--------------------|--------------|
| <u>Other Expenses: (Continued)</u> | | | | | | |
| Legal Services and Costs | \$ 6,873.10 | | \$ 35,378.39 | \$ 42,251.49 | \$ 31,427.22 | \$ 10,824.27 |
| Municipal Court | 3,038.53 | | 1,139.48 | 4,178.01 | 1,030.98 | 3,147.03 |
| Public Defender | 2,424.00 | | 219.00 | 2,643.00 | 219.00 | 2,424.00 |
| Engineering Services and Costs | 22,067.81 | | 6,136.01 | 28,203.82 | 8,145.39 | 20,058.43 |
| Cultural Heritage | 2,116.61 | | 700.00 | 2,816.61 | 510.00 | 2,306.61 |
| Municipal Land Use Law (N.J.S.A. 40:55D-1) | | | | | | |
| Land Use Board | 12,598.92 | | 1,270.74 | 13,869.66 | 2,581.62 | 11,288.04 |
| Zoning Costs | 698.36 | | 56.64 | 755.00 | 56.64 | 698.36 |
| Insurance: | | | | | | |
| General Liability | 61.11 | | | 61.11 | | 61.11 |
| Worker's Compensation Insurance | 819.28 | | | 819.28 | | 819.28 |
| Group Insurance - Hospital and Medical | 3,933.62 | | 6,149.86 | 10,083.48 | 10,083.48 | - |
| Unemployment Compensation Insurance | 2,000.00 | | | 2,000.00 | 2,000.00 | - |
| Police | 17,787.26 | | 17,047.86 | 34,835.12 | 12,055.55 | 22,779.57 |
| Purchase of Police Vehicles | 39.00 | | | 39.00 | | 39.00 |
| Emergency Management Services | 1,114.28 | | 84.90 | 1,199.18 | 1,036.27 | 162.91 |
| Fire | 6,134.88 | | 35,865.30 | 42,000.18 | 32,430.83 | 9,569.35 |
| Fire Official | 1,570.01 | | | 1,570.01 | | 1,570.01 |
| Fire Hydrant Service | 214.47 | | 20,788.11 | 21,002.58 | 13,858.74 | 7,143.84 |
| Municipal Prosecutor | | | 5,000.00 | 5,000.00 | 5,000.00 | - |
| Road Repairs and Maintenance | 9,110.99 | | 30,021.26 | 39,132.25 | 31,170.15 | 7,962.10 |
| Garbage and Trash Removal | 8,937.04 | | 20,765.74 | 29,702.78 | 18,404.70 | 11,298.08 |
| Public Buildings and Grounds | 20,512.06 | | 27,349.58 | 47,861.64 | 23,725.67 | 24,135.97 |
| Vehicle Maintenance | 3,045.12 | | 11,107.47 | 14,152.59 | 8,636.42 | 5,516.17 |
| Board of Health | 708.21 | | | 708.21 | 25.00 | 683.21 |
| Environmental Commission | 221.23 | | 5,788.00 | 6,009.23 | 5,548.20 | 461.03 |
| Administration of Public Assistance | 150.00 | | | 150.00 | | 150.00 |
| Recreation Services and Programs | | | 300.00 | 300.00 | 206.37 | 93.63 |
| Senior Citizen | 4,100.00 | | | 4,100.00 | | 4,100.00 |
| Uniform Construction Code: | | | | | | |
| Construction Official | 1,135.03 | | 695.42 | 1,830.45 | 255.80 | 1,574.65 |

BOROUGH OF PEAPACK AND GLADSTONE

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - 2010

| | Balance Dec. 31, 2010 | Transfers To/From | Transferred - Reserve for Encumbrances | Balance After Transfers | Paid or Charged | Lapsed |
|--|--------------------------|----------------------|--|-------------------------------|----------------------|----------------------|
| Other Expenses: (Continued) | | | | | | |
| Utilities: | | | | | | |
| Electricity | \$ 6,781.98 | | | \$ 6,781.98 | \$ 153.24 | \$ 6,628.74 |
| Street Lighting | 2,933.79 | | | 2,933.79 | 1,961.16 | 972.63 |
| Telephone | 3,344.11 | | | 3,344.11 | 1,989.76 | 1,354.35 |
| Water | 1,466.09 | | | 1,466.09 | 289.13 | 1,176.96 |
| Natural Gas | 9,961.84 | | | 9,961.84 | 4,281.16 | 5,680.68 |
| Gasoline | 12,400.00 | | 3,267.71 | 15,667.71 | 2,384.37 | 13,283.34 |
| Public Employees' Retirement System | - | | | - | | - |
| Landfill/Solid Waste Disposal Costs | 30,457.65 | | 5,965.24 | 36,422.89 | 11,176.13 | 25,246.76 |
| Contingent | 2,000.00 | | | 2,000.00 | | 2,000.00 |
| Social Security System (O.A.S.I.) | 13,994.16 | | | 13,994.16 | | 13,994.16 |
| OPERATIONS EXCLUDED FROM "CAP" | | | | | | |
| Length of Service Awards Program: | | | | | | |
| Fire Department | - | | 17,300.00 | 17,300.00 | 12,801.53 | 4,498.47 |
| First Aid Squad | - | | 17,300.00 | 17,300.00 | 12,801.52 | 4,498.48 |
| Maintenance of Library (N.J.S.A. 40:54-35) | 43.51 | | | 43.51 | 8.36 | 35.15 |
| Recycling Tax | 1,579.85 | | 380.76 | 1,960.61 | 713.37 | 1,247.24 |
| Donations: | | | | | | |
| Police Equipment | 100.00 | | | 100.00 | | 100.00 |
| Historical Commission | 320.00 | | | 320.00 | | 320.00 |
| Library | 82.66 | | 4,917.34 | 5,000.00 | 4,917.34 | 82.66 |
| | \$ 370,751.03 | \$ - | \$ 309,268.29 | \$ 680,019.32 | \$ 313,600.03 | \$ 366,419.29 |

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, 2010 | A | \$ 309,268.29 |
| Increased by : | | |
| 2011 Budget Charges | A-3 | <u>225,488.03</u> |
| | | 534,756.32 |
| Decreased by : | | |
| Transferred to 2010 Appropriation Reserves | A-16 | <u>309,268.29</u> |
| Balance December 31, 2011 | A | <u>\$ 225,488.03</u> |

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

| | <u>Balance</u> Dec. 31, 2010 | <u>Received</u> in 2011 | <u>Accrued</u> in 2011 | <u>Paid</u> in 2011 | <u>Balance</u> Dec. 31, 2011 |
|-----------------------------------|---------------------------------|----------------------------|---------------------------|------------------------|---------------------------------|
| Federal and State Grants Funds | \$ 55,213.60 | \$ 33,987.26 | \$ 1,422.00 | \$ 11,316.82 | \$ 79,306.04 |
| Other Trust Funds - Open Space | 242,027.41 | - | 206,916.39 | 242,027.41 | 206,916.39 |
| Other Trust Funds - General Trust | 10.00 | - | - | - | 10.00 |
| General Capital Fund | <u>55,480.00</u> | <u>-</u> | <u>-</u> | <u>55,480.00</u> | <u>-</u> |
| | <u>\$ 352,731.01</u> | <u>\$ 33,987.26</u> | <u>\$ 208,338.39</u> | <u>\$ 308,824.23</u> | <u>\$ 286,232.43</u> |

Ref. A A-4 A-4 A

| | <u>Ref.</u> |
|---|-------------|
| 2011 Budget Revenue - Grants | A-2 |
| 2011 Budget Appropriations - Grants | A-3 |
| 2011 Open Space Levy and Added Assessment | A-25 |

| | |
|---|----------------------|
| 2011 Budget Revenue - Grants | \$ (38,568.99) |
| 2011 Budget Appropriations - Grants | 39,990.99 |
| 2011 Open Space Levy and Added Assessment | <u>206,916.39</u> |
| | <u>\$ 208,338.39</u> |

BOROUGH OF PEAPACK AND GLADSTONE

CURRENT FUND
SCHEDULE OF PREPAID TAXES

| | <u>Ref.</u> | |
|-----------------------------|-------------|----------------------|
| Balance December 31, 2010 | A | \$ 1,094,295.84 |
| Increased by : | | |
| 2012 Taxes Paid | A-5 | 257,400.85 |
| Tax Overpayments Applied | A-20 | <u>381.65</u> |
| | | 1,352,078.34 |
| Decreased by : | | |
| Applied to Taxes Receivable | A-9 | <u>1,094,295.84</u> |
| Balance December 31, 2011 | A | <u>\$ 257,782.50</u> |

BOROUGH OF PEAPACK AND GLADSTONE

CURRENT FUND
SCHEDULE OF TAX OVERPAYMENTS

| | <u>Ref.</u> | |
|-----------------------------|-------------|--------------------|
| Balance December 31, 2010 | A | \$ 10,570.37 |
| Increased by: | | |
| Taxes Overpaid in 2011 | A-5 | <u>8,598.14</u> |
| | | 19,168.51 |
| Decreased by: | | |
| Canceled in 2011 | A-1 | \$ 254.81 |
| Refunded in 2011 | A-4 | 5,652.44 |
| Applied to Taxes Receivable | A-9 | 5,544.86 |
| Applied to Prepaid Taxes | A-19 | <u>381.65</u> |
| | | <u>11,833.76</u> |
| Balance December 31, 2011 | A | <u>\$ 7,334.75</u> |
| 2011 Taxes | | <u>\$ 7,334.75</u> |

A-21

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, 2010 | A | \$ 7,869.08 | \$ 256.00 | \$ 7,613.08 | \$ - |
| Increased by: | | | | | |
| Received in 2011 | A-4 | <u>8,558.42</u> | <u>30.00</u> | <u>4,528.42</u> | <u>4,000.00</u> |
| | | 16,427.50 | 286.00 | 12,141.50 | 4,000.00 |
| Decreased by : | | | | | |
| Realized Revenue in 2011 | A-2 | <u>7,613.08</u> | <u>-</u> | <u>7,613.08</u> | <u>-</u> |
| Balance December 31, 2011 | A | <u>\$ 8,814.42</u> | <u>\$ 286.00</u> | <u>\$ 4,528.42</u> | <u>\$ 4,000.00</u> |

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

| | <u>Balance</u> <u>Dec. 31, 2010</u> | <u>Received</u> <u>in 2011</u> | <u>Paid</u> <u>in 2011</u> | <u>Balance</u> <u>Dec. 31, 2011</u> |
|--|--|-----------------------------------|-------------------------------|--|
| Amount Due to State of N.J. - Marriage License Fees | \$ 75.00 | \$ 500.00 | \$ 525.00 | \$ 50.00 |
| | <u>\$ 75.00</u> | <u>\$ 500.00</u> | <u>\$ 525.00</u> | <u>\$ 50.00</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, 2010 | 2011 Levy | Paid in 2011 | Balance Dec. 31, 2011 |
|---|------|--------------------------|------------------------|------------------------|--------------------------|
| Local Open Space | A-2 | \$ - | \$ 205,039.50 | \$ 205,039.50 | \$ - |
| Amount Due Local Open Space for Added and Omitted Taxes - 2011 | A-2 | - | 1,876.89 | 1,876.89 | - |
| Regional School District Tax | A-2 | 1,261.86 | 6,311,024.96 | 6,311,024.96 | 1,261.86 |
| County Tax | A-2 | - | 2,146,639.64 | 2,146,639.64 | - |
| County Library Tax | A-2 | - | 310,982.87 | 310,982.87 | - |
| County Open Space Preservation Tax | A-2 | - | 225,728.70 | 225,728.70 | - |
| Amount Due County for Added and Omitted Taxes - 2011 | A-2 | 35,818.14 | 24,688.12 | 35,818.14 | 24,688.12 |
| -2010 | | | - | | |
| | | <u>\$ 37,080.00</u> | <u>\$ 9,225,980.68</u> | <u>\$ 9,237,110.70</u> | <u>\$ 25,949.98</u> |

A A-1 A-4 A

Ref.

Disbursed
 Interfund Accounts Payable

\$ 9,030,194.31
206,916.39

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, 2010 | A | | \$ 55,213.60 |
| Increased by : | | | |
| Received in Current Fund | | | |
| - State Aid Receivable | A-27 | \$ 28,905.54 | |
| - Unappropriated Reserves | A-29 | 5,081.72 | |
| 2011 Budget Appropriations | A-28 | <u>39,990.99</u> | |
| | | | <u>73,978.25</u> |
| | | | 129,191.85 |
| Decreased by : | | | |
| 2011 Budget Revenues | | | |
| - State Aid Receivable | A-27 | 34,262.02 | |
| - Unappropriated Reserves | A-29 | 4,306.97 | |
| Expended in Current Fund | | | |
| - Appropriated Reserves | A-28 | 8,940.82 | |
| - Reserve for Encumbrances | A-30 | <u>2,376.00</u> | |
| | | | <u>49,885.81</u> |
| Balance December 31, 2011 | A | | <u>\$ 79,306.04</u> |

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

| | Balance Dec. 31, 2010 | 2011 Budget Revenues | Received in Current Fund | Balance Dec. 31, 2011 | |
|---|--------------------------|-------------------------|--------------------------------|--------------------------|--|
| Recycling Tonnage Grant | - | \$ 3,797.37 | \$ 3,797.37 | - | |
| Clean Communities Program | - | 11,430.65 | 5,681.27 | 5,749.38 | |
| Federal Bulletproof Vest Program | 142.90 | 170.00 | 312.90 | - | |
| Somerset County Youth Athletic and Recreation | - | 13,864.00 | 13,864.00 | - | |
| Somerset County Cultural and Heritage Grant | 250.00 | | 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 | |
| Association of New Jersey Environmental Commissions | - | 5,000.00 | 5,000.00 | - | |
| | <u>\$ 28,642.90</u> | <u>\$ 34,262.02</u> | <u>\$ 28,905.54</u> | <u>\$ 33,999.38</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, 2010 | 2011 Budget Appropriations | Expenditures in Current Fund | Encumbrances Canceled | Balance Dec. 31, 2011 |
|--|--------------------------|-------------------------------|------------------------------------|--------------------------|--------------------------|
| Recycling Tonnage Grant | \$ 3,716.67 | \$ 3,797.37 | \$ - | \$ 293.36 | \$ 7,807.40 |
| Drunk Driving Enforcement Fund | 819.80 | | 3.12 | | 816.68 |
| Clean Communities Program | 4,457.66 | 13,014.76 | 909.70 | | 16,562.72 |
| Alcohol Education and Rehabilitation Fund | 1,199.24 | | | | 1,199.24 |
| Municipal Alliance on Alcoholism and Drug Abuse - Matching | 175.00 | 1,422.00 | 1,422.00 | | 175.00 |
| Body Armor Replacement Fund | 988.37 | 1,722.86 | 519.86 | | 2,191.37 |
| Federal Bulletproof Vest Program | 854.15 | 170.00 | 272.14 | | 752.01 |
| Somerset County Youth Athletic and Recreation | 1,136.00 | | | | 15,000.00 |
| County Cross Acceptance Grant | 2,000.00 | 13,864.00 | | | 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 |
| Sustainable New Jersey Grant | | 1,000.00 | 814.00 | | 186.00 |
| Association of New Jersey Environmental Commissions | | 5,000.00 | 5,000.00 | | |
| | <u>\$ 76,505.17</u> | <u>\$ 39,990.99</u> | <u>\$ 8,940.82</u> | <u>\$ 293.36</u> | <u>\$ 107,848.70</u> |

Ref. A A-26 A-26 A-26 A-30 A

BOROUGH OF PEAPACK AND GLADSTONE

CURRENT FUND
SCHEDULE OF UNAPPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS

| | Balance Dec. 31, 2010 | Received in Current Fund | Utilized as 2011 Budget Revenue | Balance Dec. 31, 2011 |
|---|--------------------------|--------------------------------|--|--------------------------|
| Recycling Tonnage Grant | \$ - | \$ 3,002.30 | - | \$ 3,002.30 |
| Clean Communities Program | 1,584.11 | | 1,584.11 | - |
| Alcohol Education and Rehabilitation Fund | | 107.87 | | 107.87 |
| Body Armor Replacement Fund | 1,722.86 | 1,096.45 | 1,722.86 | 1,096.45 |
| Federal Bulletproof Vest Program | | 875.10 | | 875.10 |
| Sustainable New Jersey Grant | 1,000.00 | | 1,000.00 | - |
| | <u>\$ 4,306.97</u> | <u>\$ 5,081.72</u> | <u>\$ 4,306.97</u> | <u>\$ 5,081.72</u> |

Ref. A A-26 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, 2010 | A | | \$ 3,044.36 |
| Decreased by : | | | |
| Paid in 2011 | A-26 | \$ 2,376.00 | |
| Canceled in 2011 | A-28 | <u>293.36</u> | |
| | | | <u>2,669.36</u> |
| Balance December 31, 2011 | A | | <u>\$ 375.00</u> |
| <u>Analysis of Balance December 31, 2011</u> | | | |
| 2010 Purchase Order (Recycling Tonnage Grant) | | | <u>\$ 375.00</u> |

BOROUGH OF PEAPACK AND GLADSTONE

TRUST FUND
SCHEDULE OF INTERFUND ACCOUNTS RECEIVABLE

| | <u>Balance</u> <u>Dec. 31, 2010</u> | <u>Paid</u> <u>in 2011</u> | <u>Accrued</u> <u>in 2011</u> | <u>Received</u> <u>in 2011</u> | <u>Balance</u> <u>Dec. 31, 2011</u> |
|--------------------|--|-------------------------------|----------------------------------|-----------------------------------|--|
| Other Trust Funds: | | | | | |
| Current Fund: | | | | | |
| General Trust | \$ 10.00 | \$ - | \$ - | \$ - | \$ 10.00 |
| Open Space | 242,027.41 | - | 206,916.39 | 242,027.41 | 206,916.39 |
| | <u>\$ 242,037.41</u> | <u>\$ -</u> | <u>\$ 206,916.39</u> | <u>\$ 242,027.41</u> | <u>\$ 206,926.39</u> |
| Ref. | B | | B-8 | B-1 | B |

B-3

SCHEDULE OF INTERFUND ACCOUNTS PAYABLE

| | <u>Balance</u> <u>Dec. 31, 2010</u> | <u>Received</u> <u>in 2011</u> | <u>Accrued</u> <u>in 2011</u> | <u>Paid</u> <u>in 2011</u> | <u>Balance</u> <u>Dec. 31, 2011</u> |
|---|--|-----------------------------------|----------------------------------|-------------------------------|--|
| Animal Control Fund: | | | | | |
| Current Fund: | | | | | |
| Interest | \$ 0.43 | \$ 5.12 | \$ - | \$ 5.14 | \$ 0.41 |
| Statutory Excess | 2,031.90 | - | 1,426.73 | 2,031.90 | 1,426.73 |
| | <u>2,032.33</u> | <u>5.12</u> | <u>1,426.73</u> | <u>2,037.04</u> | <u>1,427.14</u> |
| Other Trust Funds: | | | | | |
| Current Fund: | | | | | |
| Recreation Commission - Interest | 3.92 | 50.06 | | 49.53 | 4.45 |
| Recreation Capital - Interest | 1.96 | 6.89 | | 7.35 | 1.50 |
| Developer's Escrow - Interest | 906.77 | 1,047.21 | | 1,433.93 | 520.05 |
| General Trust Escrow - Interest | 14.74 | 173.99 | | 172.45 | 16.28 |
| Police Special Services - Administrative Fees | 1,605.00 | 11,915.00 | | 12,833.75 | 686.25 |
| Open Space - Paid in Error | - | | | | - |
| Uniform Construction Code - Fees | 7,030.00 | 69,198.00 | | 68,350.00 | 7,878.00 |
| Uniform Construction Code - Interest | 4.17 | 18.55 | | 19.82 | 2.90 |
| Uniform Fire Safety Act Penalty Monies - Interest | 0.06 | 0.67 | | 0.67 | 0.06 |
| Cafeteria Plan Section 125 | - | 1,000.24 | | - | 1,000.24 |
| | <u>9,566.62</u> | <u>83,410.61</u> | <u>-</u> | <u>82,867.50</u> | <u>10,109.73</u> |
| | <u>\$ 11,598.95</u> | <u>\$ 83,415.73</u> | <u>\$ 1,426.73</u> | <u>\$ 84,904.54</u> | <u>\$ 11,536.87</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, 2010 | B | | \$ 5,982.80 |
| Increased by : | | | |
| 2011 Dog License Fees | B-1 | \$ 2,747.20 | |
| Late Fees | B-1 | <u>260.00</u> | |
| | | | <u>3,007.20</u> |
| | | | 8,990.00 |
| Decreased by : | | | |
| Expenditures Per R.S. 4:19-15.11 | B-1 | 1,642.07 | |
| Statutory Excess | B-3 | <u>1,426.73</u> | |
| | | | <u>3,068.80</u> |
| Balance December 31, 2011 | B | | <u>\$ 5,921.20</u> |

Animal Control Fees Collected

| <u>Year</u> | <u>Amount</u> |
|-------------|--------------------|
| 2009 | \$ 2,735.80 |
| 2010 | <u>3,185.40</u> |
| | <u>\$ 5,921.20</u> |

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

| | <u>Ref.</u> | | |
|---------------------------------------|-------------|----------------------|----------------------|
| Balance December 31, 2010 | B | \$ | (107.20) |
| Increased by : | | | |
| Fees Collected in 2011 | B-1 | \$ | <u>1,012.80</u> |
| | | | 905.60 |
| Decreased by : | | | |
| Paid to State Board of Health | B-1 | | <u>975.60</u> |
| Balance December 31, 2011 | B | \$ | <u>(70.00)</u> |
| | | <u>Dec. 31, 2010</u> | <u>Dec. 31, 2011</u> |
| Amount Due to State Board of Health | | \$ | - |
| Amount Due from State Board of Health | | <u>(107.20)</u> | <u>37.20</u> |
| | | <u>\$ (107.20)</u> | <u>(107.20)</u> |
| | | <u>\$ (107.20)</u> | <u>\$ (70.00)</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, 2010 | B | \$ 2,488.00 | \$ 2,488.00 |
| Increased by : | | | |
| Received in 2011 | B-1 | <u>4,780.00</u> | <u>4,780.00</u> |
| | | 7,268.00 | 7,268.00 |
| Decreased by : | | | |
| Paid to State of New Jersey in 2011 | B-1 | <u>6,133.00</u> | <u>6,133.00</u> |
| Balance December 31, 2011 | B | <u>\$ 1,135.00</u> | <u>\$ 1,135.00</u> |

BOROUGH OF PEAPACK AND GLADSTONE

TRUST FUND
RESERVE FOR SPECIAL DEPOSITS

| | Balance Dec. 31, 2010 | Received in 2011 | Interest Earnings | Interfund Accounts Receivable | Adjustments | Paid in in 2011 | Balance Dec. 31, 2011 |
|---|--------------------------|----------------------|----------------------|-------------------------------------|-------------|----------------------|--------------------------|
| Recreation Commission | \$ 89,850.40 | \$ 70,255.55 | \$ - | \$ - | \$ - | \$ 56,747.49 | \$ 103,358.46 |
| Recreation Capital | 2,980.17 | | | | | | 2,980.17 |
| Developer's Escrow | 455,608.43 | 196,883.30 | | | | 190,452.95 | 462,038.78 |
| State Unemployment Compensation Insurance | 34,278.92 | 4,068.94 | | | | 12,823.36 | 25,524.50 |
| Recycling | 228.85 | 197.00 | | | | | 425.85 |
| Police Special Services | 11,890.13 | 60,248.75 | | | | 64,530.00 | 7,608.88 |
| Parking Offenses Adjudication Act Fines | 210.00 | 24.00 | | | | | 234.00 |
| Tax Sale Premium | - | 25,000.00 | | | | 25,000.00 | - |
| In Lieu of Sidewalks | 5,000.00 | | | | | | 5,000.00 |
| Accumulated Absences | 295,488.66 | 20,000.00 | | | | 9,933.92 | 305,554.74 |
| 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 | 809,200.67 | 374.86 | | 206,916.39 | | 186,059.60 | 830,432.32 |
| Housing Trust | 225,308.61 | 223,311.03 | | | | | 448,619.64 |
| Disposal of Forfeited Assets | 243.32 | | 0.12 | | | | 243.44 |
| Uniform Fire Safety Act Penalty Monies | 1,343.05 | | | | | | 1,343.05 |
| | <u>\$ 1,956,948.21</u> | <u>\$ 600,363.43</u> | <u>\$ 0.12</u> | <u>\$ 206,916.39</u> | <u>\$ -</u> | <u>\$ 545,547.32</u> | <u>\$ 2,218,680.83</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, 2010 | C | | \$ 675,528.29 |
| Increased by Receipts: | | | |
| Interfund Accounts Receivable | C-8 | \$ 55,480.00 | |
| Capital Improvement Fund | C-11 | 100,000.00 | |
| Interfund Accounts Payable | C-13 | <u>65.02</u> | |
| | | | <u>155,545.02</u> |
| | | | 831,073.31 |
| Decreased by Disbursements : | | | |
| Improvement Authorizations | C-9 | 170,299.41 | |
| Reserve for Encumbrances | C-10 | 38,869.90 | |
| Interfund Accounts Payable | C-13 | <u>952.61</u> | |
| | | | <u>210,121.92</u> |
| Balance December 31, 2011 | C | | <u>\$ 620,951.39</u> |

BOROUGH OF PEAPACK AND GLADSTONE

GENERAL CAPITAL FUND
ANALYSIS OF CASH

| | Receipts | | Disbursements | | Transfers From | Balance or (Deficit) Dec. 31, 2011 |
|--|------------------------------------|----------------------|---------------|----------------------------|----------------|------------------------------------|
| | Balance or (Deficit) Dec. 31, 2010 | Budget Appropriation | Miscellaneous | Improvement Authorizations | | |
| Improvement Authorizations: | | | | | | |
| 8030809854 Purchase and Renovation of the Sara Kay Memorial Building | \$ 67,215.95 | \$ - | \$ - | \$ 28,888.88 | \$ - | \$ 38,327.07 |
| 8108240848 Various Improvements: | | | | | | |
| Purchase of Various Equipment | 5,500.00 | | | | | 5,500.00 |
| Road Improvement Program | 39,886.18 | | | 35,683.99 | | 4,202.19 |
| Renovations to the Firehouse | 15,582.15 | | | | | 15,582.15 |
| Municipal Complex Elevator | 42,890.00 | | | | 42,890.00 | |
| 834 Various Improvements: | | | | | | |
| Improvements to Municipal Complex | 1,195.94 | | | | | 1,195.94 |
| Improvements to the Park House | 4,352.31 | | | | | 4,352.31 |
| 861 Acquisition of New Financial Software | 3,470.33 | | | 2,337.27 | 41.00 | 3,511.33 |
| 869 Acquisition of Breathalyzer | 697.05 | | | | | 697.05 |
| 871 Acquisition of Land (Block 20, Lot 1) | 97,821.18 | | | | | 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 |
| 901 Acquisition of Police Records Management System | 7,956.00 | | | | 7,956.00 | |
| 908 Acquisition of Fire Truck | 38,888.74 | | | | | 38,888.74 |
| 909 Various Capital Improvements: | | | | | | |
| Various Improvements to the Municipal Complex | 1,823.37 | | | | | 1,823.37 |
| Acquisition of Various DPW Equipment | 3,142.37 | | | | | 3,142.37 |
| 914/922/932 Replacement of Boilers at Municipal Building | 25,039.00 | | | | | 25,039.00 |
| 926 Improvements to DPW Facilities | 20,330.00 | | | | | 20,330.00 |
| 928 Pedestrian and Vehicle Safety Study | 2,398.41 | | | | | 2,398.41 |
| 941 ADA Improvements to Municipal Complex | 6,615.31 | | | | | 6,615.31 |
| 945 Installation of Sidewalks on Pottersville Road | 52,963.98 | | | 2,473.54 | 1,652.60 | 48,857.84 |
| 946 Various Improvements: | | | | | | |
| Purchase of DPW Equipment | 14,591.00 | | | 14,539.46 | | 51.54 |
| Improvements to Borough Complex | 26,500.00 | | | | | 26,500.00 |
| Improvements to Liberty Park Pond | 77,201.90 | | | 1,949.85 | 2,200.00 | 73,052.05 |
| 955/956 Various Improvements: | | | | | | |
| Purchase of Computer Network System | | | | 2,984.00 | 3,000.00 | (244.00) |
| Purchase of Police Equipment | | | | 80,882.42 | 49,500.00 | (175,370.99) |
| Purchase of Fire Equipment | | | | | 1,000.00 | 1,000.00 |
| Improvements to Highland Ave. and Trimmer Lane | | | | 550.00 | 8,500.00 | 7,950.00 |
| Purchase of HVAC System | | | | | 1,000.00 | 1,000.00 |
| 957 Acquisition of Police Records Management System | | | | | 15,480.00 | 8,006.00 |
| 962 Purchase of 2011 DPW Ford Truck | | | | | 50,000.00 | 50,000.00 |
| Reserve for Encumbrances | 59,853.79 | | | | 163,520.77 | 184,463.66 |
| Capital Improvement Fund | 114,980.82 | 100,000.00 | | | | 141,990.82 |
| Capital Reserves | 61,480.00 | | | | | 6,000.00 |
| Interfund Accounts Payable | 893.87 | | | | | 6,28 |
| Fund Balance | 585.11 | | | | | 585.11 |
| Canceled State Aid Receivable | | | | | | |
| Federal and State Aid Receivable | (95,877.98) | | | | 7,000.00 | (7,000.00) |
| Interfund Accounts Receivable | (55,480.00) | | | | | (45,987.98) |
| | \$ 675,528.29 | \$ 100,000.00 | \$ 55,545.02 | \$ 170,299.41 | \$ 341,931.77 | \$ 620,951.39 |

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

| | <u>Ref.</u> | |
|--|-------------|------------------------|
| Balance December 31, 2010 | C | \$ 5,324,532.51 |
| Decreased by: | | |
| Serial Bonds Paid by 2011 Budget Appropriation | C-15 | 295,000.00 |
| Loans Paid by Open Space Trust Fund | C-16 | <u>25,608.35</u> |
| Balance December 31, 2011 | C | <u>\$ 5,003,924.16</u> |

BOROUGH OF PEAPACK AND GLADSTONE

GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

| Ordinance Number | Improvement Description | Analysis of Balance December 31, 2011 | | | | |
|------------------|--|---------------------------------------|---------------------------------------|-----------------------|---------------|--------------------|
| | | Balance Dec. 31, 2010 | 2011 Authorizations | Balance Dec. 31, 2011 | Expenditures | 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 |
| 955/956 | Various Improvements: | | | | | |
| | Purchase of Computer Network System | | 57,000.00 | 57,000.00 | 244.00 | 56,756.00 |
| | Purchase of Police Equipment | | 184,500.00 | 184,500.00 | 175,370.59 | 9,129.41 |
| | Purchase of Fire Equipment | | 14,000.00 | 14,000.00 | - | 14,000.00 |
| | Improvements to Highland Ave. and Trimmer Lane | | 166,500.00 | 166,500.00 | - | 166,500.00 |
| | Purchase of HVAC System | | 9,000.00 | 9,000.00 | - | 9,000.00 |
| | | \$ 700.00 | \$ 431,000.00 | \$ 431,700.00 | \$ 175,614.59 | \$ 256,085.41 |
| | | C | C-9 | C | | |
| | | | Improvement Authorizations - Unfunded | | | \$ 256,085.41 |

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

| | <u>Ref.</u> | |
|---------------------------|-------------|--------------------|
| Increased by : | | |
| Canceled in 2011 | C-7 | \$ <u>7,000.00</u> |
| Balance December 31, 2011 | C | \$ <u>7,000.00</u> |

C-7

SCHEDULE OF FEDERAL AND STATE AID RECEIVABLE

| | <u>Ref.</u> | |
|---------------------------|-------------|---------------------|
| Balance December 31, 2010 | C | \$ 95,877.98 |
| Decreased by : | | |
| Canceled in 2011 | C-6 | 7,000.00 |
| Canceled in 2011 | C-9 | <u>42,890.00</u> |
| Balance December 31, 2011 | C | \$ <u>45,987.98</u> |

Analysis of Balance December 31, 2011

| | | |
|----------------------|--|---------------------|
| State Aid: | | |
| NJDOT (Ord. No. 945) | | \$ <u>45,987.98</u> |
| | | <u>\$ 45,987.98</u> |

BOROUGH OF PEAPACK AND GLADSTONE
GENERAL CAPITAL FUND
SCHEDULE OF INTERFUND ACCOUNTS RECEIVABLE

| | <u>Balance Dec. 31, 2010</u> | <u>Received in 2011</u> |
|--------------------------------------|----------------------------------|-----------------------------|
| Current Fund - Budget Appropriations | \$ 55,480.00 | \$ 55,480.00 |
| | <u>\$ 55,480.00</u> | <u>\$ 55,480.00</u> |
| Ref. | C | C-2 |

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

| Ord. Number | Improvement Description | Ordinance Amount | Balance Dec. 31, 2010 | | Paid or Charged | Encumbrances | Canceled | Balance Dec. 31, 2011 | |
|---------------|---|------------------|-----------------------|------------------|----------------------|----------------------|---------------------|-----------------------|----------------------|
| | | | Funded | Unfunded | | | | Funded | Unfunded |
| | | | \$ | \$ | | | | \$ | \$ |
| 803809854 | Purchase and Renovation of the Sara Kay Memorial Building | \$ 1,700,000.00 | \$ 67,215.95 | | \$ 28,888.88 | | | \$ 38,327.07 | |
| 810824848/930 | Various Improvements | | | | | | | | |
| | Purchase of Various Equipment | 30,000.00 | 5,500.00 | | | | | 5,500.00 | |
| | Road Improvement Program | 626,500.00 | 39,886.18 | | | | | 4,202.19 | |
| | Renovations to the Firehouse | 200,000.00 | 15,582.15 | | | | | 15,582.15 | |
| 834 | Municipal Complex Elevator | 49,890.00 | 42,890.00 | | 35,683.99 | | | | |
| 841 | Various Improvements | | | | | 42,890.00 | | | |
| 849 | Improvements to Municipal Complex | 40,950.00 | 1,195.94 | | | | | 1,195.94 | |
| 861 | Improvements to the Park House | 7,500.00 | 4,352.31 | | | | | 2,015.04 | |
| 869 | Acquisition of New Financial Software | 26,600.00 | 3,470.33 | | | | | 3,511.33 | |
| 871 | Acquisition of Breathalyzer | 13,000.00 | 697.05 | | 2,337.27 | | | 697.05 | |
| 872 | Acquisition of Land (Block 20, Lot 1) | 6,450,000.00 | 97,821.18 | | | | | 97,821.18 | |
| 885 | Acquisition of Land (Block 20, Lot 1.03) | 1,750,000.00 | 20,221.83 | | | | | 20,221.83 | |
| | Various Improvements | | | | | | | | |
| | Acquisition of Administrative Equipment | 10,000.00 | 3,108.01 | | | | | 3,108.01 | |
| | Acquisition of OEM Equipment | 8,500.00 | 60.00 | | | | | 60.00 | |
| 901 | Improvements to Buildings and Grounds | 10,000.00 | 9,611.67 | | | | | 9,611.67 | |
| 908 | Acquisition of Police Records Management System | 10,000.00 | 7,956.00 | | 7,956.00 | | | | |
| 909 | Acquisition of Fire Truck | 500,000.00 | 38,888.74 | | | | | 38,888.74 | |
| | Various Capital Improvements | | | | | | | | |
| | Various Improvements to the Municipal Complex | 74,900.00 | 1,823.37 | | | | | 1,823.37 | |
| | Replacement of Various DPW Equipment | 56,100.00 | 3,142.37 | 450.00 | | | | 3,142.37 | 450.00 |
| 914/922/932 | Replacement of Boilers at Municipal Building | 175,000.00 | 25,039.00 | 250.00 | | | | 25,039.00 | 250.00 |
| 926 | Improvements to DPW Facilities | 35,000.00 | 20,330.00 | | | | | 20,330.00 | |
| 928 | Pedestrian and Vehicle Safety Study | 10,000.00 | 2,398.41 | | | | | 2,398.41 | |
| 941 | ADA Improvements to Municipal Complex | 27,700.00 | 6,615.31 | | | | | 6,615.31 | |
| 945 | Installation of Sidewalks on Pottersville Road | 125,000.00 | 52,983.96 | | | | | 48,857.84 | |
| 946 | Various Improvements | | | | 2,473.54 | 1,652.60 | | | |
| | Purchase of DPW Equipment | 45,500.00 | 14,591.00 | | | | | 14,591.00 | |
| 947 | Improvements to Borough Complex | 26,500.00 | 26,500.00 | | 14,539.46 | | | 26,500.00 | |
| 955/956 | Improvements to Liberty Park Pond | 100,000.00 | 77,201.90 | | | | | 73,062.05 | |
| | Various Improvements | | | | | | | | |
| | Purchase of Computer Network System | 60,000.00 | 3,000.00 | | 1,949.85 | 2,200.00 | | | |
| | Purchase of Police Equipment | 234,000.00 | 49,500.00 | 3,000.00 | | | | 57,000.00 | 56,756.00 |
| | Purchase of Fire Equipment | 15,000.00 | 1,000.00 | 49,500.00 | 2,994.00 | 250.00 | | 184,500.00 | 9,129.41 |
| | Improvements to Highland Ave and Trimmer Lane | 175,000.00 | 8,500.00 | 1,000.00 | 80,862.42 | 143,988.17 | | 14,000.00 | 14,000.00 |
| 957 | Purchase of HVAC System | 10,000.00 | 1,000.00 | 8,500.00 | 550.00 | | | 7,950.00 | 166,500.00 |
| 962 | Purchase of Police Records Management System | 15,480.00 | 15,480.00 | 1,000.00 | | | | 1,000.00 | 9,000.00 |
| | Purchase of 2011 DPW Ford Truck | 50,000.00 | 50,000.00 | 50,000.00 | | 7,474.00 | | 8,066.00 | |
| | | | | | | | | 50,000.00 | |
| | Total | | \$ 589,082.68 | \$ 700.00 | \$ 170,298.41 | \$ 163,479.77 | \$ 42,890.00 | \$ 516,508.09 | \$ 256,085.41 |

Ref. C C C C-10 C-7 C C C

Ref. C C-5 C-2 C-10 C-7 C C C

Capital Improvement Fund
Capital Reserves

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

| | <u>Ref.</u> | |
|-----------------------------------|-------------|----------------------|
| Balance December 31, 2010 | C | \$ 59,853.79 |
| Increased by : | | |
| Improvement Authorization Charges | C-9 | <u>163,520.77</u> |
| | | 223,374.56 |
| Decreased by : | | |
| Paid in 2011 | C-2 | \$ 38,869.90 |
| Canceled in 2011 | C-9 | <u>41.00</u> |
| | | <u>38,910.90</u> |
| Balance December 31, 2011 | C | <u>\$ 184,463.66</u> |

C-11

SCHEDULE OF CAPITAL IMPROVEMENT FUND

| | <u>Ref.</u> | |
|---|-------------|----------------------|
| Balance December 31, 2010 | C | \$ 114,990.82 |
| Increased by : | | |
| 2011 Budget Appropriation | C-2 | <u>100,000.00</u> |
| | | 214,990.82 |
| Decreased by : | | |
| Appropriated to Finance Improvement Authorizations | C-9 | <u>73,000.00</u> |
| Balance December 31, 2011 | C | <u>\$ 141,990.82</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. Paggers</u> | <u>Purchase of Air Conditioning</u> |
|---|-------------|--------------------|---|-------------------------------|---|
| Balance December 31, 2010 | C | \$ 61,480.00 | \$ 15,480.00 | \$ 40,000.00 | \$ 6,000.00 |
| Decreased by : | | | | | |
| Appropriated to Finance Improvement Authorizations | C-9 | <u>55,480.00</u> | <u>15,480.00</u> | <u>40,000.00</u> | <u>-</u> |
| Balance December 31, 2011 | C | <u>\$ 6,000.00</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 6,000.00</u> |

BOROUGH OF PEAPACK AND GLADSTONE

GENERAL CAPITAL FUND
SCHEDULE OF INTERFUND ACCOUNTS PAYABLE

| | Balance Dec. 31, 2010 | Received in 2011 | Paid in 2011 | Balance Dec. 31, 2011 |
|-------------------------|--------------------------|---------------------|------------------|--------------------------|
| Current Fund - Interest | \$ 893.87 | \$ 65.02 | \$ 952.61 | \$ 6.28 |
| | <u>\$ 893.87</u> | <u>\$ 65.02</u> | <u>\$ 952.61</u> | <u>\$ 6.28</u> |

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 | Paid | Balance Dec. 31, 2011 |
|-----------------------------|----------------|-----------------|--|---------------|---------------|-----------------|-----------------------|
| | Date | Amount | Date | Amount | | | |
| General Improvement of 2002 | 11/1/02 | \$ 1,645,000.00 | 7/1/12-15 | \$ 140,000.00 | 3.625% | \$ 140,000.00 | \$ 560,000.00 |
| General Improvement of 2009 | 12/1/09 | 4,494,000.00 | 12/1/12 | 165,000.00 | 2.75% | 155,000.00 | 4,189,000.00 |
| | | | 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% | | | | | |
| | | | | | | \$ 5,044,000.00 | \$ 4,749,000.00 |

Ref.

C

C-4

C

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

| | <u>Ref.</u> | |
|-------------------------------|-------------|----------------------|
| Balance December 31, 2010 | C | \$ 280,532.51 |
| Decreased by : | | |
| Paid by Open Space Trust Fund | C-4 | <u>25,608.35</u> |
| Balance December 31, 2011 | C | <u>\$ 254,924.16</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, 2010</u> | <u>2011 Authorizations</u> | <u>Balance Dec. 31, 2011</u> |
|-----------------------------|--|----------------------------------|--------------------------------|----------------------------------|
| 909b | Acquisition of Various DPW Equipment | \$ 450.00 | \$ - | \$ 450.00 |
| 914/922/932 | Replacement of Boilers at Municipal Building | 250.00 | | 250.00 |
| 955/956 | Various Improvements | <u>-</u> | <u>431,000.00</u> | <u>431,000.00</u> |
| | | <u>\$ 700.00</u> | <u>\$ 431,000.00</u> | <u>\$ 431,700.00</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, 2010 | D | \$ 926,361.31 | \$ 94,401.28 |
| Increased by Receipts: | | | |
| Miscellaneous Revenue | D-3 | 8,060.48 | |
| Sewer Collector | D-7 | 1,309,776.71 | |
| Interfunds Accounts Receivable | D-8 | 17.20 | |
| Interfunds Accounts Payable | D-18 | - | 17.21 |
| | | <u>1,317,854.39</u> | <u>17.21</u> |
| | | <u>2,244,215.70</u> | <u>94,418.49</u> |
| Decreased by Disbursements : | | | |
| 2011 Budget Appropriations | D-4 | 1,263,413.04 | |
| 2010 Appropriation Reserves | D-16 | 16,404.14 | |
| Reserve for Encumbrances | D-17,24 | 122,548.43 | - |
| Interfunds Accounts Payable | D-18 | - | 17.20 |
| Accrued Interest on Bonds | D-20 | 40,887.50 | - |
| | | <u>1,443,253.11</u> | <u>17.20</u> |
| Balance December 31, 2011 | D | \$ 800,962.59 | \$ 94,401.29 |

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

| Improvement Authorizations: Ord. | No. | Description | Receipts | | Disbursements | | Balance or (Deficit) Dec. 31, 2011 |
|-------------------------------------|-----|---|---------------|---------------|-------------------------------|---------------|--|
| | | | Miscellaneous | Miscellaneous | Improvement Authorizations | Miscellaneous | |
| | | | \$ 839.13 | \$ - | \$ - | \$ - | \$ 839.13 |
| | 736 | Acquisition of Sewer Department Equipment | 2,131.04 | | | | 2,131.04 |
| | 758 | Acquisition of Sewer Department Equipment | 1,829.50 | | | | 1,829.50 |
| | 862 | Acquisition of Sewer Department Equipment | | | | | |
| | | Reserve for Encumbrances | 1.46 | 17.21 | | 17.20 | 1.47 |
| | | Interfund Accounts Payable | 31,486.27 | | | | 31,486.27 |
| | | Capital Improvement Fund | 29,359.57 | | | | 29,359.57 |
| | | Reserve for Contribution in Aid of Construction | 9,000.00 | | | | 9,000.00 |
| | | Reserve for Sewer Pump | 19,754.31 | | | | 19,754.31 |
| | | Fund Balance | | | | | |
| | | | \$ 94,401.28 | \$ 17.21 | \$ - | \$ 17.20 | \$ 94,401.29 |

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 | \$ 1,309,325.58 | |
| Utility Charges Overpayments | D-19 | <u>451.13</u> | |
| | | | <u>\$ 1,309,776.71</u> |
| Decreased by Disbursements : | | | |
| Amount Paid to Treasurer: | D-5 | | <u>\$ 1,309,776.71</u> |

BOROUGH OF PEAPACK AND GLADSTONE

SEWER UTILITY FUND
SCHEDULE OF INTERFUND ACCOUNTS RECEIVABLE

| | <u>Balance Dec. 31, 2010</u> | <u>Accrued in 2011</u> | <u>Received in 2011</u> | <u>Balance Dec. 31, 2011</u> |
|-----------------------|----------------------------------|----------------------------|-----------------------------|----------------------------------|
| Sewer Operating Fund: | \$ 1.46 | \$ 17.21 | \$ 17.20 | \$ 1.47 |
| Sewer Capital Fund | <u>\$ 1.46</u> | <u>\$ 17.21</u> | <u>\$ 17.20</u> | <u>\$ 1.47</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, 2010 | D | \$ 73,924.05 |
| Increased by : | | |
| 2011 Charges | | <u>1,299,683.18</u> |
| | | 1,373,607.23 |
| Decreased by : | | |
| Received in 2011 | D-3,7 | <u>1,309,325.58</u> |
| Balance December 31, 2011 | D | <u>\$ 64,281.65</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, 2010 | D | \$ 8,238,876.73 |
| Increased by: | | |
| Capital Outlay Expenditures | D-27 | <u>13,013.18</u> |
| Balance December 31, 2011 | D | <u>\$ 8,251,889.91</u> |

BOROUGH OF PEAPACK AND GLADSTONE

SEWER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

| Improvement Description | Ordinance | | Amount | Balance Dec. 31, 2010 | Balance Dec. 31, 2011 |
|---|-----------|---------|--------------|--------------------------|--------------------------|
| | Number | Date | | | |
| 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> |

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 - 2010

| | <u>Balance</u> <u>Dec. 31, 2010</u> | <u>Disbursed</u> | <u>Lapsed</u> |
|-----------------------------------|--|---------------------|---------------------|
| Operating: | | | |
| Salaries and Wages | \$ 1,791.45 | \$ - | \$ 1,791.45 |
| Other Expenses | 84,517.79 | 14,388.42 | 70,129.37 |
| Capital Improvement: | | | |
| Capital Outlay | 19,675.00 | 1,822.00 | 17,853.00 |
| Statutory Expenditures: | | | |
| Contribution to: | | | |
| Social Security System (O.A.S.I.) | <u>2,785.97</u> | <u>193.72</u> | <u>2,592.25</u> |
| | <u>\$ 108,770.21</u> | <u>\$ 16,404.14</u> | <u>\$ 92,366.07</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, 2010 | D | \$ 147,282.20 |
| Increased by : | | |
| Charges 2011 Budget Appropriations | D-4 | <u>75,815.05</u> |
| | | 223,097.25 |
| Decreased by : | | |
| Paid in 2011 | D-5 | \$ 122,548.43 |
| Canceled in 2011 | D-1 | <u>24,733.77</u> |
| | | <u>147,282.20</u> |
| Balance December 31, 2011 | D | <u>\$ 75,815.05</u> |

BOROUGH OF PEAPACK AND GLADSTONE

SEWER UTILITY FUND
SCHEDULE OF INTERFUND ACCOUNTS PAYABLE

| | <u>Balance</u> <u>Dec. 31, 2010</u> | <u>Received</u> <u>in 2011</u> | <u>Paid</u> <u>in 2011</u> | <u>Balance</u> <u>Dec. 31, 2011</u> |
|----------------------|--|-----------------------------------|-------------------------------|--|
| Sewer Capital Fund: | | | | |
| Sewer Operating Fund | \$ 1.46 | \$ 17.21 | \$ 17.20 | \$ 1.47 |
| | <u>\$ 1.46</u> | <u>\$ 17.21</u> | <u>\$ 17.20</u> | <u>\$ 1.47</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, 2010 | D | \$ 166.27 |
| Increased by : | | |
| Received in 2011 | D-7 | <u>451.13</u> |
| Balance December 31, 2011 | D | <u>\$ 617.40</u> |

SCHEDULE OF ACCRUED INTEREST ON BONDS

| | <u>Ref.</u> | |
|---------------------------|-------------|---------------------|
| Balance December 31, 2010 | D | \$ 20,443.75 |
| Increased by : | | |
| 2011 Budget Appropriation | D-4 | <u>35,900.00</u> |
| | | 56,343.75 |
| Decreased by : | | |
| Interest Paid in 2011 | D-5 | <u>40,887.50</u> |
| Balance December 31, 2011 | D | <u>\$ 15,456.25</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

| <u>Number</u> | <u>Improvement Description</u> | <u>Date</u> | <u>Amount</u> | Balance | | <u>Encumbered</u> | <u>Expended</u> | Balance | |
|---------------|---|-------------|---------------|--------------------|-----------------|-------------------|-----------------|--------------------|-----------------|
| | | | | <u>Funded</u> | <u>Unfunded</u> | | | <u>Funded</u> | <u>Unfunded</u> |
| 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 | - |
| | | | | <u>\$ 4,799.67</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 4,799.67</u> | <u>\$ -</u> |

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, 2010 | D | <u>\$ 31,486.27</u> |
| Balance December 31, 2011 | 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, 2010 | D | <u>\$ 38,359.57</u> | <u>\$ 29,359.57</u> | <u>\$ 9,000.00</u> |
| Balance December 31, 2011 | 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, 2010 | D | \$ 7,128,876.73 |
| Increased by : | | |
| Budget Additions to Fixed Capital | D-12 | \$ 13,013.18 |
| Serial Bonds Paid by Operating Budget | D-29 | <u>285,000.00</u> |
| | | <u>298,013.18</u> |
| Balance December 31, 2011 | D | <u>\$ 7,426,889.91</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, 2010</u> | <u>Balance Dec. 31, 2011</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

| Purpose | Original Issue | | Annual Maturity of Bonds Outstanding | | Interest Rate | Paid | Balance Dec. 31, 2011 |
|-----------------|----------------|-----------------|--------------------------------------|---------------|---------------|---------------|-----------------------|
| | Date | Amount | Date | Amount | | | |
| Refunding Bonds | 11/1/02 | \$ 2,845,000.00 | 7/1/12 | \$ 280,000.00 | 3.500% | \$ 285,000.00 | \$ 825,000.00 |
| | | | 7/1/13 | 275,000.00 | 3.750% | | |
| | | | 7/1/14 | 270,000.00 | 4.000% | | |
| | | | | | | | |
| | | | | | | \$ 285,000.00 | \$ 825,000.00 |

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

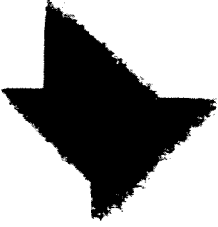
PUBLIC ASSISTANCE FUND
SCHEDULE OF PUBLIC ASSISTANCE EXPENDITURES - 2011

| | 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 | \$ - | \$ 1,206.00 | \$ 1,206.00 |
| Temporary Rental Assistance | | 2,875.00 | 2,875.00 |
| Shelter/Motel House | - | 800.00 | 800.00 |
| Total Reported on GA-6 | <u>-</u> | <u>4,881.00</u> | <u>4,881.00</u> |
| Total Disbursements | <u>\$ -</u> | <u>\$ 4,881.00</u> | <u>\$ 4,881.00</u> |

BOROUGH OF PEAPACK AND GLADSTONE
PUBLIC ASSISTANCE FUND
SCHEDULE OF AMOUNT DUE TO CURRENT FUND

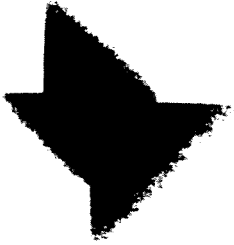
NOT APPLICABLE

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, 2011 and December 31, 2010, and have issued our report thereon dated March 20, 2012. 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.

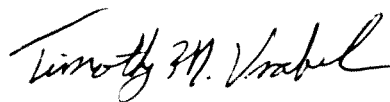
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material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

170 East Main Street
P.O. Box 541
Denville, NJ 07834
973-625-2920 Fax: 973-625-8733
Email: tmvrabeldvc@optonline.net

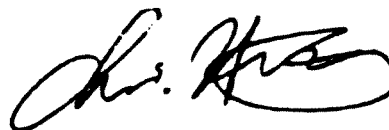
Compliance and Other Matters

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
License No. CC033704

March 20, 2012

BOROUGH OF PEAPACK AND GLADSTONE
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED DECEMBER 31, 2011

| Federal Funding Department | Federal Program | CFDA No. | Federal Grant (Award) Number | Grant Award Amount | Total | Grant Period | | Amount of Receipts | | Accounts Receivable Dec. 31, 2011 | Amount of Expenditures | | Unexpended Balance Dec. 31, 2011 |
|----------------------------------|----------------------------------|-------------|---------------------------------|--------------------------|-------|--------------|----|--------------------|-----------------|---|------------------------|---------------------|--|
| | | | | | | From | To | Prior Year | Current Year | | Prior Year | Current Year (1) | |
| Homeland Security | Federal Bulletproof Vest Program | | | 4,767.00 | 2008 | | | 3,579.00 | 1,188.00 | - | 2,867.75 | 272.14 | 1,627.11 |

(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, 2011

| State Program | State Account Number | Grant Award Amount | Total | | Amount of Receipts | | Accounts Receivable Dec. 31, 2011 | Amount of Expenditures | | Unexpended Balance Dec. 31, 2011 | | |
|--|----------------------|--------------------|-------|-----------------|--------------------|--------------|-----------------------------------|------------------------|------------------|----------------------------------|---------------|-----------|
| | | | 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 | \$ | 4,126.14 | \$ | 23,857.84 |
| Department of Treasury Garden State Green Acres Trust | 4800-727-042-4800 | 2,244,219.15 | | 2,244,219.15 | | | | 2,244,219.15 | | | | |
| Recycling Tonnage Grant | 4900-752-178810-60 | 10,516.34 | | 3,716.67 | | 6,799.67 | | | | (293.36) | | 10,809.70 |
| Drunk Driving Enforcement Fund | 1110-448-031020-60 | 819.80 | | 819.80 | | | | | | 3.12 | | 816.68 |
| Clean Communities Grant | 4900-765-178910-60 | 17,472.42 | | 6,041.77 | | 5,681.27 | | | | 909.70 | | 16,562.72 |
| Alcohol Education and Rehabilitation Fund | 9735-760-060000-60 | 1,307.11 | | 1,199.24 | | 107.87 | | | | | | 1,307.11 |
| Body Armor Replacement Fund | | 3,807.68 | | 2,711.23 | | 1,096.45 | | | | | | 3,287.82 |
| Somerset County Youth Athletic and Recreation | | 15,000.00 | | 1,136.00 | | 13,864.00 | | | | | | 15,000.00 |
| Somerset County Cultural and Heritage Grant | | 1,000.00 | | 750.00 | | 250.00 | | | | | | 1,000.00 |
| County Cross Acceptance Grant | | 2,000.00 | | 2,000.00 | | | | | | | | 2,000.00 |
| Municipal Stormwater Regulation Program | | 6,822.00 | | 6,822.00 | | | | | | | | 6,816.61 |
| Domestic Violence Training Program | | 4,400.00 | | 4,400.00 | | | | | | | | 1,597.43 |
| Somerset County Chiefs' Association Grant | | 1,000.00 | | 1,000.00 | | | | | | | | 2,802.57 |
| County Municipal Planning Grant | | 14,250.00 | | | | | | | | | | 1,000.00 |
| N.J. Highlands Council Planning Grant | | 7,500.00 | | | | | | | | | | 14,250.00 |
| N.J. Forestry Management Grant | | 2,000.00 | | 2,000.00 | | | | | | | | 1,472.16 |
| Space Study Grant | | 52,000.00 | | 52,000.00 | | | | | | | | 1,972.18 |
| Gov. Connect Municipal Clerk | | 500.00 | | 500.00 | | | | | | | | 1,944.00 |
| N.J. Local Library Grant | | 25,000.00 | | 25,000.00 | | | | | | | | 0.45 |
| Smart Growth Planning Assistance Grant | | 6,500.00 | | 1,000.00 | | 5,500.00 | | | | | | 25,000.00 |
| Sustainable NJ Grant | | 1,000.00 | | | | | | | | | | 6,500.00 |
| Association NJ Environmental Commissions | | 5,000.00 | | | | | | | | | | 186.00 |
| Public Assistance | 7550-150-158010-60 | N/A | | | | 13,647.25 | N/A | | | | 4,881.00 | N/A |
| | | | | \$ 2,409,327.88 | | \$ 46,446.51 | \$ 79,987.36 | \$ 2,383,465.56 | \$ 15,960.46 | | \$ 127,569.48 | |

(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, 2011

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 1:B. to the Borough of Peapack and Gladstone 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 1: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, 2011**

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 Information Technology Consultant.

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

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:

Air Compressor, 2011 Ford Truck and 2012 Chevy Tahoe

COLLECTIONS OF INTERERST 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 4, 2011, adopted the following resolution authorizing interest to be charged on delinquent taxes and sewer charges:

Resolution No. 4-11

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, 2011.

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, 2011.
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. 5-11

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. 16-11

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, 2011 are all 2011 taxes.

The last tax sale was held November 17, 2011 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> |
|-------------|----------------------------|
| 2011 | 0 |
| 2010 | 0 |
| 2009 | 0 |
| 2008 | 0 |
| 2007 | 0 |
| 2006 | 0 |
| 2005 | 0 |
| 2004 | 0 |
| 2003 | 0 |
| 2002 | 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 2012 Taxes | 25 |
| Payments of 2011 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, 2011, 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

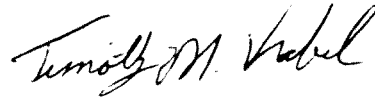
Status of prior years' Audit Findings/Recommendations:

Not Applicable

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
Registered Municipal Accountant
License No. CR000339



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

March 20, 2012