

**BOROUGH OF PEAPACK AND GLADSTONE**

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**REPORT ON EXAMINATION OF FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012**

BOROUGH OF PEAPACK AND GLADSTONE

TABLE OF CONTENTS

<u>Part I</u>	<u>Page</u>
Independent Auditor's Report	1-2
<u>Current Fund</u>	<u>Exhibit</u>
Comparative Balance Sheet – Regulatory Basis	A
Comparative Statement of Operations and Change in Fund Balance – Regulatory Basis	A-1
Statement of Revenues – Regulatory Basis	A-2
Statement of Expenditures – Regulatory Basis	A-3
<u>Trust Fund</u>	
Comparative Balance Sheet – Regulatory Basis	B
Schedule of Cash – Treasurer	B-1
<u>General Capital Fund</u>	
Comparative Balance Sheet – Regulatory Basis	C
Statement of Fund Balance – Regulatory Basis	C-1
<u>Sewer Utility Operating Fund</u>	
Comparative Balance Sheet – Regulatory Basis	D
Comparative Statement of Operations and Change in Fund Balance – Regulatory Basis	D-1
Statement of Capital Fund Balance – Regulatory Basis	D-2
Statement of Revenues – Regulatory Basis	D-3
Statement of Expenditures – Regulatory Basis	D-4
<u>Public Assistance Trust Fund</u>	
Comparative Balance – Regulatory Basis	E
Schedule of Cash – Treasurer	E-1
Schedule of Reserve for Public Assistance	E-2
Schedule of Reserve for Public Assistance Revenues – 2012	E-3
<u>General Fixed Assets Account Group</u>	
Comparative Balance Sheet – Regulatory Basis	F
	<u>Page</u>
<u>Notes to Financial Statements</u>	38-57

BOROUGH OF PEAPACK AND GLADSTONE

TABLE OF CONTENTS  
(CONTINUED)

	<u>Page</u>
<u>Part I (Continued)</u>	
<u>Supplementary Data</u>	
Comparative Statement of Operations and Change in Fund Balance – Current Fund	59
Comparative Statement of Operations and Change in Fund Balance – Sewer Utility Operating Fund	60
Comparative Schedule of Tax Rate Information	61
Comparison of Tax Levies and Collection Currently	61
Delinquent Taxes and Tax Title Liens	62
Property Acquired by Tax Title Lien Liquidation	62
Comparison of Sewer Utility Levies	62
Comparative Schedule of Fund Balances	63
Officials in Office and Surety Bonds	64
<u>Current Fund</u>	<u>Schedule</u>
Schedule of Cash – Treasurer	A-4
Schedule of Cash – Tax Collector	A-5
Schedule of Change Funds	A-6 N/A
Schedule of Petty Cash	A-7 N/A
Schedule of Amount Due from State of New Jersey for Senior Citizens' and Veterans' Deductions	A-8
Schedule of Taxes Receivable and Analysis of 2012 Property Tax Levy	A-9
Schedule of Tax Title Liens	A-10
Schedule of Property Acquired for Taxes - Assessed Valuation	A-11
Schedule of Revenue Accounts Receivable	A-12
Schedule of Interfund Accounts Receivable	A-13
Schedule of Other Accounts Receivable	A-14
Schedule of Deferred Charges	A-15
Schedule of Appropriation Reserves – 2011	A-16
Schedule of Reserve for Encumbrances	A-17
Schedule of Interfund Accounts Payable	A-18
Schedule of Prepaid Taxes	A-19
Schedule of Tax Overpayments	A-20
Schedule of Reserve for Tax Appeals Pending	A-21
Schedule of Reserve for Funds – Appropriated	A-22
Schedule of Reserve for Funds – Unappropriated	A-23
Schedule of Other Liabilities and Reserves	A-24
Schedule of Local Open Space, Regional School District and County Taxes	A-25
Schedule of Amount Due From Current Fund To Federal and State Grants Fund	A-26

BOROUGH OF PEAPACK AND GLADSTONE

TABLE OF CONTENTS  
(CONTINUED)

	<u>Schedule</u>
<u>Part I (Continued)</u>	
<u>Current Fund (Continued)</u>	
Schedule of Federal and State Aid Receivable	A-27
Schedule of Appropriated Reserves for Federal and State Grants	A-28
Schedule of Unappropriated Reserves for Federal and State Grants	A-29
Schedule of Reserve for Encumbrances for Federal and State Grants	A-30
<u>Trust Fund</u>	
Schedule of Interfund Accounts Receivable	B-2 N/A
Schedule of Interfund Accounts Payable	B-3 N/A
Schedule of Reserve for Animal Control Fund Expenditures	B-4
Schedule of Amount Due to State Board of Health	B-5
Schedule of Prepaid License Fees	B-6
Schedule of Amount Due to State of New Jersey	B-7
Reserve for Special Deposits	B-8
Schedule of Reserve for Encumbrances	B-9
<u>General Capital Fund</u>	
Schedule of Cash – Treasurer	C-2
Analysis of Cash	C-3
Schedule of Deferred Charges to Future Taxation – Funded	C-4
Schedule of Deferred Charges to Future Taxation – Unfunded	C-5
Schedule of Deferred Charges to Future Taxation – Canceled Federal and State Aid Receivable	C-6
Schedule of Federal and State Aid Receivable	C-7
Schedule of Interfund Accounts Receivable	C-8
Schedule of Improvement Authorizations	C-9
Schedule of Reserve for Encumbrances	C-10
Schedule of Capital Improvement Fund	C-11
Schedule of Capital Reserves	C-12
Schedule of Interfund Accounts Payable	C-13
Schedule of Reserve for Federal and State Aid Receivable	C-14
Schedule of Serial Bonds	C-15
Schedule of NJDEP Open Space Acquisition Loans	C-16
Schedule of Bond Anticipation Notes	C-17
Schedule of Bonds and Notes Authorized but not Issued	C-18

BOROUGH OF PEAPACK AND GLADSTONE

TABLE OF CONTENTS  
(CONTINUED)

<u>Part I (Continued)</u>	<u>Schedule</u>
<u>Supplementary Date (Continued)</u>	
<u>Sewer Utility Fund</u>	
Schedule of Cash – Treasurer	D-5
Analysis of Sewer Capital Cash	D-6
Schedule of Cash – Sewer Collector	D-7
Schedule of Interfund Accounts Receivable	D-8
Schedule of Sewer Utility Consumers' Accounts Receivable	D-9
Schedule of Sewer Liens Receivable	D-10
Schedule of Deferred Charges – Operating Deficit	D-11
Schedule of Fixed Capital	D-12
Schedule of Fixed Capital Authorized and Uncompleted	D-13
Schedule of Wastewater Treatment Trust Loans Receivable	D-14
Schedule of Federal and State Aid Receivable	D-15
Schedule of Appropriation Reserves – 2011	D-16
Schedule of Reserve for Encumbrances	D-17
Schedule of Interfund Accounts Payable	D-18
Schedule of Utility Charges Overpayments	D-19
Schedule of Accrued Interest on Bonds	D-20
Schedule of Accrued Interest on Loans	D-21
Schedule of Accrued Interest on Notes	D-22
Schedule of Improvement Authorizations	D-23
Schedule of Reserve For Encumbrances	D-24
Schedule of Capital Improvement Fund	D-25
Schedule of Capital Reserves	D-26
Schedule of Reserve for Amortization	D-27
Schedule of Deferred Reserve for Amortization	D-28
Schedule of Bonds Payable	D-29
Schedule of Wastewater Treatment Trust Loans Payable	D-30
Schedule of Bond Anticipation Notes	D-31
Schedule of Bonds and Notes Authorized but not Issued	D-32
<u>Public Assistance Trust Fund</u>	
Schedule of Public Assistance Expenditures – 2012	E-4
Schedule of Amount Due to Current Fund	E-5

BOROUGH OF PEAPACK AND GLADSTONE

TABLE OF CONTENTS  
(CONTINUED)

<u>Part I (Continued)</u>	<u>Page</u>
<u>Part I (Continued)</u>	
<u>Reports Pursuant to Government Auditing Standards</u>	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with "Governmental Auditing Standards"	136-137
	<u>Schedule</u>
Schedule of Expenditures of Federal Awards for the Year Ended December 31, 2012	A
Schedule of Expenditures of State Financial Assistance for the Year Ended December 31, 2012	B
<u>Single Audit Section (Continued)</u>	
	<u>Page</u>
Notes to Schedules of Expenditures of Awards and Financial Assistance Year Ended December 31, 2012	140
Schedules of Findings and Responses	
Part 1 Summary of Auditor's Reports	N/A
Part 2 Schedule of Financial Statement Findings	N/A
Part 3 Schedule of Federal Awards and State Financial Assistance Findings and Questioned Costs	N/A
Summary Schedule of Prior-year Audit Findings and Questioned Costs as Prepared by Management	N/A
<u>Part II</u>	
General Comments and Recommendations	142-146

**INDEPENDENT AUDITOR'S REPORT**

# *T. M. Vrabel & Associates, LLC*

## *Accountants and Auditors*

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*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, 2012 and December 31, 2011, 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, 2012. 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 1, 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 13, 2013 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, 2012 and December 31, 2011, or the results of its operations for the years then ended.

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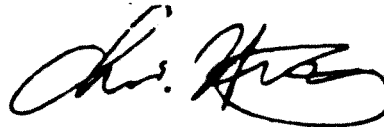
However, in our opinion, except for the effects of such adjustments, if any, as might have been determined had we audited the financial statements of the Length of Service Award Program, the financial statements referred to above present fairly, in all material respects, the financial position – regulatory basis of the various funds and account groups of the Borough of Peapack and Gladstone as of December 31, 2012 and December 31, 2011, 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, 2012, on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued our report dated March 13, 2013 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 13, 2013

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>2012</u>	<u>2011</u>
<b>General Fund:</b>			
Cash - Treasurer	A-4	\$ 3,936,837.82	\$ 4,017,943.06
Change Fund	A-6	125.00	125.00
Amount Due from State of New Jersey for Senior Citizens and Veterans Deductions	A-8	3,706.22	6,653.19
		<u>3,940,669.04</u>	<u>4,024,721.25</u>
 <b>Receivables and other Assets With Full Reserves :</b>			
Delinquent Property Taxes	A-9	128,842.77	115,416.63
Property Acquired for Taxes - Assessed Valuation	A-11	139,900.00	139,900.00
Revenue Accounts Receivable	A-12	5,121.31	5,775.58
Interfunds Accounts Receivable	A-13	27,867.20	21,544.41
		<u>301,731.28</u>	<u>282,636.62</u>
		<u>4,242,400.32</u>	<u>4,307,357.87</u>
 <b>Federal and State Grants Fund :</b>			
Amount Due From Current Fund	A-26	76,435.87	79,306.04
Federal and State Aid Receivable	A-27	37,820.38	33,999.38
		<u>114,256.25</u>	<u>113,305.42</u>
		<u>\$ 4,356,656.57</u>	<u>\$ 4,420,663.29</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>2012</u>	<u>2011</u>
Liabilities :			
Appropriation Reserves	A-3,16	\$ 415,562.17	\$ 494,020.42
Reserve for Encumbrances	A-17	274,014.11	225,488.03
Interfunds Accounts Payable	A-18	516,390.37	286,232.43
Prepaid Taxes	A-19	98,036.12	257,782.50
Tax Overpayments	A-20	2,996.39	7,334.75
Reserve for Funds - Unappropriated	A-23	11,411.30	8,814.42
Other	A-24	50.00	50.00
Regional School District Taxes Payable	A-25	1,261.86	1,261.86
County Taxes Payable	A-25	14,593.69	24,688.12
		<u>1,334,316.01</u>	<u>1,305,672.53</u>
Reserve for Receivables and Other Assets		301,731.28	282,636.62
Fund Balance	A-1	<u>2,606,353.03</u>	<u>2,719,048.72</u>
		<u>4,242,400.32</u>	<u>4,307,357.87</u>
Federal and State Grants Fund :			
Appropriated Reserves	A-28	102,379.67	107,848.70
Unappropriated Reserves	A-29	7,962.58	5,081.72
Reserves for Encumbrances	A-30	3,914.00	375.00
		<u>114,256.25</u>	<u>113,305.42</u>
		<u>\$ 4,356,656.57</u>	<u>\$ 4,420,663.29</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 2012</u>	<u>Year 2011</u>
Fund Balance Utilized	A-2	\$ 2,220,000.00	\$ 2,139,000.00
Miscellaneous Revenue Anticipated	A-2	301,890.29	310,373.07
Receipts from Delinquent Taxes	A-2	117,351.63	128,888.71
Receipts from Current Taxes	A-2	12,693,773.84	12,750,675.87
Non - Budget Revenue	A-2	444,088.44	447,187.71
Other Credits to Income :			
Unexpended Balance of Appropriation			
Reserves Lapsed	A-16	444,369.90	366,419.29
Tax Overpayments Canceled		-	254.81
Total Income		<u>16,221,474.10</u>	<u>16,142,799.46</u>
 <u>Expenditures</u> 			
Budgetary and Emergency Appropriations :			
Appropriations Within "CAP"			
Operations:			
Salaries and Wages	A-3	1,918,000.00	1,815,954.00
Other Expenses	A-3	2,085,908.00	1,999,757.00
Deferred Charges and Statutory Expenditures	A-3	378,598.00	415,568.00
Appropriations Excluded from "CAP"			
Operations:			
Other Expenses	A-3	117,320.29	138,436.07
Capital Improvements	A-3	100,000.00	100,000.00
Debt Service	A-3	334,427.00	336,342.00
Deferred Charges - Municipal	A-3	7,000.00	

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

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

<u>Expenditures (Continued)</u>	<u>Ref.</u>	<u>Year 2012</u>	<u>Year 2011</u>
Prior Year Senior Citizen Deduction Disallowed	A-8	\$ 2,500.00	\$ 97.92
Interfund Advance	A-13	4,450.85	1,000.00
Local Open Space Tax	A-25	204,448.38	205,039.50
Local Open Space Share of Added Taxes	A-25	1,102.19	1,876.89
Regional School District Tax	A-25	6,311,235.94	6,311,024.96
County Taxes	A-25	2,634,585.45	2,683,351.21
County Share of Added and Omitted Taxes	A-25	<u>14,593.69</u>	<u>24,688.12</u>
Total Expenditures		<u>14,114,169.79</u>	<u>14,033,135.67</u>
 Excess in Revenue		 2,107,304.31	 2,109,663.79
Fund Balance January 1	A	<u>2,719,048.72</u>	<u>2,748,384.93</u>
		4,826,353.03	4,858,048.72
Decreased by :			
Utilized as Anticipated Revenue	A-1	<u>2,220,000.00</u>	<u>2,139,000.00</u>
 Fund Balance December 31	A	 <u>\$ 2,606,353.03</u>	 <u>\$ 2,719,048.72</u>

BOROUGH OF PEAPACK AND GLADSTONE

CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS

(\$K)

	Ref.	Anticipated	Added by 40A.4-87	Realized	Excess or (Deficit)
	A-1	\$ 2,220,000.00	\$ -	\$ 2,220,000.00	\$ -
Fund Balance Anticipated	A-12	12,626.00		13,063.00	437.00
Miscellaneous Revenues :	A-12	251,059.00		251,059.00	-
Licenses :					
Alcohol Beverages	A-18	3,752.76		3,752.76	-
Energy Receipts Tax	A-18	107.87		107.87	-
Public and Private Revenues Off-Set with Appropriations:					
Recycling Tonnage Grant	A-18	1,096.45		1,096.45	-
Alcohol Education and Rehabilitation Fund	A-18	1,147.24		1,147.24	-
Body Armor Replacement Fund	A-18	7,500.00		7,500.00	-
Federal Bulletproof Vest Program	A-18	13,449.55		13,449.55	-
Sustainable New Jersey Grant	A-18	1,900.00		1,900.00	-
Help America Vote Grant					
Green Community Grant					
Donations:					
Police Equipment	A-23	4,000.00		4,000.00	-
Historical Commission	A-23	286.00		286.00	-
Library	A-23	4,528.42		4,528.42	-
Total Miscellaneous Revenues	A-1	301,453.29		301,890.29	437.00
Receipts from Delinquent Taxes	A-1,2	100,000.00		117,351.63	17,351.63
Amount to be raised by Taxes for Support of Municipal Budget :					
Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes	A-2	3,603,888.89		4,811,897.08	1,208,008.19
Budget Totals	A-1,2	6,225,342.18		7,451,139.00	1,225,796.82
Non-Budget Revenues				444,088.44	444,088.44
		\$ 6,225,342.18	\$ -	\$ 7,895,227.44	\$ 1,669,885.26

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>Ref.</u>	
<u>Analysis of Realized Revenue</u>		
Allocation of Current Tax Collections :		
2012 Taxes Collected in 2011	A-9	\$ 257,782.50
2012 Taxes Collected in 2012	A-9	12,411,779.61
State's Share of Senior Citizens' and Veterans' Deductions	A-9	17,500.00
Prior Year Tax Appeals Applied	A-9	<u>6,711.73</u>
	A-1	12,693,773.84
Allocated to School and County Taxes	A-25	<u>9,165,965.65</u>
		3,527,808.19
Add : Reserve for Uncollected Taxes	A-3	<u>1,284,088.89</u>
Amount for Support of Municipal Budget	A-2	<u>\$ 4,811,897.08</u>
Receipts from Delinquent Taxes :		
Prior Year Taxes Collected	A-9	<u>117,351.63</u>
	A-2	<u>\$ 117,351.63</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		\$ 358.93	
LEA Rebate		7,388.21	
DMV Inspection Fines		6,950.00	
Payments In Lieu of Taxes		11,298.49	
Miscellaneous		<u>7,651.05</u>	
	A-4		\$ 33,646.68
Tax Collector:			
Tax Searches		110.00	
Interest and Costs on Taxes		<u>43,373.49</u>	
	A-5		43,483.49
Revenue Accounts Receivable:			
Fees and Permits:			
Clerk	A-12	37,064.27	
Registrar of Vital Statistics	A-12	3,618.00	
Board of Health	A-12	4,205.00	
Police Chief	A-12	855.53	
Municipal Court Fines and Costs	A-12	78,215.99	
Tax Assessor	A-12	191.00	
Uniform Fire Safety Bureau	A-12	3,094.00	
Zoning Official	A-12	2,485.00	
Rentals	A-12	125,522.00	
Interest on Deposits - Treasurer	A-12	6,559.05	
Interest on Deposits - Municipal Court - Regular	A-12	6.21	
Interest on Deposits - Municipal Court - Bail	A-12	<u>0.54</u>	
			261,816.59
Interfunds Accounts Receivable:			
Statutory Excess - Animal Control Fund	A-13	1,426.73	
Administrative Fees - Police Outside Duty	A-13	10,128.75	
Interest on Investments	A-13	974.20	
Construction Code Official Fees	A-13	<u>92,612.00</u>	
			<u>105,141.68</u>
	A-2		<u>\$ 444,088.44</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
<b>OPERATIONS WITHIN "CAP"</b>							
<b>GENERAL GOVERNMENT:</b>							
General Administration							
Salaries and Wages		\$ 50,566.00	\$ 50,566.00	\$ 49,952.74	\$ 613.26	\$ -	\$ -
Other Expenses		7,800.00	7,800.00	1,449.94	6,350.06	-	-
Mayor and Borough Council							
Salaries and Wages		15,500.00	15,500.00	15,500.00	-	-	-
Other Expenses		67,900.00	60,800.00	26,333.42	34,466.58	-	-
Borough Clerk							
Salaries and Wages		142,279.00	142,279.00	133,292.26	8,986.74	-	-
Other Expenses		31,825.00	31,825.00	27,800.96	4,024.04	-	-
Financial Administration							
Salaries and Wages		98,368.00	87,368.00	80,884.50	6,483.50	-	-
Other Expenses		7,800.00	7,800.00	6,411.12	1,388.88	-	-
Audit Services							
Other Expenses		24,400.00	24,400.00	24,400.00	-	-	-
Collection of Taxes							
Salaries and Wages		72,545.00	83,545.00	83,545.00	-	-	-
Other Expenses		13,000.00	13,000.00	12,998.70	1.30	-	-
Assessment of Taxes							
Salaries and Wages		33,694.00	33,694.00	32,165.27	1,528.73	-	-
Other Expenses		8,775.00	9,475.00	9,436.76	38.24	-	-
Legal Services and Costs							
Other Expenses		98,000.00	98,000.00	81,033.61	16,966.39	-	-
Municipal Court							
Salaries and Wages		71,958.00	71,958.00	68,560.41	3,397.59	-	-
Other Expenses		9,121.00	9,121.00	8,294.85	826.15	-	-
Public Defender (P.L. 1997, c. 256)							
Other Expenses		3,300.00	3,300.00	1,095.00	2,205.00	-	-
Engineering Services and Costs							
Other Expenses		30,400.00	30,400.00	24,418.31	5,981.69	-	-
Cultural Heritage							
Other Expenses		3,000.00	3,000.00	1,063.79	1,936.21	-	-
Municipal Land Use Law (N.J.S.A. 40:55D-1)							
Land Use Board							
Salaries and Wages		13,060.00	13,060.00	7,918.16	5,141.84	-	-
Other Expenses		43,765.00	43,765.00	15,720.89	28,044.11	-	-
Zoning Costs							
Salaries and Wages		13,994.00	13,994.00	8,994.00	5,000.00	-	-
Other Expenses		1,130.00	1,130.00	522.22	607.78	-	-
<b>INSURANCE:</b>							
General Liability							
Worker's Compensation Insurance		117,900.00	117,900.00	107,719.91	10,180.09	-	-
Group Insurance - Hospital and Medical		28,500.00	28,500.00	28,500.00	-	-	-
Unemployment Compensation Insurance		516,056.00	516,056.00	513,682.14	2,373.86	-	-
		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
<b>OPERATIONS WITHIN "CAP" (CONTINUED)</b>							
<b>PUBLIC SAFETY :</b>							
Police							
Salaries and Wages		\$ 846,783.00	\$ 846,783.00	\$ 827,695.35	\$ 19,087.65	\$ -	
Other Expenses		61,495.00	61,495.00	46,386.57	15,108.43		
Emergency Management Services							
Salaries and Wages		1,200.00	1,200.00	651.82	548.18		
Other Expenses		2,250.00	8,550.00	7,528.68	1,021.32		
Fire							
Salaries and Wages		6,600.00	6,600.00	6,320.00	280.00		
Other Expenses		85,300.00	85,300.00	79,322.86	5,977.14		
Aid to Volunteer Ambulance Company		60,000.00	60,000.00	60,000.00	-		
Fire Official							
Salaries and Wages		13,541.00	13,541.00	12,996.86	544.14		
Other Expenses		2,905.00	2,905.00	2,215.77	689.23		
Fire Hydrant Service		92,480.00	92,480.00	76,921.83	15,558.17		
Municipal Prosecutor							
Other Expenses		22,000.00	22,000.00	16,500.00	5,500.00		
<b>PUBLIC WORKS FUNCTIONS:</b>							
Road Repairs and Maintenance							
Salaries and Wages		199,132.00	199,132.00	180,288.87	18,843.13		
Other Expenses		124,100.00	124,100.00	99,626.84	24,473.16		
Garbage and Trash Removal							
Salaries and Wages		1,651.00	1,651.00	1,651.00	-		
Other Expenses		97,000.00	94,300.00	84,427.00	9,873.00		
Public Buildings and Grounds							
Salaries and Wages		189,615.00	189,615.00	183,071.43	6,543.57		
Other Expenses		107,700.00	107,700.00	98,057.62	9,642.38		
Vehicle Maintenance							
Other Expenses		25,000.00	25,000.00	20,087.56	4,912.44		
<b>HEALTH AND WELFARE :</b>							
Board of Health							
Salaries and Wages		2,182.00	2,182.00	2,182.00	-		
Other Expenses		29,211.00	29,211.00	26,662.90	2,548.10		
Environmental Commission							
Other Expenses		8,921.00	8,921.00	8,921.00	-		
Animal Control Regulations							
Other Expenses		5,972.00	5,972.00	5,971.60	0.40		

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
<b>OPERATIONS WITHIN "CAP": (CONTINUED)</b>							
<b>RECREATION AND EDUCATION :</b>							
Recreation Services and Programs		\$ 30,676.00	\$ 30,676.00	\$ 30,676.00	\$ -	\$ -	\$ -
Salaries and Wages		5,000.00	5,000.00	4,232.32	767.68		
Other Expenses		10,500.00	10,500.00	9,351.36	1,148.64		
Senior Citizen Program		7,000.00	7,000.00	5,678.00	1,322.00		
Salaries and Wages							
Other Expenses							
<b>OTHER COMMON OPERATING FUNCTIONS</b>							
Accumulated Leave Compensation		10,000.00	10,000.00	10,000.00	-		
Salaries and Wages							
Celebration of Public Events:		50,000.00	35,000.00	33,923.03	1,076.97		
Other Expenses		43,000.00	43,000.00	33,041.89	9,958.11		
Electricity		30,000.00	30,000.00	20,393.87	9,606.13		
Street Lighting		28,000.00	28,000.00	24,761.46	3,238.54		
Telephone and Telegraph		5,500.00	5,500.00	3,664.49	1,835.51		
Water		40,000.00	40,000.00	19,136.92	20,863.08		
Natural Gas		55,000.00	65,000.00	59,764.70	5,235.30		
Gasoline		84,000.00	81,800.00	61,456.73	20,343.27		
<b>LANDFILL/SOLID WASTES DISPOSAL COSTS</b>							
<b>CODE ENFORCEMENT AND ADMINISTRATION:</b>							
State Uniform Construction Code							
Construction Official		84,156.00	94,156.00	91,816.05	2,339.95		
Salaries and Wages		7,402.00	7,402.00	4,297.90	3,104.10		
Other Expenses							
<b>TOTAL OPERATIONS WITHIN "CAP"</b>		<b>4,001,908.00</b>	<b>4,001,908.00</b>	<b>3,633,376.24</b>	<b>368,531.76</b>		
<b>CONTINGENT</b>		<b>2,000.00</b>	<b>2,000.00</b>	<b>-</b>	<b>2,000.00</b>		
<b>TOTAL OPERATIONS INCLUDING CONTINGENT - WITHIN "CAP"</b>		<b>4,003,908.00</b>	<b>4,003,908.00</b>	<b>3,633,376.24</b>	<b>370,531.76</b>		
<b>DETAIL :</b>							
Salaries and Wages	A-1	1,908,000.00	1,918,000.00	1,837,513.08	80,486.92		
Other Expenses	A-1	2,095,908.00	2,085,908.00	1,795,863.16	290,044.84		
		<b>4,003,908.00</b>	<b>4,003,908.00</b>	<b>3,633,376.24</b>	<b>370,531.76</b>		

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	Appropriations		Budget After Modification	Expended		Unexpended Balance Canceled
		Budget	Budget Modification		Paid or Charged	Reserved	
DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAP"							
STATUTORY EXPENDITURES:							
Contribution to:							
Public Employees Retirement System		\$ 76,461.00	\$ 76,461.00	\$ 76,461.00	\$ -	\$ -	\$ -
Social Security System (O.A.S.I.)		150,000.00	150,000.00	150,000.00	140,757.99	9,242.01	-
Police and Firemen's Retirement System of N.J.		147,137.00	147,137.00	147,137.00	147,137.00	-	-
Defined Contribution Retirement Plan		5,000.00	5,000.00	5,000.00	156.98	4,843.02	-
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAP"	A-1	378,598.00	378,598.00	378,598.00	364,512.97	14,085.03	-
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAP"		4,382,506.00	4,382,506.00	4,382,506.00	3,997,889.15	384,616.85	-
OPERATIONS EXCLUDED FROM "CAP"							
Insurance (N.J.S.A. 40A:4-45.3pp)		27,582.00	27,582.00	27,582.00	-	27,582.00	-
Employee Group Health							
Length of Service Awards Program							
Fire Department		30,000.00	30,000.00	30,000.00	30,000.00	-	-
First Aid Squad		10,000.00	10,000.00	10,000.00	10,000.00	-	-
Maintenance of Library (N.J.S.A. 40:54-35)		3,850.00	3,850.00	3,850.00	3,348.93	501.07	-
Recycling Tax		5,500.00	5,500.00	5,500.00	3,922.77	1,577.23	-
Public and Private Programs Offset by Revenues:							
Recycling Tonnage Grant		3,752.76	3,752.76	3,752.76	3,752.76	-	-
Alcohol Education and Rehabilitation Fund		107.87	107.87	107.87	107.87	-	-
Body Armor Replacement Fund		1,096.45	1,096.45	1,096.45	1,096.45	-	-
Federal Bulletproof Vest Program		1,147.24	1,147.24	1,147.24	1,147.24	-	-
Sustainable New Jersey Grant		7,500.00	7,500.00	7,500.00	7,500.00	-	-
Help America Vote Grant		13,449.55	13,449.55	13,449.55	13,449.55	-	-
Green Community Grant		1,900.00	1,900.00	1,900.00	1,900.00	-	-
Donations:							
Police Equipment		4,000.00	4,000.00	4,000.00	4,000.00	-	-
Historical Commission		286.00	286.00	286.00	286.00	-	-
Library		4,528.42	4,528.42	4,528.42	3,529.34	999.08	-
Matching Funds For Grants:							
Municipal Alliance on Alcoholism and Drug Abuse		720.00	720.00	720.00	720.00	-	-
Green Community Grant		1,900.00	1,900.00	1,900.00	1,900.00	-	-
TOTAL OPERATIONS EXCLUDED FROM "CAP"		117,320.29	117,320.29	117,320.29	86,374.91	30,945.38	-
DETAIL:							
Salaries and Wages	A-1	117,320.29	117,320.29	117,320.29	86,374.91	30,945.38	-
Other Expenses	A-1	117,320.29	117,320.29	117,320.29	86,374.91	30,945.38	-

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		230,871.00	230,871.00	230,871.00			
Interest on Bonds		103,556.00	103,556.00	103,556.00			
TOTAL MUNICIPAL DEBT SERVICE EXCLUDED FROM "CAP"	A-1	334,427.00	334,427.00	334,427.00			
<u>DEFERRED CHARGES - MUNICIPAL EXCLUDED FROM "CAP"</u>							
DEFERRED CHARGES:							
Canceled Grant Receivable		7,000.00	7,000.00	7,000.00			
TOTAL DEFERRED CHARGES - MUNICIPAL EXCLUDED FROM "CAP"	A-1	7,000.00	7,000.00	7,000.00			
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES - EXCLUDED FROM "CAP"		558,747.29	558,747.29	527,801.91	30,945.38		
<u>SUBTOTAL GENERAL APPROPRIATIONS RESERVE FOR UNCOLLECTED TAXES</u>							
		4,941,253.29	4,941,253.29	4,525,691.12	415,562.17		
		1,284,088.89	1,284,088.89	1,284,088.89			
TOTAL GENERAL APPROPRIATIONS		\$ 6,225,342.18	\$ 6,225,342.18	\$ 5,809,780.01	\$ 415,562.17	\$ -	\$ -
	Ref.	A-2					A
Cash Disbursed			\$ 4,249,296.80				
Less: Refunds			36,193.66				
Reserve for Encumbrances	A-4			4,213,103.14			
Amount Due to Federal and State Grants Fund	A-17			274,014.11			
Amount Due to General Capital Fund	A-18			31,573.87			
Reserve for Uncollected Taxes	A-18			7,000.00			
	A-2			1,284,088.89			
				\$ 5,809,780.01			
				\$ 5,809,780.01			

SECTION B  
TRUST FUND

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

<u>Assets</u>	<u>Ref.</u>	<u>December 31,</u>	
		<u>2012</u>	<u>2011</u>
Animal Control Fund :			
Cash - Treasurer	B-1	\$ 7,317.57	\$ 7,278.34
Amount Due from State Board of Health	B-5	<u>107.20</u>	<u>107.20</u>
		<u>7,424.77</u>	<u>7,385.54</u>
Other Funds :			
Cash - Treasurer	B-1	1,714,496.34	2,022,999.17
Interfunds Accounts Receivable	B-2	<u>412,476.96</u>	<u>206,926.39</u>
		<u>2,126,973.30</u>	<u>2,229,925.56</u>
		<u>\$ 2,134,398.07</u>	<u>\$ 2,237,311.10</u>
Length of Service Award Program:			
Cash with Agent Provider (Unaudited)		<u>\$ 314,246.24</u>	<u>\$ 278,815.31</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>2012</u>	<u>2011</u>
Animal Control Fund :			
Interfunds Accounts Payable	B-3	\$ 1,213.07	\$ 1,427.14
Reserve for Animal Control Fund Expenditures	B-4	6,192.50	5,921.20
Amount Due to State Board of Health	B-5	<u>19.20</u>	<u>37.20</u>
		<u>7,424.77</u>	<u>7,385.54</u>
Other Funds :			
Interfunds Accounts Payable	B-3	16,650.20	10,109.73
Amount Due to State of New Jersey	B-7	2,675.00	1,135.00
Reserve for Special Funds	B-8	<u>2,107,648.10</u>	<u>2,218,680.83</u>
		<u>2,126,973.30</u>	<u>2,229,925.56</u>
		<u>\$ 2,134,398.07</u>	<u>\$ 2,237,311.10</u>
Length of Service Award Program:			
Reserve for Qualified Participants (Unaudited)		<u>\$ 314,246.24</u>	<u>\$ 278,815.31</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, 2011	B	\$ 7,278.34	\$ 2,022,999.17
Increased by Receipts :			
Interfund Accounts Payable	B-3	4.73	110,206.73
2012 Dog License Fees	B-4	2,884.00	
Late Fees	B-4	260.00	
Amount Due to State Board of Health	B-5	1,005.00	
Amount Due to State of New Jersey	B-7		5,828.00
Reserve for Special Funds	B-8	-	246,218.47
		<u>4,153.73</u>	<u>362,253.20</u>
		<u>11,432.07</u>	<u>2,385,252.37</u>
Decreased by Disbursements :			
Interfund Accounts Payable	B-3	1,431.50	103,666.26
Expenditures Per R.S. 4:19-15.11	B-4	1,660.00	
Amount Due to State Board of Health	B-5	1,023.00	
Amount Due to State of New Jersey	B-7		4,288.00
Reserve for Special Funds	B-8	-	562,801.77
		<u>4,114.50</u>	<u>670,756.03</u>
Balance December 31, 2012	B	\$ 7,317.57	\$ 1,714,496.34

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>2012</u>	<u>2011</u>
Cash - Treasurer	C-2	\$ 322,159.98	\$ 620,951.39
Deferred Charges to Future Taxation:			
Funded	C-4	4,672,801.08	5,003,924.16
Unfunded	C-5	649,700.00	431,700.00
Cancelled Federal and State Aid Receivable	C-6	-	7,000.00
Federal and State Aid Receivable	C-7	210,510.44	45,987.98
Interfund Accounts Receivable	C-8	<u>27,477.54</u>	<u>-</u>
		<u>\$ 5,882,649.04</u>	<u>\$ 6,109,563.53</u>
 <u>Liabilities, Reserves and Fund Balance</u> 			
Serial Bonds	C-15	\$ 4,444,000.00	\$ 4,749,000.00
NJDEP Open Space Acquisition Loan	C-16	228,801.08	254,924.16
Improvement Authorizations :			
Funded	C-9	563,818.85	516,508.09
Unfunded	C-9	304,464.18	256,085.41
Reserve for Encumbrances	C-10	155,443.34	184,463.66
Capital Improvement Fund	C-11	158,990.82	141,990.82
Capital Reserves	C-12	-	6,000.00
Interfund Accounts Payable	C-13	2.65	6.28
Fund Balance	C-1	<u>27,128.12</u>	<u>585.11</u>
		<u>\$ 5,882,649.04</u>	<u>\$ 6,109,563.53</u>

There were Bonds and Notes Authorized but not Issued in the amount of \$649,700.00 at December 31, 2012.. 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, 2011	C	\$ 585.11
Increased by :		
Improvement Authorizations Canceled in 2012	C-9	<u>145,043.01</u>
		145,628.12
Decreased by :		
Appropriated to Finance Improvement Authorizations	C-9	<u>118,500.00</u>
Balance December 31, 2012	C	<u>\$ 27,128.12</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>2012</u>	<u>2011</u>
Sewer Operating Fund:			
Cash - Treasurer	D-5	\$ 746,888.43	\$ 800,962.59
Interfunds Accounts Receivable	D-8	<u>1.46</u>	<u>1.47</u>
		<u>746,889.89</u>	<u>800,964.06</u>
Receivables with Full Reserves:			
Consumers' Accounts Receivable	D-9	<u>67,624.19</u>	<u>64,281.65</u>
Total Sewer Operating Fund		<u>814,514.08</u>	<u>865,245.71</u>
Sewer Capital Fund :			
Cash - Treasurer	D-5	94,401.28	94,401.29
Fixed Capital	D-12	8,254,956.81	8,251,889.91
Fixed Capital Authorized and Uncompleted	D-13	<u>89,600.00</u>	<u>89,600.00</u>
Total Sewer Capital Fund		<u>8,438,958.09</u>	<u>8,435,891.20</u>
		<u>\$ 9,253,472.17</u>	<u>\$ 9,301,136.91</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>2012</u>	<u>2011</u>
Sewer Operating Fund :			
Liabilities :			
Appropriation Reserves	D-4,16	\$ 330,751.25	\$ 194,472.91
Reserve for Encumbrances	D-17	23,888.09	75,815.05
Utility Charges Overpayments	D-19	1,111.69	617.40
Accrued Interest on Bonds	D-20	<u>15,456.25</u>	<u>15,456.25</u>
		371,207.28	286,361.61
Reserve for Receivables and Other Assets		67,624.19	64,281.65
Fund Balance	D-1	<u>375,682.61</u>	<u>514,602.45</u>
Total Sewer Operating Fund		<u>814,514.08</u>	<u>865,245.71</u>
Sewer Capital Fund :			
Serial Bonds	D-29	545,000.00	825,000.00
Interfund Accounts Payable	D-18	1.46	1.47
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	7,709,956.81	7,426,889.91
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>8,438,958.09</u>	<u>8,435,891.20</u>
		<u>\$ 9,253,472.17</u>	<u>\$ 9,301,136.91</u>

There were no Bonds and Notes Authorized but not Issued at December 31, 2012.

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 2012</u>	<u>Year 2011</u>
Operating Fund Balance Utilized	D-1,3	\$ 345,020.50	\$ 369,601.00
Sewer Rents	D-3	1,261,889.82	1,309,325.58
Miscellaneous	D-3	6,097.03	8,077.69
Other Credits to Income :			
Unexpended Balance of Appropriation Reserves	D-16	138,113.81	92,366.07
Encumbrances Canceled	D-17	-	24,733.77
Total Income		<u>1,751,121.16</u>	<u>1,804,104.11</u>
 <u>Expenditures</u> 			
Budgetary and Emergency Appropriations:			
Operating	D-4	1,158,340.00	1,173,977.00
Capital Improvements	D-4	30,000.00	30,000.00
Debt Service	D-4	310,912.50	320,900.00
Deferred Charges and Statutory Expenditures	D-4	<u>45,768.00</u>	<u>44,724.00</u>
Total Expenditures		<u>1,545,020.50</u>	<u>1,569,601.00</u>
Excess in Revenue		206,100.66	234,503.11
Fund Balance January 1	D	<u>514,602.45</u>	<u>649,700.34</u>
		720,703.11	884,203.45
Decreased by :			
Utilization by Sewer Operating Budget	D-1	<u>345,020.50</u>	<u>369,601.00</u>
Fund Balance December 31	D	<u>\$ 375,682.61</u>	<u>\$ 514,602.45</u>

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

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

	<u>Ref.</u>	
Balance December 31, 2011	D	<u>\$ 19,754.31</u>
Balance December 31, 2012	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>	Realized	Excess or <u>(Deficit)</u>
Operating Fund Balance Utilized	D-1	\$ 345,020.50	\$ 345,020.50	\$ -
Rents	D-1,3	1,200,000.00	1,261,889.82	61,889.82
Miscellaneous	D-1,3	<u>-</u>	<u>6,097.03</u>	<u>6,097.03</u>
	D-4	<u>\$ 1,545,020.50</u>	<u>\$ 1,613,007.35</u>	<u>\$ 67,986.85</u>

Analysis of Realized Revenue

	<u>Ref.</u>		
Rents :			
Consumer Accounts Receivable	D-9	\$ 1,261,272.42	
Prepaid Sewer Charges Applied	D-9	<u>617.40</u>	
	D-3		<u>\$ 1,261,889.82</u>
Miscellaneous :			
Interest on Investments - Operating		\$ 687.85	
Miscellaneous		141.63	
Interest on Sewer Rents		<u>5,250.35</u>	
Interfund Accounts Receivable	D-5		6,079.83
	D-8		<u>17.20</u>
	D-3		<u>\$ 6,097.03</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	Paid or Charged	Expended Reserved	Unexpended Balance Canceled
Operating :							
Salaries and Wages		\$ 140,964.00		\$ 140,964.00	\$ 134,246.94	\$ 6,717.06	\$ -
Other Expenses		1,017,376.00		1,017,376.00	723,036.80	294,339.20	
Total Operating	D-1	1,158,340.00		1,158,340.00	857,283.74	301,056.26	
Capital Improvement :							
Capital Outlay		30,000.00		30,000.00	3,066.90	26,933.10	
Total Capital Improvement	D-1	30,000.00		30,000.00	3,066.90	26,933.10	
Debt Service :							
Payment of Bond Principal		280,000.00		280,000.00	280,000.00		
Interest on Bonds		30,912.50		30,912.50	30,912.50		
Total Debt Service	D-1	310,912.50		310,912.50	310,912.50		
Deferred Charges and Statutory Expenditures :							
Contribution:							
Public Employees Retirement System		32,768.00		32,768.00	32,768.00		
Social Security (O.A.S.I.)		13,000.00		13,000.00	10,238.11	2,761.89	
Total Statutory Expenditures	D-1	45,768.00		45,768.00	43,006.11	2,761.89	
		\$ 1,545,020.50	\$ -	\$ 1,545,020.50	\$ 1,214,269.25	\$ 330,751.25	\$ -
Ref.	D-3						
							D
Disbursed Encumbrances					\$ 1,159,468.66		
Accrued Interest on Bonds					23,888.09		
					30,912.50		
					\$ 1,214,269.25		

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>2012</u>	<u>2011</u>
Cash - Treasurer -			
Public Assistance Trust Fund No. 1	E-1	\$ 3,438.44	\$ 3,436.72
Cash - Treasurer -			
Public Assistance Trust Fund No. 2	E-1	<u>          -</u>	<u>13,150.80</u>
		<u>\$ 3,438.44</u>	<u>\$ 16,587.52</u>
<u>Liabilities and Reserves</u>			
Reserve for Public Assistance Trust Fund No. 1	E-2	3,438.44	3,436.72
Reserve for Public Assistance Trust Fund No. 2	E-2	<u>          -</u>	<u>13,150.80</u>
		<u>\$ 3,438.44</u>	<u>\$ 16,587.52</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, 2011	E	\$ 3,436.72	\$ 13,150.80	\$ 16,587.52
Increased by Receipts :				
Interest Earned	E-2	<u>1.72</u>	<u>5.32</u>	<u>7.04</u>
		<u>3,438.44</u>	<u>13,156.12</u>	<u>16,594.56</u>
Decreased by Disbursements :				
Amount Paid to State	E-2		13,146.00	13,146.00
Amount Paid to Current Fund	E-2	<u>-</u>	<u>10.12</u>	<u>10.12</u>
		<u>-</u>	<u>13,156.12</u>	<u>13,156.12</u>
Balance December 31, 2012	E	<u>\$ 3,438.44</u>	<u>\$ -</u>	<u>\$ 3,438.44</u>

## BOROUGH OF PEAPACK AND GLADSTONE

PUBLIC ASSISTANCE FUND  
SCHEDULE OF RESERVE FOR PUBLIC ASSISTANCE

	<u>Ref.</u>	<u>P.A.T.F. No. 1</u>	<u>P.A.T.F. No. 2</u>	<u>Total</u>
Balance December 31, 2011	E	<u>\$ 3,436.72</u>	<u>\$ 13,150.80</u>	<u>\$ 16,587.52</u>
Increased by :				
Interest Earned	E-1	<u>1.72</u>	<u>5.32</u>	<u>7.04</u>
		<u>3,438.44</u>	<u>13,156.12</u>	<u>16,594.56</u>
Decreased by :				
Amount Paid to State	E-1		13,146.00	13,146.00
Amount Paid to Current Fund	E-1	<u>-</u>	<u>10.12</u>	<u>10.12</u>
		<u>-</u>	<u>13,156.12</u>	<u>13,156.12</u>
Balance December 31, 2012	E	<u>\$ 3,438.44</u>	<u>\$ -</u>	<u>\$ 3,438.44</u>



BOROUGH OF PEAPACK AND GLADSTONE

PUBLIC ASSISTANCE FUND  
SCHEDULE OF RESERVE FOR PUBLIC ASSISTANCE REVENUES - 2012

	P.A.T.F. <u>No. 1</u>	P.A.T.F. <u>No. 2</u>	Fund <u>Total</u>
Interest Earned	<u>1.72</u>	<u>5.32</u>	<u>7.04</u>
Total Revenues (PATF)	<u>\$ 1.72</u>	<u>\$ 5.32</u>	<u>\$ 7.04</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>2012</u>	<u>2011</u>
General Fixed Assets:		
Land	\$ 12,074,188.39	\$ 12,761,948.11
Land Improvements	28,136.00	28,136.00
Buildings	710,298.06	710,298.06
Machinery and Equipment	2,880,287.67	2,659,562.21
	<b>\$ 15,692,910.12</b>	<b>\$ 16,159,944.38</b>
 Investments in General Fixed Assets	 <b>\$ 15,692,910.12</b>	 <b>\$ 16,159,944.38</b>

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, 2012 AND 2011  
(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, 2012 AND 2011  
(CONTINUED)

Note 1: 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, 2012 AND 2011  
(CONTINUED)

Note 1: 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 2012 statutory budget included a reserve for uncollected taxes in the amount of \$1,284,088.89. To balance the budget, the municipality is permitted to utilize fund balance. The amount of fund balance utilized to balance the 2012 statutory budgets were as follows:

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

BOROUGH OF PEAPACK AND GLADSTONE

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2012 AND 2011  
(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 2012 calendar year.

<u>Budget Category</u>	<u>Amount</u>
Mayor and Council – Other Expenses	\$ (7,100.00)
Finance Administration – Salaries and Wages	(11,000.00)
Collection of Taxes – Salaries and Wages	11,000.00
Celebration of Public Events	(15,000.00)
Utility Expenses and Bulk Purchases –Gasoline	10,000.00
Construction Official – Salaries and Wages	10,000.00

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 2012 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 2012 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, 2012 AND 2011  
(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, 2011 and 2012.

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, 2012 AND 2011  
(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, 2012 AND 2011  
(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, 2012 the Borough of Peapack and Gladstone's cash and cash equivalents amounted to \$7,057,745.38. Of this amount, \$250,000.00 was covered by federal depository insurance (F.D.I.C.) and \$4,712,372.42 was covered by a collateral pool maintained by the banks as required by GUDPA.

At December 31, 2012 the Borough of Peapack and Gladstone's participation in the State of New Jersey Cash Management Fund amounted to \$2,095,372.92.

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, 2012, \$2,095,372.92 of the Borough of Peapack and Gladstone's cash and cash equivalents of \$7,057,745.38 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	2,095,372.92
	<u>\$ 2,095,372.92</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, 2012 AND 2011  
(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, 2012.

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, 2012 are composed of the following:

<u>Year of Levy</u>	<u>Amount</u>
2012	\$ <u>128,842.77</u>

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

Note II: Detailed Notes On All Funds (Continued)

C. Interfund Receivables and Payables

As of December 31, 2012 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	\$ 27,867.20	\$ 516,390.37
Federal and State Grants Fund	76,435.87	
Trust Funds:		
Animal Control Fund		1,213.07
Other Trust Fund	412,476.96	16,650.20
Capital Fund	27,477.54	2.65
Sewer Utility Fund:		
Operating Fund	1.46	
Capital Fund		1.46
Payroll and Payroll Agency		10,001.28
	<u>\$ 544,259.03</u>	<u>\$ 544,259.03</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, 2012 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, 2012 AND 2011  
(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 2012</u>	<u>Year 2011</u>	<u>Year 2010</u>
<u>Issued</u>			
General:			
Bonds and Notes	\$ 4,444,000.00	\$ 4,749,000.00	\$ 5,044,000.00
Loan	228,801.08	254,924.16	280,532.51
Sewer Utility:			
Bonds and Notes	<u>545,000.00</u>	<u>825,000.00</u>	<u>1,110,000.00</u>
Total Issued	<u>5,217,801.08</u>	<u>5,828,924.16</u>	<u>6,434,532.51</u>
Net Debt Issued	<u>5,217,801.08</u>	<u>5,828,924.16</u>	<u>6,434,532.51</u>
<u>Authorized but not Issued</u>			
General:			
Bonds and Notes	649,700.00	431,700.00	700.00
Sewer Utility:			
Bonds and Notes	<u>-</u>	<u>-</u>	<u>-</u>
Total Authorized but Not Issued	<u>649,700.00</u>	<u>431,700.00</u>	<u>700.00</u>
Net Bonds and Notes Issued and Authorized but not Issued	<u>\$ 5,867,501.08</u>	<u>\$ 6,260,624.16</u>	<u>\$ 6,435,232.51</u>

BOROUGH OF PEAPACK AND GLADSTONE

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2012 AND 2011  
(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 .697%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Regional School District Debt	\$ 6,901,849.74	\$ 6,901,849.74	\$ -
Sewer Utility Debt	545,000.00	545,000.00	-
General Debt	<u>5,322,501.08</u>	<u>-</u>	<u>5,322,501.08</u>
	<u>\$ 12,769,350.82</u>	<u>\$ 7,446,849.74</u>	<u>\$ 5,322,501.08</u>

Net Debt \$5,322,501.08 divided by Equalized Valuation Basis  
per N.J.S.A. 40A:2-2 as amended, \$ 763,495,618.67 = 0.697%

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 26,722,346.65
Net Debt	<u>5,322,501.08</u>
Remaining Borrowing Power	<u>\$ 21,399,845.57</u>

BOROUGH OF PEAPACK AND GLADSTONE

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2012 AND 2011  
(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		\$	1,613,007.35
Deductions:			
Operating and Maintenance Cost	\$	1,204,108.00	
Debt Service per Sewer Account		<u>310,912.50</u>	
			<u>1,515,020.50</u>
Excess in Revenue-Self Liquidating		\$	<u>97,986.85</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, 2012 AND 2011  
 (CONTINUED)

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

F. Debt (Continued)

1. Bonds Payable

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

Serial Bonds outstanding as of December 31, 2012 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	\$ 4,024,000.00
General Improvement of 2002	3.625%	7/1	2015	1,645,000.00	420,000.00
Sewer Refunding Bonds of 2002	Various	7/1	2014	2,845,000.00	545,000.00

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>	
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			330,135.00
2017	205,000.00	124,135.00			329,135.00
2018	215,000.00	117,985.00			332,985.00
2019	220,000.00	110,997.50			330,997.50
2020	230,000.00	103,297.50			333,297.50
2021	235,000.00	94,960.00			329,960.00
2022	245,000.00	86,147.50			331,147.50
2023	250,000.00	76,960.00			326,960.00
2024	260,000.00	66,960.00			326,960.00
2025	270,000.00	56,560.00			326,560.00
2026	275,000.00	45,760.00			320,760.00
2027	280,000.00	34,760.00			314,760.00
2028	290,000.00	23,560.00			313,560.00
2029	299,000.00	11,960.00	-	-	310,960.00
	<u>\$ 4,444,000.00</u>	<u>\$ 1,538,482.50</u>	<u>\$ 545,000.00</u>	<u>\$ 31,912.50</u>	<u>\$ 2,001,217.50</u>

BOROUGH OF PEAPACK AND GLADSTONE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2012 AND 2011  
(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, 2012.

3. Bonds Authorized but not Issued

As of December 31, 2012 the Borough of Peapack and Gladstone had authorized but not issued bonds as follows:

General Capital Fund	\$ 649,700.00
Sewer Utility Capital Fund	-0-

BOROUGH OF PEAPACK AND GLADSTONE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2012 AND 2011  
(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>
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	30,631.35	460.23	31,091.58
	<u>\$ 228,801.08</u>	<u>\$ 19,931.66</u>	<u>\$ 248,732.74</u>

BOROUGH OF PEAPACK AND GLADSTONE

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2012 AND 2011  
(CONTINUED)

Note II: Detailed Notes On All Funds (Continued)

H. Fund Balance Appropriated

Fund balances at December 31, 2012, which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2013 were as follows:

Current Fund	\$2,160,000.00
Sewer Utility Operating Fund	283,743.25

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](http://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, 2012 AND 2011  
(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 legislation's provisions impacting employee pension and health benefits include:

- For new members of TPAF and PERS hired on or after June 28, 2011 (Tier 5 members), the years of creditable service needed for early retirement benefits increased from 25 to 30 years and the early retirement age increased from 55 to 65.
- The eligibility age to qualify for a service retirement in the TPAF and PERS 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), decreased from 65 percent of final compensation to 60 percent of final compensation after 25 years of service and from 70 percent of final compensation to 65 percent of final compensation after 30 or more years of service.
- It increased the active member contribution rates as follows: TPAF and PERS active member rates increased 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 increased from 8.5 percent to 10 percent; SPRS active member rates increased from 7.5 percent to 9 percent; and JRS active member rates increased from 3 percent to 12 percent phased-in over seven years for members hired or reappointed on or after June 28, 2011. For Fiscal Year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contributions for TPAF, PERS and JRS members takes 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 was suspended until reactivated as permitted by this law.
- It changed the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay method).

Funding Status and Funding Progress

As of July 31, 2011, the most recent actuarial valuation date, the aggregate funded ratio for the retirement systems (TPAF, PERS, PFRS, POPF, CPFPPF, JRS, and SPRS) is 67.5 percent with an unfunded actuarial accrued liability of \$41.7 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 60.8 percent and \$30.1 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and PFRS is 77.5 percent and \$11.6 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, 2012 AND 2011  
(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 10.0 percent for PFRS and 6.5 percent for PERS of employees' annual compensation.

During the state fiscal year ended June 30, 2012 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, 2012 was \$2,052,103.00 and covered payroll was \$985,192.00 for PERS and \$ 677,592.00 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	12/31/10	\$ 51,183.21	5.50%	\$ 51,445.85	8.50%
	12/31/11	55,358.78	5.76%	55,992.01	8.88%
	12/31/12	65,876.68	6.69%	68,763.30	10.15%
Borough of Peapack and Gladstone	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%
	12/31/12	109,229.00	11.08%	147,137.00	21.71%

BOROUGH OF PEAPACK AND GLADSTONE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2012 AND 2011  
(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.

Health Benefits Program Fund (HBPF)-Local Government (including Prescription Drug Program Fund) - Certain local employers who participate in the State Health Benefits Program provide health insurance coverage to their employees at retirement. Under provisions of P.L. 1997, c.330, the State of New Jersey provides partially funded benefits to local police officers and firefighters who retire with 25 years of service (or on disability) from an employer who does not provide coverage. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program by paying the cost of the insurance for themselves and their covered dependents. Also, local employees are eligible for the PDP coverage after 60 days of employment.

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 \$36.6 million for the state fiscal year 2012 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 \$198,771.96 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.

BOROUGH OF PEAPACK AND GLADSTONE

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2012 AND 2011  
(CONTINUED)

Note V: Risk Management (Continued)

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

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

Note VI: Segment Information – Utility/Enterprise Funds

The Borough of Peapack and Gladstone maintains one utility/enterprise fund which provides sewer services. Segment information for the year ended December 31, 2012 was as follows:

	<u>Sewer Utility Fund</u>
Operating Revenues	1,267,281.80
Operating Income	63,173.80
Operating Transfers in	17.20
Net Income	206,100.66
Fixed Assets:	
Additions	3,066.90
Deletions	
Net Working Capital	443,306.80
Total Operating Assets	814,514.08
Operating Fund Balance	375,020.50
Long Term Debt	545,000.00
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 \$422,947.06. 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 2012</u>		<u>Year 2011</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<u>Revenue and Other Income Realized</u>				
Fund Balance Utilized	\$2,220,000.00	13.69%	\$2,139,000.00	13.25%
Miscellaneous-From other than Local Property Tax Levies	745,978.73	4.60%	757,560.78	4.69%
Collection of Delinquent Taxes and Tax Title Liens	117,351.63	0.72%	128,888.71	0.79%
Collection of Current Tax Levy	12,693,773.84	78.25%	12,750,675.87	78.99%
Other Credits to Income	444,369.90	2.74%	366,674.10	2.27%
Total Income	<u>16,221,474.10</u>	<u>100.00%</u>	<u>16,142,799.46</u>	<u>100.00%</u>
 <u>Expenditures</u>				
Budget Expenditures:				
Municipal Purposes	4,941,253.29	35.01%	4,806,057.07	34.25%
Local Open Space Tax	205,550.57	1.46%	206,916.39	1.47%
County Taxes	2,649,179.14	18.77%	2,708,039.33	19.30%
Regional School Taxes	6,311,235.94	44.72%	6,311,024.96	44.97%
Other Expenditures	6,950.85	0.05%	1,097.92	0.01%
Total Expenditures	<u>14,114,169.79</u>	<u>100.00%</u>	<u>14,033,135.67</u>	<u>100.00%</u>
Excess in Revenue	2,107,304.31		2,109,663.79	
Fund Balance January 1	<u>2,719,048.72</u>		<u>2,748,384.93</u>	
	4,826,353.03		4,858,048.72	
Less:				
Utilization as Anticipated Revenue	<u>2,220,000.00</u>		<u>2,139,000.00</u>	
Fund Balance December 31	<u>\$2,606,353.03</u>		<u>\$2,719,048.72</u>	

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

	<u>Year 2012</u>		<u>Year 2011</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<u>Revenue and Other Income Realized</u>				
Fund Balance Utilized	\$ 345,020.50	19.70%	\$ 369,601.00	20.48%
Collection of Sewer Charges	1,261,889.82	72.06%	1,309,325.58	72.57%
Miscellaneous	6,097.03	0.35%	8,077.69	0.45%
Other Credits to Income	<u>138,113.81</u>	<u>7.89%</u>	<u>117,099.84</u>	<u>6.49%</u>
Total Income	<u>1,751,121.16</u>	<u>100.00%</u>	<u>1,804,104.11</u>	<u>100.00%</u>
 <u>Expenditures</u>				
Budget Expenditures:				
Operating	1,158,340.00	74.97%	1,173,977.00	74.79%
Capital Improvements	30,000.00	1.94%	30,000.00	1.91%
Debt Service	310,912.50	20.12%	320,900.00	20.44%
Statutory Expenditures	<u>45,768.00</u>	<u>2.96%</u>	<u>44,724.00</u>	<u>2.84%</u>
Total Expenditures	<u>1,545,020.50</u>	<u>100.00%</u>	<u>1,569,601.00</u>	<u>100.00%</u>
Excess in Revenue	206,100.66		234,503.11	
Fund Balance January 1	<u>514,602.45</u>		<u>649,700.34</u>	
	720,703.11		884,203.45	
Less:				
Utilization as Anticipated Revenue	<u>345,020.50</u>		<u>369,601.00</u>	
Fund Balance December 31	<u>\$ 375,682.61</u>		<u>\$ 514,602.45</u>	

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

<u>Year</u>	<u>Assessed Valuation</u>		<u>Apportionment of Tax Rate</u>				
			<u>Total</u>	<u>Municipal</u>	<u>Municipal Open Space</u>	<u>County</u>	<u>Regional School</u>
2012	\$ 681,494,638	(2)	\$ 1.872	\$ 0.528	\$ 0.030	\$ 0.388	\$ 0.926
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

- (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>
2012	\$ 12,825,907.43	\$ 12,693,773.84	98.96%
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%

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>
2012	\$ -	\$ 128,842.77	\$ 128,842.77	1.00%
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%

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

No properties have been acquired in 2012 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>
2012	\$ 139,900.00
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

COMPARISON OF SEWER UTILITY LEVIES

<u>Year</u>	<u>Levy</u>	<u>Cash Collection</u>
2012	\$ 1,265,232.36	\$ 1,261,889.82
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

COMPARATIVE SCHEDULE OF FUND BALANCES

	<u>Year</u>	<u>Balance Dec. 31</u>	<u>Utilized In Budget of Succeeding Year</u>
Current Fund	2012	\$ 2,606,353.03	\$ 2,160,000.00
	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
Sewer Utility Operating Fund	2012	\$ 375,682.61	\$ 283,743.25
	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

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	
Gerald Gunning	Councilman	
William Muller	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	
Holly Robinson (from 1/16/12)	Assistant Treasurer	100,000.00
	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, 2011	A		\$ 4,017,943.06
Increased by Receipts:			
Miscellaneous Revenue Not Anticipated	A-2	\$ 33,646.68	
Tax Collector	A-5	12,674,696.47	
Petty Cash Returned	A-7	125.00	
Amount Due from State for Senior Citizens' and Veterans' Deductions	A-8	17,946.97	
Revenue Accounts Receivable	A-12	525,938.59	
Interfund Accounts Receivable	A-13	105,141.68	
Interfund Accounts Payable	A-18	48,491.27	
Reserve for Funds - Unappropriated	A-23	11,411.30	
Other Liabilities	A-24	<u>650.00</u>	
			<u>13,418,047.96</u>
			17,435,991.02
Decreased by Disbursements :			
2012 Budget Appropriations	A-3	4,213,103.14	
Petty Cash	A-7	125.00	
Interfund Accounts Receivable	A-13	4,450.85	
2011 Appropriation Reserves	A-16	275,138.55	
Interfund Accounts Payable	A-18	33,503.90	
Tax Overpayments Refunded	A-20	1,672.25	
Other Liabilities	A-24	650.00	
Local Open Space, Regional School District and County Taxes	A-25	<u>8,970,509.51</u>	
			<u>13,499,153.20</u>
Balance December 31, 2012	A		<u>\$ 3,936,837.82</u>



## BOROUGH OF PEAPACK AND GLADSTONE

CURRENT FUND  
SCHEDULE OF CASH - TAX COLLECTOR

	<u>Ref.</u>		
Increased by Receipts :			
Miscellaneous Revenue	A-2	\$ 43,483.49	
Tax Receivable	A-9	12,529,131.24	
Prepaid Taxes	A-19	97,413.10	
Tax Overpayments	A-20	<u>4,668.64</u>	
			<u>\$ 12,674,696.47</u>
Decreased by Disbursements :			
Paid to Treasurer	A-4		<u>\$ 12,674,696.47</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, 2011	A	\$ 6,653.19
Increased by :		
Senior Citizens' Deductions Per Tax Billings	A-8	\$ 3,250.00
Veterans' Deductions Per Tax Billings	A-8	<u>14,750.00</u>
		<u>18,000.00</u>
		24,653.19
Decreased by :		
Received in Cash from State of New Jersey	A-4	17,946.97
Senior Citizens' Deductions Disallowed by Tax Collector	A-8	500.00
Senior Citizens' Deductions Disallowed by Tax Collector - Prior Year	A-1	<u>2,500.00</u>
		<u>20,946.97</u>
Balance December 31, 2012	A	<u>\$ 3,706.22</u>
<u>Calculation of State's Share of Senior Citizens' and Veterans' Deductions</u>		
Senior Citizens' Deductions per Tax Billings	A-8	\$ 3,250.00
Veterans' Deductions per Tax Billings	A-8	14,750.00
Senior Citizens' Deductions Allowed by Tax Collector	A-8	-
Senior Citizens' Deductions Disallowed by Tax Collector	A-8	<u>(500.00)</u>
	A-9	<u>\$ 17,500.00</u>

BOROUGH OF PEAPACK AND GLADSTONE

CURRENT FUND  
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF 2012 PROPERTY TAX LEVY

Year	Balance Dec. 31, 2011	Added Taxes	2012 Levy	2011 Collections	2012 Collections	State's Share of Senior Citizens' and Veterans' Deductions	Tax Overpayments Applied	Canceled	Balance Dec. 31, 2012
2011	\$ 115,416.63	\$ 2,500.00	\$ 12,825,907.43	\$ 257,782.50	\$ 117,351.63	\$ -	\$ -	\$ -	\$ 565.00
2012	-	-	12,825,907.43	257,782.50	12,411,779.61	17,500.00	6,711.73	3,855.82	128,277.77
Ref.	A		\$ 12,825,907.43	\$ 257,782.50	\$ 12,529,131.24	\$ 17,500.00	\$ 6,711.73	\$ 3,855.82	\$ 128,842.77
				A-2,19	A-2,5	A-2,8	A-2,20	A-2	A

Analysis of 2012 Property Tax Levy

Tax Yield:  
 General Purpose Tax \$ 12,734,544.42  
 Business Personality Tax 23,035.26

Added Taxes (54.4-63.1 et seq.) \$ 12,757,579.68

\$ 68,327.75

\$ 12,825,907.43

Tax Levy:

County Taxes (Abstract) 2,111,536.59  
 County Library Taxes (Abstract) 306,829.29  
 County Open Space Preservation (Abstract) 216,219.57  
 Amount Due to County for Added Taxes (54.4-63.1 et seq.) 14,593.69

8,960,415.08

Local Tax for Municipal Purposes (Abstract) 3,547,926.67  
 Municipal Open Space Amount Due to Municipal Open Space for Added Taxes 1,102.19  
 Add: Additional Tax Levied 112,015.11

3,865,492.35

\$ 12,825,907.43

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, 2011	A	<u>\$ 139,900.00</u>
Balance December 31, 2012	A	<u>\$ 139,900.00</u>

BOROUGH OF PEAPACK AND GLADSTONE

CURRENT FUND  
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Ref.	Balance Dec. 31, 2011	Accrued in 2012	Collected in 2012	Balance Dec. 31, 2012
Clerk :					
A.B.C. Licenses	A-2	\$ -	\$ 13,063.00	\$ 13,063.00	\$ -
Fees and Permits	A-2		37,064.27	37,064.27	-
Registrar of Vital Statistics:					
Fees and Permits	A-2		3,618.00	3,618.00	-
Board of Health:					
Fees and Permits	A-2		4,205.00	4,205.00	-
Police Chief:					
Fees and Permits	A-2		855.53	855.53	-
Municipal Court:					
Fines and Costs	A-2	5,775.06	77,561.73	78,215.99	5,120.80
Interest on Deposits	A-2	0.51	6.09	6.21	0.39
Interest on Deposits - Bail Account	A-2	0.01	0.65	0.54	0.12
Tax Assessor	A-2		191.00	191.00	-
Uniform Fire Safety Bureau	A-2		3,094.00	3,094.00	-
Zoning Official	A-2		2,485.00	2,485.00	-
Rentals	A-2		125,522.00	125,522.00	-
Interest on Deposits	A-2		6,559.05	6,559.05	-
Energy Receipts Tax	A-2		251,059.00	251,059.00	-
		<u>\$ 5,775.58</u>	<u>\$ 525,284.32</u>	<u>\$ 525,938.59</u>	<u>\$ 5,121.31</u>

Ref. A A-4 A



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 - 2011

	Balance Dec. 31, 2011	Transfers To/From	Transferred - Reserve for Encumbrances	Balance After Transfers	Paid or Charged	Lapsed
<b>OPERATIONS WITHIN "CAP"</b>						
Salaries and Wages :	\$ 88.27			\$ 88.27		\$ 88.27
General Administration	8,963.07			8,963.07		8,963.07
Borough Clerk	3,169.03			3,169.03		3,169.03
Financial Administration	1,567.81			1,567.81		1,567.81
Assessment of Taxes	2,727.73			2,727.73		2,727.73
Municipal Court						
Municipal Land Use Law (N.J.S.A. 40:55D-1):						
Land Use Board	722.23			722.23		722.23
Zoning Costs	1,500.00			1,500.00		1,500.00
Police	13,174.28			13,174.28		-
Emergency Management Services	315.83			315.83		315.83
Fire	195.00			195.00		195.00
Fire Official	130.33			130.33		130.33
Road Repairs and Maintenance	10,072.23			10,072.23		10,072.23
Garbage and Trash Removal	12.18			12.18		12.18
Public Buildings and Grounds	3,847.36			3,847.36		3,847.36
Board of Health	11.48			11.48		11.48
Senior Citizen Program	780.84			780.84		780.84
Uniform Construction Code:						
Construction Official	3,544.71			3,544.71		3,544.71
Other Expenses :						
General Administration	1,207.43		1,250.00	2,457.43	1,109.50	1,347.93
Mayor and Borough Council	50,770.98		4,959.18	55,730.16	5,408.29	50,321.87
Borough Clerk	11,357.59		3,833.23	15,190.82	4,611.11	10,579.71
Financial Administration	3,694.03		3,060.20	6,754.23	2,698.60	4,055.63
Audit Services			12,150.00	12,150.00	10,150.00	2,000.00
Collection of Taxes	1,061.60		1,434.14	2,495.74	1,352.17	1,143.57
Assessment of Taxes	2,359.53			2,359.53	1,750.00	609.53

BOROUGH OF PEAPACK AND GLADSTONE

CURRENT FUND  
SCHEDULE OF APPROPRIATION RESERVES - 2011

	Balance Dec. 31, 2011	Transfers To/From	Transferred - Reserve for Encumbrances	Balance After Transfers	Paid or Charged	Lapsed
Other Expenses: (Continued)						
Legal Services and Costs	\$ 38,515.59		\$ 2,320.00	\$ 40,835.59	\$ 17,715.83	\$ 23,119.76
Municipal Court	2,169.30		1,613.00	3,782.30	917.00	2,865.30
Public Defender	2,862.00			2,862.00		2,862.00
Engineering Services and Costs	24,163.16			24,163.16	894.25	23,268.91
Cultural Heritage	1,594.18		1,325.00	2,919.18	1,368.75	1,550.43
Municipal Land Use Law (N.J.S.A. 40:55D-1)						
Land Use Board	46,960.26		10.71	46,970.97	74.74	46,896.23
Zoning Costs	167.18			167.18		167.18
Insurance:						
General Liability	15,321.60			15,321.60		15,321.60
Police	7,503.03		10,697.21	18,200.24	9,487.39	8,712.85
Emergency Management Services	989.27		0.16	989.43		989.43
Fire	8,857.75		56,149.55	65,007.30	49,274.96	15,732.34
Fire Official	754.00			754.00		754.00
Fire Hydrant Service	23,186.30			23,186.30	6,929.37	16,256.93
Municipal Prosecutor	5,000.00			5,000.00	5,000.00	-
Road Repairs and Maintenance	39,848.20		23,794.05	63,642.25	13,947.96	49,694.29
Garbage and Trash Removal	23,720.84		293.36	24,014.20	5,921.96	18,092.24
Public Buildings and Grounds	17,657.06		28,645.38	46,302.44	30,372.50	15,929.94
Vehicle Maintenance	6,170.64		691.10	6,861.74	625.10	6,236.64
Board of Health	530.94			530.94		530.94
Environmental Commission			8,709.27	8,709.27	8,709.27	-
Animal Control Regulations	0.40			0.40		0.40
Administration of Public Assistance	69.00			69.00		69.00
Recreation Services and Programs	135.84		400.00	535.84	378.50	157.34
Celebration of Public Events			20,704.00	20,704.00	20,704.00	-
Uniform Construction Code:						
Construction Official	2,388.63			2,388.63	100.00	2,288.63

BOROUGH OF PEAPACK AND GLADSTONE

CURRENT FUND  
SCHEDULE OF APPROPRIATION RESERVES - 2011

	Balance Dec. 31, 2011	Transfers To/From	Transferred - Reserve for Encumbrances	Balance After Transfers	Paid or Charged	Lapsed
<u>Other Expenses: (Continued)</u>						
<u>Utilities:</u>						
Electricity	\$ 7,976.10			\$ 7,976.10	\$ 2,966.30	\$ 5,009.80
Street Lighting	8,934.02			8,934.02	1,910.45	7,023.57
Telephone	6,384.41			6,384.41	1,960.51	4,423.90
Water	3,722.87			3,722.87	782.79	2,940.08
Natural Gas	18,940.64			18,940.64	3,029.05	15,911.59
Gasoline	10,500.00		1,088.98	11,588.98		11,588.98
Landfill/Solid Waste Disposal Costs	22,576.64			22,576.64	4,674.15	17,902.49
Contingent	2,000.00			2,000.00		2,000.00
Social Security System (O.A.S.I.)	6,591.32			6,591.32	1,039.78	5,551.54
Defined Contribution Retirement Plan	1,168.35			1,168.35	208.99	959.36
<u>OPERATIONS EXCLUDED FROM "CAP"</u>						
<u>Insurance:</u>						
Group Insurance - Hospital and Medical	13,328.98			13,328.98	10,000.00	3,328.98
Length of Service Awards Program:						
Fire Department			26,100.00	26,100.00	25,335.82	764.18
First Aid Squad			8,500.00	8,500.00	7,735.82	764.18
Maintenance of Library (N.J.S.A. 40:54-35)	525.54		343.91	869.45	351.45	518.00
Recycling Tax	1,079.36			1,079.36	298.34	781.02
<u>Donations:</u>						
Historical Commission	256.00			256.00		256.00
Library	197.48		7,415.60	7,613.08	2,169.57	5,443.51
	<u>\$ 494,020.42</u>	<u>\$ -</u>	<u>\$ 225,488.03</u>	<u>\$ 719,508.45</u>	<u>\$ 275,138.55</u>	<u>\$ 444,369.90</u>

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

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

	<u>Ref.</u>	
Balance December 31, 2011	A	\$ 225,488.03
Increased by :		
2012 Budget Charges	A-3	<u>274,014.11</u>
		499,502.14
Decreased by :		
Transferred to 2011 Appropriation Reserves	A-16	<u>225,488.03</u>
Balance December 31, 2012	A	<u>\$ 274,014.11</u>

BOROUGH OF PEAPACK AND GLADSTONE

CURRENT FUND  
SCHEDULE OF INTERFUND ACCOUNTS PAYABLE

	Balance Dec. 31, 2011	Received in 2012	Accrued in 2012	Paid in 2012	Balance Dec. 31, 2012
Federal and State Grants Funds	\$ 79,306.04	\$ 28,013.73	\$ 2,620.00	\$ 33,503.90	\$ 76,435.87
Other Trust Funds - Open Space	206,916.39	-	205,550.57	-	412,466.96
Other Trust Funds - General Trust	10.00	-	-	-	10.00
General Capital Fund	-	20,477.54	7,000.00	-	27,477.54
	<u>\$ 286,232.43</u>	<u>\$ 48,491.27</u>	<u>\$ 215,170.57</u>	<u>\$ 33,503.90</u>	<u>\$ 516,390.37</u>

Ref.

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A-4

A-4

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Ref.

2012 Budget Revenue - Grants	A-2	\$ (28,953.87)
2012 Budget Appropriations - Grants	A-3	31,573.87
2012 Budget Appropriations - Canceled Grants	A-3	7,000.00
2012 Open Space Levy and Added Assessment	A-25	205,550.57
		<u>\$ 215,170.57</u>

## BOROUGH OF PEAPACK AND GLADSTONE

CURRENT FUND  
SCHEDULE OF PREPAID TAXES

	<u>Ref.</u>	
Balance December 31, 2011	A	\$ 257,782.50
Increased by :		
2013 Taxes Paid	A-5	97,413.10
Tax Overpayments Applied	A-20	<u>623.02</u>
		355,818.62
Decreased by :		
Applied to Taxes Receivable	A-9	<u>257,782.50</u>
Balance December 31, 2012	A	<u>\$ 98,036.12</u>

## BOROUGH OF PEAPACK AND GLADSTONE

CURRENT FUND  
SCHEDULE OF TAX OVERPAYMENTS

	<u>Ref.</u>	
Balance December 31, 2011	A	\$ 7,334.75
Increased by:		
Taxes Overpaid in 2012	A-5	<u>4,668.64</u>
		12,003.39
Decreased by:		
Refunded in 2012	A-4	1,672.25
Applied to Taxes Receivable	A-9	6,711.73
Applied to Prepaid Taxes	A-19	<u>623.02</u>
		<u>9,007.00</u>
Balance December 31, 2012	A	<u>\$ 2,996.39</u>
2012 Taxes		<u>\$ 2,996.39</u>

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

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

**NOT APPLICABLE**

SCHEDULE OF RESERVE FOR FUNDS - UNAPPROPRIATED

	Ref.	Total	Donations		
			Historical Commission	Library	Police Equipment
Balance December 31, 2011	A	\$ 8,814.42	\$ 286.00	\$ 4,528.42	\$ 4,000.00
Increased by:					
Received in 2012	A-4	<u>11,411.30</u>	<u>665.00</u>	<u>3,696.30</u>	<u>7,050.00</u>
		20,225.72	951.00	8,224.72	11,050.00
Decreased by :					
Realized Revenue in 2012	A-2	<u>8,814.42</u>	<u>286.00</u>	<u>4,528.42</u>	<u>4,000.00</u>
Balance December 31, 2012	A	<u>\$ 11,411.30</u>	<u>\$ 665.00</u>	<u>\$ 3,696.30</u>	<u>\$ 7,050.00</u>



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

	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Received</u> <u>in 2012</u>	<u>Paid</u> <u>in 2012</u>	<u>Balance</u> <u>Dec. 31, 2012</u>
Amount Due to State of N.J. - Marriage License Fees	\$ 50.00	\$ 650.00	\$ 650.00	\$ 50.00
	<u>\$ 50.00</u>	<u>\$ 650.00</u>	<u>\$ 650.00</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, 2011	2012 Levy	Paid in 2012	Balance Dec. 31, 2012
Local Open Space	A-2	\$ -	\$ 204,448.38	\$ 204,448.38	\$ -
Amount Due Local Open Space for Added and Omitted Taxes - 2012	A-2	-	1,102.19	1,102.19	-
Regional School District Tax	A-2	1,261.86	6,311,235.94	6,311,235.94	1,261.86
County Tax	A-2	-	2,111,536.59	2,111,536.59	-
County Library Tax	A-2	-	306,829.29	306,829.29	-
County Open Space Preservation Tax	A-2	-	216,219.57	216,219.57	-
Amount Due County for Added and Omitted Taxes - 2012	A-2	24,688.12	14,593.69	24,688.12	14,593.69
-2011					
		\$ 25,949.98	\$ 9,165,965.65	\$ 9,176,060.08	\$ 15,855.55
	A		A-1	A-4	A
			Ref.		
Disbursed			A-4		\$ 8,970,509.51
Interfund Accounts Payable			A-18		205,550.57
					\$ 9,176,060.08

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, 2011	A		\$ 79,306.04
Increased by :			
Received in Current Fund			
- State Aid Receivable	A-27	\$ 20,051.15	
- Unappropriated Reserves	A-29	7,962.58	
2012 Budget Appropriations	A-28	<u>31,573.87</u>	
			<u>59,587.60</u>
			138,893.64
Decreased by :			
2012 Budget Revenues			
- State Aid Receivable	A-27	23,872.15	
- Unappropriated Reserves	A-29	5,081.72	
Expended in Current Fund			
- Appropriated Reserves	A-28	33,128.90	
- Reserve for Encumbrances	A-30	<u>375.00</u>	
			<u>62,457.77</u>
Balance December 31, 2012	A		<u>\$ 76,435.87</u>

BOROUGH OF PEAPACK AND GLADSTONE

CURRENT FUND  
SCHEDULE OF FEDERAL AND STATE AID RECEIVABLE

	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>2012 Budget</u> <u>Revenues</u>	<u>Received</u> <u>in Current</u> <u>Fund</u>	<u>Balance</u> <u>Dec. 31, 2012</u>
Recycling Tonnage Grant	\$ -	\$ 750.46	\$ 750.46	\$ -
Clean Communities Program	5,749.38		5,579.00	170.38
Federal Bulletproof Vest Program	-	272.14	272.14	-
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
Sustainable New Jersey Grant		7,500.00		7,500.00
Help America Vote Grant		13,449.55	13,449.55	-
Green Community Grant		1,900.00		1,900.00
	<u>\$ 33,999.38</u>	<u>\$ 23,872.15</u>	<u>\$ 20,051.15</u>	<u>\$ 37,820.38</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, 2011	2012 Budget Appropriations	Expenditures in Current Fund	Encumbrances	Balance Dec. 31, 2012
Recycling Tonnage Grant	\$ 7,807.40	\$ 3,752.76	\$ 2,637.50	\$ 3,914.00	\$ 5,008.66
Drunk Driving Enforcement Fund	816.68		774.31		42.37
Clean Communities Program	16,562.72		14,487.09		2,075.63
Alcohol Education and Rehabilitation Fund	1,199.24	107.87			1,307.11
Municipal Alliance on Alcoholism and Drug Abuse - Matching	175.00	720.00	720.00		175.00
Body Armor Replacement Fund	2,191.37	1,096.45	154.00		3,133.82
Federal Bulletproof Vest Program	752.01	1,147.24	1,430.00		469.25
Somerset County Youth Athletic and Recreation	15,000.00				15,000.00
County Cross Acceptance Grant	2,000.00				2,000.00
Municipal Stormwater Regulation Program	5.39				5.39
Domestic Violence Training Program	1,597.43				1,597.43
Somerset County Chief's Association	1,000.00				1,000.00
County Municipal Planning Grant	14,250.00				14,250.00
N.J. Highlands Council Planning Grant	1,472.16				1,472.16
N.J. Forestry Management Grant	1,972.18				1,972.18
N.J. Forestry Management Grant - Matching	916.67				916.67
Space Study Grant	1,944.00				1,944.00
Gov. Connect Municipal Clerk	0.45				0.45
N.J. Local Library Aid Grant	25,000.00				25,000.00
Smart Growth Planning Assistance Grant	6,500.00				6,500.00
Smart Growth Planning Assistance Grant - Matching	6,500.00				6,500.00
Sustainable New Jersey Grant	186.00	7,500.00			7,686.00
Help America Vote Grant		13,449.55	12,926.00		523.55
Green Community Grant		1,900.00			1,900.00
Green Community Grant - Matching		1,900.00			1,900.00
	<u>\$ 107,848.70</u>	<u>\$ 31,573.87</u>	<u>\$ 33,128.90</u>	<u>\$ 3,914.00</u>	<u>\$ 102,379.67</u>
Ref.	A	A-26	A-26	A-30	A

BOROUGH OF PEAPACK AND GLADSTONE

CURRENT FUND  
SCHEDULE OF UNAPPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS

	<u>Balance</u> Dec. 31, 2011	<u>Received</u> in Current Fund	<u>Utilized</u> as 2012 Budget Revenue	<u>Balance</u> Dec. 31, 2012	
Recycling Tonnage Grant	\$ 3,002.30	\$ 4,218.98	\$ 3,002.30	\$ 4,218.98	
Drunk Driving Enforcement Fund	-	2,273.25	-	2,273.25	
Alcohol Education and Rehabilitation Fund	107.87	269.82	107.87	269.82	
Body Armor Replacement Fund	1,096.45	1,200.53	1,096.45	1,200.53	
Federal Bulletproof Vest Program	875.10	-	875.10	-	
	<u>5,081.72</u>	<u>7,962.58</u>	<u>5,081.72</u>	<u>7,962.58</u>	
Ref.	A	A-26	A-26	A	A

## BOROUGH OF PEAPACK AND GLADSTONE

## CURRENT FUND

SCHEDULE OF RESERVE FOR ENCUMBRANCES FOR FEDERAL AND STATE GRANTS

	<u>Ref.</u>	
Balance December 31, 2011	A	\$ 375.00
Increased by :		
Accrued in 2012	A-28	<u>3,914.00</u>
		4,289.00
Decreased by :		
Paid in 2012	A-26	<u>375.00</u>
		375.00
Balance December 31, 2012	A	<u>\$ 3,914.00</u>
<u>Analysis of Balance December 31, 2012</u>		
2012 Purchase Order (Recycling Tonnage Grant)		<u>\$ 3,914.00</u>

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

	<u>Ref.</u>	
Balance December 31, 2011	B	\$ 5,921.20
Increased by :		
2012 Dog License Fees	B-1	\$ 2,884.00
Late Fees	B-1	<u>260.00</u>
		<u>3,144.00</u>
		9,065.20
Decreased by :		
Expenditures Per R.S. 4:19-15.11	B-1	1,660.00
Statutory Excess	B-3	<u>1,212.70</u>
		<u>2,872.70</u>
Balance December 31, 2012	B	<u>\$ 6,192.50</u>

Animal Control Fees Collected

<u>Year</u>	<u>Amount</u>
2010	\$ 3,185.30
2011	<u>3,007.20</u>
	<u>\$ 6,192.50</u>



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

	<u>Ref.</u>	
Balance December 31, 2011	B	\$ (70.00)
Increased by :		
Fees Collected in 2012	B-1	<u>1,005.00</u>
		935.00
Decreased by :		
Paid to State Board of Health	B-1	<u>1,023.00</u>
Balance December 31, 2012	B	<u>\$ (88.00)</u>

	<u>Dec. 31, 2011</u>	<u>Dec. 31, 2012</u>
Amount Due to State Board of Health	\$ 37.20	\$ 19.20
Amount Due from State Board of Health	<u>(107.20)</u>	<u>(107.20)</u>
	<u>\$ (70.00)</u>	<u>\$ (88.00)</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>	Code Enforcement <u>Fees</u>
Balance December 31, 2011	B	\$ 1,135.00	\$ 1,135.00
Increased by :			
Received in 2012	B-1	<u>5,828.00</u>	<u>5,828.00</u>
		6,963.00	6,963.00
Decreased by :			
Paid to State of New Jersey in 2012	B-1	<u>4,288.00</u>	<u>4,288.00</u>
Balance December 31, 2012	B	<u>\$ 2,675.00</u>	<u>\$ 2,675.00</u>

BOROUGH OF PEAPACK AND GLADSTONE

TRUST FUND  
RESERVE FOR SPECIAL DEPOSITS

	Balance Dec. 31, 2011	Received in 2012	Interest Earnings	Interfund Accounts Receivable	Adjustments	Paid in in 2012	Balance Dec. 31, 2012
Recreation Commission	\$ 103,358.46	\$ 72,876.93	\$ -	\$ -	\$ -	\$ 64,277.84	\$ 111,957.55
Recreation Capital	2,980.17						2,980.17
Developer's Escrow	462,038.78	48,757.54				266,787.85	244,008.47
State Unemployment Compensation Insurance	25,524.50	2,000.00	16.14			7,740.85	19,799.79
Recycling	425.85	185.00					610.85
Police Special Services	7,608.88	41,262.50				32,908.13	15,963.25
Parking Offenses Adjudication Act Fines	234.00	16.00					250.00
Tax Sale Premium	-	58,100.00					58,100.00
In Lieu of Sidewalks	5,000.00						5,000.00
Accumulated Absences	305,554.74	10,000.00					315,554.74
Tenant Security	22,317.00	244.63					22,561.63
Matheny School	2,000.00						2,000.00
Special Use	1,000.00						1,000.00
Open Space	830,432.32	287.94		205,550.57		187,637.10	848,633.73
Housing Trust	448,619.64	4,530.00	201.23		(448,619.63)		4,731.24
Disposal of Forfeited Assets	243.44	3,781.38	1.72			1,950.00	2,076.54
Uniform Fire Safety Act Penalty Monies	1,343.05	3,849.92				1,500.00	1,343.05
Cafeteria Plan section 125			8.85		36,932.43		2,349.92
COAH-Administrative Cost Fund							36,941.28
COAH-Municipal Acquisition of Land for Affordable Housing Projects			71.03		296,288.56		296,359.59
COAH-Affordability Assistance Fund			13.28		55,398.64		55,411.92
COAH-Rehabilitation Fund			14.38		60,000.00		60,014.38
	\$ 2,218,680.83	\$ 245,891.84	\$ 326.63	\$ 205,550.57	\$ -	\$ 562,801.77	\$ 2,107,648.10

Ref.

B

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  
SEWER UTILITY FUND  
ANALYSIS OF SEWER CAPITAL CASH

	Ord.	No.	Balance or (Deficit) Dec. 31, 2011	Receipts		Disbursements		Balance or (Deficit) Dec. 31, 2012
				Miscellaneous	Improvement Authorizations	Improvement Authorizations	Miscellaneous	
Improvement Authorizations:								
			\$	-	\$	-	\$	839.13
		736	Acquisition of Sewer Department Equipment	839.13				839.13
		758	Acquisition of Sewer Department Equipment	2,131.04				2,131.04
		862	Acquisition of Sewer Department Equipment	1,829.50				1,829.50
			Reserve for Encumbrances	-				-
			Interfund Accounts Payable	1.47		17.20		1.46
			Capital Improvement Fund	31,486.27			17.21	31,486.27
			Reserve for Contribution in Aid of Construction	29,359.57				29,359.57
			Reserve for Sewer Pump	9,000.00				9,000.00
			Fund Balance	19,754.31				19,754.31
			\$	94,401.29	\$	17.20	\$	94,401.28

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	\$1,261,272.42	
Utility Charges Overpayments	D-19	<u>1,111.69</u>	
			<u>\$ 1,262,384.11</u>
Decreased by Disbursements :			
Amount Paid to Treasurer:	D-5		<u>\$ 1,262,384.11</u>

BOROUGH OF PEAPACK AND GLADSTONE

SEWER UTILITY FUND  
SCHEDULE OF INTERFUND ACCOUNTS RECEIVABLE

	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Accrued</u> <u>in 2012</u>	<u>Received</u> <u>in 2012</u>	<u>Balance</u> <u>Dec. 31, 2012</u>
Sewer Operating Fund:	\$ 1.47	\$ 17.20	\$ 17.21	\$ 1.46
Sewer Capital Fund	\$ 1.47	\$ 17.20	\$ 17.21	\$ 1.46

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, 2011	D	\$ 64,281.65
Increased by :		
2012 Charges		<u>1,265,232.36</u>
		1,329,514.01
Decreased by :		
Received in 2012	D-3,7	\$ 1,261,272.42
Utility Charges Overpayments Applied in 2012	D-3,19	<u>617.40</u>
		<u>1,261,889.82</u>
Balance December 31, 2012	D	<u>\$ 67,624.19</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, 2011	D	\$ 8,251,889.91
Increased by:		
Capital Outlay Expenditures	D-27	<u>3,066.90</u>
Balance December 31, 2012	D	<u>\$ 8,254,956.81</u>

BOROUGH OF PEAPACK AND GLADSTONE

SEWER UTILITY CAPITAL FUND  
SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

<u>Improvement Description</u>	<u>Ordinance</u>		<u>Amount</u>	<u>Balance Dec. 31, 2011</u>	<u>Balance Dec. 31, 2012</u>
	<u>Number</u>	<u>Date</u>			
Acquisition of Sewer Department Equipment	736	4/8/97	\$ 57,000.00	\$ 57,000.00	\$ 57,000.00
Acquisition of Sewer Department Equipment	758	4/13/99	11,000.00	11,000.00	11,000.00
Acquisition of Sewer Department Equipment	862	5/10/05	21,600.00	21,600.00	21,600.00
				<u>\$ 89,600.00</u>	<u>\$ 89,600.00</u>

Ref.

D

D

D

D-14

BOROUGH OF PEAPACK AND GLADSTONE  
SEWER UTILITY CAPITAL FUND  
SCHEDULE OF NJEIT 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 - 2011

	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Paid or</u> <u>Charged</u>	<u>Lapsed</u>
Operating:			
Salaries and Wages	\$ 4,519.97	\$ -	\$ 4,519.97
Other Expenses	167,600.31	56,359.10	111,241.21
Capital Improvement:			
Capital Outlay	18,808.82		18,808.82
Statutory Expenditures:			
Contribution to:			
Social Security System (O.A.S.I.)	<u>3,543.81</u>	<u>-</u>	<u>3,543.81</u>
	<u>\$ 194,472.91</u>	<u>\$ 56,359.10</u>	<u>\$ 138,113.81</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, 2011	D	\$ 75,815.05
Increased by :		
Charges 2012 Budget Appropriations	D-4	<u>23,888.09</u>
		99,703.14
Decreased by :		
Paid in 2012	D-5	<u>75,815.05</u>
Balance December 31, 2012	D	<u>\$ 23,888.09</u>

BOROUGH OF PEAPACK AND GLADSTONE

SEWER UTILITY FUND  
SCHEDULE OF INTERFUND ACCOUNTS PAYABLE

	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Received</u> <u>in 2012</u>	<u>Paid</u> <u>in 2012</u>	<u>Balance</u> <u>Dec. 31, 2012</u>
Sewer Capital Fund:				
Sewer Operating Fund	\$ 1.47	\$ 17.20	\$ 17.21	\$ 1.46
	<u>\$ 1.47</u>	<u>\$ 17.20</u>	<u>\$ 17.21</u>	<u>\$ 1.46</u>

Ref.            D            D-5            D-5            D

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

	<u>Ref.</u>	
Balance December 31, 2011	D	\$ 617.40
Increased by :		
Received in 2012	D-7	<u>1,111.69</u>
		1,729.09
Decreased by :		
Applied to Consumers' Accounts Receivable in 2012	D-9	<u>617.40</u>
Balance December 31, 2012	D	<u>\$ 1,111.69</u>

SCHEDULE OF ACCRUED INTEREST ON BONDS

	<u>Ref.</u>	
Balance December 31, 2011	D	\$ 15,456.25
Increased by :		
2012 Budget Appropriation	D-4	<u>30,912.50</u>
		46,368.75
Decreased by :		
Interest Paid in 2012	D-5	<u>30,912.50</u>
Balance December 31, 2012	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

Number	Improvement Description	Date	Amount	Balance Dec. 31, 2011		Expended	Encumbered	Balance Dec. 31, 2012	
				Funded	Unfunded			Funded	Unfunded
736	Acquisition of Sewer Department Equipment	4/8/97	\$ 57,000.00	\$ 839.13	\$ -	\$ -	\$ -	\$ 839.13	\$ -
758	Acquisition of Sewer Department Equipment	4/13/99	11,000.00	2,131.04	-	-	-	2,131.04	-
862	Acquisition of Sewer Department Equipment	5/10/05	21,600.00	1,829.50	-	-	-	1,829.50	-
			\$ 4,799.67	\$ -	\$ -	\$ -	\$ -	\$ 4,799.67	\$ -

Ref. D

D

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

**NOT APPLICABLE**

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

	<u>Ref</u>	
Balance December 31, 2011	D	<u>\$ 31,486.27</u>
Balance December 31, 2012	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, 2011	D	<u>\$ 38,359.57</u>	<u>\$ 29,359.57</u>	<u>\$ 9,000.00</u>
Balance December 31, 2012	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, 2011	D	\$ 7,426,889.91
Increased by :		
Budget Additions to Fixed Capital	D-12	\$ 3,066.90
Serial Bonds Paid by Operating Budget	D-29	<u>280,000.00</u>
		<u>283,066.90</u>
Balance December 31, 2012	D	<u>\$ 7,709,956.81</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, 2011</u>	<u>Balance Dec. 31, 2012</u>
Acquisition of Sewer Department Equipment	736	4/8/97	\$ 57,000.00	\$ 57,000.00
Acquisition of Sewer Department Equipment	758	4/13/99	11,000.00	11,000.00
Acquisition of Sewer Department Equipment	862	5/10/05	21,600.00	21,600.00
			<u>\$ 89,600.00</u>	<u>\$ 89,600.00</u>

Ref. D D

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

<u>Purpose</u>	<u>Date</u>	<u>Original Issue Amount</u>	<u>Date</u>	<u>Annual Maturity of Bonds Outstanding Dec. 31, 2012 Amount</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2011</u>	<u>Paid</u>	<u>Balance Dec. 31, 2012</u>	<u>Ref.</u>
Refunding Bonds	11/1/02	\$ 2,845,000.00	7/1/13	275,000.00	3.750%	\$ 825,000.00	\$ 280,000.00	\$ 545,000.00	
			7/1/14	270,000.00	4.000%	-	-	-	
						<u>\$ 825,000.00</u>	<u>\$ 280,000.00</u>	<u>\$ 545,000.00</u>	D
									D-27

BOROUGH OF PEAPACK AND GLADSTONE

SEWER UTILITY CAPITAL FUND  
SCHEDULE OF NJEIT 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 - 2012

**NOT APPLICABLE**

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, 2012 and December 31, 2011, and have issued our report thereon dated March 13, 2013. 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**

Management of the Borough of Peapack and Gladstone is responsible for establishing and maintaining effective 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.

*350 Main Road, Suite 104*  
*Montville, NJ 07045*  
*973-953-7769 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 13, 2013

BOROUGH OF PEAPACK AND GLADSTONE  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED DECEMBER 31, 2012

Federal Funding Department	Federal Program	CFDA No.	Federal Grant (Award Number)	Grant Award Amount	Total Grant Period From To	Amount of Receipts		Accounts Receivable Dec. 31, 2012	Amount of Expenditures		Unexpended Balance Dec. 31, 2012
						Prior Year	Current Year		Prior Year	Current Year (1)	
Homeland Security	Federal Bulletproof Vest Program			\$ 4,767.00	2008		\$ 4,767.00	\$ -	\$ 4,014.99	\$ 752.01	\$ -
	Federal Bulletproof Vest Program			1,147.24	2011	272.14	875.10	-	4,014.99	677.99	469.25
						272.14	5,642.10	-	4,014.99	1,430.00	469.25

(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, 2012

State Program	State Account Number	Grant Award Amount	Total		Amount of Receipts		Accounts Receivable Dec. 31, 2012	Amount of Expenditures		Unexpended Balance Dec. 31, 2012
			From	To	Prior Year	Current Year		Prior Year	Current Year (1)	
Department of Transportation N.J. Transportation Trust Fund Ord. No. 945 - Potlertsville Road Sidewalks Ord. No. 978 - Branch Road		\$ 100,000.00 185,000.00			\$ 54,012.02	\$ 20,477.54	\$ 25,510.44 185,000.00	\$ 74,134.54	\$ 355.02 2,832.75	\$ 25,510.44 182,167.25
Department of Treasury Garden State Green Acres Trust	4800-727-042-4800	2,244,219.15	2005		2,244,219.15			2,244,219.15		
Recycling Tonnage Grant	4900-752-178810-60	15,779.14			10,809.70	4,969.44			6,551.50	9,227.64
Drunk Driving Enforcement Fund	1110-448-031020-60	3,089.93			816.68	2,273.25			774.31	2,315.62
Clean Communities Grant	4900-765-178910-60	16,562.72			10,813.34	5,749.00	170.38		14,467.09	2,075.63
Alcohol Education and Rehabilitation Fund	9735-760-060000-60	1,576.93			1,307.11	269.82				1,576.93
Body Armor Replacement Fund		4,488.35			3,287.82	1,200.53			154.00	4,334.35
Somerset County Youth Athletic and Recreation		15,000.00			15,000.00					15,000.00
County Cross Acceptance Grant		2,000.00			2,000.00			6,816.61		2,000.00
Municipal Stormwater Regulation Program		6,822.00			6,822.00			2,802.57		1,587.43
Domestic Violence Training Program		4,400.00			4,400.00					1,000.00
Somerset County Chiefs' Association Grant		1,000.00			1,000.00					1,000.00
County Municipal Planning Grant		14,250.00					14,250.00			14,250.00
N.J. Highlands Council Planning Grant		7,500.00					7,500.00			1,472.16
N.J. Forestry Management Grant		2,000.00			2,000.00			6,027.84		1,972.18
Space Study Grant		52,000.00			52,000.00			27.82		1,944.00
Gov. Connect Municipal Clerk		500.00			500.00			50,056.00		0.45
N.J. Local Library Grant		25,000.00			25,000.00			499.55		25,000.00
Smart Growth Planning Assistance Grant		6,500.00					6,500.00			6,500.00
Sustainable NJ Grant		8,500.00					7,500.00	814.00		7,686.00
Help America Vote Grant		13,449.55							12,926.00	523.55
Green Community Grant		1,900.00					1,900.00			1,900.00
							\$ 248,330.82	\$ 2,385,398.08	\$ 381,080.67	\$ 308,059.02
							\$ 2,434,987.62	\$ 48,219.13	\$ 2,385,398.08	\$ 308,059.02

(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, 2012

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**

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**GENERAL COMMENTS AND RECOMMENDATIONS  
YEAR ENDED DECEMBER 31, 2012**

## 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 Tax Appeals Attorney.

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

Garbage Collection, Install and Start up Borough's Network and Standby Generator Installations

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:

Fire Fighters Equipment, Copy Machines, Police Radio Equipment, DPW Truck and Police Vehicle

The Borough entered into a cooperative purchasing program with the County of Somerset Pricing Council:

Police Records Management System, Asphalt, and Lighting Equipment

COLLECTIONS OF INTEREST ON DELINQUENT TAXES, ASSESSMENTS AND SEWER CHARGES

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

The governing body on January 3, 2012, adopted the following resolution authorizing interest to be charged on delinquent taxes and sewer charges:

Resolution No. 4-12

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, 2012.

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, 2012.

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 10<sup>th</sup> day will be subject to interest starting with the first day of the quarter.

Resolution No. 5-12

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. 16-12

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 1<sup>st</sup>.
2. 2nd quarter assessments will be due and payable September 1<sup>st</sup>.
3. 3rd quarter assessments will be due and payable December 1<sup>st</sup>.
4. 4th quarter assessments will be due and payable March 1<sup>st</sup>.

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, 2012 are all 2012 taxes.

The last tax sale was held October 18, 2012 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>
2012	0
2011	0
2010	0
2009	0
2008	0
2007	0
2006	0
2005	0
2004	0
2003	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 2013 Taxes	25
Payments of 2012 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, 2012, 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

\*\*\*\*\*

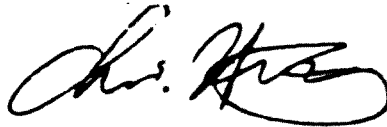
Should any questions arise as to our comments please do not hesitate to call us.

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 13, 2013



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

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

April 15, 2013

Ms. Robin Collins, Administrator  
Borough of Peapack and Gladstone  
Municipal Building  
School Street  
P.O. Box 218  
Peapack, New Jersey 07977

Dear Robin:

Enclosed are twelve copies of Report on Examination of Financial Statements for the year 2012. The original copy should be filed in the office of the Borough Clerk and the remaining copies should be distributed to the Mayor and Council, Borough Chief Financial Officer and one copy each mailed to Moody's Investors Services and Standard and Poor's and one extra unbound copy for future reproducing.

Also enclosed are three copies of the Synopsis of the 2012 audit report which must be published at least once within thirty days after you receive this report. I suggest the synopsis be published in the official newspaper in the issue following the date the audit reports are distributed for review by the Mayor and Borough Council.

Very truly yours,



Timothy M. Vrabel  
Registered Municipal Accountant

TMV:aep  
Encls.

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

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*Timothy M. Vrabel, RMA, PSA*

*Chris C. Hwang, CPA*

CERTIFICATION

This is to certify that the within report is a true and exact copy of Report on Examination of Financial Statements submitted to the Mayor and Members of the Borough Council of the Borough of Peapack and Gladstone, County of Somerset.

I further certify that twelve copies of this report were filed with the Borough Clerk on April 15, 2013.



Timothy M. Vrabel  
Registered Municipal Accountant  
License No. CR 000339

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*Montville, NJ 07045*  
*973-953-7769 Fax: 973-625-8733*  
*Email: [tmvrabeldvc@optonline.net](mailto:tmvrabeldvc@optonline.net)*

INTERNAL CONTROL QUESTIONNAIRE  
SECTION XII – STATUTORY COMPLIANCE

(Note: This Questionnaire must be filed with the  
Division of Local Government Services.)

Borough of Peapack and Gladstone, County of Somerset – 12/31/12

	<u>Yes</u>	<u>No</u>	<u>N/A</u>	<u>Remarks</u>
1. Has the current tax duplicate and tax levy been proven?	<u>Yes</u>			
2. Have all the cancellations, State and County Board Judgements, Veterans' deductions and Senior Citizens' deductions been reviewed for propriety and checked as to proper authorization and checked to tax duplicate or tax card?	<u>Yes</u>			
3. Were tax collections per cash receipts book in agreement with amounts posted in current duplicate or tax cards?	<u>Yes</u>			
4. Have all tax overpayments been accounted for?	<u>Yes</u>			
5. If tax machine bookkeeping or computer system is in use, has it been approved by the Director of Local Government Services?	<u>Yes</u>			
6. Have the taxes outstanding for prior years been established and proven?	<u>Yes</u>			
7. Were all the necessary checks, as outlined in the above steps, pertaining to prior years' taxes, taken to insure proof of prior years' taxes?	<u>Yes</u>			
8. a. Is a tax arrears register in use and properly kept?		<u>No</u>		<u>(Maintained in Computer)</u>
b. Were the respective duplicates closed to the tax arrears register?			<u>N/A</u>	
9. Are lien registers adequate and are they properly kept?	<u>Yes</u>			
10. Is a foreclosed property register in use and is it kept current?	<u>Yes</u>			

	<u>Yes</u>	<u>No</u>	<u>N/A</u>	<u>Remarks</u>
11. Have all properties sold been assessed the following year?				<u>No change in Foreclosed Property</u>
12. Are all moneys deposited within 48 hours as prescribed by statute (N.J.S. 40A5-15) for:				
a. Collector – Treasurer?	<u>Yes</u>			
b. Treasurer?			<u>N/A</u>	
c. Collector?			<u>N/A</u>	
13. Did the collector report and pay the amount collected to the treasurer, or other official of the Municipality authorized to receive such collections, <u>on the first</u> of each month following, or more often if required by the governing body?	<u>Yes</u>			
14. Is an adequate permanent record maintained by All officials who receive municipal funds?	<u>Yes</u>			
15. Are all disbursements made by the general treasurer for all boards, bodies, or department?	<u>Yes</u>			
16. Were all officials handling municipal funds covered by surety bonds?	<u>Yes</u>			
17. If Blanket Bond coverage was chosen to be utilized for municipal court personnel per N.J.S. 40A5-34.1, were non-court employees excluded?	<u>Yes</u>			
18. Were surety bonds for tax collector, utility collector and municipal court personnel in compliance with the Local Finance Board promulgated schedules?	<u>Yes</u>			
19. Does the scope of the audit cover the activities and receipt of revenue of every Board, Body, Officer or Commission?	<u>Yes</u>			

	<u>Yes</u>	<u>No</u>	<u>N/A</u>	<u>Remarks</u>
20. Was cash count and reconciliation of the cash accounts of the treasurer, tax collector and utility collector made not more than 50 days prior to the date of filing the report of audit with the clerk of the governing body?	<u>Yes</u>			
a. Date of reconciliation:				<u>3/13/13</u>
b. Date of filing:				<u></u>
21. Did the Municipality have any "Repurchase Agreements" during the year?		<u>No</u>		
22. Did the audit of investments reveal any items which are <u>not</u> allowed by statute (N.J.S.A. 40A5-51.1)?		<u>No</u>		
23. In your opinion, are the books and records of any official in such unsatisfactory condition that a proper audit could not be made?		<u>No</u>		
24. Is a general ledger accounting system maintained for all funds by the Chief Financial Officer?	<u>Yes</u>			
25. Is there an appropriation ledger maintained with timely entries by someone in the Municipality?	<u>Yes</u>			
26. Have annual statements as to receipts and disbursements (detailed) been filed by spending agencies as required by N.J.S. 40A:5-13?			<u>N/A</u>	
27. Were revenues for Uniform Construction Code fees collected in compliance with the adopted fee ordinance and properly recorded in the receipts journal?	<u>Yes</u>			
28. Has an annual report been filed, accounting for funds received, by each fire district and volunteer fire company in accordance with 40A:14-34?			<u>N/A</u>	
29. Have the following reports required from the Collector by R.S. 54:4-91 and 91-1 been filed:				
a. Yearly report?	<u>Yes</u>			
b. List of uncollectible taxes?			<u>N/A</u>	

	<u>Yes</u>	<u>No</u>	<u>N/A</u>	<u>Remarks</u>
30. Was interest collected on delinquencies in accordance with the statutes and/or the resolution of the governing body?	<u>Yes</u>			
31. Does the interest resolution of the governing body exceed the maximums set per Chapter 435, laws of 1980?  (That is, 8% of first \$1,500 and 18% for amounts over \$1,500 delinquency.)		<u>No</u>		
32. Were all temporary appropriations, adopted under 40A:4-19, and 40A:4-20, proper and recorded in the records?	<u>Yes</u>			
33. Were temporary appropriations, adopted under 40A:4-19, within the statutory maximum?	<u>Yes</u>			
34. Were the budgets properly spread in full in the Minutes or read by title if properly posted as Required by 40A:4-8?	<u>Yes</u>			
35. Were budgets, officially certified by the Director, on file with the Municipality?	<u>Yes</u>			
36. Were there any overcommitments and/or overexpenditures made of temporary appropriations, and current appropriations or appropriation reserves prior to transfer period or after?		<u>No</u>		
37. Were there any Expenditures Without Ordinance Appropriations or Appropriation Reserve Expenditures Without Ordinance Appropriations or any similar violations?		<u>No</u>		

NOTE:

(ALL VIOLATIONS OF THIS NATURE SHOULD BE REPORTED TO THE DIVISION OF LOCAL GOVERNMENT SERVICES WITH AN EXPLANATION (IN WRITING) FROM THE CHIEF FINANCIAL OFFICER AS TO THE CAUSE.)

	<u>Yes</u>	<u>No</u>	<u>N/A</u>	<u>Remarks</u>
38. Were supporting delivery slips (or other comparable supporting data) available for examination in all instances where such slips or data were required?	<u>Yes</u>			
39. Does the Municipality have an ordinance adopted for the approval for payment of claims per N.J.S. 40A5-17a?	<u>Yes</u>			
40. Were all the vouchers approved by the governing body as required by N.J.S. 40A:5-17a and an ordinance adopted?	<u>Yes</u>			
41. Were all approved vouchers recorded in the minutes as required by N.J.S. 40A:5-1?	<u>Yes</u>			
42. Did your examination of vouchers and disbursements disclose any noncompliance, irregularity or violation of law which has <u>NOT</u> been made a subject of comment and/or recommendation in the report of audit? If answer is "Yes" explain fully.		<u>No</u>		
43. Did your examination of vouchers and disbursements for construction code enforcement purposes disclose any non-compliance with N.J.A.C. 5:23-4.17?		<u>No</u>		
44. Is there a purchasing agent or centralized purchasing authority in the municipality?	<u>Yes</u>			
45. Does the municipality maintain a functioning encumbrance accounting system as required by Technical Directive No. 1986-1?	<u>Yes</u>			
46. Is a certificate, as to Availability of Funds, prepared prior to the awarding of each contract per Local Public Contract regulations?	<u>Yes</u>			


Yes   No   N/A   Remarks

47. a. Are there adequate internal procedures to insure advertising for bids where the estimated costs will exceed the State bidding threshold (Per N.J.S. 40A:11-4), and the soliciting of three quotations, where the estimated costs will exceed the amount per N.J.S. 40A:11-6.1? Yes
- b. Were resolutions authorizing Agreements for Professional Services properly adopted and Advertised in accordance with 40A:11-5? Yes
48. Have adequate comments been made covering all advertisements for bids as set forth in the minutes? Yes
49. Have all petty cash funds been approved by the Director in accordance with 40A:5-21? Yes
50. Did the audit reveal any irregularities in regard to the amount of the "CAP" or any Exclusions from the from the "CAP" which should be bought to the attention of the Director? No
51. If a Municipality operates a utility, has the revenue ledger been proven and were cash collections per cash receipts records in agreement with postings to the ledgers? Yes
52. Were penalties on utility charges established by Ordinance per statute and were collections of the penalties Made accordingly? Yes
53. Are there "Deferred Charges to Future Taxation-Unfunded" balances as of December 31, over 5 years old, where the projects have been completed and payments made from cash not provided by the particular ordinances with unfinanced costs? No
54. Does the Analysis of General Capital Fund Cash include cash deficits for ordinances over 5 years old? No
55. Was there a bond and interest bank account with a balance remaining on December 31? No



	<u>Yes</u>	<u>No</u>	<u>N/A</u>	<u>Remarks</u>
56. Has the required "Report of Municipal Court" been filed with the Division, the Municipal Court Judge and the governing body?	<u>Yes</u>			
57. Are there interfund balances on the various balance sheets as of December 31?	<u>Yes</u>			
58. Did your audit of the "Trust" section of accounts indicate that all expenditures made were properly includable and Dedications by Riders per N.J.S. 40A:4-39 have been approved by the Director for those items deemed as requiring such approval?	<u>Yes</u>			
59. Are Municipal Court appropriations separately identified in the municipal budget document as are other appropriations permitted outside "Cap" pursuant to NJSA 48:4-45.3?	<u>Yes</u>			
60. Are Municipal Court appropriations for Salaries and Wages and Other Expenses consistent with the policies established by the Division and the Administrative Office of the Courts?	<u>Yes</u>			
61. Have receipts and disbursements in the Division Approved "Municipal Court Administration Reimbursement Fund" (NJSA. 26:2B-35) been properly budgeted (Categorical Grant-in-Aid), recorded and expended in accordance with statutory requirements and policies of the Division?			<u>N/A</u>	
62. Have the receipts and disbursements from the Parking Offenses Adjudication Act (POAA), NJSA 39:4-139-9(a) been properly recorded in a separate trust fund reserved for the Municipal Court's use and expended in accordance with statutory requirements and the POAA plan developed by each municipal court pursuant to the November 1, 1985 policy statement of the Administrative Director of the Courts?	<u>Yes</u>			
63. Have revenues and disbursements in the Division approved Uniform Construction Code Enforcement Fees Trust Fund been properly recorded and expended in compliance with N.J.A.C. 5:23-4.17?			<u>N/A</u>	

	<u>Yes</u>	<u>No</u>	<u>N/A</u>	<u>Remarks</u>
64. Did the municipality make contributions to any first aid association, emergency or volunteer ambulance or rescue squad per N.J.S. 40:5-2?	<u>Yes</u>			
If answer is "Yes" has the Chief Financial Officer received an audit of each association's financial records which certified to the governing body that such records are being maintained in accordance with sound accounting principles?	<u>N/A &lt;\$70,000.00</u>			
65. Does the municipality maintain a fixed asset accounting system in compliance with Technical Accounting Directive No. 1986-2?	<u>Yes</u>			
66. Is there an accounting of accrued compensated absences liabilities as required by GASB No. 16?	<u>Yes</u>			
67. Have comments and recommendations been included in the audit report for all answers above which indicate corrections or improvements are required?	<u>Yes</u>			
68. Has a corrective action plan been prepared for the prior year audit findings and recommendations by the Chief Financial Officer?	<u>N/A</u>			
69. Do you participate in an external quality control review program? If yes, when and by whom was this performed?	<u>Yes</u> <u>Swartz &amp; Co., LLC 1/17/11</u>			
70. Are there any matters which should be taken up with the Municipality by the Division?	<u>No</u>			
If answer is "Yes," file a detailed report with the Questionnaire, if not previously filed with the Director of the Division of Local Government Services.	<u>N/A</u>			

  
 Timothy M. Vrabel  
 Registered Municipal Accountant  
 License No. CR000339

March 13, 2013

**ANNUAL AUDIT REPORT**

**FOR THE YEAR 2012**

**MUNICIPAL COURT OF:** Borough of Peapack and Gladstone

**COUNTY OF:** Somerset

**COURT INFORMATION:**

ADDRESS: P.O. Box 218

PHONE: (908) 234-2255

1 School Street

COUNTY: Somerset

Peapack, NJ 07977

JUDGE: Robert J. Foley


COURT  
DIRECTOR: \_\_\_\_\_

COURT  
ADMINISTRATOR: Vicki L. Mangulson

**REPORT COMPLETED BY**

NAME: Timothy M. Vrabel

RMA NUMBER: CR000339

SIGNED BY: 

DATE: 4/14/11

ADDRESS: 350 Main Road

Suite 104

Montville, NJ 07845

## RECEIPTS AND DISBURSEMENTS FOR THE YEAR ENDING 2012

AGENCY	BEGINNING BALANCE AS OF DEC. 31, 2011	RECEIPTS	DISBURSEMENTS	ENDING BALANCE AS OF DEC. 31, 2012
STATE OF NJ	\$ 4,360.94	\$ 51,697.27	\$ 52,380.51	\$ 3,677.70
COUNTY	2,881.00	37,785.00	38,235.00	2,431.00
MUNICIPALITY	5,775.06	77,561.73	78,215.99	5,120.80
MUNICIPALITY-POAA	-	20.00	16.00	4.00
COUNTY LAB				-
CONDITIONAL DISCHARGE	5.00	325.00	260.00	70.00
FISH & GAME	-	-	-	-
PARK & FOREST	-			-
WEIGHTS & MEASURES	-			-
RESTITUTION	-			-
INTEREST ( Court)	0.51	6.09	6.21	0.39
INTEREST ( Bail)	0.01	0.65	0.54	0.12
MISC. Public Defender				-
MISC. -				-
MISC.				-
<b>TOTAL</b>	<b>\$ 13,022.52</b>	<b>\$ 167,395.74</b>	<b>\$ 169,114.25</b>	<b>\$ 11,304.01</b>

\*Was the ending balance disbursed by the 15th of the next month? Yes If not explain?

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## GENERAL MUNICIPAL COURT INFORMATION

1. Does this municipal court serve more than one municipality? No If so, please list:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
  
2. Amount paid or charged in 2012 to 2012 appropriations for salary of judge(s) \$ 22,000.00,  
Other Staff \$ 46,560.41 And expenses \$ 8,294.85
  
3. Is an approved statewide violations bureau schedule of fines prominently posted in the place  
where fines are to be paid to the violations clerk? Yes
  
4. Does the court have a approved supplemental Local Violations Bureau Schedule? Yes  
If so, is it prominently posted in the place where fines are to be paid to the violations clerk?  
Yes
  
5. List staff members that are bonded:

Judge <u>Robert J. Foley</u>	Amount of Bond \$ <u>10,000.00</u>
Ct. Dir. _____	Amount of Bond \$ _____
Ct. Adm. <u>Vicki L. Mangulson</u>	Amount of Bond \$ <u>10,000.00</u>
1 <sup>st</sup> Dep. Ct. Adm. <u>Brenda Zimmerman</u>	Amount of Bond \$ <u>10,000.00</u>
2 <sup>nd</sup> Dep. Ct. Adm. <u>Nancy Skoriak</u>	Amount of Bond \$ <u>10,000.00</u>
Other Staff _____	Amount of Bond \$ _____
_____	Amount of Bond \$ _____
  
6. When does the Judge's term expire? January 13, 2015
  
7. Are uniform traffic tickets serially numbered, properly controlled and accounted for? Yes
  
8. Are tickets eligible for destruction disposed of in a timely and proper manner? Yes

## FINANCIAL PROCEDURES

### Daily Financial Procedures

1. Are separate cash boxes maintained for each employee that receipts money? Yes
2. Who is responsible for completing the Daily Bank Deposit? Vicki L. Mangulson
3. Who is responsible for transporting the Daily Deposit to the bank? Vicki L. Mangulson
4. What procedures are followed to transport the monies to the bank (i.e. security)?  
The money is transported in locked money bag.
5. Are deposits made within 48 hours of receipt? Yes If no, please explain \_\_\_\_\_
6. Do the above cash handling procedures provide for adequate security and separation of responsibilities? Yes
7. Do the deposit slips match the totals provided by the Daily Batch and Criminal Journal? Yes If no, please explain \_\_\_\_\_
8. Do the deposit slips match the daily totals displayed on the ATS Monthly Cashbook? Yes If no, please explain \_\_\_\_\_
9. Are the deposit slips attached to the ATS Daily Batch Report and Criminal Journal? Yes
10. As of what date or dates was cash counted, reconciliation made and bank balance Confirmed? January 1, 2013 and March 1, 2013

### Monthly Financial Procedures

11. Are separate general/bail accounts maintained? Yes
12. Is the court utilizing the ATS/ACS monthly cashbook? Yes If no, please explain \_\_\_\_\_
13. Who is responsible for the municipal court financial procedures (name and title)?  
Vicki L. Mangulson, Court Administrator
14. Do the monthly disbursement checks equal account totals on Part V of the ATS monthly Cash Book? Yes. If no, please explain \_\_\_\_\_

15. Are monies turned over to the proper agencies on or before the 15<sup>th</sup> of each month? Yes  
If no, please explain \_\_\_\_\_  
\_\_\_\_\_
16. Does the general account accrue interest? Yes Bail account? Yes Is the interest turned over to the municipality on a monthly basis? Yes
17. Are overpayment checks written on a monthly basis? Yes Interest? Yes
18. Is the Bank reconciliation page of the Monthly Cash Book completed and balanced? Yes  
If no, please explain \_\_\_\_\_
19. Are the Fiscal Records kept in a safe place? Yes

**Bail Procedures**

20. Is bail collected by the police department properly and promptly turned over to the municipal court? Yes
21. Are bail refunds done in a timely manner? Yes Are the refund checks made out to the surety? Yes
22. Are bail forfeitures done in a timely manner? Yes
23. Are the cash balances on the Monthly Bail on Account Report equal to the account balance in the Bail Account? Yes

COMMENTS: NONE

RECOMMENDATIONS: NONE



Borough of Peapack - Gladstone of Somerset  
 City, Town, Boro, or Twp. Municipality County

Form for Reporting Dog Licenses Issued Pursuant to R.S. 4-19-15.1 et seq., as amended by Chapter 168, P.L. 1978 and Chapter 235, P.L. 1981

Auditor: Timothy M. Vrabel  
 Address: T.M. Vrabel & Associates, LLC  
350 Main Road, Suite 104  
Montville, NJ 07045

	1 Year	3 Year	
Dog License Fee - Minimum	\$ 1.50	\$ 4.50	Kennel License - Not in Excess of 10 Dogs..\$10.00
Dog License Fee - Maximum	\$ 15.00	\$ 45.00	Kennel License - In Excess of 10 Dogs.....25.00
(Where there is no Local Ordinance, the fee shall be \$1.50, 1 year & \$4.50, 3 years).			Pet Shop License.....10.00
State Registration Fees:			
1 year license - - \$1.00			"Seeing Eye" Dog License are to be issued without fees.
3 year license - - \$3.00			

YEAR 2012

License Numbers From To	Rate	Total Fees	Municipal License	Kennel License	Seeing Eye	State Registration Fees
1 362						
Less: Duplicates	1.00	362.00				362.00
Voids						
362	11.80	2,461.60	2,461.60			
Pilot Clinic	0.20	72.40				72.40
Animal Population Control	3.00	510.00				510.00
Late Fees		80.00	80.00			
363 395						
Less: Duplicates	1.00	33.00				33.00
Voids						
33	12.80	422.40	422.40			
Pilot Clinic	0.20	6.60				6.60
Animal Population Control	3.00	21.00				21.00
Late Fees		180.00	180.00			
TOTALS:		4,149.00	3,144.00	-		1,005.00

Add: Prior Balance Due to State Treasurer December 31, 2011	(70.00)
Remitted to State Treasurer	935.00
Balance Due to State Treasurer December 31, 2012	1,023.00
	(88.00)

Memo to Auditor: If three year licenses are issued, prepaid license fees must be set up in the Dog License Fund, however, the state registration fees are due 30 days after collection.

## **SYNOPSIS**

SYNOPSIS OF AUDIT REPORT FOR PUBLICATION

Synopsis of 2012 Audit Report of the Borough of Peapack and Gladstone  
as required by N.J.S.A. 40A:5-7.

COMBINED COMPARATIVE BALANCE SHEET

<u>Assets</u>	December 31, <u>2012</u>	December 31, <u>2011</u>
Cash and Investments	\$ 6,825,664.86	\$ 7,581,248.36
Taxes, Liens and Utility Charges Receivable	196,466.96	179,698.28
Property Acquired for Taxes - Assessed Value	139,900.00	139,900.00
Accounts Receivable	801,524.58	400,301.64
Fixed Capital Authorized and Uncompleted - Utility	89,600.00	89,600.00
Fixed Capital - Utility	8,254,956.81	8,251,889.91
Deferred Charges to Future Taxation - General Capital	5,322,501.08	5,442,624.16
General Fixed Assets	<u>15,692,910.12</u>	<u>16,159,944.38</u>
 Total Assets	 <u>\$ 37,323,524.41</u>	 <u>\$ 38,245,206.73</u>
 <u>Liabilities, Reserves and Fund Balance</u>		
Bonds and Notes Payable	\$ 4,989,000.00	\$ 5,574,000.00
Loans Payable	228,801.08	254,924.16
Improvement Authorizations	873,082.70	777,393.17
Other Liabilities and Special Funds	4,341,900.16	4,361,546.25
Amortization of Debt for Fixed Capital Acquired or Authorized	7,799,556.81	7,516,489.91
Reserve for Certain Assets Receivable	369,355.47	346,918.27
Fund Balance	3,028,918.07	3,253,990.59
Investment in General Fixed Assets	<u>15,692,910.12</u>	<u>16,159,944.38</u>
 Total Liabilities, Reserves and Fund Balance	 <u>\$ 37,323,524.41</u>	 <u>\$ 38,245,206.73</u>

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

	<u>Year 2012</u>	<u>Year 2011</u>
<u>Revenue and Other Income Realized</u>		
Fund Balance Utilized	\$2,220,000.00	\$2,139,000.00
Miscellaneous-From other than Local Property Tax Levies	745,978.73	757,560.78
Collection of Delinquent Taxes and Tax Title Liens	117,351.63	128,888.71
Collection of Current Tax Levy	12,693,773.84	12,750,675.87
Other Credits to Income	444,369.90	366,674.10
Total Income	<u>16,221,474.10</u>	<u>16,142,799.46</u>
 <u>Expenditures</u>		
Budget Expenditures:		
Municipal Purposes	4,941,253.29	4,806,057.07
Local Open Space Tax	205,550.57	206,916.39
County Taxes	2,649,179.14	2,708,039.33
Regional School Taxes	6,311,235.94	6,311,024.96
Other Expenditures	6,950.85	1,097.92
Total Expenditures	<u>14,114,169.79</u>	<u>14,033,135.67</u>
Excess in Revenue	2,107,304.31	2,109,663.79
Fund Balance January 1	<u>2,719,048.72</u>	<u>2,748,384.93</u>
	4,826,353.03	4,858,048.72
Less:		
Utilization as Anticipated Revenue	<u>2,220,000.00</u>	<u>2,139,000.00</u>
Fund Balance December 31	<u>\$2,606,353.03</u>	<u>\$2,719,048.72</u>

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

	<u>Year 2012</u>	<u>Year 2011</u>
<u>Revenue and Other Income Realized</u>		
Fund Balance Utilized	\$ 345,020.50	\$ 369,601.00
Collection of Sewer Charges	1,261,889.82	1,309,325.58
Miscellaneous	6,097.03	8,077.69
Other Credits to Income	<u>138,113.81</u>	<u>117,099.84</u>
Total Income	<u>1,751,121.16</u>	<u>1,804,104.11</u>
<u>Expenditures</u>		
Budget Expenditures:		
Operating	1,158,340.00	1,173,977.00
Capital Improvements	30,000.00	30,000.00
Debt Service	310,912.50	320,900.00
Statutory Expenditures	<u>45,768.00</u>	<u>44,724.00</u>
Total Expenditures	<u>1,545,020.50</u>	<u>1,569,601.00</u>
Excess in Revenue	206,100.66	234,503.11
Fund Balance January 1	<u>514,602.45</u>	<u>649,700.34</u>
	720,703.11	884,203.45
Less:		
Utilization as Anticipated Revenue	<u>345,020.50</u>	<u>369,601.00</u>
Fund Balance December 31	<u>\$ 375,682.61</u>	<u>\$ 514,602.45</u>

RECOMMENDATIONS

Not Applicable

STATUS OF PRIOR YEAR'S AUDIT FINDINGS/RECOMMENDATIONS

Not Applicable

\* \* \* \* \*

The above synopsis was prepared from the report of audit of the Borough of Peapack and Gladstone, County of Somerset for the calendar year 2012. This report of audit, submitted by Timothy M. Vrabel, Registered Municipal Accountant and Chris C. W. Hwang, Certified Public Accountant of T. M. Vrabel & Associates, LLC is on file at the Borough Clerk's office and may be inspected by any interested person.

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Robin Collins, Borough Clerk