

**TOWNSHIP OF SADDLE BROOK
County of Bergen, New Jersey**

**NJ Comprehensive Annual Financial Report
Year Ended December 31, 2010**

TOWNSHIP OF SADDLE BROOK
NJ Comprehensive Annual Financial Report
Year Ended December 31, 2010
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TOWNSHIP OF SADDLE BROOK
NJ Comprehensive Annual Financial Report
Introductory Section

TOWNSHIP OF SADDLE BROOK
Roster of Officials
Year Ended December 31, 2010

| Name | Title | Term Expires |
|--------------------------|-------------------------------|--------------|
| Karen Chamberlain | Mayor | 12/31/14 |
| Andrew Cimiluca | Councilman | 12/31/12 |
| Richard Conte | Councilman | 12/31/14 |
| Anthony Halko | Councilman | 12/31/14 |
| Florence Mazzer | Councilwoman | 12/31/12 |
| Joseph Setticasa | Councilman | 12/31/12 |
| Peter LoDico | Municipal Clerk | |
| Robert Elia | Business Administrator | |
| | Treasurer | |
| Joy Lascari | Chief Financial Officer | |
| Michele Sanzari | Tax Collector | |
| | Tax Search Officer | |
| Linda Pellicier | Cashier | |
| Tracy Adams | Registrar of Vital Statistics | |
| DiMaria & DiMaria, LLP | Borough Auditor | |
| Deborah Gross-Quatrone | Borough Attorney | |
| Rogut, McCarthy LLC | Bond Counsel | |
| Art Carlson, Jr. | Tax Assessor | |
| Birdsall Engineering | Borough Engineer | |
| Brown & Brown Insurance | Risk Management Consultants | |
| Robert Kugler | Chief of Police | |
| Nicholas Nasarenko, Esq. | Municipal Court Judge | 12/31/12 |
| Thomas Cuomo | Municipal Court Administrator | |
| Eileen Pinto | Deputy Court Administrator | |
| Debra Zafonte | Violations Clerk | |
| Anthony Ambrogto | Construction Code Official | |
| | Building Subcode Official | |
| | Zoning Officer | |
| | Property Maintenance Official | |
| Joseph Dymarczyk | Electrical Subcode Official | |
| | Electrical Inspector | |
| Michael Seitz | Fire Subcode Official | |
| | Fire Inspector | |
| Frank Giordano | Plumbing Subcode Official | |
| | Plumbing Inspector | |
| John Valentino | Property Maintenance Official | |
| John Ottina | Property Maintenance Official | |

TOWNSHIP OF SADDLE BROOK
NJ Comprehensive Annual Financial Report
Financial Section

Di Maria & Di Maria LLP

Accountants & Consultants

245 Union Street
Lodi, New Jersey 07644
Voice 973.779.6890
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Independent Auditors' Report

Honorable Mayor and Members of the Township Committee
Township of Saddle Brook, County of Bergen, New Jersey

We have audited the accompanying statements of financial position - regulatory basis of the various funds of the Township of Saddle Brook, State of New Jersey, as of and for the year ended December 31, 2010, and the related statements of operations and changes in fund balance - regulatory basis, and statement of revenue and expenditures - regulatory basis as listed in the table of contents. Statements for the year ended December 31, 2009 were audited by another firm whose report was unqualified. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as discussed in the following paragraph, 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 the 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 Township of Saddle Brook prepares its financial statements in conformity with accounting principles prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between the regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Independent Auditors' Report (Continued)

In our opinion, because of the Township of Saddle Brook's requirement to prepare its financial statements on the basis of accounting discussed in 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 various funds of the Township of Saddle Brook, State of New Jersey, as of December 31, 2010 and 2009, or the results of its operations and changes in fund balance for the years then ended.

Furthermore, in our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the various funds of the Township of Saddle Brook, State of New Jersey at December 31, 2010, and the results of its operations and the changes in fund balance of the individual funds for the year then ended, and the revenues and expenditures of the various funds for the year ended December 31, 2010 in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2011 on our consideration of the Township of Saddle Brook, State of New Jersey internal control over financial reporting and 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 reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Independent Auditors' Report (Continued)

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedules of expenditures of federal awards and/or state financial assistance are presented for the purpose of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and State of New Jersey's Office of Management and Budget Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, and are not a required part of the financial statements. In addition, the supplementary financial statement presented for the various funds are presented for purposes of additional analysis as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects, in relation to the financial statements of each of the respective individual funds and account groups taken as a whole.

DI MARIA & DI MARIA LLP
Accountants and Consultants

Frank Di Maria

Frank Di Maria
Registered Municipal Accountant
RMA No. CR00463

June 30, 2011

**TOWNSHIP OF SADDLE BROOK
 COMBINED STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE
 ALL FUND TYPES AND ACCOUNT GROUPS
 December 31, 2010
 (With Comparative Totals for 2009)**

A-1

| | Current Fund | Federal and State Grant Fund | Trust Fund | General Capital Fund | Water Utility Operating Fund | Water Utility Capital Fund | Fixed Asset Account Group | Totals (Memorandum Only) | |
|---|---------------------|------------------------------|---------------------|----------------------|------------------------------|----------------------------|---------------------------|--------------------------|----------------------|
| | | | | | | | | 2010 | 2009 |
| ASSETS AND OTHER DEBITS | | | | | | | | | |
| Cash | \$ 1,974,750 | \$ 127,553 | \$ 2,189,770 | \$ 1,615,238 | \$ 485,732 | \$ 78,471 | \$ - | \$ 6,471,514 | \$ 5,086,183 |
| Deferred Compensation Assets | - | - | 965,892 | - | - | - | - | 965,892 | 716,225 |
| Consumer Accounts Receivable | - | - | - | - | 63,659 | - | - | 63,659 | 208,575 |
| Interfunds Receivable | 78,023 | - | 12,995 | 199,018 | 224 | - | - | 290,260 | 298,150 |
| Intergovernmental Receivable | - | 88,229 | - | 542,435 | - | - | - | 630,664 | 596,245 |
| Other Receivables | 1,344,136 | - | - | - | 3,571 | - | - | 1,347,707 | 1,272,751 |
| Deferred Charges | - | - | - | 26,707,694 | 750,000 | - | - | 27,457,694 | 26,421,134 |
| Fixed Capital Authorized & Uncompleted | - | - | - | - | - | 12,992 | - | 12,992 | 12,992 |
| Fixed Capital | - | - | - | - | - | 2,447,026 | - | 2,447,026 | 2,447,026 |
| Fixed Assets | - | - | - | - | - | - | 33,923,398 | 33,923,398 | 33,923,398 |
| Total Assets and Other Debits | \$ 3,396,909 | \$ 215,782 | \$ 3,168,657 | \$ 29,064,385 | \$ 1,303,186 | \$ 2,538,489 | \$ 33,923,398 | \$ 73,610,806 | \$ 70,982,679 |
| LIABILITIES, RESERVES AND FUND BALANCE | | | | | | | | | |
| Interfunds Payable | \$ 189,620 | \$ 9,400 | \$ 70,289 | \$ - | \$ 20,727 | \$ 224 | \$ - | \$ 290,260 | \$ 298,150 |
| Accounts/Encumbrances Payable | 249,893 | - | - | 576,064 | 751,944 | - | - | 1,577,901 | 228,965 |
| Other Liabilities and Reserves | 1,525,712 | 206,382 | 3,098,366 | 170,670 | 89,646 | 75,485 | - | 5,166,261 | 4,980,928 |
| Improvement Authorizations | - | - | - | 2,412,904 | - | 4,231 | - | 2,417,135 | 3,202,584 |
| Intergovernmental Payable | 7,951 | - | 2 | - | - | - | - | 7,953 | 17,768 |
| Serial Bonds Payable | - | - | - | 22,872,179 | - | 1,352,821 | - | 24,225,000 | 21,150,000 |
| Bond Anticipation Notes Payable | - | - | - | 950,000 | - | - | - | 950,000 | 2,550,096 |
| Loan Payable | - | - | - | 1,851,762 | - | - | - | 1,851,762 | 1,936,909 |
| Reserve for Receivables & Other Assets | 1,412,195 | - | - | - | - | - | - | 1,412,195 | 1,239,911 |
| Reserve for Investment in Fixed Assets | - | - | - | - | - | - | 33,923,398 | 33,923,398 | 33,923,398 |
| Reserve for Amortization | - | - | - | - | - | 1,094,205 | - | 1,094,205 | 1,017,994 |
| Reserve for Deferred Amortization | - | - | - | - | - | 11,523 | - | 11,523 | 46,200 |
| Fund Balance | 11,538 | - | - | 230,806 | 440,869 | - | - | 683,213 | 389,776 |
| Total Liabilities, Reserves and Fund Balance | \$ 3,396,909 | \$ 215,782 | \$ 3,168,657 | \$ 29,064,385 | \$ 1,303,186 | \$ 2,538,489 | \$ 33,923,398 | \$ 73,610,806 | \$ 70,982,679 |

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

TOWNSHIP OF SADDLE BROOK
COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE -
STATUTORY BASIS
Year Ended December 31, 2010

| | Current Fund | Water Utility Fund | Total |
|---|-----------------|-----------------------|---------------|
| REVENUES AND OTHER CREDITS TO INCOME | | | |
| Revenues: | | | |
| Fund Balance Anticipated | \$ 325,000 | \$ 47,485 | \$ 372,485 |
| Miscellaneous | 2,971,693 | - | 2,971,693 |
| Receipts from Delinquent Taxes | 343,492 | - | 343,492 |
| Amount to be Raised by Taxation | 15,087,271 | - | 15,087,271 |
| Water Rents | - | 2,343,144 | 2,343,144 |
| Interest on Delinquencies | - | 13,256 | 13,256 |
| Interest on Investments & Deposits | - | 860 | 860 |
| Receipts of Delinquent Rents | - | 101,900 | 101,900 |
| Total Revenues | 18,727,456 | 2,506,645 | 21,234,101 |
| Other Credits to Income | 31,301,159 | 4,975 | 31,306,134 |
| Total Revenues and Other Credits to Income | \$ 50,028,615 | \$ 2,511,620 | \$ 52,540,235 |
| EXPENDITURES AND OTHER CHARGES TO INCOME | | | |
| Expenditures: | | | |
| Within "CAPS": | | | |
| Operations: | | | |
| Salaries and Wages | \$ 6,585,669 | \$ - | \$ 6,585,669 |
| Other Expenses | 5,859,177 | - | 5,859,177 |
| Deferred Charges and Statutory Expenditures | 1,106,304 | - | 1,106,304 |
| Excluded From "CAPS": | | | |
| Operations: | | | |
| Salaries and Wages | - | 677,750 | 677,750 |
| Other Expenses | 2,627,934 | 1,214,950 | 3,842,884 |
| Capital Improvements | 240,000 | - | 240,000 |
| Debt Service | 1,730,600 | 108,600 | 1,839,200 |
| Deferred Charges and Statutory Expenditures | 84,000 | 60,949 | 144,949 |
| Deficit in Operations in Prior Years | - | 8,636 | 8,636 |
| Reserve for Uncollected Taxes | 549,052 | - | 549,052 |
| Total Expenditures | 18,782,736 | 2,070,885 | 20,853,621 |
| Other Charges to Income | 31,244,725 | - | 31,244,725 |
| Total Expenditures and Charges to Income | \$ 50,027,461 | \$ 2,070,885 | \$ 52,098,346 |
| Statutory Excess to Fund Balance | 1,154 | 440,735 | 441,889 |
| Deferred Charges to Budget of Succeeding Year | - | - | - |
| Fund Balance, January 1 | 335,384 | 47,619 | 383,003 |
| | 336,538 | 488,354 | 824,892 |
| Decreased by: | | | |
| Utilization as Anticipated Revenue | 325,000 | 47,485 | 372,485 |
| Fund Balance, December 31 | \$ 11,538 | \$ 440,869 | \$ 452,407 |

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

TOWNSHIP OF SADDLE BROOK
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE
STATUTORY BASIS - BUDGET & ACTUAL -- CURRENT FUND
Year Ended December 31, 2010

| | Budget as Modified | Actual | Variance |
|--|-----------------------|----------------------|-------------------|
| <u>REVENUES AND OTHER CREDITS TO INCOME</u> | | | |
| Revenues: | | | |
| Fund Balance Anticipated | \$ 325,000 | \$ 325,000 | \$ - |
| Miscellaneous Revenues | 2,948,623 | 2,971,693 | 23,070 |
| Receipts from Delinquent Taxes | 345,000 | 343,492 | (1,508) |
| Amount to be Raised by Taxation | 15,164,113 | 15,087,271 | (76,842) |
| Total Revenues | 18,782,736 | 18,727,456 | (55,280) |
| Other Credits to Income | 31,145,652 | 31,301,159 | 155,507 |
| Total Revenues and Other Credits to Income | <u>\$ 49,928,388</u> | <u>\$ 50,028,615</u> | <u>\$ 100,227</u> |
| <u>EXPENDITURES AND OTHER CHARGES TO INCOME</u> | | | |
| Expenditures: | | | |
| Within "CAPS": | | | |
| Operations: | | | |
| Salaries and Wages | \$ 6,585,669 | \$ 6,585,669 | \$ - |
| Other Expenses | 5,859,177 | 5,859,177 | - |
| Deferred Charges and Statutory Expenditures | 1,106,304 | 1,106,304 | - |
| Excluded From "CAPS": | | | |
| Operations: | | | |
| Salaries and Wages | - | - | - |
| Other Expenses | 2,627,934 | 2,627,934 | - |
| Capital Improvements | 240,000 | 240,000 | - |
| Municipal Debt Service | 1,730,600 | 1,730,600 | - |
| Deferred Charges | 84,000 | 84,000 | - |
| Reserve for Uncollected Taxes | 549,052 | 549,052 | - |
| Total Expenditures | 18,782,736 | 18,782,736 | - |
| Other Charges to Income | 31,145,652 | 31,244,725 | 99,073 |
| Total Expenditures and Charges to Income | <u>\$ 49,928,388</u> | <u>\$ 50,027,461</u> | <u>\$ 99,073</u> |
| Statutory Excess to Current Fund Balance | | 1,154 | |
| Deferred Charges to Budget of Succeeding Year | | - | |
| Fund Balance, January 1 | | 335,384 | |
| | | <u>\$ 336,538</u> | |
| Decreased by: | | | |
| Utilization as Anticipated Revenue | | 325,000 | |
| Fund Balance, December 31 | | <u>\$ 11,538</u> | |

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

TOWNSHIP OF SADDLE BROOK
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE
STATUTORY BASIS - BUDGET & ACTUAL -- WATER UTILITY OPERATING FUND
Year Ended December 31, 2010

| | Budget as Modified | Actual | Variance |
|--|-----------------------|---------------------|-------------------|
| <u>REVENUES AND OTHER CREDITS TO INCOME</u> | | | |
| Revenues: | | | |
| Fund Balance Anticipated | \$ 47,485 | \$ 47,485 | \$ - |
| Water Rents | 1,912,500 | 2,343,144 | 430,644 |
| Interest on Delinquencies | 8,700 | 13,256 | 4,556 |
| Interest on Investments & Deposits | 300 | 860 | 560 |
| Receipts of Delinquent Rents | 101,900 | 101,900 | - |
| Total Revenues | <u>2,070,885</u> | <u>2,506,645</u> | <u>435,760</u> |
| Other Credits to Income | - | 4,975 | 4,975 |
| Total Revenues and Other Credits to Income | <u>\$ 2,070,885</u> | <u>\$ 2,511,620</u> | <u>\$ 440,735</u> |
| <u>EXPENDITURES AND OTHER CHARGES TO INCOME</u> | | | |
| Expenditures: | | | |
| Operations: | | | |
| Salaries and Wages | \$ 677,750 | \$ 677,750 | \$ - |
| Other Expenses | 1,214,950 | 1,214,950 | - |
| Capital Improvements | - | - | - |
| Debt Service | 108,600 | 108,600 | - |
| Deferred Charges & Statutory Expenditures | 60,949 | 60,949 | - |
| Deficit in Operations in Prior Years | 8,636 | 8,636 | - |
| Total Expenditures | <u>2,070,885</u> | <u>2,070,885</u> | <u>-</u> |
| Other Charges to Income | - | - | - |
| Total Expenditures and Charges to Income | <u>\$ 2,070,885</u> | <u>\$ 2,070,885</u> | <u>\$ -</u> |
| Statutory Excess to Current Fund Balance | | <u>440,735</u> | |
| Deferred Charges to Budget of Succeeding Year | | - | |
| Fund Balance, January 1 | | <u>47,619</u> | |
| | | 488,354 | |
| Decreased by: | | | |
| Utilization as Anticipated Revenue | | 47,485 | |
| Fund Balance, December 31 | | <u>\$ 440,869</u> | |

**TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2010**

Note 1 - Reporting Entity, Organization and Function

A. Introduction

The Township of Saddle Brook (the "Township") is a municipal corporation of the State of New Jersey located in the county of Bergen and is located approximately 8 miles west of the City of New York. The Borough's population according to the 2010 census is 13,659.

The Township operates under the Faulkner Act (Mayor-Council) system of municipal government, and is governed by a Mayor and a five-member Township Council. Members of the Township Council are elected at-large in partisan elections to four-year terms of office on a staggered basis, with two or three seats up for election in even years. The Mayor is the chief executive officer. The Township operates on a calendar fiscal year, January 1 to December 31.

The municipal budget includes the following generally stated municipal services:

- General Government Functions
- Land Use Administration Functions
- Public Safety Functions
- Health and Human Service Functions
- Park and Recreation Functions
- Educational Functions
- Code Enforcement Functions
- Municipal Court Functions
- Capital Improvements
- Debt Service

B. Component Units

The financial statements of the component units of the municipality are not presented in accordance with Governmental Accounting Standards Board Statement No. 14. If the provisions of GASBS No. 14 had been complied with, the financial statements of the following component units would have been either blended or discretely presented with the financial statements of the municipality:

- Volunteer Fire Department
- Volunteer Ambulance Corp.
- Free Public Library

**TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2010**

Note 2 - Summary of Significant Accounting Policies

Financial Statement Reporting

The financial statements contain all applicable funds and account groups in accordance with the "Requirements of Audit" and the "N.J. Comprehensive Annual Financial Report" as promulgated by the State of New Jersey, Department of Community Affairs, Division of Local Government Services. 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 municipality accounts for its financial transactions through the following separate funds which differs from the funds required by generally accepted accounting principles (GAAP).

Basis of Accounting

A modified accrual basis of accounting is followed with minor exceptions. Accounting principles prescribed for New Jersey municipalities by the Department of Community Affairs, Division of Local Government Services differ in certain respects from generally accepted accounting principles applicable to local government units.

Use of Estimates

The preparation of the financial statements requires management to make certain estimates and assumptions that affect assets, liabilities, revenues and expenditures during and as of the end of the reporting period. Accordingly, actual results may differ from those estimates.

Reclassifications and Restatements

Certain reclassifications and restatements may be made to prior amounts for clarification purposes.

**TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2010**

Note 2 - Summary of Significant Accounting Policies (Continued)

A. Funds and Account Groups

The accounts are organized into the following funds and account groups:

Current Fund - The Current Fund accounts for resources and expenditures for governmental operations of a general nature.

Federal and State Grant Fund - The Federal and State Grant Fund accounts for the budgeted and unbudgeted revenue/receipt, expenditure/disbursement of federal and state grants which qualify for accounting treatment more closely related to GAAP.

Trust Fund - The various Trust Funds account for receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created.

General Capital Fund - The General Capital fund accounts for receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the Current Fund. It is also the only fund, other than the Current Fund, that possesses the statutory authority to issue debt.

General Fixed Asset Account Group - The General Fixed Asset Account Group accounts for Township owned real and personal property in accordance with Technical Accounting Directive #85-2.

Water Utility Fund - The Water Utility Fund is used to account for the revenues and expenditures for the operation of the water utility and the related assets and liabilities. Acquisition or improvement of capital facilities and assets are accounted for in the capital section of the fund.

**TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2010**

Note 2 - Summary of Significant Accounting Policies (Continued)

B. Budgets and Budgetary Accounting

The municipality must adopt an annual budget in accordance with N.J.S.A. 40A:4 et al. N.J.S.A. 40A:4-5 requires the governing body to introduce and approve the annual municipal budget no later than February 10 of each year. At introduction, the governing body shall fix the time and place for a public hearing on the budget and must advertise the time and place at least ten (10) days prior to the hearing in a newspaper published and circulated in the municipality. The public hearing must not be held less than twenty-eight (28) days after the date the budget was introduced. After the hearing has been held, the governing body may, by majority vote, adopt the budget or may amend the budget in accordance with N.J.S.A. 40A:4-9. An extension of the statutory dates for introduction, approval and adoption of the municipal budget may be granted by the Director of the Division of Local Government Services, with the permission of Local Finance Board. Budgets are adopted on the same basis of accounting utilized for the preparation of the municipalitie's financial statements.

C. Cash and Investments

New Jersey municipal units are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of securities which may be purchased by New Jersey municipal units.

The cash management plan adopted by the municipality requires that funds be deposited in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-42 requires government units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act. Public funds are defined as the funds of any government unit. Public depositories include banks (both state and national banks), savings and loan institutions and savings banks, the deposits of which are federally insured. All public depositories pledge collateral, having a market value of 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 in the collateral pool, is available to pay the full amount of their deposits to the governmental units. All certificates of deposit are recorded as cash regardless of date of maturity.

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2010

Note 2 - Summary of Significant Accounting Policies (Continued)

D. Interfunds

Interfund receivables and payables that arise from transactions between funds are recorded by all funds affected by such transactions in the period in which the transaction is executed. Interfund receivables in the Current Fund are recorded with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves. GAAP does not require the establishment of an offsetting reserve.

E. Inventories of Supplies

The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets.

F. General Fixed Assets

Property and equipment purchased by the Current and the General Capital Funds are recorded as expenditures at the time of purchase and are not capitalized. Accounting for Governmental Fixed Assets, as promulgated by Technical Accounting Directive No. 2 as issued by the Division of Local Government Services, differs in certain respects from generally accepted accounting principles. The following is a brief description of the provisions of the Directive. Fixed assets used in governmental operations (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. No depreciation on general fixed assets is recorded 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.

**TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2010**

Note 2 - Summary of Significant Accounting Policies (Continued)

G. Foreclosed Property

Foreclosed property is recorded in the Current Fund at the assessed value when such property was acquired and is fully reserved. Ordinarily it is the intention of the municipality to resell foreclosed property in order to recover all or a portion of the delinquent taxes or assessments and to return the property to a taxpaying basis. For this reason the value of foreclosed property has not been included in the General Fixed Asset Account Group. If such property is converted to a municipal use, it will be capitalized in the General Fixed Asset Account Group. GAAP requires property to be recorded in the General Fixed Asset Account Group at the market value at the time of acquisition.

H. Deferred Charges

The recognition of certain expenditures is deferred to future periods. These expenditures, or deferred charges, are generally overexpenditures of legally adopted budget appropriations or emergency appropriations made in accordance with N.J.S.A. 40A:4-46 et al. Deferred charges are subsequently raised as items of appropriation in budgets of succeeding years.

I. Appropriation Reserves

Appropriation reserves covering unexpended appropriation balances are automatically created at year end and recorded as liabilities, except for amounts which may be canceled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriation Reserves are not established under GAAP.

J. Liens Sold for Other Governmental Units

Liens sold on behalf of other governmental units are not recorded on the records of the tax collector until such liens are collected. Upon their collection, such liens are recorded as a liability due to the governmental unit net of the costs of the initial sale. The related costs of sale are recognized as revenue when received.

K. Fund Balance

Fund Balances included in the current fund represent amounts available for anticipation as revenue in future years budgets, with certain restrictions.

**TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2010**

Note 2 - Summary of Significant Accounting Policies (Continued)

L. Revenues

Revenues are recorded when received in cash except for certain amounts which are due from other governmental units. Revenue from Federal and State grants are realized as and when anticipated as such in the Township's budget. Other amounts that are due the Township which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received. GAAP generally requires that grant revenues be recognized when the actual expenditures financed by the grant are made.

M. Property Tax Revenues

Property tax revenues are collected in quarterly installments due February 1, May 1, August 1, and November 1. Property taxes unpaid on April 1 of the year following their final due date are subject to tax sale in accordance with the statutes. The amount of taxes levied includes not only the amount required in support of the Township's annual budget, but also the amounts required in support of the budgets of the entities that follow. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the Township's Current Fund; accordingly, such amounts are not recorded as revenue until collected. GAAP requires such revenue to be recognized when available and measurable reduced by an allowance for doubtful accounts.

N. School Taxes

The municipality is responsible for levying, collecting and remitting school taxes for the Local School District. Operations are charged for the full amount required to be raised from taxation to operate the local school district for the period from July 1 to June 30. GAAP would require the recording of a deferred revenue.

O. County Taxes

The municipality is responsible for levying, collecting and remitting county taxes for the County. Operations are charged for the amount due the County for the year, based upon the ratables required to be certified to the County Board of Taxation by January 10 of the current year. In addition, operations are charged for the County share of Added and Omitted Taxes certified to the County Board of Taxation by October 10 of the current year and due to be paid to the County by February 15 of the following year.

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2010

Note 2 - Summary of Significant Accounting Policies (Continued)

P. Reserve for Uncollected Taxes

The inclusion of the "Reserve for Uncollected Taxes" appropriation in the municipality's annual budget protects from taxes not paid currently. The reserve, the minimum amount of which is determined on the percentage of collections experienced in the immediate preceding year, is required to provide assurance that cash collected in the current year will provide sufficient cash flow to meet expected obligations. A Reserve for Uncollected Taxes is not established under GAAP.

Q. Expenditures

Expenditures are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the encumbrance accounting system. Outstanding encumbrances at December 31, are recorded as a cash liability. Appropriations for principal payments on outstanding general capital bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on long term debt which is recognized when due.

R. Compensated Absences and Postemployment Benefits

Compensated absences for vacation, sick leave and other compensated absences are recorded and provided for in the annual budget in the year in which they are paid, on a pay-as-you-go basis. Likewise, no accrual is made for postemployment benefits, if any, which are also funded on a pay-as-you-go basis. GAAP requires that the amount that would normally be liquidated with expendable financial resources be recorded as an expenditure in the operating funds and the remaining obligations be recorded as long term obligations.

S. Total Columns on Combined Statements

Total columns are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2010

Note 2 - Summary of Significant Accounting Policies (Continued)

T. Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

U. New Reporting Standard(s)

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement 34 "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments." This Statement establishes new financial reporting requirements for state and local governmental units throughout the United States. Implementation will require new information and restructuring of information presented in past years, affecting comparability of annual reports. The Township will follow direction from the Division of Local Government Services concerning implementation dates, as they may not coincide with national requirements. The Township has not yet determined the impact of adoption of this standard on the financial statements.

In July 2004, the Governmental Accounting Standards Board (GASB) adopted statement number 45, "Accounting and Financial Reporting by Employers for Post Employment Benefits Other than Pensions". This statement will become effective for governmental entities on a phased in basis based on the entities total annual revenues. This phase in began with fiscal years beginning after December 15, 2006 and continued thru December 15, 2008 depending on annual revenues. The Borough's effective date is the year beginning January 1, 2009. This statement will require Governmental entities to report the future cost of other post employment benefits (OPEB) on a present value basis instead of the present "pay as you go" method. The Township has not yet determined the impact of adoption of this standard on the financial statements.

**TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2010**

Note 3 - Cash and Cash Equivalents

Change funds, petty cash, cash in banks, certificates of deposit and funds on deposit with the New Jersey Cash Management Fund are considered cash and cash equivalents.

A. Deposits

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

All bank deposits as of the balance sheet date are entirely insured or collateralized by a collateral pool maintained by public depositories as required by the Governmental Unit Deposit Protection Act. In general, bank deposits are classified as to credit risk by the three categories described below:

Category 1 - Insured or collateralized with securities held by the municipality or by its agent in the municipality's name.

Category 2 - Collateralized with securities held by the pledging public depository's trust department or agent in the municipality's name.

Category 3 - Uncollateralized, including any deposits that is collateralized with securities held by the pledging public depository, or by its trust department or agent but not in the municipality's name.

At December 31, the municipality's deposits categorized by level of risk are summarized as follows:

| Year | Bank Balance | Category | | | Carrying Amount |
|------|-----------------|--------------|------|------|--------------------|
| | | 1 | 2 | 3 | |
| 2010 | \$ 6,742,940 | \$ 6,742,940 | \$ - | \$ - | \$ 6,471,514 |
| 2009 | \$ 5,673,325 | \$ 5,673,325 | \$ - | \$ - | \$ 5,086,183 |

B. New Jersey Cash Management Fund

The State of New Jersey Cash Management Fund is managed by the State of New Jersey, Division of Investment under the Department of Treasury. It consists of U.S. Treasury obligations, government agency obligations, certificates of deposit and commercial paper. The Township had no investments in this Fund as of December 31, 2010.

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2010

Note 4 - Investments

New Jersey Statutes permit the municipality to purchase the following types of securities for investment:

- a. Bonds or other obligations of the United States or obligations guaranteed by the United States of America.
- b. Government Money Market Mutual Funds.
- c. Any obligation that a federal agency or federal instrumentality has issued, 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.
- d. Bonds or other obligations of municipalities or bonds or other obligations of school districts.
- e. Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase that are approved by the New Jersey Department of Treasury, Division of Investments.
- f. Local government investment pools.
- g. Agreement for the repurchase of fully collateralized securities, if transacted in accordance with N.J.S.A. 40A:5-15.1(8a-8e).

No investments were held as of December 31, 2011.

**TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2010**

Note 5 - Fixed Assets

The following is a summary of general fixed asset additions, deletions and adjustments:

2010

| | <u>Beginning</u> <u>Balance</u> | | <u>Additions</u> | | <u>Deletions</u> | | <u>Adjustments</u> | | <u>Ending</u> <u>Balance</u> |
|-------------------------------|------------------------------------|-----------|------------------|-----------|------------------|-----------|--------------------|-----------|---------------------------------|
| Land | \$ 13,708,700 | \$ | - | \$ | - | \$ | - | \$ | 13,708,700 |
| Buildings and Improvements | 12,582,606 | | - | | - | | - | | 12,582,606 |
| Machinery & Equipment | 3,171,679 | | - | | - | | - | | 3,171,679 |
| Vehicles | 4,460,413 | | - | | - | | - | | 4,460,413 |
| | <u>\$ 33,923,398</u> | <u>\$</u> | <u>-</u> | <u>\$</u> | <u>-</u> | <u>\$</u> | <u>-</u> | <u>\$</u> | <u>33,923,398</u> |

**TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2010**

Note 6 - Municipal Debt

A. Types of Municipal Debt

Capital Debt

The "Local Bond Law" of New Jersey Statutes governs the issuance of bonds and notes to finance capital expenditures, and are permitted only from the General Capital Fund. Bonds and Notes are backed by the full faith and credit of the municipality. Capital projects under financed under the Local Bond Law must have a minimum useful life of five years.

Bond Anticipated Notes - Bond Anticipation Note ("BANs") are issued to temporarily finance projects prior to the issuance of permanent bonds. Generally, the term of BANs can not exceed one year, but may be renewed from time to time for periods not exceeding one year, and ultimately paid or permanently financed no later than the first day of the fifth month following the close of the tenth fiscal year following the original issue date of the BAN. New Jersey Statutes require that on or before the third anniversary date of the original BAN issue date, an amount at least equal to the first legally payable installment must be paid towards the BAN upon each renewal until permanently funded or retired.

Bonds - Bonds issued are retired in serial installments within statutory periods of usefulness. New Jersey Statutes limit installment increments unless approval for a non-conforming maturity schedule is approved by the Local Finance Board.

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2010

Note 6 - Municipal Debt (Continued)

B. Comparative Summary of Debt and Remaining Borrowing Power

The following comparative information summarizes the statutory debt calculations of the municipality as reported on the municipality's Annual Debt Statement.

| | <u>2010</u> | <u>2009</u> |
|-------------------------------------|----------------------|----------------------|
| Issued: | | |
| School Bonds and Notes | 17,778,000 | 18,023,000 |
| General Bonds | 22,872,179 | 19,755,645 |
| Infrastructure Trust Loans | 1,851,762 | 1,936,909 |
| Bond Anticipation Notes | 950,000 | 2,550,096 |
| Water Utility Bonds | 1,352,821 | 1,394,355 |
| | <u>\$ 44,804,762</u> | <u>\$ 43,660,005</u> |
| Authorized but not Issued: | | |
| General Bonds and Notes | <u>\$ 950,000</u> | <u>\$ 1,995,000</u> |
| Gross Debt | <u>\$ 45,754,762</u> | <u>\$ 45,655,005</u> |
| Deductions | <u>\$ 17,778,000</u> | <u>\$ 19,417,355</u> |
| Net Debt | <u>\$ 27,976,762</u> | <u>\$ 26,237,650</u> |
| Equalized Valuation Basis | \$ 2,436,229,678 | \$ 2,421,464,260 |
| Statutory Net Debt Percentage | 1.15% | 1.08% |
| 3-1/2% of Equalized Valuation Basis | \$ 85,268,039 | \$ 84,751,249 |
| Remaining Borrowing Power | \$ 57,291,277 | \$ 58,513,599 |

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2010

Note 6 - Municipal Debt (Continued)

C. Long-Term Bonded Debt Service Requirements to Maturity

The annual debt service requirement for long-term obligations requirements to maturity, including principal and interest as of December 31, 2010 are as follows:

Loans and General Bonds

| Calendar Year | 3/7/06 | | 8/31/10 | |
|---------------|---------------------------|---------------------|-------------------------|-------------------|
| | General Improvement Bonds | | Pension Refunding Bonds | |
| | Principal | Interest | Principal | Interest |
| 2011 | \$ 607,147 | \$ 462,642 | \$ 255,000 | \$ 38,497 |
| 2012 | 630,499 | 451,258 | 275,000 | 36,584 |
| 2013 | 653,851 | 439,436 | 300,000 | 34,178 |
| 2014 | 677,203 | 427,176 | 325,000 | 31,178 |
| 2015 | 705,225 | 414,479 | 350,000 | 27,928 |
| 2016 | 728,577 | 401,079 | 375,000 | 24,428 |
| 2017 | 770,610 | 381,043 | 405,000 | 20,678 |
| 2018 | 812,644 | 359,852 | 440,000 | 16,628 |
| 2019 | 854,677 | 339,536 | 475,000 | 11,953 |
| 2020 | 896,710 | 318,169 | 505,000 | 6,312 |
| 2021 | 938,743 | 295,751 | - | - |
| 2022 | 990,117 | 272,282 | - | - |
| 2023 | 1,036,821 | 247,529 | - | - |
| 2024 | 1,088,195 | 221,609 | - | - |
| 2025 | 1,144,239 | 194,404 | - | - |
| 2026 | 1,200,284 | 165,798 | - | - |
| 2027 | 1,260,999 | 135,791 | - | - |
| 2028 | 1,321,713 | 104,266 | - | - |
| 2029 | 1,391,770 | 71,223 | - | - |
| 2030 | 1,457,155 | 36,429 | - | - |
| | <u>\$ 19,167,179</u> | <u>\$ 5,739,752</u> | <u>\$ 3,705,000</u> | <u>\$ 248,364</u> |

| Calendar Year | 11/08/07 | | 11/08/07 | |
|---------------|-----------------------|-------------------|----------------------|-------------|
| | N.J.E.I.T. Trust Loan | | N.J.E.I.T. Fund Loan | |
| | Principal | Interest | Principal | Interest |
| 2011 | \$ 40,000 | \$ 21,621 | \$ 52,185 | \$ - |
| 2012 | 40,000 | 20,621 | 50,932 | - |
| 2013 | 45,000 | 19,941 | 53,213 | - |
| 2014 | 45,000 | 19,154 | 52,226 | - |
| 2015 | 45,000 | 18,344 | 51,210 | - |
| 2016 | 50,000 | 17,219 | 52,934 | - |
| 2017 | 50,000 | 15,969 | 51,367 | - |
| 2018 | 55,000 | 14,719 | 52,934 | - |
| 2019 | 55,000 | 13,344 | 51,210 | - |
| 2020 | 60,000 | 12,244 | 52,965 | - |
| 2021 | 60,000 | 11,044 | 51,460 | - |
| 2022 | 65,000 | 9,544 | 52,715 | - |
| 2023 | 65,000 | 7,919 | 50,677 | - |
| 2024 | 70,000 | 6,537 | 52,080 | - |
| 2025 | 70,000 | 4,962 | 50,105 | - |
| 2026 | 75,000 | 3,387 | 51,265 | - |
| 2027 | 80,000 | 1,700 | 52,284 | - |
| | <u>\$ 970,000</u> | <u>\$ 218,269</u> | <u>\$ 881,762</u> | <u>\$ -</u> |

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2010

Note 6 - Municipal Debt (Continued)

C. Long-Term Bonded Debt Service Requirements to Maturity (Continued)

| Calendar Year | Total | |
|---------------|----------------------|---------------------|
| | Principal | Interest |
| 2011 | \$ 954,332 | \$ 522,760 |
| 2012 | 996,431 | 508,463 |
| 2013 | 1,052,064 | 493,555 |
| 2014 | 1,099,429 | 477,508 |
| 2015 | 1,151,435 | 460,751 |
| 2016 | 1,206,511 | 442,726 |
| 2017 | 1,276,977 | 417,690 |
| 2018 | 1,360,578 | 391,199 |
| 2019 | 1,435,887 | 364,833 |
| 2020 | 1,514,675 | 336,725 |
| 2021 | 1,050,203 | 306,795 |
| 2022 | 1,107,832 | 281,826 |
| 2023 | 1,152,498 | 255,448 |
| 2024 | 1,210,275 | 228,146 |
| 2025 | 1,264,344 | 199,366 |
| 2026 | 1,326,549 | 169,185 |
| 2027 | 1,393,283 | 137,491 |
| 2028 | 1,321,713 | 104,266 |
| 2029 | 1,391,770 | 71,223 |
| 2030 | 1,457,155 | 36,429 |
| | <u>\$ 24,723,941</u> | <u>\$ 6,206,385</u> |

Water Utility Bonds

| Calendar Year | 3/7/06 General Improvement Bonds | |
|---------------|-------------------------------------|-------------------|
| | Principal | Interest |
| 2011 | \$ 42,853 | \$ 65,307 |
| 2012 | 44,501 | 63,700 |
| 2013 | 46,149 | 63,031 |
| 2014 | 47,797 | 60,300 |
| 2015 | 49,775 | 58,508 |
| 2016 | 51,423 | 56,616 |
| 2017 | 54,390 | 53,788 |
| 2018 | 57,356 | 50,797 |
| 2019 | 60,323 | 47,929 |
| 2020 | 63,290 | 44,913 |
| 2021 | 66,257 | 41,748 |
| 2022 | 69,883 | 38,435 |
| 2023 | 73,179 | 34,941 |
| 2024 | 76,805 | 31,282 |
| 2025 | 80,761 | 27,442 |
| 2026 | 84,716 | 23,404 |
| 2027 | 89,001 | 19,168 |
| 2028 | 93,287 | 14,718 |
| 2029 | 98,231 | 10,054 |
| 2030 | 102,844 | 5,142 |
| | <u>\$ 1,352,821</u> | <u>\$ 811,223</u> |

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2010

Note 6 - Municipal Debt (Continued)

D. Summary of Changes in Municipal Debt

During the fiscal year ended December 31, 2010 the following changes occurred in liabilities reported as general long-term debt:

Loans and General Bonds

| | Beginning Balance | Issued | Retired | Ending Balance |
|------------------------------|----------------------|---------------------|-----------------------|----------------------|
| Short-Term Debt: | | | | |
| Tax Anticipation Notes | \$ - | \$ - | \$ - | \$ - |
| Emergency Notes | - | - | - | - |
| | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Long-Term Debt: | | | | |
| Serial Bonds | \$ 19,755,645 | \$ 3,705,000 | \$ (588,466) | \$ 22,872,179 |
| Loans/Notes Payable | 1,936,909 | - | (85,147) | 1,851,762 |
| Bond Anticipation Notes | 2,550,096 | 950,000 | (2,550,096) | 950,000 |
| Authorized but not Issued | 1,995,000 | 1,615,000 | (2,660,000) | 950,000 |
| | <u>\$ 26,237,650</u> | <u>\$ 6,270,000</u> | <u>\$ (5,883,709)</u> | <u>\$ 26,623,941</u> |
| | <u>\$ 26,237,650</u> | <u>\$ 6,270,000</u> | <u>\$ (5,883,709)</u> | <u>\$ 26,623,941</u> |

| | Ending Balance | Amounts Due within One Year | Long-term Portion |
|------------------------------|----------------------|-----------------------------------|----------------------|
| Short-Term Debt: | | | |
| Tax Anticipation Notes | \$ - | \$ - | - |
| Emergency Notes | - | - | - |
| | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Long-Term Debt: | | | |
| Serial Bonds | \$ 22,872,179 | \$ 862,147 | \$ 22,010,032 |
| Loan Payable | 1,851,762 | 92,185 | 1,759,577 |
| Bond Anticipation Notes | 950,000 | - | 950,000 |
| Authorized but not Issued | 950,000 | - | 950,000 |
| | <u>\$ 26,623,941</u> | <u>\$ 954,332</u> | <u>\$ 25,669,609</u> |
| | <u>\$ 26,623,941</u> | <u>\$ 954,332</u> | <u>\$ 25,669,609</u> |

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2010

Note 6 - Municipal Debt (Continued)

D. Summary of Changes in Municipal Debt (Continued)

Water Utility Bonds

| | Beginning Balance | Issued | Retired | Ending Balance |
|------------------------------|----------------------|-------------|--------------------|---------------------|
| Short-Term Debt: | | | | |
| Tax Anticipation Notes | \$ - | \$ - | \$ - | \$ - |
| Emergency Notes | - | - | - | - |
| | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Long-Term Debt: | | | | |
| Serial Bonds | \$ 1,394,355 | \$ - | \$ (41,534) | \$ 1,352,821 |
| Loan Payable | - | - | - | - |
| Bond Anticipation Notes | - | - | - | - |
| Authorized but not Issued | - | - | - | - |
| | <u>\$ 1,394,355</u> | <u>\$ -</u> | <u>\$ (41,534)</u> | <u>\$ 1,352,821</u> |
| | <u>\$ 1,394,355</u> | <u>\$ -</u> | <u>\$ (41,534)</u> | <u>\$ 1,352,821</u> |

| | Ending Balance | Amounts Due within One Year | Long-term Portion |
|------------------------------|---------------------|-----------------------------------|----------------------|
| Short-Term Debt: | | | |
| Tax Anticipation Notes | \$ - | \$ - | \$ - |
| Emergency Notes | - | - | - |
| | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Long-Term Debt: | | | |
| Serial Bonds | \$ 1,352,821 | \$ 42,853 | \$ 1,309,968 |
| Loan Payable | - | - | - |
| Bond Anticipation Notes | - | - | - |
| Authorized but not Issued | - | - | - |
| | <u>\$ 1,352,821</u> | <u>\$ 42,853</u> | <u>\$ 1,309,968</u> |
| | <u>\$ 1,352,821</u> | <u>\$ 42,853</u> | <u>\$ 1,309,968</u> |

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2010

Note 7 - Risk Management

The Township is exposed to various risks of loss related to general liability, automobile coverage, damage and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township has obtained insurance coverage to guard against these events which will provide minimum exposure to the Township should they occur. The Township of Saddle Brook is a member of the Bergen County Municipal Joint Insurance Fund (BJIF) and Municipal Excess Liability Joint Insurance Fund (MEL). The joint insurance funds are both an insured and self-administered group of municipalities established for the purpose of insuring against property damage, general liability, motor vehicles and equipment and worker's compensation. The BJIF and MEL coverage amounts are on file with the Township. The relationship between the Township and respective insurance funds is governed by a contract and by-laws that have been adopted by resolution of each unit's governing body. The Township is contractually obligated to make all annual and supplementary contributions to insurance, to report claims on a timely basis, cooperate with the management of the Fund, its claims investigation and settlement, and to follow risk management procedures as outlined by the insurance pools. Members have a contractual obligation to fund any deficit of the insurance fund attributable to a membership year during which the municipality was a member. The funds provide its members with risk management services, including the defense of and settlement of claims, and established reasonable and necessary loss reduction and preventive procedures to be followed by the members. There has been no significant reduction in insurance coverage from the previous year nor have been there been any settlements in excess of insurance coverage in any of the prior three years. Contributions to the Funds, including a reserve for contingencies, are payable in four installments and are based on actuarial assumptions determined by the Fund's actuary. The Commissioner of Insurance may order additional assessments to supplement the Fund's claim, loss retention or administrative accounts to assure the payment of the Fund's obligations.

The Township has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan the State of New Jersey provides the administration of payments to former employees of the Township. The Township is billed quarterly for benefits paid to former employees.

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2010

Note 8 - Interfunds

As of December 31, interfund balances on the Township's various balance sheets were as follows:

| | <u>Interfunds Receivable</u> | <u>Interfunds Payable</u> |
|------------------------------|----------------------------------|-------------------------------|
| <u>2010</u> | | |
| Current Fund | \$ 78,023 | \$ 189,620 |
| Federal & State Grant Fund | - | 9,400 |
| Trust Fund | 12,995 | 70,289 |
| General Capital Fund | 199,018 | - |
| Water Utility Operating Fund | 224 | 20,727 |
| Water Utility Capital Fund | - | 224 |
| | <u>\$ 290,260</u> | <u>\$ 290,260</u> |
| | | - |
| <u>2009</u> | | |
| Current Fund | \$ 27,577 | \$ 257,957 |
| Federal & State Grant Fund | 152,469 | 11,775 |
| Trust Fund | 12,550 | 7,625 |
| General Capital Fund | 105,488 | - |
| Water Utility Operating Fund | - | 20,727 |
| Water Utility Capital Fund | 66 | 66 |
| | <u>\$ 298,150</u> | <u>\$ 298,150</u> |

**TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2010**

Note 9 - Deferred Charges to be Raised in Succeeding Budgets

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, the following deferred charges are shown on the balance sheet of the indicated Fund:

| | <u>Balance December 31,</u> | <u>Appropriated in Subsequent Year's Budget</u> | <u>Balance to Succeeding</u> |
|---|---------------------------------|---|----------------------------------|
| <u>2010</u> | | | |
| General Capital Fund: | | | |
| Overexpenditures | \$ 753 | \$ 753 | \$ - |
| Authorizations (40A:4-53) - Revaluaiton | 83,000 | 83,000 | - |
| | - | - | - |
| Water Utility Operating Fund: | | | |
| Overexpenditures (Prior Year Bills) | 750,000 | 750,000 | - |
| Deficit in Operations | - | - | - |
| | <u>\$ 833,753</u> | <u>\$ 833,753</u> | <u>\$ -</u> |

2009

| | | | |
|---|-------------------|-------------------|------------------|
| General Capital Fund: | | | |
| Special Emergency | | | |
| Authorizations (40A:4-53) - Revaluaiton | \$ 167,000 | \$ 84,000 | \$ 83,000 |
| Water Utility Operating Fund: | | | |
| Overexpenditures | 7,849 | 7,849 | - |
| Deficit in Operations | 8,636 | 8,636 | - |
| | <u>\$ 183,485</u> | <u>\$ 100,485</u> | <u>\$ 83,000</u> |

**TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2010**

Note 10 - Retirement Plans

Those employees who are eligible for pension coverage are enrolled in either the Public Employees Retirement System of New Jersey (PERS) or the Police and Firemans' Retirement System of New Jersey (PFRS) and the Defined Contribution Retirement Program (DCRP). The systems are cost-sharing multiple-employer contributory defined benefit pension plans, and are component units of the State of New Jersey. Each retirement system has a Board of Trustees which is responsible for its organization and administration.

A. Public Employees' Retirement System (PERS)

Description of the System - The State of New Jersey Public Employees' Retirement System (the System; PERS) is a cost-sharing multiple-employer contributory defined benefit plan which was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A. The System is included along with other state-administered pension trust and agency funds in the basic financial statements of the State of New Jersey.

At June 30, 2009 and 2008, the dates of the most recent actuarial valuations, participating employers consisted of the following:

| | 2009 | 2008 |
|-----------------------|--------------|--------------|
| State of New Jersey | 1 | 1 |
| County Agencies | 65 | 65 |
| Municipalities | 584 | 583 |
| School Districts | 566 | 561 |
| Other Public Agencies | 484 | 486 |
| Total | <u>1,700</u> | <u>1,696</u> |

The System's designated purpose is to provide retirement, death, disability and medical benefits to certain qualified members. Membership in the System is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state pension fund or local jurisdiction's pension fund. The System's Board of Trustees is primarily responsible for the administration of the System.

According to the State of New Jersey Administrative Code, all obligations of the System will be assumed by the State of New Jersey should the System terminate.

**TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2010**

Note 10 - Retirement Plans (Continued)

A. Public Employees' Retirement System (PERS) (Continued)

Vesting and Benefit Provisions - The vesting and benefit provisions are set by N.J.S.A. 43:15A and 43:3B. The System provides retirement, death and disability benefits. All benefits vest after eight to ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of the System. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/55 of final average salary for each year of service credit (as defined). Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years service credit, as defined, or they may elect deferred retirement after achieving eight to ten years of service credit, in which case benefits would begin the first day of the month after the member attains normal retirement age.

Members are always fully vested for their own contributions and, after three years of service credit, become vested for earnings on their contributions at 2% per annum. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Eligible retirees receiving monthly benefits are entitled to cost-of-living increases equal to 60% of the change in the average consumer price index for the calendar year in which the pensioner retired, as compared to the average consumer price index for a 12-month period ending with each August 31st immediately preceding the year in which the adjustment becomes payable. The regular retirement allowance is multiplied by the 60% factor as developed and results in a dollar amount of the adjustment payable. Retired members become eligible for pension adjustment benefits after 24 months of retirement.

Significant Legislation - Chapter 103, P.L. 2007 amended the early retirement reduction formula for members hired on or after July 1, 2007 and retiring with 25 years of service to be reduced by 1% for every year between age 55 and 60, plus 3% for every year under age 55.

Chapter 89, P.L. 2008 increased the PERS eligibility age for unreduced benefits from age 60 to age 62 for members hired on or after November 1, 2008; increased the minimum annual compensation required for membership eligibility for new members. Also, it amended the early retirement reduction formula for members hired on or after November 1, 2008 and retiring with 25 years of service to be reduced by 1% for every year between age 55 and 62, plus 3% for every year under age 55.

Chapter 1, P.L. 2010, effective May 21, 2010, changed the membership eligibility criteria for new members of PERS from the amount of compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS to 1/60 from 1/55, and it provided that new members of PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. This law also closed the Prosecutors Part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time 5 years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined as 1/7th of the required amount, beginning in fiscal 2012.

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

Membership in the system consisted of the following at June 30, 2009 and 2008, the dates of the most recent actuarial valuations:

| | 2009 | 2008 |
|--|---------|---------|
| Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them | 138,619 | 134,555 |
| Active Members: | | |
| Vested | 144,698 | 142,280 |
| Non-Vested | 172,151 | 176,902 |
| Total Active Members | 316,849 | 319,182 |
| Total | 455,468 | 453,737 |

**TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2010**

Note 10 - Retirement Plans (Continued)

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

Description of the System

State of New Jersey Police and Firemen's Retirement System (the System; PFRS) is a cost-sharing multiple-employer contributory defined benefit plan which was established as of July 1, 1944, under the provisions of N.J.S.A. 43:16A. The System is included along with other state-administered pension trust and agency funds in the basic financial statements of the State of New Jersey.

At June 30, 2009 and 2008, the dates of the most recent actuarial valuations, participating employers consisted of the following:

| | 2009 | 2008 |
|---------------------|------------|------------|
| State of New Jersey | 1 | 1 |
| Municipalities | 588 | 588 |
| Total | <u>589</u> | <u>589</u> |

The System's designated purpose is to provide retirement, death and disability benefits to its members. Membership in the System is mandatory for substantially all full-time county and municipal police or firemen, and state firemen or officer employees with police powers appointed after June 30, 1944. The System's Board of Trustees is primarily responsible for its administration.

According to State of New Jersey Administrative Code, all obligations of the System will be assumed by the State of New Jersey should the System terminate.

Note 10 - Retirement Plans (Continued)

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

Vesting and Benefit Provisions

The vesting and benefit provisions are set by N.J.S.A. 43:16A and 43:3B. The System provides retirement as well as death and disability benefits. All benefits vest after ten years of service except disability benefits which vest after four years of service. Retirement benefits for age and service are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service, as defined, up to 30 years plus 1% for each year of service in excess of 30 years. Final compensation equals the compensation for the final year of service prior to retirement. Members may seek special retirement after achieving 25 years of creditable service or they may elect deferred retirement after achieving ten years of service, in which case benefits would begin at age 55 equal to 2% of final compensation for each year of service. The annual benefit under special retirement is 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years. The maximum allowance is therefore 70% of final compensation.

Widow/widowers of members retired since December 18, 1967 receive 50% of the retiree's final compensation. The minimum annual widow/widower's benefits of an accidental disability retiree prior to December 18, 1967 and of all retirees since December 18, 1967 is \$4,500.

Members are always fully vested for their own contributions. In the case of death before retirement, members' beneficiaries are entitled to full payment of members' contributions providing no survivor death benefits are payable.

Eligible retirees receiving monthly benefits are entitled to cost-of-living increases equal to 60% of the change in the average consumer price index for the calendar year in which the pensioner retired, as compared to the average consumer price index for a 12-month period ending with each August 31st immediately preceding the year in which the adjustment becomes payable. The regular retirement allowance is multiplied by the 60% factor as developed and results in the dollar amount of the adjustment payable. Retired members become eligible for pension adjustment benefits after 24 months of retirement. The cost-of-living increases are funded by the retirement system and are included in the annual actuarial calculations of the required state and state-related employer contributions.

**TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2010**

Note 10 - Retirement Plans (Continued)

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

Significant Legislation:

Chapter 1, P.L. 2010, effective May 21, 2010, eliminated the provision in PFRS that would permit a member to retire, at any age after 25 years of service credit, on a special retirement allowance of 70% of final compensation after the retirement system reaches a funded level of 104%. Also, for new members of PFRS, the law capped the maximum compensation that can be used to calculate a pension from the plan at the annual wage contribution base for Social Security, and requires the pension to be calculated using a three year average annual compensation instead of the last year's salary.

Membership in the System consisted of the following at June 30, 2009 and 2008 the dates of the most recent actuarial valuations:

| | 2009 | 2008 |
|--|--------|--------|
| Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them | 34,364 | 33,151 |
| Active members: | | |
| Vested | 29,400 | 29,056 |
| Non-vested | 15,750 | 16,410 |
| Total active members | 45,150 | 45,466 |
| Total | 79,514 | 78,617 |

**TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2010**

Note 10 - Retirement Plans (Continued)

C. Defined Contribution Retirement Program (DCRP)

The Defined Contribution Retirement Program (DCRP) was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, and expanded under the provisions of Chapter 89, P.L. 2008,

The DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage.

Eligibility

Individuals eligible for membership in the DCRP include:

- 1) State or local officials who are elected or appointed on or after July 1, 2007
- 2) Employees enrolled in the Public Employees Retirement System (PERS) or Teachers Pension and Annuity Fund (TPAF) on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; and
- 3) Employees otherwise eligible to enroll in the PERS or TPAF on or after November 2, 2008, who do not earn the minimum annual salary for PERS or TPAF Membership Tier 3 enrollment (\$7,500 in 2009, subject to adjustment in future years) but who earn salary of at least \$1,500 annually.)

Employees enrolled in the PERS or TPAF on or after July 1, 2007 are subject to a maximum compensation limit for PERS and TPAF pension contributions. The maximum compensation is based on the annual maximum wage for Social Security (see chart below) and is subject to change at the start of each calendar year.

Enrollment

Eligible PERS or TPAF members are enrolled in the DCRP when the annual salary exceeds the maximum compensation limit. This may occur either:

Upon enrollment into the PERS or TPAF when an annual base salary is reported on the Enrollment Application that will exceed the maximum compensation; or when a PERS or TPAF member's annual salary is increased to where it will exceed the maximum compensation and it is reported by the employer to the Division of Pensions and Benefits (either by directly contacting the Division, or when submitted by the employer on the Quarterly Report of Contributions). When enrolled in the DCRP, members contribute 5.5% of the base salary in excess of the maximum compensation limit to a tax-deferred investment account established with Prudential Financial, which jointly administers the DCRP investments with the Division of Pensions and Benefits. Member contributions are matched by a 3% employer contribution based on the salary in excess of the maximum compensation limit.

It is important that an employer enroll a DCRP eligible PERS or TPAF member as soon as it is known that the employee's annual salary will exceed the maximum compensation, so that the DCRP account can be established in advance of collection of any required contributions.

Note 10 - Retirement Plans (Continued)

C. Defined Contribution Retirement Program (DCRP)

Retirement

Six months before retirement, a member should contact the employer and Prudential Financial for information regarding DCRP benefits and options.

A DCRP member may elect to receive all or a portion of his/her account in a lump-sum distribution, or in a variety of periodic payment methods. Please contact your administrative services provider for more information. All returns of contributions and earnings are considered taxable in the year they are received; therefore, the type of payout plan should be considered carefully prior to retirement.

There is no minimum retirement age under the DCRP. The member will automatically be considered retired, regardless of age, if there is any distribution of mandatory contributions.

A member may take a distribution at any time after termination of employment; however, if you return to public employment in New Jersey, you cannot participate in any State-administered retirement system.

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2010

Note 10 - Retirement Plans (Continued)

D. Contributions Required by Employer

| Year | Pension Cost | Percentage Contributed | Non-Contrib Health Ins. | Pension Obligation |
|---|-----------------|---------------------------|----------------------------|-----------------------|
| <i>Police and Firemens' Pension Fund (PFRS)</i> | | | | |
| 2010 | \$ 910,406 | 100.00% | \$ 46,286 | \$ 956,692 |
| 2009 | \$ 432,033 | 50.00% | \$ 35,530 | \$ 899,596 |
| 2008 | \$ 814,953 | 100.00% | \$ - | \$ 814,953 |
| <i>Public Employees Retirement System (PERS)</i> | | | | |
| 2010 | \$ 245,693 | 100.00% | \$ 34,072 | \$ 279,765 |
| 2009 | \$ 224,886 | 100.00% | \$ 27,954 | \$ 252,840 |
| 2008 | \$ 173,761 | 80.00% | \$ - | \$ 217,201 |
| <i>Defined Contribution Retirement Program (DCRP)</i> | | | | |
| 2010 | \$ - | 100.00% | \$ - | \$ - |
| 2009 | \$ - | 100.00% | \$ - | \$ - |
| 2008 | \$ - | 100.00% | \$ - | \$ - |

E. Trend Information

Historical trend information showing the plan's progress in accumulating sufficient assets to pay benefits when due are presented in the State of New Jersey's PERS, PFRS and DCRP financial reports. Those reports may be obtained by writing to the State of New Jersey, Department of Treasury Division of Pensions, Trenton, New Jersey.

**TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2010**

Note 11 - Other Post Retirement Benefits

A. Compensated Absences (Unaudited)

The Township has permitted certain employees and bargaining units to accumulate (with certain restrictions) unused sick pay which may be taken in cash (with certain limitations), upon death, retirement or by extended time off immediately preceding retirement.

The maximum sick leave benefit an employee is entitled to at retirement depends upon the actual years of service; however, the maximum number of days an employee is entitled to is 225 days for blue and white collar employees and 383 days for the police department. A detail of amounts due is on file in the Office of the Borough Clerk - 93 Market Street, Saddle Brook, NJ 07663 - (201) 587-2906.

In accordance with accounting practices prescribed by the Division of Local Government Services, this amount is not recorded as either an expenditure or a liability. The Township approximates this liability at December 31, 2010 to be \$2,750,000.

B. Post Retirement Health Benefits

The Township provides, at its cost, post employment health care benefits in accordance with the provisions of Ch. 88, P.L. 1974 as amended by Chapter 436, P.L. 1981.

Plan Description

The Township of Saddle Brook contributed to the State Health Benefits Program ("SHBP"), a cost-sharing, multi-employer defined benefit post-retirement healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. The SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq. to provide health benefits to State employees, retirees, and their dependents.

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

**TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2010**

Note 11 - Other Post Retirement Benefits (continued)

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and requires supplementary information for the SHBP. That report may be obtained by writing to: State of NJ Division of Pension & Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at <http://www.state.nj.us/treasury/pensions/gasb-43-sept2008.pdf>.

Plan Coverage

Any employee who retires after twenty-five (25) years or more of service within the Township shall be entitled to be continued in the above health insurance coverage on a family-plan basis, with the cost thereof to be paid by the Township. Dental benefits are not included.

Funding Policy

Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to that, medical benefits were funded on an actuarial basis.

Contributions to pay for health premiums of participating employees in the SHBP are billed to the Township of Saddle Brook on a monthly basis. The Township's contributions to SHBP for post-retirement benefits for the year ended December 31, 2009 was \$68,265 representing 37 qualifying retirees. Information relating to the year ended December 31, 2010 was not available as of the date of this report. The 2009 amount equaled the required contributions for the year.

**WNESHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2010**

Note 12 - Deferred Compensation Plans

Description

The Township offers its employees and qualifying volunteers participation in deferred compensation plans created in accordance with Internal Revenue Code Section 457. The plans, which are administered by outside contractors, permit participants to defer a portion of their salary or Township contributions (on behalf of volunteers) until future years. Amounts deferred under the plan are not available to employees until termination, retirement, death or unforeseeable emergency.

Amounts of compensation deferred under the plan and all income attributable to those amounts are (until paid or made available to the employee or other beneficiary) solely the property and rights of the Township's subject only to the claims of the Township's general creditors. Participants' rights under the plan are equal to those of general creditors of the Township in an equal amount to the fair value of the deferred account for each participant.

In the opinion of the Township's legal counsel that the Township has no liability for losses under the plan. Under the plan, participants select investments from alternatives offered by the plan administrators, who manages the plan on behalf of the Township. Investment selection by the participants may change from time to time, as the Township manages none of the investment selections. By making the selection, participants accept and assume all risks that are inherent in the plan and its administration.

Information pertaining to the three plans offered by the Township are as follows:

Nationwide Retirement Solutions

This plan administers current participant activity under traditional salary deferrals, transfers from other plans and compensation deferred by participating employees. All employees of the Township are eligible to participate and participation in the Plan is entirely voluntary. The Township does not and is not required to make contributions to the plan.

| | <u>2010</u> |
|--|---------------------|
| Assets, Beginning of Year (Market Value) | \$ 1,727,433 |
| Employee Contributions | 184,218 |
| Earnings and Adjustments to Market Value | 236,743 |
| Payments to Eligible Employees | (22,928) |
| Charges and Credits | - |
| Assets, Ending of Year (Market Value) | <u>\$ 2,125,466</u> |

Lincoln National Life Insurance Co.

This plan administers Borough contributions towards its Volunteer Length of Service Award Program (LOSAP).

| | <u>2010</u> |
|--|-------------------|
| Assets, Beginning of Year (Market Value) | \$ 716,225 |
| Municipal Contribution | 186,300 |
| Earnings and Adjustments to Market Value | 112,552 |
| Payments to Eligible Employees | (45,298) |
| Charges and Credits | (3,887) |
| Assets, Ending of Year (Market Value) | <u>\$ 965,892</u> |

**TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2010**

Note 13 - Contingencies

A. Litigation

The Township is a party to various legal proceedings which normally occur in the operation of government. These proceedings are not likely to have a materially adverse affect on the various funds of the Township.

B. Tax Appeals

Various tax appeal cases were pending in the New Jersey Tax Court at December 31, 2010 and 2009. Amounts claimed have not yet been determined. The Township is vigorously defending its assessments in each case. Under the accounting principles prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the Township does not recognize a liability, if any, until these cases have been adjudicated. The Township expects such amounts, if any, to be material. As of December 31, 2010 and 2009, the Township recorded \$0 and \$0 of reserves in the Current Fund for tax appeals pending in the New Jersey Tax Court. Funding of any ultimate liability would be provided for in succeeding years' budgets, from fund balance or by issuance of refunding bonds.

C. Federal and State Grants

The Township participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor agency. If expenditures are disallowed, the Township may be required to reimburse the grantor agency. As of December 31, 2010, significant amounts of grant expenditures have not been audited. The Township believes that any future disallowed expenditures will not have a material effect on its financial position.

**TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2010**

Note 14 - Subsequent Events

As of the date of this report, the following are considered material subsequent events:

A. Subsequent Year Capital Projects

The Township's 2011 Capital Budget currently does not anticipate any capital projects.

B. Bond Anticipation Notes

The Township's outstanding Bond Anticipation Note as of the date of this report will mature on November 8, 2011.

**TOWNSHIP OF SADDLE BROOK
CURRENT FUND
STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE - STATUTORY BASIS**

| | 2010 | 2009 |
|--|---------------------|---------------------|
| <u>ASSETS AND OTHER DEBITS</u> | | |
| Cash: | | |
| Current Account | \$ 1,974,275 | \$ 1,235,571 |
| Change Funds | 475 | 475 |
| | <u>\$ 1,974,750</u> | <u>\$ 1,236,046</u> |
| Intergovernmental Receivable: | | |
| Due From State of New Jersey | \$ - | \$ 10,038 |
| Interfunds Receivable: | | |
| Water Utility Operating Fund | \$ 20,727 | \$ 20,727 |
| Animal Control Trust Fund | 4,025 | 4,025 |
| Other Trust Fund | - | 2,825 |
| Developer's Escrow Trust Fund | 752 | - |
| Disaster Relief Trust Fund | 16 | - |
| Net Payroll Trust Fund | 1,070 | - |
| Payroll Agency Trust Fund | 50,000 | - |
| Police Off Duty Trust Fund | 29 | - |
| Treasurer's Trust Fund | 1,404 | - |
| | <u>\$ 78,023</u> | <u>\$ 27,577</u> |
| Other Receivables: | | |
| Delinquent Property Taxes Receivable | \$ 490,393 | \$ 339,619 |
| Tax Title Liens Receivable | 101,530 | 101,530 |
| Property Acquired for Taxes - Assessed Valuation | 742,249 | 742,249 |
| Revenue Accounts Receivable | - | 18,972 |
| Due From Board of Education | 9,964 | 9,964 |
| | <u>\$ 1,344,136</u> | <u>\$ 1,212,334</u> |
| Total Assets and Other Debits | <u>\$ 3,396,909</u> | <u>\$ 2,485,995</u> |
| <u>LIABILITIES, RESERVES AND FUND BALANCE</u> | | |
| Interfunds Payable: | | |
| Federal & State Grant Fund | \$ - | \$ 152,469 |
| General Capital Fund | 189,618 | 105,488 |
| Payroll Agency Trust Fund | 2 | - |
| | <u>\$ 189,620</u> | <u>\$ 257,957</u> |
| Other Liabilities and Reserves: | | |
| Appropriation Reserves | \$ 146,394 | \$ 66,621 |
| Reserve for Encumbrances | 249,893 | 109,241 |
| Reserve for FEMA - Fire Department Grant | - | 3,618 |
| Third Party Tax Title Lien Payable | - | 47,680 |
| Pre-Paid Taxes | 166,823 | 183,185 |
| Tax Overpayments | 23,654 | 136,299 |
| Special Reserve - Ambulance/Firemen Pension | - | 37,050 |
| Reserve for Library State Aid Expenditures | 50,653 | 50,653 |
| Reserve for Preparation of Master Plan | 628 | 628 |
| Local District School Tax Payable | 1,137,560 | - |
| | <u>\$ 1,775,605</u> | <u>\$ 634,975</u> |
| Intergovernmental Payable | | |
| Due County for Added & Omitted Taxes | \$ 3,573 | \$ 13,882 |
| Due County for Added & Omitted Open Space Taxes | 64 | - |
| Due to State of New Jersey | 4,314 | 3,886 |
| | <u>\$ 7,951</u> | <u>\$ 17,768</u> |
| Reserve for Receivables and Other Assets | <u>\$ 1,412,195</u> | <u>\$ 1,239,911</u> |
| Fund Balance | <u>\$ 11,538</u> | <u>\$ 335,384</u> |
| Total Liabilities, Reserves and Fund Balance | <u>\$ 3,396,909</u> | <u>\$ 2,485,995</u> |

TOWNSHIP OF SADDLE BROOK
CURRENT FUND
STATEMENT OF REVENUES AND OTHER CREDITS TO INCOME - STATUTORY BASIS
Year Ended December 31, 2010

| | Budget As Modified | Realized | Excess/ (Deficit) |
|--|-----------------------|----------------------|----------------------|
| REVENUES | | | |
| Fund Balance Anticipated | \$ 325,000 | \$ 325,000 | \$ - |
| Miscellaneous Revenues: | | | |
| Alcoholic Beverage Licenses | \$ 11,250 | \$ 10,250 | \$ (1,000) |
| Other Licenses | 29,500 | 41,148 | 11,648 |
| Fees and Permits | 150,500 | 166,350 | 15,850 |
| Municipal Court Fines and Costs | 310,000 | 253,357 | (56,643) |
| Interest and Costs on Taxes | 104,000 | 100,034 | (3,966) |
| Interest on Investments and Deposits | 4,500 | 12,114 | 7,614 |
| Tax Search Fees | 5,000 | 6,238 | 1,238 |
| Consolidated Municipal Property Tax Relief | 155,448 | 147,676 | (7,772) |
| Energy Receipts Tax | 1,284,719 | 1,284,719 | - |
| Uniform Construction Code Fees | 99,000 | 134,775 | 35,775 |
| Recycling Tonnage Grant | 13,261 | 13,261 | - |
| Clean Communities Program | 19,696 | 19,696 | - |
| Municipal Alliance on Alcoholism & Drug Abuse | 10,356 | 10,356 | - |
| Community Development - Senior Citizens | 27,300 | 27,300 | - |
| Drunk Driving Enforcement Fund | 28,332 | 28,332 | - |
| Uniform Fire Safety Act | 44,500 | 53,127 | 8,627 |
| Cablevision Franchise Fee | 157,261 | 157,261 | - |
| Sewer Fees Reserve | 4,000 | 10,431 | 6,431 |
| Hotel Occupancy Tax | 290,000 | 295,268 | 5,268 |
| NJ Transportation Trust Fund Authority Act | 200,000 | 200,000 | - |
| Total Miscellaneous Revenues | <u>\$ 2,948,623</u> | <u>\$ 2,971,693</u> | <u>\$ 23,070</u> |
| Receipts From Delinquent Taxes | \$ 345,000 | \$ 343,492 | \$ (1,508) |
| Amount to be Raised by Taxation for Municipal Budget | <u>\$ 15,164,113</u> | <u>\$ 15,087,271</u> | <u>\$ (76,842)</u> |
| Total Revenues | <u>\$ 18,782,736</u> | <u>\$ 18,727,456</u> | <u>\$ (55,280)</u> |
| OTHER CREDITS TO INCOME | | | |
| Miscellaneous Revenues Not Anticipated | \$ - | \$ 54,736 | \$ 54,736 |
| Unexpended Balances of Appropriation Reserves | - | 23,723 | 23,723 |
| Interfund Loans Returned | - | 37,541 | 37,541 |
| Unexpended Balances Cancelled | - | - | - |
| Cancellations & Non-Cash Adjustments | - | 39,507 | 39,507 |
| Taxes Allocated to School and County: | | | |
| Local District School Tax | 26,436,052 | 26,436,052 | - |
| County Tax Levy | 4,645,675 | 4,645,675 | - |
| County Open Space | 60,289 | 60,289 | - |
| Municipal Open Space Preservation | - | - | - |
| Added County Taxes | 3,573 | 3,573 | - |
| Added County Open Space | 63 | 63 | - |
| Added Municipal Open Space | - | - | - |
| Total Other Credits to Income | <u>\$ 31,145,652</u> | <u>\$ 31,301,159</u> | <u>\$ 155,507</u> |
| Total Revenues and Other Credits to Income | <u>\$ 49,928,388</u> | <u>\$ 50,028,615</u> | <u>\$ 100,227</u> |

TOWNSHIP OF SADDLE BROOK
CURRENT FUND
STATEMENT OF EXPENDITURES AND OTHER CHARGES TO INCOME - STATUTORY BASIS
Year Ended December 31, 2010

| | Appropriated | | Expended | | Unexpended | |
|---|----------------|------------------------------|--------------------|----------|---------------------|--------------|
| | 2010 Budget | Budget After Modification | Paid or Charged | Reserved | Balance Canceled | Overexpended |
| OPERATIONS - WITHIN "CAPS" | | | | | | |
| <u>General Government Functions</u> | | | | | | |
| General Administration: | | | | | | |
| Salaries and Wages | \$ 125,000 | \$ 120,040 | \$ 120,031 | \$ 9 | \$ - | - |
| Salaries and Wages - Administrator | 106,300 | 106,060 | 106,058 | 2 | - | - |
| Other Expenses | 7,000 | 6,400 | 6,181 | 219 | - | - |
| Other Expenses - Postage | 15,000 | 15,000 | 14,842 | 158 | - | - |
| Other Expenses - Contractual Services | 20,000 | 19,810 | 19,806 | 4 | - | - |
| Other Expenses - Computer Svce. Contract | 50,000 | 50,000 | 50,000 | - | - | - |
| Other Expenses - SBCTV | - | - | - | - | - | - |
| Office of the Mayor: | | | | | | |
| Salaries and Wages | 4,750 | 4,480 | 4,476 | 4 | - | - |
| Other Expenses | 4,000 | 4,000 | 3,985 | 15 | - | - |
| Council: | | | | | | |
| Salaries and Wages | 23,750 | 22,380 | 22,379 | 1 | - | - |
| Other Expenses | 2,650 | 2,050 | 1,667 | 383 | - | - |
| Other Expenses - Special Studies | 10,000 | 10,000 | 10,000 | - | - | - |
| Municipal Clerk: | | | | | | |
| Salaries and Wages | 125,000 | 126,000 | 125,995 | 5 | - | - |
| Other Expenses | 8,500 | 8,245 | 7,255 | 990 | - | - |
| Other Expenses - Land Use | 1,000 | 925 | 925 | - | - | - |
| Other Expenses - Codification of Ordinances | 3,000 | 2,530 | 2,524 | 6 | - | - |
| Other Expenses - Elections | 15,000 | 14,660 | 14,660 | - | - | - |
| Financial Administration: | | | | | | |
| Salaries and Wages | 41,600 | 41,540 | 41,532 | 8 | - | - |
| Other Expenses | 2,000 | 500 | 499 | 1 | - | - |
| Other Expenses - Special Audit | - | - | - | - | - | - |
| Other Expenses - Statements | 20,250 | 20,250 | 20,250 | - | - | - |
| Other Expenses - Special Financial Svcs. | 1,000 | 1,300 | 1,296 | 4 | - | - |
| Audit Services: | | | | | | |
| Other Expenses | 31,500 | 32,000 | 16,000 | 16,000 | - | - |
| Revenue Administration: | | | | | | |
| Salaries and Wages | 76,500 | 76,200 | 76,183 | 17 | - | - |
| Other Expenses | 8,000 | 6,440 | 6,433 | 7 | - | - |
| Tax Assessment Administration: | | | | | | |
| Salaries and Wages | 44,400 | 45,120 | 45,119 | 1 | - | - |
| Other Expenses | 3,000 | 2,000 | 1,956 | 44 | - | - |
| Legal Services: | | | | | | |
| Salaries and Wages | 22,900 | 27,900 | 27,833 | 67 | - | - |
| Other Expenses | 100,000 | 106,810 | 106,799 | 11 | - | - |
| Engineering Services: | | | | | | |
| Salaries and Wages | 1,500 | 1,750 | 1,750 | - | - | - |
| Other Expenses | 15,000 | 19,400 | 19,282 | 118 | - | - |
| <u>Land Use Administration</u> | | | | | | |
| Planning Board: | | | | | | |
| Salaries and Wages | 5,200 | 5,200 | 5,200 | - | - | - |
| Other Expenses | 1,500 | 1,000 | 994 | 6 | - | - |
| Zoning Board of Adjustment: | | | | | | |
| Salaries and Wages | 4,865 | 4,865 | 4,865 | - | - | - |
| Other Expenses | 3,000 | 950 | 244 | 706 | - | - |
| <u>Insurance</u> | | | | | | |
| General Liability | 227,000 | 223,042 | 223,042 | - | - | - |
| Worker Compensation Insurance | 198,000 | 186,560 | 186,363 | 197 | - | - |
| Employee Group Health | 2,073,975 | 2,073,975 | 2,025,579 | 48,396 | - | - |
| Employee Group Health - Claims | 680,000 | 680,000 | 651,451 | 28,549 | - | - |
| Unemployment Compensation | 37,000 | 62,000 | 62,000 | - | - | - |

TOWNSHIP OF SADDLE BROOK
CURRENT FUND
STATEMENT OF EXPENDITURES AND OTHER CHARGES TO INCOME - STATUTORY BASIS
Year Ended December 31, 2010

| | Appropriated | | Expended | | Unexpended | |
|--|----------------|------------------------------|--------------------|----------|---------------------|--------------|
| | 2010 Budget | Budget After Modification | Paid or Charged | Reserved | Balance Canceled | Overexpended |
| OPERATIONS - WITHIN "CAPS" (Continued) | | | | | | |
| <u>Public Safety Functions</u> | | | | | | |
| Police: | | | | | | |
| Salaries and Wages | \$ 3,895,000 | \$ 3,905,540 | \$ 3,905,537 | \$ 3 | \$ - | - |
| Salaries and Wages - Overtime | 20,000 | 20,112 | 20,112 | - | - | - |
| Salaries and Wages - Clothing Allowance | 36,950 | 35,850 | 35,850 | - | - | - |
| Other Expenses | 65,000 | 75,350 | 74,630 | 720 | - | - |
| Other Expenses - Purchase of Police Cars | - | - | - | - | - | - |
| Civilian dispatchers: | | | | | | |
| Salaries and Wages | 90,000 | 90,000 | 89,963 | 37 | - | - |
| School Marshals: | | | | | | |
| Salaries and Wages | 493,000 | 505,000 | 504,360 | 640 | - | - |
| Other Expenses | 1,000 | 954 | 954 | - | - | - |
| Police Clerical: | | | | | | |
| Salaries and Wages | - | - | - | - | - | - |
| Aid to Volunteer Ambulance Companies: | | | | | | |
| Other Expenses | 45,000 | 45,000 | 45,000 | - | - | - |
| Fire Department: | | | | | | |
| Other Expenses - Clothing Allowance | 76,000 | 70,800 | 70,800 | - | - | - |
| Other Expenses | 100,855 | 100,855 | 100,300 | 555 | - | - |
| Uniform Fire Safety Act: | | | | | | |
| Salaries and Wages | 110,000 | 111,970 | 111,968 | 2 | - | - |
| Other Expenses | 7,000 | 5,880 | 5,871 | 9 | - | - |
| Municipal Prosecutor's Office: | | | | | | |
| Salaries and Wages | - | - | - | - | - | - |
| <u>Public Works Functions</u> | | | | | | |
| Buildings & Property: | | | | | | |
| Salaries and Wages | 35,000 | 34,890 | 34,884 | 6 | - | - |
| Other Expenses | 16,000 | 18,140 | 18,139 | 1 | - | - |
| Other Expenses - Rental | 1 | 1 | - | 1 | - | - |
| Other Expenses - Field Maintenance | 4,000 | 3,885 | 3,884 | 1 | - | - |
| Streets and Road Maintenance: | | | | | | |
| Salaries and Wages | 789,000 | 767,000 | 766,981 | 19 | - | - |
| Salaries and Wages - Overtime | 35,000 | 52,150 | 52,130 | 20 | - | - |
| Other Expenses | 110,000 | 135,652 | 129,470 | 6,182 | - | - |
| Division of Sewers: | | | | | | |
| Salaries and Wages | 95,000 | 99,500 | 99,455 | 45 | - | - |
| Other Expenses | 5,800 | 5,800 | 5,632 | 168 | - | - |
| Other Expenses - Pump Station Repairs | 7,500 | 12,000 | 12,000 | - | - | - |
| Solid Waste Collection: | | | | | | |
| Other Expenses | 780,000 | 780,000 | 778,112 | 1,888 | - | - |
| Other Expenses - Recycling | 104,000 | 103,980 | 103,980 | - | - | - |
| <u>Health and Human Services</u> | | | | | | |
| Public Health Services: | | | | | | |
| Salaries and Wages | 5,000 | 5,000 | 5,000 | - | - | - |
| Other Expenses | 71,000 | 68,347 | 68,347 | - | - | - |
| Dog Regulation: | | | | | | |
| Other Expenses | 22,000 | 20,522 | 20,522 | - | - | - |

TOWNSHIP OF SADDLE BROOK
CURRENT FUND
STATEMENT OF EXPENDITURES AND OTHER CHARGES TO INCOME - STATUTORY BASIS
Year Ended December 31, 2010

| | Appropriated | | Expended | | Unexpended | | Overexpended |
|---|----------------|------------------------------|--------------------|------------|---------------------|------|--------------|
| | 2010 Budget | Budget After Modification | Paid or Charged | Reserved | Balance Canceled | | |
| OPERATIONS - WITHIN "CAPS" (Continued) | | | | | | | |
| <u>Park and Recreation Functions</u> | | | | | | | |
| Recreational Services & Programs: | | | | | | | |
| Salaries and Wages | \$ 43,500 | \$ 33,082 | \$ 33,082 | \$ - | \$ - | \$ - | - |
| Other Expenses | 72,000 | 72,000 | 71,877 | 123 | - | - | - |
| Other Expenses - Community School | 1,500 | 1,500 | 1,500 | - | - | - | - |
| Other Expenses - Project Graduation | 1,500 | 1,500 | 1,500 | - | - | - | - |
| Other Expenses - Memorial Day | 7,500 | 7,500 | 7,500 | - | - | - | - |
| Other Expenses - Senior Citizens Center | 3,500 | 3,500 | 3,395 | 105 | - | - | - |
| Other Expenses - Senior Dinner Dance | 3,000 | 3,000 | 3,000 | - | - | - | - |
| <u>Municipal Court</u> | | | | | | | |
| Municipal Court Administration: | | | | | | | |
| Salaries and Wages | 167,000 | 157,200 | 157,200 | - | - | - | - |
| Salaries and Wages - Overtime | 12,000 | 9,900 | 9,892 | 8 | - | - | - |
| Other Expenses | 10,000 | 12,070 | 12,066 | 4 | - | - | - |
| Public Defender: | | | | | | | |
| Salaries and Wages | - | - | - | - | - | - | - |
| <u>Code Enforcement & Administration:</u> | | | | | | | |
| Salaries and Wages | 178,000 | 176,940 | 176,887 | 53 | - | - | - |
| Other Expenses | 4,000 | 2,050 | 2,020 | 30 | - | - | - |
| <u>Utility Expenses and Bulk Purchases</u> | | | | | | | |
| Electricity | 240,000 | 255,000 | 254,863 | 137 | - | - | - |
| Street Lighting | 235,000 | 235,000 | 233,530 | 1,470 | - | - | - |
| Telephone | 90,000 | 98,644 | 98,642 | 2 | - | - | - |
| Gasoline | 100,000 | 100,000 | 95,877 | 4,123 | - | - | - |
| <u>Landfill/Solid Waste Disposal Costs</u> | | | | | | | |
| Dump Fees | 80,000 | 70,400 | 67,315 | 3,085 | - | - | - |
| Total Operations - Within "CAPS" | \$ 12,386,746 | \$ 12,444,846 | \$ 12,329,481 | \$ 115,365 | \$ - | \$ - | - |
| Contingent | - | - | - | - | - | - | - |
| Total Operations Including Contingent - Within "CAPS" | \$ 12,386,746 | \$ 12,444,846 | \$ 12,329,481 | \$ 115,365 | \$ - | \$ - | - |
| Detail: | | | | | | | |
| Salaries and Wages | \$ 6,586,215 | \$ 6,585,669 | \$ 6,584,722 | \$ 947 | \$ - | \$ - | - |
| Other Expenses | \$ 5,800,531 | \$ 5,859,177 | \$ 5,744,759 | \$ 114,418 | \$ - | \$ - | - |

TOWNSHIP OF SADDLE BROOK
 CURRENT FUND
 STATEMENT OF EXPENDITURES AND OTHER CHARGES TO INCOME - STATUTORY BASIS
 Year Ended December 31, 2010

| | Appropriated | | Expended | | Unexpended | |
|--|----------------|------------------------------|--------------------|------------|---------------------|--------------|
| | 2010 Budget | Budget After Modification | Paid or Charged | Reserved | Balance Canceled | Overexpended |
| DEFERRED CHARGES AND STATUTORY EXPENDITURES - WITHIN "CAPS" | | | | | | |
| <u>Deferred Charges</u> | | | | | | |
| Emergency Authorizations | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Prior Year Bills | 98,000 | 98,000 | 98,000 | - | - | - |
| Overexpenditures of Appropriations | - | - | - | - | - | - |
| Expenditure Without Appropriation | - | - | - | - | - | - |
| <u>Statutory Expenditures</u> | | | | | | |
| Public Employees' Retirement System | 146,012 | 146,012 | 132,186 | 13,826 | - | - |
| Public Employees' Retirement System - ERI | 30,926 | 30,926 | 30,926 | - | - | - |
| Social Security System (O.A.S.I.) | 260,000 | 224,500 | 219,915 | 4,585 | - | - |
| Police and Firemen's Retirement System | 491,466 | 491,466 | 491,466 | - | - | - |
| Local Firemen's Pension Fund | 5,000 | 5,000 | 5,000 | - | - | - |
| LOSAP - Fire | 90,000 | 65,550 | 65,550 | - | - | - |
| LOSAP - Ambulance | 43,000 | 44,850 | 44,850 | - | - | - |
| Total Deferred Charges and Statutory Expenditures | \$ 1,164,404 | \$ 1,106,304 | \$ 1,087,893 | \$ 18,411 | \$ - | \$ - |
| Total General Appropriations for Municipal Purposes | \$ 13,551,150 | \$ 13,551,150 | \$ 13,417,374 | \$ 133,776 | \$ - | \$ - |

TOWNSHIP OF SADDLE BROOK
 CURRENT FUND
 STATEMENT OF EXPENDITURES AND OTHER CHARGES TO INCOME - STATUTORY BASIS
 Year Ended December 31, 2010

| | Appropriated | | Expended | | Unexpended | | Overexpended |
|---|----------------|------------------------------|--------------------|-----------|---------------------|------|--------------|
| | 2010 Budget | Budget After Modification | Paid or Charged | Reserved | Balance Canceled | | |
| OPERATIONS - EXCLUDED FROM "CAPS" | | | | | | | |
| <u>Educational Functions</u> | | | | | | | |
| Maintenance of Free Public Library | \$ 796,396 | \$ 796,396 | \$ 796,396 | \$ - | \$ - | \$ - | - |
| <u>Utility Expenses & Bulk Purchases</u> | | | | | | | |
| Sewerage Processing & Disposal Other Expenses | 800,000 | 800,000 | 799,951 | 49 | - | - | - |
| <u>Statutory Expenditures</u> | | | | | | | |
| Public Employees Retirement System | 133,753 | 133,753 | 133,753 | - | - | - | - |
| Police & Firemen's Retirement System | 465,226 | 465,226 | 465,226 | - | - | - | - |
| <u>Insurance</u> | | | | | | | |
| Employee Group Health | 301,025 | 301,025 | 301,025 | - | - | - | - |
| <u>Landfill/Solid Waste Disposal Costs</u> | | | | | | | |
| Garbage & Trash Removal Tonnage Tax | 30,000 | 30,000 | 17,431 | 12,569 | - | - | - |
| <u>Public and Private Programs Offset by Revenues</u> | | | | | | | |
| Recycling Tonnage Grant | 13,261 | 13,261 | 13,261 | - | - | - | - |
| Clean Communities Program | 19,696 | 19,696 | 19,696 | - | - | - | - |
| Municipal Alliance on Alcoholism & Drug Abuse | 10,356 | 10,356 | 10,356 | - | - | - | - |
| Municipal Alliance on Alcoholism & Drug Abuse | 2,589 | 2,589 | 2,589 | - | - | - | - |
| Community Development - Senior Citizens | 27,300 | 27,300 | 27,300 | - | - | - | - |
| Drunk Driving Enforcement Fund | 28,332 | 28,332 | 28,332 | - | - | - | - |
| Total Operations Excluded from "CAPS" | \$ 2,627,934 | \$ 2,627,934 | \$ 2,615,316 | \$ 12,618 | \$ - | \$ - | - |
| Detail: | | | | | | | |
| Salaries and Wages | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | - |
| Other Expenses | \$ 2,627,934 | \$ 2,627,934 | \$ 2,615,316 | \$ 12,618 | \$ - | \$ - | - |

TOWNSHIP OF SADDLE BROOK
CURRENT FUND
STATEMENT OF EXPENDITURES AND OTHER CHARGES TO INCOME - STATUTORY BASIS
Year Ended December 31, 2010

| | Appropriated | | Expended | | Unexpended | | Overexpended |
|--|----------------------|------------------------------|----------------------|-------------------|---------------------|-------------|--------------|
| | 2010 Budget | Budget After Modification | Paid or Charged | Reserved | Balance Canceled | | |
| CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS" | | | | | | | |
| Capital Improvement Fund | \$ 40,000 | \$ 40,000 | \$ 40,000 | \$ - | \$ - | \$ - | - |
| NJ Transportation Trust Fund Authority Act | 200,000 | 200,000 | 200,000 | - | - | - | - |
| Total Capital Improvements - Excluded From "CAPS" | \$ 240,000 | \$ 240,000 | \$ 240,000 | \$ - | \$ - | \$ - | - |
| DEBT SERVICE - EXCLUDED FROM "CAPS" | | | | | | | |
| <u>Municipal Debt Service</u> | | | | | | | |
| Bond Principal | \$ 674,000 | \$ 674,000 | \$ 674,000 | \$ - | \$ - | \$ - | - |
| Bond Interest | 997,000 | 997,000 | 997,000 | - | - | - | - |
| Payment of Bond Anticipation Notes | - | - | - | - | - | - | - |
| Note Interest | 59,600 | 59,600 | 59,600 | - | - | - | - |
| Total Debt Service - Excluded From "CAPS" | \$ 1,730,600 | \$ 1,730,600 | \$ 1,730,600 | \$ - | \$ - | \$ - | - |
| DEFERRED CHARGES - EXCLUDED FROM "CAPS" | | | | | | | |
| Emergency Authorizations | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | - |
| Special Emergency Authorizations - 5 Years (N.J.S.) | 84,000 | 84,000 | 84,000 | - | - | - | - |
| Total General Appropriations for Municipal Purposes | \$ 4,682,534 | \$ 4,682,534 | \$ 4,669,916 | \$ 12,618 | \$ - | \$ - | - |
| Subtotal General Appropriations | \$ 18,233,684 | \$ 18,233,684 | \$ 18,087,290 | \$ 146,394 | \$ - | \$ - | - |
| Reserve for Uncollected Taxes | 549,052 | 549,052 | 549,052 | - | - | - | - |
| Total General Appropriations | \$ 18,782,736 | \$ 18,782,736 | \$ 18,636,342 | \$ 146,394 | \$ - | \$ - | - |
| Budget Appropriations - Adopted Budget | \$ 18,754,404 | \$ 18,754,404 | | | | | |
| Budget Appropriations - Added by <u>N.J.S. 40A:4-87</u> | 28,332 | 28,332 | | | | | |
| Emergency Appropriations | - | - | | | | | |
| | \$ 18,782,736 | \$ 18,782,736 | | | | | |
| Other Charges to Income: | | | | | | | |
| Interfund Advances Originating in Current Year | | \$ - | \$ 78,022 | | | | |
| Refund of Prior Year's Revenue | | - | 21,051 | | | | |
| Taxes Allocated to School and County: | | | | | | | |
| Local District School Tax | | 26,436,052 | 26,436,052 | | | | |
| County Tax Levy | | 4,645,675 | 4,645,675 | | | | |
| County Open Space | | 60,289 | 60,289 | | | | |
| Municipal Open Space Preservation | | - | - | | | | |
| Added County Taxes | | 3,573 | 3,573 | | | | |
| Added County Open Space | | 63 | 63 | | | | |
| Added Municipal Open Space | | - | - | | | | |
| | | \$ 31,145,652 | \$ 31,244,725 | | | | |

**TOWNSHIP OF SADDLE BROOK
FEDERAL & STATE GRANT FUND
STATEMENT OF ASSETS, LIABILITIES AND RESERVES - STATUTORY BASIS**

| | <u>2010</u> | <u>2009</u> |
|---|-----------------------|-----------------------|
| <u>ASSETS</u> | | |
| Cash | \$ 127,553 | \$ - |
| Intergovernmental Receivable: Grants Receivable | \$ 88,229 | \$ 95,313 |
| Interfunds Receivable: Current Fund | \$ - | \$ 152,469 |
| Total Assets | <u>\$ 215,782</u> | <u>\$ 247,782</u> |
| <u>LIABILITIES AND RESERVES</u> | | |
| Interfunds Payable: Trust Fund - Police Department Trust | \$ - | \$ 11,775 |
| General Capital Fund | 9,400 | - |
| | <u>\$ 9,400</u> | <u>\$ 11,775</u> |
| Other Liabilities and Reserves: Appropriated Reserves | \$ 202,235 | \$ 222,746 |
| Unappropriated Reserves | 4,147 | 13,261 |
| | <u>\$ 206,382</u> | <u>\$ 236,007</u> |
| Total Liabilities and Reserves | <u>\$ 215,782</u> | <u>\$ 247,782</u> |

TOWNSHIP OF SADDLE BROOK
 FEDERAL & STATE GRANT FUND
 SCHEDULE OF GRANTS RECEIVABLE
 Year Ended December 31, 2010

| Program | Balance December 31, 2009 | Revenue Realized | Received | Unappropriated Reserve Applied | Adjustments | Balance December 31, 2010 |
|--|---------------------------------|---------------------|------------------|--------------------------------------|--------------------|---------------------------------|
| <u>Federal:</u> | | | | | | |
| COPS Fast | \$ 9,500 | \$ - | \$ - | \$ - | \$ - | \$ 9,500 |
| Stormwater Grant | 30,621 | - | - | - | - | 30,621 |
| U.S. Dept. of Housing and Urban Development Passed Thru - Bergen County Community Development - Senior Bus | 5,808 | - | - | - | - | 5,808 |
| U.S. Dept. of Housing and Urban Development Passed Thru - Bergen County Community Development - Senior Citizen Improvements | - | 27,300 | - | - | - | 27,300 |
| | <u>45,929</u> | <u>27,300</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>73,229</u> |
| <u>State:</u> | | | | | | |
| Clean Communities Program | \$ - | \$ 19,696 | \$ 19,696 | \$ - | \$ - | \$ - |
| Municipal Alliance on Alcoholism & Drug Abuse | 29,966 | 10,356 | - | - | (40,322) | - |
| Safe & Secure Community Grant | 15,000 | - | - | - | - | 15,000 |
| Recycling Tonnage Grant | - | 13,261 | - | 13,261 | - | - |
| Body Armor Replacement Program | 3,108 | - | - | - | (3,108) | - |
| Drunk Driving Enforcement Fund | - | 28,332 | 28,332 | - | - | - |
| Alcohol Education & Rehabilitation Fund | 1,310 | - | - | - | (1,310) | - |
| | <u>\$ 49,384</u> | <u>\$ 71,645</u> | <u>\$ 48,028</u> | <u>\$ 13,261</u> | <u>\$ (44,740)</u> | <u>\$ 15,000</u> |
| <u>Other:</u> | | | | | | |
| None | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Grand Total | <u>\$ 95,313</u> | <u>\$ 98,945</u> | <u>\$ 48,028</u> | <u>\$ 13,261</u> | <u>\$ (44,740)</u> | <u>\$ 88,229</u> |

**TOWNSHIP OF SADDLE BROOK
FEDERAL & STATE GRANT FUND
SCHEDULE OF APPROPRIATED RESERVES
Year Ended December 31, 2010**

| Program | Balance December 31, 2009 | Budget | Paid or Charged | Adjustments | Balance December 31, 2010 |
|--|---------------------------------|------------|--------------------|-------------|---------------------------------|
| <u>Federal:</u> | | | | | |
| COPS Fast Grant | \$ 3 | \$ - | \$ - | \$ (3) | \$ - |
| Stormwater Management | 24,610 | - | - | - | 24,610 |
| FEMA Storm Grant | 21,089 | - | - | - | 21,089 |
| U.S. Dept. of Housing and Urban Development Passed Thru - Bergen County Community Development - Senior Bus | 5,528 | - | - | - | 5,528 |
| U.S. Dept. of Housing and Urban Development Passed Thru - Bergen County Community Development - Senior Citizen Impts. | - | 27,300 | 27,300 | - | - |
| | \$ 51,230 | \$ 27,300 | \$ 27,300 | \$ (3) | \$ 51,227 |
| <u>State:</u> | | | | | |
| Clean Communities Program | \$ 39,051 | \$ 19,696 | \$ 19,696 | \$ - | \$ 39,051 |
| Municipal Alliance on Alcoholism & Drug Abuse - State | 40,157 | 10,356 | 10,356 | (40,157) | - |
| Municipal Alliance on Alcoholism & Drug Abuse - Local | - | 2,589 | 2,589 | - | - |
| Recycling Tonnage Grant | 42,353 | 13,261 | 13,261 | - | 42,353 |
| Body Armor Replacement Program | 14,254 | - | - | - | 14,254 |
| Drunk Driving Enforcement Fund | 10,783 | 28,332 | - | - | 39,115 |
| Alcohol Education & Rehabilitation Fund | 677 | - | - | - | 677 |
| Municipal Purpose Tax Assistance Act | 1,183 | - | - | (1,183) | - |
| OSHA Chapter 516 PL 1983 | 404 | - | - | - | 404 |
| Cultural Arts Grant | 856 | - | - | - | 856 |
| Click-It-Or-Ticket Program | 4,000 | - | - | (4,000) | - |
| Domestic Violence Team | 3,500 | - | - | (3,500) | - |
| State OEM Grant | 2,406 | - | - | - | 2,406 |
| | \$ 159,624 | \$ 74,234 | \$ 45,902 | \$ (48,840) | \$ 139,116 |
| <u>Other:</u> | | | | | |
| BCUA Municipal Recycling Assistance Program | \$ 10,467 | \$ - | \$ - | \$ - | \$ 10,467 |
| NY Susquehanna Parkway | 1,425 | - | - | - | 1,425 |
| | \$ 11,892 | \$ - | \$ - | \$ - | \$ 11,892 |
| Grand Total | \$ 222,746 | \$ 101,534 | \$ 73,202 | \$ (48,843) | \$ 202,235 |

TOWNSHIP OF SADDLE BROOK
 FEDERAL & STATE GRANT FUND
 SCHEDULE OF UNAPPROPRIATED RESERVES
 Year Ended December 31, 2010

| Program | Balance December 31, 2009 | Appropriated in 2010 | Received in 2010 | Adjustments | Balance December 31, 2010 |
|--------------------------------|---------------------------------|-------------------------|---------------------|-------------|---------------------------------|
| <u>State:</u> | | | | | |
| Recycling Tonnage Grant | \$ 13,261 | \$ 13,261 | \$ - | \$ - | - |
| Body Armor Replacement Program | - | - | 4,147 | - | 4,147 |
| | <u>\$ 13,261</u> | <u>\$ 13,261</u> | <u>\$ 4,147</u> | <u>\$ -</u> | <u>\$ 4,147</u> |

TOWNSHIP OF SADDLE BROOK
TRUST FUND
STATEMENT OF ASSETS, LIABILITIES, RESERVES & FUND BALANCE - STATUTORY BASIS

| | 2010 | 2009 |
|--|---------------------|---------------------|
| ASSETS | | |
| Cash: | | |
| Unemployment Trust Account | \$ 953 | \$ 32,584 |
| Self-Insurance Health Benefit Trust Account | 5,691 | 35,368 |
| Net Payroll Trust Account | 8,420 | 6,292 |
| Payroll Agency Trust Account | 14,021 | 33,108 |
| Animal Control Trust Account | 14,877 | 11,970 |
| Trust & Escrow Deposit Account | 267,688 | 314,736 |
| Public Defender Trust Account | 18,581 | 16,998 |
| Other Trust Account | 104,589 | 56,788 |
| POAA Trust Account | 5,623 | 5,347 |
| Pistol Range Trust Account | 2,167 | 2,152 |
| Disaster Relief Trust Account | 2,993 | 2,973 |
| Dedicated Uniform Fire Safety Trust Account | 1,176 | 1,168 |
| Mount Laurel Trust Account | 1,587,317 | 1,576,393 |
| Shade Tree Commission Trust Account | 6,185 | 6,143 |
| Senior Center Trust Account | 1,513 | 1,827 |
| Senior Center Trust Account - Donations Only | 1,493 | 1,602 |
| Memorial Day Parade Trust Account | 4,498 | 2 |
| American Cancer Society Trust Account | 1 | 1 |
| Picnic Trust Account | 2,446 | 2,439 |
| Police Department Trust Account | 12,824 | 12,788 |
| Police Outside Duty Overtime Trust Account | 25,835 | 35,206 |
| Certificate of Deposit - Community Youth Center Trust | 100,879 | 100,490 |
| | <u>\$ 2,189,770</u> | <u>\$ 2,256,375</u> |
| Deferred Compensation Plan Assets: | | |
| Lincoln Financial Group - LOSAP | <u>\$ 965,892</u> | <u>\$ 716,225</u> |
| Interfund Receivable: | | |
| Federal & State Grant Fund (Police Department Trust) | \$ - | \$ 11,775 |
| Current Fund (Payroll Agency Trust) | 2 | 2 |
| Unemployment Trust (Payroll Agency Trust) | 6,462 | - |
| Net Payroll (Payroll Agency Trust) | 4,880 | - |
| Net Payroll (Unemployment Trust) | 1,651 | 773 |
| | <u>\$ 12,995</u> | <u>\$ 12,550</u> |
| Intergovernmental Receivable: | | |
| Due From State of N.J. | \$ - | \$ 5 |
| | <u>\$ -</u> | <u>\$ 5</u> |
| Total Assets | <u>\$ 3,168,657</u> | <u>\$ 2,985,155</u> |
| LIABILITIES AND RESERVES | | |
| Interfunds Payable: | | |
| Current Fund (Animal Control Trust) | \$ 4,025 | \$ 4,025 |
| Current Fund (Other Trust) | 1,404 | 953 |
| Current Fund (Police Outside Duty Overtime Trust) | 29 | 32 |
| Current Fund (Disaster Relief Trust) | 16 | 16 |
| Current Fund (Developer's Escrow Trust) | 752 | 751 |
| Current Fund (Net Payroll Trust) | 1,070 | 1,075 |
| Current Fund (Payroll Agency Trust) | 50,000 | - |
| Payroll Agency Trust (Unemployment Trust) | 6,462 | - |
| Payroll Agency Trust (Net Payroll Trust) | 4,880 | - |
| Unemployment Trust (Net Payroll Trust) | 1,651 | 773 |
| | <u>\$ 70,289</u> | <u>\$ 7,625</u> |
| Intergovernmental Payable: | | |
| State of N.J. | <u>\$ 2</u> | <u>\$ -</u> |
| Other Liabilities and Reserves: | | |
| Net Payroll & Deductions Payable | \$ (30,279) | \$ 37,552 |
| Tax Title Lien Premiums Payable | 27,800 | 1,500 |
| Due to Victims of Crime Compensation Board (VCCB) | 7,154 | 7,154 |
| Reserve for Deferred Compensation Assets | 965,892 | 716,225 |
| Reserve for Health Self-Insurance Claims | 5,691 | 35,368 |
| Reserve for Animal Control Expenditures | 10,850 | 7,950 |
| Reserve for Unemployment Claims | 2,604 | 33,357 |
| Reserve for Public Defender Expenditures | 11,427 | 9,844 |
| Reserve for Developers' Escrow Deposits | 72,806 | 65,942 |
| Reserve for Special Escrow Management Account Expenditures | 266,937 | 313,985 |
| Reserve for Community Youth Center Expenditures | 100,879 | 100,490 |
| Reserve for Police Pistol Range Expenditures | 2,167 | 2,152 |
| Reserve for Disaster Relief Fund Expenditures | 2,977 | 2,957 |
| Reserve for Police Outside Duty Overtime Expenditures | 25,806 | 35,174 |
| Reserve for Senior Center Expenditures - Donations | 1,493 | 1,602 |
| Reserve for Senior Center Expenditures - Non Donations | 1,513 | 1,827 |
| Reserve for "Support our Troops" Expenditures | 558 | 557 |
| Reserve for Uniform Fire Safety Act Expenditures | 1,176 | 1,168 |
| Reserve for Mount Laurel Expenditures | 1,587,317 | 1,576,393 |
| Reserve for Shade Tree Expenditures | 6,185 | 6,143 |
| Reserve for Police Department Trust Expenditures | 12,824 | 12,788 |
| Reserve for Memorial Day Parade Expenditures | 4,498 | 2 |
| Reserve for American Cancer Society Expenditures | 1 | 1 |
| Reserve for WTC Relief Fund Expenditures | 501 | 501 |
| Reserve for Community Projects/Town Picnic Expenditures | 3,966 | 1,551 |
| Reserve for POAA | 5,623 | 5,347 |
| | <u>\$ 3,098,366</u> | <u>\$ 2,977,530</u> |
| Total Liabilities, Reserves and Fund Balance | <u>\$ 3,168,657</u> | <u>\$ 2,985,155</u> |

**TOWNSHIP OF SADDLE BROOK
GENERAL CAPITAL FUND
STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE - STATUTORY BASIS**

| | 2010 | 2009 |
|--|----------------------|----------------------|
| <u>ASSETS</u> | | |
| Cash: | | |
| General Capital Account | \$ 1,605,075 | \$ 1,397,686 |
| Water Main Project Account | 10,163 | - |
| | <u>\$ 1,615,238</u> | <u>\$ 1,397,686</u> |
| Interfund Receivable: | | |
| Current Fund | \$ 189,618 | \$ 105,488 |
| Federal & State Grant Fund | 9,400 | - |
| | <u>\$ 199,018</u> | <u>\$ 105,488</u> |
| Intergovernmental Receivable: | | |
| Grants Receivable | \$ 504,935 | \$ 453,389 |
| Due From Board Of Education - Tennis Courts | 37,500 | 37,500 |
| | <u>\$ 542,435</u> | <u>\$ 490,889</u> |
| Other Receivables: | | |
| Due from NJ Environmental Infrastructure Trust | \$ - | \$ 56,846 |
| | <u>\$ -</u> | <u>\$ 56,846</u> |
| Deferred Charges: | | |
| Funded | \$ 24,723,941 | \$ 21,692,553 |
| Unfunded | 1,900,000 | 4,545,096 |
| Overexpenditures | 753 | - |
| Special Emergency - Revaluation | 83,000 | 167,000 |
| | <u>\$ 26,707,694</u> | <u>\$ 26,404,649</u> |
| Estimated Proceeds Bonds and Notes Authorized | <u>\$ 950,000</u> | <u>\$ 1,995,000</u> |
| Total Assets | <u>\$ 30,014,385</u> | <u>\$ 30,450,558</u> |
| <u>LIABILITIES AND FUND BALANCE</u> | | |
| Other Liabilities and Reserves: | | |
| Capital Improvement Fund | \$ 60,507 | \$ 105,507 |
| Reserve for Payment of Debt Service | - | 695,140 |
| Reserve for Encumbrances | 576,064 | 115,896 |
| Reserve for Mount Laurel Development | 100,000 | 100,000 |
| Reserve for Water Main Project | 10,163 | - |
| | <u>\$ 746,734</u> | <u>\$ 1,016,543</u> |
| Improvement Authorizations: | | |
| Funded | \$ 512,904 | \$ 896,846 |
| Unfunded | 1,900,000 | 2,292,746 |
| | <u>\$ 2,412,904</u> | <u>\$ 3,189,592</u> |
| Serial Bonds Payable | <u>\$ 22,872,179</u> | <u>\$ 19,755,645</u> |
| Bond Anticipation Notes Payable | <u>\$ 950,000</u> | <u>\$ 2,550,096</u> |
| Bonds and Notes Authorized but Not Issued | <u>\$ 950,000</u> | <u>\$ 1,995,000</u> |
| Loans Payable | <u>\$ 1,851,762</u> | <u>\$ 1,936,909</u> |
| Fund Balance | <u>\$ 230,806</u> | <u>\$ 6,773</u> |
| Total Liabilities and Reserves | <u>\$ 30,014,385</u> | <u>\$ 30,450,558</u> |

TOWNSHIP OF SADDLE BROOK
 GENERAL CAPITAL FUND
 SCHEDULE OF LOANS PAYABLE
 Year Ended December 31, 2010

| Date of Issue - Purpose | Total Amount of Issue | Balance December 31, 2009 | Issued In 2010 | Paid by Budget Appropriation | Balance December 31, 2010 |
|---|-----------------------------|---------------------------------|-------------------|------------------------------------|---------------------------------|
| 11/8/07 Environmental Infrastructure Trust Loan | \$ 1,040,000 | \$ 1,005,000 | \$ - | \$ 35,000 | \$ 970,000 |
| 11/8/07 State of NJ Fund Loan | \$ 983,154 | 931,909 | - | 50,147 | 881,762 |
| | | <u>\$ 1,936,909</u> | <u>\$ -</u> | <u>\$ 85,147</u> | <u>\$ 1,851,762</u> |

TOWNSHIP OF SADDLE BROOK
GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED
Year Ended December 31, 2010

E-3

| Improvement | Balance December 31, 2009 | Authorized | Reserve for Payment of Debt Applied | B&Ns Paid By Budget | Serial Bonds Issued | Paid By BAN Premium | Balance December 31, 2010 | Analysis of Balance | | |
|--|---------------------------------|---------------------|---|------------------------|---------------------------|------------------------|---------------------------------|---------------------|-------------------|-----------------|
| | | | | | | | | Outstanding B&Ns | B&N Authorized | Capital Cash |
| #1355/1378 Improvements to Veteran's Field | \$ 434,750 | \$ - | \$ (434,750) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| #1375 Police Department Computers & Equipment | 152,000 | - | - | - | (152,000) | - | - | - | - | - |
| #1381/1391 Improvements to Buildings & Facilities | 356,250 | - | - | - | (356,250) | - | - | - | - | - |
| #1382 Vehicles & Equipment for Fire Dept. & DPW | 213,750 | - | - | - | (213,750) | - | - | - | - | - |
| #1385 Sewerage Pump Station on Mayhill & 5th Streets | 276,846 | - | - | - | (276,846) | - | - | - | - | - |
| #1394 Road Improvement Program - 2006 | 408,750 | - | (58,560) | - | (350,000) | (190) | - | - | - | - |
| #1424 Purchase & Improvement of Land | 380,000 | - | (45,000) | - | (335,000) | - | - | - | - | - |
| #1426 Sewer Repair Work on Market Street | 114,000 | - | (16,172) | - | (97,404) | (424) | - | - | - | - |
| #1429 Renovation & Expansion of Library | 1,900,000 | - | - | - | - | - | 1,900,000 | 950,000 | 950,000 | - |
| #1441 Oxford Ave. Road & Drainage Impts. - PH II | 213,750 | - | - | - | (213,750) | - | - | - | - | - |
| #1468 Repairs & Addition to Hook & Ladder Co. #1 | 95,000 | - | - | - | (95,000) | - | - | - | - | - |
| #1485 New Fire Department Ladder Truck | - | 1,425,000 | - | - | (1,425,000) | - | - | - | - | - |
| #1488 Oxford Ave. Road & Drainage Impts. - PH IV | - | 190,000 | - | - | (190,000) | - | - | - | - | - |
| | <u>\$ 4,545,096</u> | <u>\$ 1,615,000</u> | <u>\$ (554,482)</u> | <u>\$ -</u> | <u>\$ (3,705,000)</u> | <u>\$ (614)</u> | <u>\$ 1,900,000</u> | <u>\$ 950,000</u> | <u>\$ 950,000</u> | <u>\$ -</u> |

TOWNSHIP OF SADDLE BROOK
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS
Year Ended December 31, 2010

E-4

| Description | Balance - January 1, 2010 | | Capital Improvement Fund | Capital Surplus | Grants | From BOE | Bonds & Notes Authorized | Expended | Refunds/ Adjustments | Cancellations | Balance - December 31, 2010 | |
|--|---------------------------|--------------|--------------------------|-----------------|------------|----------|--------------------------|--------------|----------------------|---------------|-----------------------------|--------------|
| | Funded | Unfunded | | | | | | | | | Funded | Unfunded |
| #1187 Acquisition of Real Property & Equipment | \$ 1,483 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,483 | \$ - | \$ - |
| #1188/1283 Fifth Street Park & Barrier Impts. to Municipal Bldg. | 950 | - | - | - | - | - | - | - | - | 950 | - | - |
| #1206/1229 Installation of Burgular & Fire Alarms | 2,684 | - | - | - | - | - | - | - | - | 2,684 | - | - |
| #1217/1266/1301/1316 Acquisition & Impts. To Real Property | 2,542 | - | - | - | - | - | - | - | - | 2,542 | - | - |
| #1234 Equipment & Vehicles for DPW | 16,943 | - | - | - | - | - | - | - | - | 16,943 | - | - |
| #1246 Acquisition of Property for Police Department | 3,744 | - | - | - | - | - | - | - | - | 3,744 | - | - |
| #1264/1289/1313 Construction of Recreation Fields | 7,579 | - | - | - | - | - | - | - | - | - | 7,579 | - |
| #1286/1296/1330/1348 Construction of Police Headquarters | 22,052 | - | - | - | - | - | 18,974 | - | - | - | 3,078 | - |
| #1288/1418 Various Sanitary Sewer Improvements | 130 | - | - | - | - | - | 130 | - | - | - | - | - |
| #1317 Various Equipment Purchases | 42,406 | - | - | - | - | - | 13,151 | - | - | - | 29,255 | - |
| #1318 Sewer & Water Extensions | 20,205 | - | - | - | - | - | - | - | - | 20,205 | - | - |
| #1319 Road & Drainage Improvement Program | - | - | - | - | - | - | - | 9,400 | - | - | 9,400 | - |
| #1325 Acquisition of Pumper Fire Truck | 1,417 | - | - | - | - | - | - | - | - | 1,417 | - | - |
| #1350 Various Public Improvements | 1,647 | - | - | - | - | - | - | - | - | 1,647 | - | - |
| #1355/1378 Improvements to Veteran's Field | - | 29,827 | - | - | - | - | - | 7,116 | - | - | 22,711 | - |
| #1375 Police Department Computers & Equipment | - | 35,778 | - | - | - | - | - | 10,446 | - | - | 25,332 | - |
| #1381/1391 Improvements to Buildings & Facilities | - | 3,006 | - | - | - | - | - | 3,006 | - | - | - | - |
| #1382 Vehicles & Equipment for Fire Dept. & DPW | - | 14,708 | - | - | - | - | - | 10,446 | - | - | 4,262 | - |
| #1385 Sewerage Pump Station on Mayhill & 5th Streets | - | 66,680 | - | - | - | - | - | 15,576 | - | - | 51,104 | - |
| #1424 Purchase & Improvement of Land | - | 42,196 | - | - | - | - | - | 6,127 | 27,524 | - | 63,593 | - |
| #1429 Renovation & Expansion of Library | 97,697 | 1,900,000 | - | - | - | - | - | 2,188 | - | - | 95,509 | 1,900,000 |
| #1441 Oxford Ave. Road & Drainage Impts. - PH II | - | 119,091 | - | - | - | - | - | 70,913 | - | - | 48,178 | - |
| #1468 Repairs & Addition to Hook & Ladder Co. #1 | - | 81,460 | - | - | - | - | - | 81,340 | - | - | 120 | - |
| #1471 Senior Center ADA Improvements | 191,300 | - | - | - | - | - | - | 142,714 | - | - | 48,586 | - |
| #1474 Capital Improvements to Oxford Avenue - Phase I | 239,993 | - | - | - | - | - | - | 240,000 | 7 | - | - | - |
| #1479 DPW Facility Rehabilitation - Phase I | 74,074 | - | - | - | - | - | - | 63,018 | - | - | 11,056 | - |
| #1480 Rochelle Parkway Improvements - Phase I | 20,000 | - | - | - | - | - | - | 6,200 | - | - | 13,800 | - |
| #1484 Rehabilitation of Township Tennis Courts | 150,000 | - | - | - | - | - | - | 150,745 | 745 | - | - | - |
| #1485 New Fire Department Ladder Truck | - | - | 75,000 | - | - | - | 1,425,000 | 1,423,295 | - | - | 76,705 | - |
| #1488 Oxford Ave. Road & Drainage Impts. - PH IV | - | - | 10,000 | - | 200,000 | - | 190,000 | 397,364 | - | - | 2,636 | - |
| | \$ 896,846 | \$ 2,292,746 | \$ 85,000 | \$ - | \$ 200,000 | \$ - | \$ 1,615,000 | \$ 2,662,749 | \$ 37,676 | \$ 51,615 | \$ 512,904 | \$ 1,900,000 |

**TOWNSHIP OF SADDLE BROOK
GENERAL CAPITAL FUND
SCHEDULE OF SERIAL BONDS PAYABLE
Year Ended December 31, 2010**

| Date of Issue - Purpose | Total Amount of Issue | Balance December 31, 2009 | Issued In 2010 | Paid by Budget Appropriation | Balance December 31, 2010 |
|----------------------------------|-----------------------------|---------------------------------|---------------------|------------------------------------|---------------------------------|
| 3/7/06 General Improvement Bonds | \$ 21,394,943 | \$ 19,755,645 | \$ - | \$ 588,466 | \$ 19,167,179 |
| 8/1/10 General Improvement Bonds | 3,705,000 | - | 3,705,000 | - | 3,705,000 |
| | | <u>\$ 19,755,645</u> | <u>\$ 3,705,000</u> | <u>\$ 588,466</u> | <u>\$ 22,872,179</u> |

TOWNSHIP OF SADDLE BROOK
GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE
Year Ended December 31, 2010

E-6

| Improvement Description | Amount of Original Note | Date of Original Note | Date of Issue | Date of Maturity | Interest Rate | Balance December 31, 2009 | Issued | Reserve for Payment of Debt Applied | Serial Bonds Issued | Paid With Capital Cash | Budget Paydown | Balance December 31, 2010 |
|---|-------------------------|-----------------------|---------------|------------------|---------------|---------------------------|-------------------|-------------------------------------|---------------------|------------------------|----------------|---------------------------|
| #1355/1378 Improvements to Veteran's Field | \$ 434,750 | 03/09/07 | 03/04/09 | 03/04/10 | 2.36% | \$ 434,750 | \$ - | \$ 434,750 | \$ - | \$ - | \$ - | \$ - |
| #1375 Police Department Computers & Equipment | 152,000 | 03/09/07 | 03/04/09 | 03/04/10 | 2.36% | 152,000 | - | - | 152,000 | - | - | - |
| #1381/1391 Improvements to Buildings & Facilities | 356,250 | 03/09/07 | 03/04/09 | 03/04/10 | 2.36% | 356,250 | - | - | 356,250 | - | - | - |
| #1382 Vehicles & Equipment for Fire Dept. & DPW | 213,750 | 03/09/07 | 03/04/09 | 03/04/10 | 2.36% | 213,750 | - | - | 213,750 | - | - | - |
| #1394 Drainage Improvements | 408,750 | 03/09/07 | 03/04/09 | 03/04/10 | 2.36% | 408,750 | - | 58,560 | 350,000 | 190 | - | - |
| #1424 Purchase & Improvement of Land | 380,000 | 09/30/08 | 03/04/09 | 03/04/10 | 1.00% | 380,000 | - | 45,000 | 335,000 | - | - | - |
| #1426 Sewer Repairs & Impts. - Market Street | 114,000 | 09/30/08 | 03/04/09 | 03/04/10 | 1.00% | 114,000 | - | 16,172 | 97,404 | 424 | - | - |
| #1441 Oxford Ave. Road & Drainage Impts. - PH II | 213,750 | 09/30/08 | 03/04/09 | 03/04/10 | 1.00% | 213,750 | - | - | 213,750 | - | - | - |
| #1385 Sewer Pump Station on Mayhill & 5th Streets | 276,846 | 09/30/09 | 03/04/09 | 03/04/10 | 1.00% | 276,846 | - | - | 276,846 | - | - | - |
| | <u>\$ 2,550,096</u> | | | | | <u>\$ 2,550,096</u> | <u>\$ -</u> | <u>\$ 554,482</u> | <u>\$ 1,995,000</u> | <u>\$ 614</u> | <u>\$ -</u> | <u>\$ -</u> |
| #1429 Renovation & Expansion of Library | \$ 950,000 | 11/09/10 | 11/09/10 | 11/08/11 | 0.99% | - | 950,000 | - | - | - | - | 950,000 |
| | <u>\$ 950,000</u> | | | | | <u>\$ -</u> | <u>\$ 950,000</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 950,000</u> |
| | | | | | | <u>\$ 2,550,096</u> | <u>\$ 950,000</u> | <u>\$ 554,482</u> | <u>\$ 1,995,000</u> | <u>\$ 614</u> | <u>\$ -</u> | <u>\$ 950,000</u> |

TOWNSHIP OF SADDLE BROOK
 GENERAL CAPITAL FUND
 SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
 Year Ended December 31, 2010

| Improvement Description | Balance December 31, 2009 | Authorized | BANs Issued | Bonds Issued | Cancellations/ Adjustments | Balance December 31, 2010 |
|--|---------------------------------|---------------------|-------------------|---------------------|-------------------------------|---------------------------------|
| #1429 Renovation & Expansion of Library | \$ 1,900,000 | \$ - | \$ 950,000 | \$ - | \$ - | \$ 950,000 |
| #1468 Repairs & Addition to Hook & Ladder Co. #1 | 95,000 | - | - | 95,000 | - | - |
| #1485 New Fire Department Ladder Truck | - | 1,425,000 | - | 1,425,000 | - | - |
| #1488 Oxford Ave. Road & Drainage Impts. - PH IV | - | 190,000 | - | 190,000 | - | - |
| | <u>\$ 1,995,000</u> | <u>\$ 1,615,000</u> | <u>\$ 950,000</u> | <u>\$ 1,710,000</u> | <u>\$ -</u> | <u>\$ 950,000</u> |

TOWNSHIP OF SADDLE BROOK
GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED
Year Ended December 31, 2010

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| Improvement | Balance December 31, 2009 | Paid By Budget | Serial Bonds Issued | Balance December 31, 2010 | Analysis of Balance | |
|---|---------------------------------|---------------------|---------------------------|---------------------------------|----------------------|----------------------|
| | | | | | Outstanding Bonds | Outstanding Notes |
| 3/7/06 General Improvement Bonds | \$ 19,755,644 | \$ (588,465) | \$ - | \$ 19,167,179 | \$ 19,167,179 | \$ - |
| 8/1/10 General Improvement Bonds | - | - | 3,705,000 | 3,705,000 | 3,705,000 | - |
| 11/8/07 Environmental Infrastructure Trust Loan | 1,005,000 | (35,000) | - | 970,000 | - | 970,000 |
| 11/8/07 State of NJ Fund Loan | 931,909 | (50,147) | - | 881,762 | - | 881,762 |
| | <u>\$ 21,692,553</u> | <u>\$ (673,612)</u> | <u>\$ 3,705,000</u> | <u>\$ 24,723,941</u> | <u>\$ 22,872,179</u> | <u>\$ 1,851,762</u> |

**TOWNSHIP OF SADDLE BROOK
WATER UTILITY OPERATING FUND
STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE - STATUTORY BASIS**

| | 2010 | 2009 |
|-------------------------------------|---------------------|-------------------|
| <u>ASSETS</u> | | |
| Cash: | | |
| Operating Account | \$ 485,712 | \$ 98,848 |
| Change Funds | 20 | 20 |
| | <u>\$ 485,732</u> | <u>\$ 98,868</u> |
| Consumer Accounts Receivable | <u>\$ 63,659</u> | <u>\$ 208,575</u> |
| Interfund Receivable: | | |
| Water Utility Capital Fund | <u>\$ 224</u> | <u>\$ 66</u> |
| Other Assets: | | |
| Water Utility Liens | <u>\$ 3,571</u> | <u>\$ 3,571</u> |
| Deferred Charges: | | |
| Operating Deficit | \$ - | \$ 8,636 |
| Overexpenditures | <u>\$ 750,000</u> | <u>7,849</u> |
| | <u>\$ 750,000</u> | <u>\$ 16,485</u> |
| Total Assets | <u>\$ 1,303,186</u> | <u>\$ 327,565</u> |
| <u>LIABILITIES AND FUND BALANCE</u> | | |
| Accounts Payable | <u>\$ 750,000</u> | <u>\$ -</u> |
| Reserve for Encumbrances | <u>\$ 1,944</u> | <u>\$ 3,828</u> |
| Interfund Payable: | | |
| Current Fund | <u>\$ 20,727</u> | <u>\$ 20,727</u> |
| Other Liabilities and Reserves: | | |
| Accrued Interest on Bonds | \$ 21,769 | \$ 25,036 |
| Reserve for Receivables | 67,229 | 212,146 |
| Water Rent Overpayments | - | 17,236 |
| Appropriation Reserves | 648 | 973 |
| | <u>\$ 89,646</u> | <u>\$ 255,391</u> |
| Fund Balance | <u>\$ 440,869</u> | <u>\$ 47,619</u> |
| Total Liabilities and Reserves | <u>\$ 1,303,186</u> | <u>\$ 327,565</u> |

**TOWNSHIP OF SADDLE BROOK
 WATER UTILITY OPERATING FUND
 STATEMENT OF REVENUES AND OTHER CREDITS TO INCOME - STATUTORY BASIS
 Year Ended December 31, 2010**

| | Anticipated Budget | Realized | Excess/ (Deficit) |
|--|-----------------------|---------------------|----------------------|
| Operating Surplus Anticipated | \$ 47,485 | \$ 47,485 | \$ - |
| Water Rents | \$ 1,912,500 | \$ 2,343,144 | \$ 430,644 |
| Interest on Delinquencies | 8,700 | 13,256 | 4,556 |
| Interest on Investments & Deposits | 300 | 860 | 560 |
| Receipts of Delinquent Rents | 101,900 | 101,900 | - |
| | <u>\$ 2,023,400</u> | <u>\$ 2,459,160</u> | <u>\$ 435,760</u> |
| Other Credits to Income: | | | |
| Unexpended Balance of Appropriation Reserves | \$ - | \$ 1,601 | \$ 1,601 |
| Deficit (General Budget) | - | - | - |
| Unexpended Balances Cancelled | - | 3,374 | 3,374 |
| | <u>\$ -</u> | <u>\$ 4,975</u> | <u>\$ 4,975</u> |
| Fund Balance - Water Utility Capital | \$ - | \$ - | \$ - |
| Total Revenues and Credits to Income | <u>\$ 2,070,885</u> | <u>\$ 2,511,620</u> | <u>\$ 440,735</u> |

TOWNSHIP OF SADDLE BROOK
WATER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES AND OTHER CHARGES TO INCOME - STATUTORY BASIS
Year Ended December 31, 2010

| | Appropriations | | Expended | | Unexpended Balance Canceled | Overexpenditure |
|--------------------------------------|---------------------|------------------------------|---------------------|---------------|-----------------------------------|-------------------|
| | Adopted Budget | Budget After Modification | Paid or Charged | Reserved | | |
| Operating: | | | | | | |
| Salaries and Wages | \$ 654,000 | \$ 650,300 | \$ 650,276 | \$ 24 | \$ - | \$ - |
| Salaries and Wages - Overtime | 25,000 | 27,450 | 27,415 | 35 | - | - |
| Other Expenses: | 1,212,800 | 1,214,950 | 1,964,515 | 435 | - | 750,000 |
| | <u>\$ 1,891,800</u> | <u>\$ 1,892,700</u> | <u>\$ 2,642,206</u> | <u>\$ 494</u> | <u>\$ -</u> | <u>\$ 750,000</u> |
| Capital Improvements: | | | | | | |
| Capital Improvement Fund | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Capital Outlay | - | - | - | - | - | - |
| | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Debt Service: | | | | | | |
| Payment of Bonds | \$ 41,600 | \$ 41,600 | \$ 41,534 | \$ - | \$ 66 | \$ - |
| Payment of BAN's & Capital Notes | - | - | - | - | - | - |
| Interest on Bonds | 67,000 | 67,000 | 63,692 | - | 3,308 | - |
| Interest on Notes | - | - | - | - | - | - |
| | <u>\$ 108,600</u> | <u>\$ 108,600</u> | <u>\$ 105,226</u> | <u>\$ -</u> | <u>\$ 3,374</u> | <u>\$ -</u> |
| Deferred Charges: | | | | | | |
| Overexpenditures | \$ - | \$ 7,849 | \$ 7,849 | \$ - | \$ - | \$ - |
| Statutory Expenditures: | | | | | | |
| Social Security System | \$ 54,000 | \$ 53,100 | \$ 52,946 | \$ 154 | \$ - | \$ - |
| | <u>\$ 54,000</u> | <u>\$ 53,100</u> | <u>\$ 52,946</u> | <u>\$ 154</u> | <u>\$ -</u> | <u>\$ -</u> |
| Deficit in Operations in Prior Years | \$ 8,636 | \$ 8,636 | \$ 8,636 | \$ - | \$ - | \$ - |
| Surplus (General Budget) | \$ 7,849 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total Appropriations | <u>\$ 2,070,885</u> | <u>\$ 2,070,885</u> | <u>\$ 2,816,863</u> | <u>\$ 648</u> | <u>\$ 3,374</u> | <u>\$ 750,000</u> |
| Other Charges to Income: | | | | | | |
| Refund of Prior Year's Revenue | | | <u>\$ -</u> | | | |

**TOWNSHIP OF SADDLE BROOK
WATER UTILITY CAPITAL FUND
STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE - STATUTORY BASIS**

| | 2010 | 2009 |
|---|---------------------|---------------------|
| <u>ASSETS</u> | | |
| Cash: | | |
| Operating Account | \$ 78,471 | \$ 87,074 |
| Water Main Project Account | - | 10,134 |
| | <u>\$ 78,471</u> | <u>\$ 97,208</u> |
| Fixed Capital Authorized & Uncompleted | <u>\$ 12,992</u> | <u>\$ 12,992</u> |
| Fixed Capital | <u>\$ 2,447,026</u> | <u>\$ 2,447,026</u> |
| Estimated Proceed of Bonds & Notes Authorized | <u>\$ -</u> | <u>\$ -</u> |
| Total Assets | <u>\$ 2,538,489</u> | <u>\$ 2,557,226</u> |
| <u>LIABILITIES AND FUND BALANCE</u> | | |
| Interfund Payable: | | |
| Water Utility Operating Fund | <u>\$ 224</u> | <u>\$ 66</u> |
| Other Liabilities and Reserves: | | |
| Capital Improvement Fund | \$ 75,485 | \$ 75,485 |
| Reserve for Water Main Project | - | 10,134 |
| Reserve for Amortization | 1,094,205 | 1,017,994 |
| Reserve for Deferred Amortization | 11,523 | 46,200 |
| | <u>\$ 1,181,213</u> | <u>\$ 1,149,813</u> |
| Improvement Authorizations: | | |
| Funded | \$ 4,231 | \$ 12,992 |
| Unfunded | - | - |
| | <u>\$ 4,231</u> | <u>\$ 12,992</u> |
| Bond Anticipation Notes Payable | <u>\$ -</u> | <u>\$ -</u> |
| Serial Bonds Payable | <u>\$ 1,352,821</u> | <u>\$ 1,394,355</u> |
| Bonds & Notes Authorized but not Issued | <u>\$ -</u> | <u>\$ -</u> |
| Fund Balance | <u>\$ -</u> | <u>\$ -</u> |
| Total Liabilities and Reserves | <u>\$ 2,538,489</u> | <u>\$ 2,557,226</u> |

TOWNSHIP OF SADDLE BROOK
WATER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL AUTHORIZED & UNCOMPLETED
Year Ended December 31, 2010

| Improvement | Balance December 31, 2009 | Authorized | Receipts Applied | BANs Paid By Budget | Serial Bonds Issued | Cancellations/ Adjustments | Balance December 31, 2010 | Analysis of Balance | | |
|--|---------------------------------|-------------|---------------------|------------------------|---------------------------|-------------------------------|---------------------------------|---------------------|-------------------|--------------------------|
| | | | | | | | | Outstanding BANs | B&N Authorized | Deferred Amortization |
| #1200/1411 Extension of Water Mains/Meter Purchase | \$ 12,650 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 12,650 | \$ - | \$ - | \$ 12,650 |
| #1205 Automatic Meter Reading Equipment | 342 | - | - | - | - | - | 342 | - | - | 342 |
| | <u>\$ 12,992</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 12,992</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 12,992</u> |

TOWNSHIP OF SADDLE BROOK
 WATER UTILITY CAPITAL FUND
 SCHEDULE OF IMPROVEMENT AUTHORIZATIONS
 Year Ended December 31, 2010

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| Description | Balance - January 1, 2010 | | Bonds & Notes Authorized | Expended | Adjustments | Cancellations | Balance - December 31, 2010 | |
|--|---------------------------|-------------|-----------------------------|-----------------|-------------|---------------|-----------------------------|-------------|
| | Funded | Unfunded | | | | | Funded | Unfunded |
| #1200/1411 Extension of Water Mains/Meter Purchase | \$ 12,650 | \$ - | \$ - | \$ 8,761 | \$ - | \$ - | \$ 3,889 | \$ - |
| #1205 Automatic Meter Reading Equipment | 342 | - | - | - | - | - | 342 | - |
| | <u>\$ 12,992</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 8,761</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 4,231</u> | <u>\$ -</u> |

TOWNSHIP OF SADDLE BROOK
 WATER UTILITY CAPITAL FUND
 SCHEDULE OF SERIAL BONDS PAYABLE
 Year Ended December 31, 2010

| Date of Issue - Purpose | Total Amount of Issue | Balance December 31, 2009 | Issued In 2010 | Paid by Budget Appropriation | Balance December 31, 2010 |
|--|-----------------------------|---------------------------------|-------------------|------------------------------------|---------------------------------|
| 3/7/06 Water Utility Bonds - County Guaranteed | \$ 1,510,057 | \$ 1,394,355 | \$ - | \$ 41,534 | \$ 1,352,821 |
| | | \$ 1,394,355 | \$ - | \$ 41,534 | \$ 1,352,821 |

TOWNSHIP OF SADDLE BROOK
 WATER UTILITY CAPITAL FUND
 SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE
 Year Ended December 31, 2010

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| Improvement Description | Amount of Original Note | Date of Original Note | Date of Issue | Date of Maturity | Interest Rate | Balance December 31, 2009 | Issued | Decreased | Budget Paydown | Balance December 31, 2010 |
|-------------------------|-------------------------------|-----------------------------|------------------|---------------------|------------------|---------------------------------|--------|-----------|-------------------|---------------------------------|
| None | | | | | | \$ - | \$ - | \$ - | \$ - | \$ - |
| | | | | | | \$ - | \$ - | \$ - | \$ - | \$ - |

TOWNSHIP OF SADDLE BROOK
 WATER UTILITY CAPITAL FUND
 SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
 Year Ended December 31, 2010

| Improvement Description | Balance December 31, 2009 | Authorized | BANs Issued | Bonds Issued | Cancellations/ Adjustments | Balance December 31, 2010 |
|-------------------------|---------------------------------|-------------|----------------|-----------------|-------------------------------|---------------------------------|
| None | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

**TOWNSHIP OF SADDLE BROOK
GENERAL FIXED ASSET ACCOUNT GROUP
STATEMENT OF ASSETS AND FUND BALANCE - STATUTORY BASIS**

| | <u>2010</u> | <u>2009</u> |
|---|----------------------|----------------------|
| <u>ASSETS</u> | | |
| Land | \$ 13,708,700 | \$ 13,708,700 |
| Buildings and Improvements | 12,582,606 | 12,582,606 |
| Machinery & Equipment | 3,171,679 | 3,171,679 |
| Vehicles | 4,460,413 | 4,460,413 |
| | <u>\$ 33,923,398</u> | <u>\$ 33,923,398</u> |
| <u>FUND BALANCE</u> | | |
| Reserve for Investment in General Fixed Assets | <u>\$ 33,923,398</u> | <u>\$ 33,923,398</u> |

TOWNSHIP OF SADDLE BROOK
GENERAL FIXED ASSET ACCOUNT GROUP
SCHEDULE OF CHANGES IN RESERVE FOR GENERAL FIXED ASSETS

| | Balance December 31, 2009 | Additions | Retirements | Adjustments | Balance December 31, 2010 |
|----------------------------|---------------------------------|-------------|-------------|-------------|---------------------------------|
| Land | \$ 13,708,700 | \$ - | \$ - | \$ - | \$ 13,708,700 |
| Buildings and Improvements | 12,582,606 | - | - | - | 12,582,606 |
| Machinery & Equipment | 3,171,679 | - | - | - | 3,171,679 |
| Vehicles | 4,460,413 | - | - | - | 4,460,413 |
| | <u>\$ 33,923,398</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 33,923,398</u> |

TOWNSHIP OF SADDLE BROOK
NJ Comprehensive Annual Financial Report
Statistical Section

TOWNSHIP OF SADDLE BROOK
Adopted Budgets
(Unaudited)

| | 2010 | 2009 | 2008 | 2007 |
|---------------------------------|----------------------|----------------------|----------------------|----------------------|
| <u>CURRENT FUND</u> | | | | |
| <u>REVENUES</u> | | | | |
| Fund Balance | \$ 325,000 | \$ 257,548 | \$ 1,033,000 | \$ 1,900,000 |
| Miscellaneous Revenues | 2,920,291 | 4,139,184 | 3,563,603 | 3,295,513 |
| Receipts From Delinquent Taxes | 345,000 | 386,000 | 280,000 | 398,500 |
| Amount to be Raised by Taxation | 15,164,113 | 13,640,355 | 13,457,554 | 11,919,055 |
| Total Revenues | \$ 18,754,404 | \$ 18,423,087 | \$ 18,334,157 | \$ 17,513,068 |

APPROPRIATIONS

Within "CAPS":

Operations:

| | | | | |
|------------------------|--------------|--------------|--------------|--------------|
| Salaries and Wages | \$ 6,586,215 | \$ 6,724,663 | \$ 6,655,723 | \$ 6,439,295 |
| Other Expenses | 5,800,531 | 5,697,140 | 5,666,842 | 3,143,028 |
| Deferred Charges | 98,000 | 90,000 | 401,218 | 373,284 |
| Statutory Expenditures | 1,066,404 | 1,015,696 | 388,093 | 412,493 |
| Judgments | - | - | - | - |

Excluded From "CAPS":

Operations:

| | | | | |
|-------------------------------|-----------|-----------|-----------|-----------|
| Salaries and Wages | - | - | - | - |
| Other Expenses | 2,599,602 | 1,896,278 | 2,708,457 | 4,929,158 |
| Capital Improvements | 240,000 | 275,000 | 225,000 | 75,000 |
| Municipal Debt Service | 1,730,600 | 1,846,280 | 1,729,824 | 1,673,810 |
| Deferred Charges | 84,000 | 341,730 | 84,000 | - |
| Reserve for Uncollected Taxes | 549,052 | 536,300 | 475,000 | 467,000 |

| | | | | |
|-----------------------------|----------------------|----------------------|----------------------|----------------------|
| Total Appropriations | \$ 18,754,404 | \$ 18,423,087 | \$ 18,334,157 | \$ 17,513,068 |
|-----------------------------|----------------------|----------------------|----------------------|----------------------|

WATER UTILITY FUNDREVENUES

| | | | | |
|------------------------------------|---------------------|---------------------|---------------------|---------------------|
| Fund Balance Anticipated | \$ 47,485 | \$ 321,000 | \$ 68,000 | \$ 328,900 |
| Water Rents | 1,912,500 | 1,904,000 | 1,940,000 | 1,764,000 |
| Interest on Delinquencies | 8,700 | 6,800 | 9,000 | 16,500 |
| Interest on Investments & Deposits | 300 | 5,300 | 26,000 | 23,800 |
| Receipts of Delinquent Rents | 101,900 | 91,996 | 90,272 | 100,000 |
| Total Revenues | \$ 2,070,885 | \$ 2,329,096 | \$ 2,133,272 | \$ 2,233,200 |

APPROPRIATIONS

Operations:

| | | | | |
|---|---------------------|---------------------|---------------------|---------------------|
| Salaries and Wages | \$ 677,750 | \$ 673,000 | \$ 575,000 | \$ 673,000 |
| Other Expenses | 1,214,950 | 1,273,258 | 1,385,000 | 1,304,247 |
| Capital Improvements | - | - | - | - |
| Municipal Debt Service | 108,600 | 116,542 | 108,272 | 108,257 |
| Deferred Charges & Statutory Expenditures | 60,949 | 266,296 | 65,000 | 107,706 |
| Deficit in Operations | 8,636 | - | - | 39,990 |
| Total Appropriations | \$ 2,070,885 | \$ 2,329,096 | \$ 2,133,272 | \$ 2,233,200 |

TOWNSHIP OF SADDLE BROOK
Fund Balance Summary
(Unaudited)

| | 2010 | 2009 | 2008 | 2007 | 2006 |
|---------------------------|-------------------|-------------------|-------------------|---------------------|---------------------|
| <u>CURRENT FUND</u> | | | | | |
| Fund Balance, Beginning | \$ 335,384 | \$ 521,970 | \$ 1,415,269 | \$ 2,251,033 | \$ 2,005,896 |
| Generated Current Year | 1,154 | 70,962 | 139,701 | 1,064,236 | 1,245,137 |
| Utilized Current Year | (325,000) | (257,548) | (1,033,000) | (1,900,000) | (1,000,000) |
| Fund Balance, Ending | <u>\$ 11,538</u> | <u>\$ 335,384</u> | <u>\$ 521,970</u> | <u>\$ 1,415,269</u> | <u>\$ 2,251,033</u> |
| <u>WATER UTILITY FUND</u> | | | | | |
| Fund Balance, Beginning | \$ 47,619 | \$ 337,999 | \$ 405,999 | \$ 401,637 | \$ 401,637 |
| Generated Current Year | 440,735 | 30,620 | - | 333,262 | - |
| Utilized Current Year | (47,485) | (321,000) | (68,000) | (328,900) | - |
| Fund Balance, Ending | <u>\$ 440,869</u> | <u>\$ 47,619</u> | <u>\$ 337,999</u> | <u>\$ 405,999</u> | <u>\$ 401,637</u> |

TOWNSHIP OF SADDLE BROOK
Tax Levy and Collection Data
(Unaudited)

| | 2010 | 2009 | 2008 | 2007 | 2006 |
|--|---------------|---------------|---------------|---------------|---------------|
| <u>CURRENT YEAR % COLLECTION RATES</u> | | | | | |
| Current Tax Levy | \$ 46,174,264 | \$ 43,281,951 | \$ 42,053,812 | \$ 39,277,735 | \$ 36,861,478 |
| Current Collections | \$ 45,683,871 | \$ 42,829,290 | \$ 41,520,173 | \$ 38,930,911 | \$ 36,357,494 |
| Percentage of Collections | 98.94% | 98.95% | 98.73% | 99.12% | 98.63% |

DELINQUENT TAX %

| | | | | | |
|------------------------|---------------|---------------|---------------|---------------|---------------|
| Delinquent Taxes | \$ 490,393 | \$ 339,619 | \$ 442,956 | \$ 292,546 | \$ 406,495 |
| Tax Title Liens | 101,530 | 101,530 | 97,093 | - | - |
| Total Delinquent | \$ 591,923 | \$ 441,149 | \$ 540,049 | \$ 292,546 | \$ 406,495 |
| Tax Levy | \$ 46,174,264 | \$ 43,281,951 | \$ 42,053,812 | \$ 39,277,735 | \$ 36,861,478 |
| Percentage of Tax Levy | 1.28% | 1.02% | 1.28% | 0.74% | 1.10% |

PROPERTY ACQUIRED BY MUNICIPALITY FOR NON-PAYMENT OF TAXES

| | | | | | |
|----------------------------------|------------|------------|------------|------------|------------|
| Recorded at - Assessed Valuation | \$ 742,249 | \$ 742,249 | \$ 742,249 | \$ 934,149 | \$ 934,149 |
|----------------------------------|------------|------------|------------|------------|------------|

TOWNSHIP OF SADDLE BROOK
Assessed and County Equalized Valuation Data
(Unaudited)

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| Description | 2010 | | 2009** | | 2008 | | 2007 | | 2006 | |
|---|-----------------|-------------------------|-----------------|-------------------------|-----------------|-------------------------|-----------------|-------------------------|-----------------|-------------------------|
| | # of Parcels | Value |
| NET VALUATIONS TAXABLE | | | | | | | | | | |
| Vacant Land | 64 | \$ 18,124,000 | 65 | \$ 25,575,000 | 65 | \$ 9,870,800 | 66 | \$ 9,961,800 | 138 | \$ 12,170,800 |
| Residential | 4129 | 1,482,058,700 | 4127 | 1,480,640,200 | 4143 | 779,770,600 | 4143 | 775,970,000 | 4072 | 754,697,700 |
| Farm (Regular) | 0 | - | 0 | - | 0 | - | 0 | - | 0 | - |
| Farm (Qualified) | 0 | - | 0 | - | 0 | - | 0 | - | 0 | - |
| Commercial | 140 | 397,401,100 | 141 | 407,172,400 | 124 | 207,328,400 | 123 | 207,257,500 | 123 | 209,372,500 |
| Industrial | 80 | 309,480,900 | 80 | 310,075,600 | 79 | 161,843,754 | 79 | 161,843,754 | 79 | 161,423,454 |
| Apartments | 9 | 81,712,700 | 8 | 63,652,700 | 7 | 28,978,300 | 7 | 29,578,300 | 7 | 29,578,300 |
| Sub-Total | <u>4422</u> | <u>2,288,777,400</u> | <u>4421</u> | <u>2,287,115,900</u> | <u>4418</u> | <u>1,187,791,854</u> | <u>4418</u> | <u>1,184,611,354</u> | <u>4419</u> | <u>1,167,242,754</u> |
| Personal Property | | 2,351,315 | | 2,301,600 | | 768,949 | | 1,451,852 | | 1,451,852 |
| Net Valuations Taxable | | <u>2,291,128,715</u> | | <u>2,289,417,500</u> | | <u>1,188,560,803</u> | | <u>1,186,063,206</u> | | <u>1,168,694,606</u> |
| Bergen County Equalization Adjustment | | 120,431,815 | | 179,970,648 | | 1,283,789,359 | | 1,154,042,146 | | 947,163,766 |
| Bergen County Equalized Valuations | | <u>\$ 2,411,560,530</u> | | <u>\$ 2,469,388,148</u> | | <u>\$ 2,472,350,162</u> | | <u>\$ 2,340,105,352</u> | | <u>\$ 2,115,858,372</u> |
| Bergen County Equalization Ratio | | <u>95.82%</u> | | <u>93.51%</u> | | <u>48.48%</u> | | <u>51.11%</u> | | <u>55.69%</u> |
| Average Improved Residential Assessment | | <u>\$ 358,939</u> | | <u>\$ 358,769</u> | | <u>\$ 188,214</u> | | <u>\$ 187,297</u> | | <u>\$ 185,338</u> |

TOWNSHIP OF SADDLE BROOK
Tax Requirement and Rate Data
(Unaudited)

| | 2010 | 2009** | 2008 | 2007 | 2006 |
|--------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| <u>TAX REQUIREMENTS</u> | | | | | |
| County | \$ 4,645,675 | \$ 4,464,768 | \$ 4,320,480 | \$ 4,008,768 | \$ 3,743,430 |
| County Open Space | 60,289 | 246,939 | 247,235 | 234,011 | 211,586 |
| District School | 26,436,052 | 24,800,734 | 23,857,489 | 22,966,002 | 21,909,880 |
| Municipal Open Space | - | - | - | - | - |
| Municipal | 15,154,113 | 13,640,355 | 13,457,554 | 11,919,055 | 10,551,714 |
| Total Tax Requirements | <u>\$ 46,296,129</u> | <u>\$ 43,152,796</u> | <u>\$ 41,882,758</u> | <u>\$ 39,127,836</u> | <u>\$ 36,416,610</u> |
| <u>TAX RATES</u> | | | | | |
| County | 0.203 | 0.196 | 0.364 | 0.338 | 0.320 |
| County Open Space | 0.003 | 0.011 | 0.021 | 0.010 | 0.010 |
| District School | 1.154 | 1.083 | 2.007 | 1.936 | 1.875 |
| Municipal Open Space | - | - | - | - | - |
| Municipal | 0.662 | 0.595 | 1.133 | 1.016 | 0.915 |
| Total Tax Rates | <u>2.02</u> | <u>1.89</u> | <u>3.53</u> | <u>3.30</u> | <u>3.12</u> |

TOWNSHIP OF SADDLE BROOK
Ratio of Gross and Net Debt to County Equalized Value and Debt Per Capita
(Unaudited)

| | 2010 | 2009 | 2008 | 2007 |
|---|------------------|------------------|------------------|------------------|
| Population (Est.) | 13,659 | 14,173 | 13,845 | 13,440 |
| County Equalized Valuation | \$ 2,411,560,530 | \$ 2,469,388,148 | \$ 2,472,350,162 | \$ 2,340,105,352 |
| Gross Debt | \$ 45,754,762 | \$ 45,655,005 | \$ 47,261,250 | \$ 49,043,350 |
| Gross Debt Per Capita | \$ 3,350 | \$ 3,221 | \$ 3,414 | \$ 3,649 |
| Ratio of Gross Debt to County Equalized Valuations | 1.90% | 1.85% | 1.91% | 2.10% |
| Net Debt | \$ 27,976,762 | \$ 26,237,650 | \$ 27,198,370 | \$ 27,366,691 |
| Ratio of Net Debt to County Equalized Valuations | 1.16% | 1.06% | 1.10% | 1.17% |
| Net Debt per Capita | \$ 2,048 | \$ 1,851 | \$ 1,964 | \$ 2,036 |

TOWNSHIP OF SADDLE BROOK
Legal Debt Margin
(Unaudited)

| | <u>2010</u> | <u>2009</u> | <u>2008</u> | <u>2007</u> |
|-------------------------------------|----------------------|----------------------|----------------------|----------------------|
| Equalized Valuation Basis (State) | \$ 2,436,229,678 | \$ 2,421,464,260 | \$ 2,387,096,813 | \$ 2,271,467,030 |
| Municipal Borrowing Power: | | | | |
| 3 1/2% of Equalized Valuation Basis | \$ 85,268,039 | \$ 84,751,249 | \$ 83,548,388 | \$ 79,501,346 |
| Net Debt | <u>27,976,762</u> | <u>26,237,650</u> | <u>27,198,370</u> | <u>27,366,691</u> |
| Remaining Borrowing Power | <u>\$ 57,291,277</u> | <u>\$ 58,513,599</u> | <u>\$ 56,350,018</u> | <u>\$ 52,134,655</u> |
| School Borrowing Power: | | | | |
| 4% of Equalized Valuation Basis | \$ 97,449,187 | \$ 96,858,570 | \$ 95,483,873 | \$ 90,858,681 |
| Net School Debt | <u>17,778,000</u> | <u>18,023,000</u> | <u>18,913,000</u> | <u>19,768,000</u> |
| School Borrowing Margin Available | <u>\$ 79,671,187</u> | <u>\$ 78,835,570</u> | <u>\$ 76,570,873</u> | <u>\$ 71,090,681</u> |

TOWNSHIP OF SADDLE BROOK
Direct and Overlapping Debt
(Unaudited)

| | 2010 | 2009 | 2008 | 2007 |
|--|----------------------|----------------------|----------------------|----------------------|
| <u>NET DIRECT DEBT</u> | | | | |
| Municipal Debt | \$ 27,976,762 | \$ 26,237,650 | \$ 27,198,370 | \$ 27,366,691 |
| Local School Debt | 17,778,000 | 18,023,000 | 18,913,000 | 19,768,000 |
| | <u>\$ 45,754,762</u> | <u>\$ 44,260,650</u> | <u>\$ 46,111,370</u> | <u>\$ 47,134,691</u> |
| <u>OVERLAPPING DEBT</u> | | | | |
| County of Bergen (1) | \$ 16,352,383 | \$ 15,028,272 | \$ 14,884,743 | \$ 14,684,723 |
| Passaic Valley Sewerage Authority (2) | 2,202,454 | 1,894,307 | 1,792,733 | 1,832,433 |
| | <u>\$ 18,554,837</u> | <u>\$ 16,922,579</u> | <u>\$ 16,677,476</u> | <u>\$ 16,517,156</u> |
| (1) County Debt: | | | | |
| Municipal Equalized Valuations | \$ 2,411,560,530 | \$ 2,469,388,148 | \$ 2,472,350,162 | \$ 2,340,105,352 |
| Total County Equalized Valuations | \$ 183,412,099,706 | \$ 187,580,071,463 | \$ 182,767,512,263 | \$ 172,863,500,734 |
| | 1.31% | 1.32% | 1.35% | 1.35% |
| County's Outstanding Debt | 1,248,273,490 | 1,138,505,430 | 1,102,573,565 | 1,087,757,268 |
| | <u>\$ 16,352,383</u> | <u>\$ 15,028,272</u> | <u>\$ 14,884,743</u> | <u>\$ 14,684,723</u> |
| (2) Passaic Valley Sewerage Authority Debt | | | | |
| Municipal Sewer Flow Charges | \$ 799,951 | \$ 789,364 | \$ 759,581 | \$ 729,217 |
| Total Flow Charges | \$ 129,963,014 | \$ 127,525,062 | \$ 125,403,855 | \$ 121,388,216 |
| | 0.62% | 0.62% | 0.61% | 0.60% |
| X's Outstanding Debt | 355,234,494 | 305,533,465 | 293,890,682 | 305,405,498 |
| | <u>\$ 2,202,454</u> | <u>\$ 1,894,307</u> | <u>\$ 1,792,733</u> | <u>\$ 1,832,433</u> |

Source: County of Bergen; Passaic Valley Sewerage Commission

TOWNSHIP OF SADDLE BROOK
Ratio of Annual Debt Service Appropriations to Total Adopted Current Fund Appropriations
(Unaudited)

| | <u>2010</u> | <u>2009</u> | <u>2008</u> | <u>2007</u> |
|--|----------------------|----------------------|----------------------|----------------------|
| Serial Bonds: | | | | |
| Principal | \$ 674,000 | \$ 771,359 | \$ 666,433 | \$ 647,752 |
| Interest | 997,000 | 1,021,415 | 996,857 | 1,026,058 |
| Notes: | | | | |
| Principal | - | - | - | - |
| Interest | 59,600 | 53,506 | 66,534 | - |
| Loans: | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| | <u>\$ 1,730,600</u> | <u>\$ 1,846,280</u> | <u>\$ 1,729,824</u> | <u>\$ 1,673,810</u> |
| Total Current Fund Budget Appropriations | <u>\$ 18,754,404</u> | <u>\$ 18,423,087</u> | <u>\$ 18,334,157</u> | <u>\$ 17,513,068</u> |
| Ratio of Debt Service to Current Fund Budget Appropriations | <u>9.23%</u> | <u>10.02%</u> | <u>9.43%</u> | <u>9.56%</u> |

TOWNSHIP OF SADDLE BROOK
Demographic Statistics
(Unaudited)

| | <u>2010*</u> | <u>2009</u> | <u>2008</u> | <u>2007</u> | <u>2006</u> |
|--|------------------|------------------|------------------|------------------|------------------|
| Average Labor Force Estimates by Municipality: | | | | | |
| Labor Force | 7,525 | 7,571 | 7,423 | 7,313 | 7,318 |
| Employment | 6,692 | 6,752 | 6,967 | 6,966 | 6,934 |
| Unemployment | 833 | 818 | 457 | 347 | 385 |
| Unemployment Rate | 11.1% | 10.8% | 6.2% | 4.7% | 5.3% |
| Per Capital Personal Income - Bergen Cty. | <u>\$ 64,388</u> | <u>\$ 64,388</u> | <u>\$ 68,541</u> | <u>\$ 67,113</u> | <u>\$ 63,021</u> |

| | <u>Estimates as of July 1,</u> | | | | |
|---------------------------------|--------------------------------|---------|---------|---------|---------|
| Subcounty Population Estimates: | | | | | |
| Saddle Brook TWP | 13,659 | 14,173 | 13,845 | 13,440 | 13,332 |
| County of Bergen | 905,116 | 895,250 | 889,915 | 885,664 | 884,581 |

* Latest Information Available

TOWNSHIP OF SADDLE BROOK
Ten Largest Taxpayers by Assessment
(Unaudited)

| Taxpayer | 2010 Assessed Valuation | As a Percent of Total 2010 Net Valuations \$ 2,291,128,715 |
|-----------------------------------|-------------------------------|---|
| 1 L&L Park 80, LLC. | \$ 125,895,400 | 5.49% |
| 2 Midland Holding Co. | 30,736,100 | 1.34% |
| 3 Tri State Realty | 30,507,000 | 1.33% |
| 4 CP Saddle Brook, LLC. | 30,200,000 | 1.32% |
| 5 Arrow Fastener | 26,488,900 | 1.16% |
| 6 A.O. Associates | 21,729,000 | 0.95% |
| 7 Saddle Brook Mayhill | 18,060,000 | 0.79% |
| 8 A.O. Associates | 16,819,600 | 0.73% |
| 9 Kessler Institute | 15,500,000 | 0.68% |
| 10 Brook Associates C/O Roseheart | 10,100,600 | 0.44% |
| | <u>\$ 326,036,600</u> | 14.23% |

TOWNSHIP OF SADDLE BROOK
Value of New Construction, Improvements, Alterations and Demolitions
(Unaudited)

| | <u>2010</u> | <u>2009</u> | <u>2008</u> | <u>2007</u> |
|-------------------------|---------------|--------------|---------------|---------------|
| # of New Permits Issued | 624 | 596 | 636 | 712 |
| # of Permit Updates | 55 | 67 | 70 | 76 |
| Value of Construction | \$ 11,171,788 | \$ 8,020,666 | \$ 14,336,303 | \$ 29,364,594 |

TOWNSHIP OF SADDLE BROOK
NJ Comprehensive Annual Financial Report
Single Audit Section

Di Maria & Di Maria LLP
Accountants & Consultants

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Lodi, New Jersey 07644
Voice 973.779.6890
Facsimile 973.779.6891

**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 Township Committee
Township of Saddle Brook, County of Bergen, New Jersey

We have audited the financial statements of the Township of Saddle Brook in the County of Bergen, State of New Jersey, as of and for the year ended December 31, 2010, and have issued our report thereon dated June 30, 2011. Statements for the year ended December 31, 2009 were audited by another firm whose report was unqualified. Our report disclosed that, as described in Note 1 to the financial statements, the Township prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with a modified accrual basis and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. 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 audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Di Maria & Di Maria LLP

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* (Continued)

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis to determine our auditing procedures for the purpose of expressing our opinion on the financial statements, and not to provide an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Township'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 was not designed to 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.

Di Maria & Di Maria LLP

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* (Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township'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 of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

We noted certain other matters that we reported to management of the Township of Saddle Brook, New Jersey in a separate letter dated June 30, 2011.

This report is intended solely for the information and use of the Township's management, and township committee members, others within the organization, the Division of Local Government Services, and federal and state awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specific parties.

DI MARIA & DI MARIA LLP
Accountants and Consultants

Frank Di Maria

Frank Di Maria
Registered Municipal Accountant
RMA No. CR00463

June 30, 2011

TOWNSHIP OF SADDLE BROOK
SCHEDULE OF EXPENDITURES OF FEDERAL FINANCIAL ASSISTANCE
Year Ended December 31, 2010

K-3
Schedule A

| Catalog of Federal Domestic Assistance Program Title | Federal C.F.D.A. Number | State Aid/Grant Program Titles | State Project Number | Award Amount | Grant Period | | Balance December 31, 2009 | Carryover Amount | Cash Received | Budgetary Expenditures | Adjustments | Repayment of Prior Years Balances | (Accounts Receivable) | Deferred Revenue | Due to Grantor at | |
|--|-------------------------|---------------------------------|----------------------|--------------|--------------|----------|---------------------------|------------------|-------------------|------------------------|---------------|-----------------------------------|-----------------------|-------------------|-------------------|-------------|
| | | | | | From | To | | | | | | | December 31, 2010 | December 31, 2010 | December 31, 2010 | |
| General Capital Fund | | | | | | | | | | | | | | | | |
| <i>US Department of Housing and Urban Development - Passed Thru the County of Bergen-</i> | | | | | | | | | | | | | | | | |
| CDBG Grant - Senior Center | 20.205 | Community Development | N/A | \$ 220,292 | 01/01/09 | 12/31/09 | \$ (220,292) | \$ - | \$ 220,292 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| <i>US Department of Housing and Urban Development - Passed Thru the County of Bergen-</i> | | | | | | | | | | | | | | | | |
| ADA Improvements | 20.205 | Community Development | N/A | 96,522 | 01/01/09 | 12/31/09 | (96,522) | - | 96,522 | - | - | - | - | - | - | - |
| <i>Transportation State Aid Highway Projects Highway Planning and Construction NJ Department of Transportation-</i> | | | | | | | | | | | | | | | | |
| Road Impts. Oxford Avenue Phase III | 20.205 | Highway Planning & Construction | N/A | 200,000 | 01/01/09 | 12/31/09 | (61,575) | - | 61,575 | - | - | - | - | - | - | - |
| <i>US Department of Housing and Urban Development - Passed Thru the County of Bergen-</i> | | | | | | | | | | | | | | | | |
| CDBG Grant - Senior Bus | 20.205 | Community Development | N/A | 5,808 | 01/01/09 | 12/31/09 | (5,808) | - | - | - | - | - | (5,808) | - | - | - |
| CDBG Grant - Senior Bus | 20.205 | Community Development | N/A | 5,808 | 01/01/09 | 12/31/09 | 5,528 | - | - | - | - | - | - | 5,528 | - | - |
| <i>US Department of Housing and Urban Development - Passed Thru the County of Bergen-</i> | | | | | | | | | | | | | | | | |
| CDBG Grant - Senior Citizen Improvements | 20.205 | Community Development | N/A | 27,300 | 01/01/10 | 12/31/10 | - | - | - | (27,300) | - | - | (27,300) | - | - | - |
| | | | | | | | \$ (378,669) | \$ - | \$ 378,389 | \$ (27,300) | \$ - | \$ - | \$ (33,108) | \$ 5,528 | \$ - | \$ - |
| Federal and State Grant Fund | | | | | | | | | | | | | | | | |
| <i>US Department of Justice - COPS Fast</i> | | | | | | | | | | | | | | | | |
| COPS Fast | 16.710 | COPS Fast | N/A | 9,500 | 01/01/09 | 12/31/09 | (9,500) | - | - | - | - | - | (9,500) | - | - | - |
| COPS Fast | 16.710 | COPS Fast | N/A | 9,500 | 01/01/09 | 12/31/09 | 3 | - | - | - | (3) | - | - | - | - | - |
| FEMA - Firefighters Grant | 97.036 | Law & Public Safety | N/A | 21,089 | 01/01/09 | 12/31/09 | 21,089 | - | - | - | - | - | - | 21,089 | - | - |
| <i>US Department of Environmental Protection - Passed thru the State of NJ Department of Environmental Protection-</i> | | | | | | | | | | | | | | | | |
| Stormwater Management Grant | 66.605 | Stormwater Management Grant | N/A | 30,621 | Various | Various | (30,621) | - | - | - | - | - | (30,621) | - | - | - |
| Stormwater Management Grant | 66.605 | Stormwater Management Grant | N/A | 30,621 | Various | Various | 24,610 | - | - | - | - | - | - | 24,610 | - | - |
| | | | | | | | \$ 5,581 | \$ - | \$ - | \$ - | \$ (3) | \$ - | \$ (40,121) | \$ 45,699 | \$ - | \$ - |
| Total Federal Financial Assistance | | | | | | | \$ (373,088) | \$ - | \$ 378,389 | \$ (27,300) | \$ (3) | \$ - | \$ (73,229) | \$ 51,227 | \$ - | \$ - |

*Expenditures less than \$500,000; U.S. Office of Management and Budget (OMB) Circular A-133 (Revised, June 27, 2003), Audit not applicable.

TOWNSHIP OF SADDLE BROOK
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
 Year Ended December 31, 2010

K-4
 Schedule B

| State Grantor / Program Title | Grant or State Project Number | Award Amount | Grant Period | | Balance December 31, 2009 | Carryover Amount | Cash Received | Budgetary Expenditures | Adjustments | Repayment of Prior Years Balances | (Accounts Receivable) | Deferred Revenue | Due to Grantor at |
|---|-------------------------------|--------------|--------------|----------|---------------------------|------------------|---------------|------------------------|-------------|-----------------------------------|-----------------------|-------------------|-------------------|
| | | | From | To | | | | | | | December 31, 2010 | December 31, 2010 | December 31, 2010 |
| <i>State of N.J., Department of Community Affairs --</i> | | | | | | | | | | | | | |
| Consolidated Municipal Property Tax Relief Aid | 082-495-6020 | \$ 147,676 | 01/01/10 | 12/31/10 | \$ - | \$ - | \$ 147,676 | \$ (147,676) | \$ - | \$ - | \$ - | \$ - | \$ - |
| LEA Rebates | 022-100-6120 | 53,127 | 01/01/10 | 12/31/10 | - | - | 53,127 | (53,127) | - | - | - | - | - |
| Cultural Arts Grant | | 856 | 01/01/09 | 12/31/09 | 856 | - | - | - | - | - | - | 856 | - |
| OSHA - Ch 516 PL1983 | | 404 | 01/01/09 | 12/31/09 | 404 | - | - | - | - | - | - | 404 | - |
| Municipal Purpose Tax Assistance Act | | 1,183 | 01/01/09 | 12/31/09 | 1,183 | - | - | - | (1,183) | - | - | - | - |
| <i>State of N.J., Department of Treasury --</i> | | | | | | | | | | | | | |
| Energy Receipts Tax | 082-100-6020 | 1,284,719 | 01/01/10 | 12/31/10 | - | - | 1,284,719 | (1,284,719) | - | - | - | - | - |
| Hotel Fees | | 295,268 | 01/01/10 | 12/31/10 | - | - | 295,268 | (295,268) | - | - | - | - | - |
| Veterans & Senior Citizens | 082-495-6020 | 251,316 | 01/01/10 | 12/31/10 | - | - | 251,316 | (251,316) | - | - | - | - | - |
| <i>State of N.J., Department of Environmental Protection --</i> | | | | | | | | | | | | | |
| Clean Communities Program | 042-4900-765-004 | 19,696 | 01/01/10 | 12/31/10 | - | - | 19,696 | (19,696) | - | - | - | - | - |
| Clean Communities Program | 042-4900-765-004 | 39,051 | 01/01/09 | 12/31/09 | 39,051 | - | 19,696 | (19,696) | - | - | - | 39,051 | - |
| Recycling Tonnage Grant | | 13,261 | 01/01/10 | 12/31/10 | - | - | 13,261 | (13,261) | - | - | - | - | - |
| Recycling Tonnage Grant | | 42,353 | 01/01/09 | 12/31/09 | 42,353 | - | - | - | - | - | - | 42,353 | - |
| <i>State of N.J., Department of Law and Public Safety --</i> | | | | | | | | | | | | | |
| Safe & Secure Community Program | P4615 | 15,000 | 01/01/09 | 12/31/09 | (15,000) | - | - | - | - | - | (15,000) | - | - |
| Body Armor Replacement Program | | 14,254 | 01/01/09 | 12/31/09 | (3,108) | - | - | - | 3,108 | - | - | - | - |
| Body Armor Replacement Program | | 14,254 | 01/01/09 | 12/31/09 | 14,254 | - | - | - | - | - | - | 14,254 | - |
| Drunk Driving Enforcement Fund | | 28,332 | 01/01/10 | 12/31/10 | - | - | 28,332 | - | - | - | - | 28,332 | - |
| Drunk Driving Enforcement Fund | | 10,783 | 01/01/09 | 12/31/09 | 10,783 | - | - | - | - | - | - | 10,783 | - |
| Alcohol Education & Rehabilitation Fund | | 1,310 | 01/01/09 | 12/31/09 | (1,310) | - | - | - | 1,310 | - | - | - | - |
| Alcohol Education & Rehabilitation Fund | | 1,310 | 01/01/09 | 12/31/09 | 677 | - | - | - | - | - | - | 677 | - |
| Click-It-Or-Ticket Program | | 4,000 | 01/01/09 | 12/31/09 | 4,000 | - | - | - | (4,000) | - | - | - | - |
| Domestic Violence Team | | 3,500 | 01/01/09 | 12/31/09 | 3,500 | - | - | - | (3,500) | - | - | - | - |
| State OEM Grant | | 2,406 | 01/01/09 | 12/31/09 | 2,406 | - | - | - | - | - | - | 2,406 | - |
| <i>State of N.J., Department of Human Services --</i> | | | | | | | | | | | | | |
| <i>Passed thru the County of Bergen --</i> | | | | | | | | | | | | | |
| Municipal Alliance on Alcoholism & Drug Abuse | 20-00139 | 10,356 | 01/01/10 | 12/31/10 | - | - | - | (10,356) | 10,356 | - | - | - | - |
| Municipal Alliance on Alcoholism & Drug Abuse | 20-00139 | 2,589 | 01/01/10 | 12/31/10 | - | - | 2,589 | (2,589) | - | - | - | - | - |
| Municipal Alliance on Alcoholism & Drug Abuse | 20-00139 | 29,966 | 01/01/09 | 12/31/09 | (29,966) | - | - | - | 29,966 | - | - | - | - |
| Municipal Alliance on Alcoholism & Drug Abuse | 20-00139 | 40,157 | 01/01/09 | 12/31/09 | 40,157 | - | - | - | (40,157) | - | - | - | - |
| Total State Financial Assistance | | | | | \$ 110,240 | \$ - | \$ 2,115,680 | \$ (2,097,704) | \$ (4,100) | \$ - | \$ (15,000) | \$ 139,116 | \$ - |

*Expenditures less than \$500,000; N.J. Office of Management and Budget (OMB) Circular 04-04 Audit not applicable.

**TOWNSHIP OF SADDLE BROOK
NOTES TO SCHEDULES OF STATE AND FEDERAL FINANCIAL ASSISTANCE
Year Ended December 31, 2010**

Note 1 - General

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Township of Saddle Brook, County of Bergen, State of New Jersey. The Township of Saddle Brook is defined in Note 1 to the basic financial statements. All federal and state awards 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 on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the basic financial statements. The information in this schedule 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 this schedule may differ from amounts presented in or used in the preparation of the basic financial

Note 3 - Relationship to General-Purpose Financial Statements

Organization

The Township of Saddle Brook, New Jersey is the prime sponsor and recipient of various federal and state grant funds. The Township has delegated the general administration of grant programs and the reporting function to the Borough Treasurer. Substantially all grant and program cash funds are commingled with the Township's other funds, although each grant is accounted for separately within the Township's financial records. The Township Treasurer's office performs accounting functions for all grants.

Basis of Accounting

The Township's grants are presented on the modified accrual basis of accounting utilizing the following methods:

Current Fund Grants -

In accordance with a directive from the State Department of Community Affairs, Division of Local Government Services, all grant revenues and expenditures are fully realized within the current fund budget and corresponding receivables and spending reserves are recorded to account for grant activity.

Trust Fund and Capital Fund Grants -

In accordance with accounting principles prescribed by the State of New Jersey, grant receivables are offset with grant spending reserves.

Local Contributions

Local matching contributions are raised in the current fund budget. The percentage of matching contributions varies with each program. Local and state shares of grants are reflected in total on the Schedule of State Financial Assistance.

**TOWNSHIP OF SADDLE BROOK
NOTES TO SCHEDULES OF STATE AND FEDERAL FINANCIAL ASSISTANCE
Year Ended December 31, 2010**

Note 3 - Relationship to General-Purpose Financial Statements (continued)

Expenditures

Expenditures, as reported on the accompanying schedules of federal and state grants, reflect actual cash disbursements charged directly to a grant program and, in certain instances, do not include allocated expenses or accrued expenses. Differences between budget and actual cash disbursements, as well as differences between budget revenues and actual cash receipts, are transferred to current fund balance when the grant is closed out.

Expenditures per Financial Reports

Expenditures, as reported on the accompanying schedules of federal and state grants, reflect the sum of all expenditures including allocated expenses and accrued expenses reported to the grant funding agency from January 1, 2010 to December 31, 2010.

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.

Note 5 - Federal and State Loans Outstanding

The municipality did not have any federal and state loans outstanding at of December 31, 2010.

Note 6 - Contingencies

Each of the grantor agencies reserve the right to conduct additional audits of the Township's grant programs for economy, efficiency and program results.

TOWNSHIP OF SADDLE BROOK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2010

Section I -- Summary of Auditors' Results

Financial Statements

- A) Type of auditors' report issued: Unqualified
- B) Internal control over financial reporting:
1. Material weakness(es) identified? yes no
 2. Reportable condition(s) identified that are not considered to be material weakness(es)? yes none reported
- C) Noncompliance material to financial statements noted? yes no

TOWNSHIP OF SADDLE BROOK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2010

Section II -- Financial Statement Findings

1. The Chief Financial Officer did not implement and maintain a general fixed asset accounting system.
Technical Accounting Directive #85-02

**TOWNSHIP OF SADDLE BROOK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2010**

Section III -- Federal and State Award Findings and Questioned Costs

Current Year

Federal Awards:

There were no findings or questioned costs identified.

State Awards:

There were no findings or questioned costs identified.

Prior Year

Federal Awards:

There were no prior year findings or questioned costs.

State Awards:

There were no prior year findings or questioned costs.

**TOWNSHIP OF SADDLE BROOK
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended December 31, 2010**

None

TOWNSHIP OF SADDLE BROOK
NJ Comprehensive Annual Financial Report
General Comments and Recommendations Section

**TOWNSHIP OF SADDLE BROOK
GENERAL COMMENTS AND RECOMMENDATIONS
Year Ended December 31, 2010**

Cash Cycle

Ref.

Bank accounts were not reconciled on a timely basis.

1.

Not all deposits were made within 48 hours of receipt in accordance with N.J.S.A. 40A:5-15.

2.

**TOWNSHIP OF SADDLE BROOK
GENERAL COMMENTS AND RECOMMENDATIONS
Year Ended December 31, 2010**

| <u>Revenues/Receipts Cycle</u> | <u>Ref.</u> |
|--------------------------------|-------------|
| <u>Municipal Court</u> | |
| None | N/A |
| <u>Construction Official</u> | |
| None | N/A |
| <u>Recreation</u> | |
| None | N/A |

**TOWNSHIP OF SADDLE BROOK
GENERAL COMMENTS AND RECOMMENDATIONS
Year Ended December 31, 2010**

| <u>Expenditures/Disbursements Cycle</u> | <u>Ref.</u> |
|---|-------------|
| There were approximately \$250,000 of bulk water purchase expenditures attributable to CY2009, charged to the CY2010 bulk water purchase appropriation; the overall overexpenditure approximated \$750,000. | 3. |
| The CY2010 Water Utility appropriation line for bulk water purchase was significantly inadequate to fund CY2010 expenditures. | 3. |
| There were various overcommitments/overexpenditures during CY2010, in the Current and Water Utility Funds. | 3. |
| The encumbrance system was not utilized in accordance with N.J.A.C. 5:30-5.2. | 4. |
| There were multiple instances whereby three (3) quotes were not obtained where applicable. | 5. |
| Not all Trust accounts were established in accordance with State Regulations pertaining to Dedication by Rider. | 6. |
| Not all vouchers could be located for audit. | 7. |

**TOWNSHIP OF SADDLE BROOK
GENERAL COMMENTS AND RECOMMENDATIONS
Year Ended December 31, 2010**

| <u>Payroll Cycle</u> | <u>Ref.</u> |
|---|--------------------|
| Salary worksheets and documentation supporting calculations, longevity, etc. were lacking. | 8. |
| Payroll department categorizations per the ADS payroll system, were inconsistent to budget department categorizations. | 8. |
| There was lack of supporting documentation substantiating apportioned salaries to the water utility. | 8. |
| Payroll Agency Accounts were not maintained on an imprest basis. | 9. |
| Clothing allowances paid were not supported by documentation pursuant to an accountable plan. | 10. |
| Directives pertaining to accounting and payments received for outside police employment were not strictly adhered to. | 11. |
| Controls regarding electronic disbursement for payroll purposes were not implemented in accordance with N.J.A.C. 5:30-17. | 12. |

**TOWNSHIP OF SADDLE BROOK
GENERAL COMMENTS AND RECOMMENDATIONS
Year Ended December 31, 2010**

Fixed Assets

Ref.

The Township did not implement a fixed asset accounting system in accordance with N.J.A.C. 5:30-5.6. 13.

**TOWNSHIP OF SADDLE BROOK
GENERAL COMMENTS AND RECOMMENDATIONS
Year Ended December 31, 2010**

Long-Term Debt

Ref.

The Township did not maintain a complete record of accumulated absences in accordance with N.J.A.C. 5:30-15. 14.

**TOWNSHIP OF SADDLE BROOK
GENERAL COMMENTS AND RECOMMENDATIONS
Year Ended December 31, 2010**

| <u>Other Significant Matters</u> | <u>Ref.</u> |
|--|--------------------|
| The Township did not implement a general ledger accounting system in accordance with N.J.A.C. 5:30-5.7. | 15. |
| Entities outside the Township utilized the Township's Federal Tax Identification Number. | 16. |
| Contributions were made to outside recreation organizations not authorized by statute. | 17. |
| There are significant aged improvement authorization balances which have not been reviewed. | 18. |
| There are significant aged trust balances which have not been reviewed. | 19. |
| Water utility rates were not increased in prior fiscal years when necessary to ensure self liquidation of the water utility. | 20. |

TOWNSHIP OF SADDLE BROOK
GENERAL COMMENTS AND RECOMMENDATIONS
Year Ended December 31, 2010

Recommendations

1. That all bank accounts be reconciled promptly after month end.
2. That all funds paid to the local unit be deposited within 48 hours of receipt in accordance with N.J.S.A. 40A:5-15.
3. That controls be implemented to avoid overcommitments/overexpenditures of budget appropriations.
4. That an encumbrance system be implemented in accordance with N.J.A.C. 5:30-5.2.
5. That the Local Public Contracts Law be strictly adhered to.
6. That all Trust Accounts be established in accordance with State Regulations regarding Dedication by Rider.
7. That all vouchers be made available for audit.
8. That an adequate audit trail be maintained to ensure salaries authorized are in accordance with amounts paid, and are properly classified.
9. That payroll agency accounts be maintained on an imprest basis.
10. That clothing allowances paid without supporting documentation pursuant to an accountable plan, be included in employee's W-2s in accordance with Federal Treasury Regulations.
11. That directives pertaining to accounting and payments received for outside police employment be strictly adhered to.
12. That controls be implemented in accordance with N.J.A.C. 5:30-17 regarding electronic disbursement controls for payroll purposes.
13. That a fixed asset system be implemented in accordance with N.J.A.C. 5:30-5.6.
14. That a complete record of accumulated absences be maintained in accordance with N.J.A.C. 5:30-15.
15. That a general ledger accounting system be implemented in accordance with N.J.A.C. 5:30-5.7.
16. That entities outside the Township utilizing the Township's Federal Tax Identification be prohibited from doing so.
17. That the Township discontinue making contributions to outside recreation organizations not authorized by statute.
18. That a review of aged improvement authorization balances be made, and proper disposition be made of completed projects with balances.
19. That a review of aged trust balances be made, and proper disposition be made of dormant accounts.
20. That the practice of reviewing water utility rates for increases to ensure self liquidation of the water utility be implemented.

**TOWNSHIP OF SADDLE BROOK
GENERAL COMMENTS AND RECOMMENDATIONS
Year Ended December 31, 2010**

Status of Prior Years' Recommendations

A review was made of all prior year's recommendations, and corrective action was taken on all with the exception of those denoted with an asterisk.

The synopsis of this report, together with the recommendations must be published as required by statute. We wish to express our appreciation of the assistance and courtesies extended by the Municipal Officials during the course of the audit.

**DI MARIA & DI MARIA LLP
Accountants and Consultants**

Frank Di Maria

**Frank Di Maria
Registered Municipal Accountant
RMA No. CR00463**

June 30, 2011