

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

**NJ Comprehensive Annual Financial Report  
Year Ended December 31, 2011  
(With Independent Auditors' Reports Thereon)**

**TOWNSHIP OF SADDLE BROOK**  
**NJ Comprehensive Annual Financial Report**  
**Table of Contents**  
**Year Ended December 31, 2011**

---

<u>Reference</u>	<u>Page</u>
<u>INTRODUCTORY SECTION</u>	
Roster of Officials.....	1
Independent Auditors' Report.....	3-5
<u>FINANCIAL SECTION</u>	
A-1 Combined Statement of Assets, Liabilities, Reserves and Fund Balance -- All Fund Types and Account Groups.....	6
A-2 Combined Statement of Revenues, Expenses and Changes in Fund Balance -- Statutory Basis.....	7
A-3 Combined Statement of Revenues, Expenses and Changes in Fund Balance -- Statutory Basis - Budget & Actual - Current Fund.....	8
A-4 Combined Statement of Revenues, Expenses and Changes in Fund Balance -- Statutory Basis - Budget & Actual - Water Utility Operating Fund.....	9
Notes to Financial Statements:	
Note 1 - Reporting Entity, Organization and Function.....	10
Note 2 - Summary of Significant Accounting Policies.....	11-18
Note 3 - Cash and Cash Equivalents.....	19
Note 4 - Investments.....	20
Note 5 - Receivables.....	21
Note 6 - Commitments.....	22
Note 7 - Fixed Assets.....	23
Note 8 - Municipal Debt.....	24-29
Note 9 - Risk Management.....	30
Note 10 - Interfunds.....	31
Note 11 - Deferred Charges to be Raised in Succeeding Budgets.....	32
Note 12 - Retirement Plans.....	33-38
Note 13 - Other Post Retirement Benefits.....	39-40
Note 14 - Deferred Compensation Plans.....	41
Note 15 - Contingencies.....	42
Note 16 - Subsequent Events.....	43
<u>Supplementary Data</u>	
<u>Current Fund</u>	
B-1 Statement of Assets, Liabilities and Fund Balance - Statutory Basis.....	44
B-2 Statement of Revenues and Other Credits to Income - Statutory Basis.....	45
B-3 Statement of Expenditures and Other Charges to Income - Statutory Basis.....	46-51
<u>Federal and State Grant Fund</u>	
C-1 Statement of Assets, Liabilities and Reserves - Statutory Basis.....	52
C-2 Statement of Grants Receivable.....	53
C-3 Statement of Appropriated Reserves.....	54
C-4 Statement of Unappropriated Reserves.....	55
<u>Trust Fund</u>	
D-1 Statement of Assets, Liabilities, Reserves & Fund Balance - Statutory Basis.....	56

**TOWNSHIP OF SADDLE BROOK**  
**NJ Comprehensive Annual Financial Report**  
**Table of Contents**  
**Year Ended December 31, 2011**

---

<u>Reference</u>		<u>Page</u>
	<u>FINANCIAL SECTION (Continued)</u>	
	<u>Supplementary Data (Continued)</u>	
	<u>General Capital Fund</u>	
E-1	Statement of Assets, Liabilities and Fund Balance - Statutory Basis.....	57
E-2	Statement of Loans Payable.....	58
E-3	Statement of Deferred Charges to Future Taxation - Unfunded.....	59
E-4	Statement of Improvement Authorizations.....	60
E-5	Statement of Serial Bonds Payable.....	61
E-6	Statement of Bond Anticipation Notes Payable.....	62
E-7	Statement of Bonds and Notes Authorized but not Issued.....	63
E-8	Statement of Deferred Charges to Future Taxation - Funded.....	64
E-9	Statement of Grants Receivable.....	65
	<u>Water Utility Fund</u>	
F-1	Statement of Assets, Liabilities and Fund Balance - Statutory Basis.....	66
F-2	Statement of Revenues and Other Credits to Income - Statutory Basis.....	67
F-3	Statement of Expenditures and Other Charges to Income - Statutory Basis.....	68
F-4	Statement of Assets, Liabilities and Fund Balance - Statutory Basis.....	69
F-5	Statement of Fixed Capital Authorized & Uncompleted.....	70
F-6	Statement of Improvement Authorizations.....	71
F-7	Statement of Serial Bonds Payable.....	72
F-8	Statement of Bond Anticipation Notes Payable.....	73
F-9	Statement of Bonds and Notes Authorized but not Issued.....	74
	<u>General Fixed Asset Account Group</u>	
G-1	Statement of Assets and Fund Balance - Statutory Basis.....	75
G-2	Statement of Reserve for General Fixed Assets.....	76

**TOWNSHIP OF SADDLE BROOK**  
**NJ Comprehensive Annual Financial Report**  
**Table of Contents**  
**Year Ended December 31, 2011**

---

<u>Reference</u>		<u>Page</u>
<u>STATISTICAL SECTION</u>		
J-1	Adopted Budgets.....	78
J-2	Fund Balance Summary.....	79
J-3	Tax Levy and Collection Data.....	80
J-4	Assessed and County Equalized Valuation Data.....	81
J-5	Tax Requirement and Rate Data.....	82
J-6	Ratio of Gross and Net Debt to County Equalized Value and Debt Per Capita.....	83
J-7	Legal Debt Margin.....	84
J-8	Direct and Overlapping Debt.....	85
J-9	Ratio of Annual Debt Service Appropriations to Total Adopted Current Fund Appropriations.....	86
J-10	Demographic Statistics.....	87
J-11	Ten Largest Taxpayers by Assessment.....	88
J-12	Value of New Construction, Improvements, Alterations and Demolitions.....	89
<u>SINGLE AUDIT SECTION</u>		
K-1	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.....	91-92
K-3	Schedule of Expenditures of Federal Financial Assistance.....	93
K-4	Schedule of Expenditures of State Financial Assistance.....	94
K-5	Notes to Schedules of Federal and State Financial Assistance.....	95-96
K-6	Schedule of Findings and Questioned Costs.....	97-101
K-7	Summary of Prior Audit Findings.....	102
<u>GENERAL COMMENTS AND RECOMMENDATIONS</u>		
	Cash Cycle.....	104
	Revenues/Receipts Cycle.....	105
	Expenditures/Disbursements Cycle.....	106
	Payroll Cycle.....	107
	Fixed Assets.....	108
	Long Term Debt.....	109
	Other Significant Matters.....	110
	Recommendations.....	111
	Status of Prior Years' Recommendations.....	112

TOWNSHIP OF SADDLE BROOK  
NJ Comprehensive Annual Financial Report  
Introductory Section

**TOWNSHIP OF SADDLE BROOK**  
**Roster of Officials**  
**Year Ended December 31, 2011**

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 Setticase	Councilman	12/31/12
Peter LoDico	Municipal Clerk	
	Business Administrator	
	Treasurer	
Durene M. Ayer	Chief Financial Officer	
Michele Sanzari	Tax Collector	
	Tax Search Officer	
Linda Pellicier	Cashier	
Tracy Adams	Registrar of Vital Statistics	
DiMaria & DiMaria, LLP	Township Auditor	
Deborah Gross-Quatrone, Esq.	Township Attorney	
Steven Muhlstock, Esq.	Tax Appeal Attorney	
Rogut, McCarthy LLC	Bond Counsel	
Art Carlson, Jr.	Tax Assessor	
Costa Engineering	Township Engineer	
Michael Kauker	Township Planner	
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 Ambrogio	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**

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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 years ended December 31, 2011 and 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. 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, 2011 and 2010, 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, 2011 and 2010, and the results of its operations and the changes in fund balance of the individual funds for the years then ended, and the revenues and expenditures of the various funds for the years ended December 31, 2011 and 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, 2012 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, 2012

**TOWNSHIP OF SADDLE BROOK**  
**COMBINED STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE**  
**ALL FUND TYPES AND ACCOUNT GROUPS**  
**December 31, 2011**  
**(With Comparative Totals for 2010)**

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)	
								2011	2010
<b>ASSETS AND OTHER DEBITS</b>									
Cash	\$ 2,368,304	\$ 225,132	\$ 2,415,624	\$ 1,281,235	\$ 693,736	\$ 245,316	\$ -	\$ 7,229,347	\$ 6,471,514
Deferred Compensation Assets	-	-	953,574	-	-	-	-	953,574	965,892
Consumer Accounts Receivable	-	-	-	-	579,046	-	-	579,046	63,659
Interfunds Receivable	84,366	-	12,995	283,641	224	27,021	-	408,247	290,260
Intergovernmental Receivable	-	-	-	385,788	-	-	-	385,788	630,664
Other Receivables	1,333,744	-	-	-	3,571	-	-	1,337,315	1,347,707
Deferred Charges	900,000	-	-	27,003,599	-	-	-	27,903,599	27,457,694
Fixed Capital Authorized & Uncompleted	-	-	-	-	-	237,992	-	237,992	12,992
Fixed Capital	-	-	-	-	-	2,447,026	-	2,447,026	2,447,026
Fixed Assets	-	-	-	-	-	-	33,923,398	33,923,398	33,923,398
Estimated Proceeds of Bonds & Notes	-	-	-	1,650,000	-	-	-	1,650,000	950,000
<b>Total Assets and Other Debits</b>	<b>\$ 4,686,414</b>	<b>\$ 225,132</b>	<b>\$ 3,382,193</b>	<b>\$ 30,604,263</b>	<b>\$ 1,276,577</b>	<b>\$ 2,957,355</b>	<b>\$ 33,923,398</b>	<b>\$ 77,055,332</b>	<b>\$ 74,560,806</b>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>									
Interfunds Payable	\$ 274,243	\$ 9,400	\$ 70,597	\$ 2,780	\$ 44,968	\$ 6,259	\$ -	\$ 408,247	\$ 290,260
Accounts/Encumbrances Payable	105,325	-	-	278,137	10,207	-	-	393,669	1,577,901
Other Liabilities and Reserves	2,596,981	215,732	3,311,594	233,900	1,090,909	64,685	-	7,513,801	5,166,261
Improvement Authorizations	-	-	-	2,855,832	-	202,862	-	3,058,694	2,417,135
Intergovernmental Payable	5,009	-	2	-	-	-	-	5,011	7,953
Serial Bonds Payable	-	-	-	22,010,031	-	1,309,969	-	23,320,000	24,225,000
Bond Anticipation Notes Payable	-	-	-	1,583,200	-	214,200	-	1,797,400	950,000
Loan Payable	-	-	-	1,759,577	-	-	-	1,759,577	1,851,762
Reserve for Receivables & Other Assets	1,418,110	-	-	-	-	-	-	1,418,110	1,412,195
Reserve for Investment in Fixed Assets	-	-	-	-	-	-	33,923,398	33,923,398	33,923,398
Reserve for Amortization	-	-	-	-	-	1,137,057	-	1,137,057	1,094,205
Reserve for Deferred Amortization	-	-	-	-	-	22,323	-	22,323	11,523
Bonds & Notes Authorized But Not Issued	-	-	-	1,650,000	-	-	-	1,650,000	950,000
<b>Fund Balance</b>	<b>286,746</b>	<b>-</b>	<b>-</b>	<b>230,806</b>	<b>130,493</b>	<b>-</b>	<b>-</b>	<b>648,045</b>	<b>683,213</b>
<b>Total Liabilities, Reserves and Fund Balance</b>	<b>\$ 4,686,414</b>	<b>\$ 225,132</b>	<b>\$ 3,382,193</b>	<b>\$ 30,604,263</b>	<b>\$ 1,276,577</b>	<b>\$ 2,957,355</b>	<b>\$ 33,923,398</b>	<b>\$ 77,055,332</b>	<b>\$ 74,560,806</b>

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, 2011**

	Current Fund	Water Utility Fund	Total
<b>REVENUES AND OTHER CREDITS TO INCOME</b>			
Revenues:			
Fund Balance Anticipated	\$ -	\$ 400,000	\$ 400,000
Miscellaneous	2,731,056	-	2,731,056
Receipts from Delinquent Taxes	498,800	-	498,800
Amount to be Raised by Taxation - Local	15,129,443	-	15,129,443
Amount to be Raised by Taxation - Library	830,050	-	830,050
Water Rents	-	2,859,571	2,859,571
Interest on Delinquencies	-	14,605	14,605
Interest on Investments & Deposits	-	1,650	1,650
Receipts of Delinquent Rents	-	250,000	250,000
Total Revenues	19,189,349	3,525,826	22,715,175
Other Credits to Income	33,179,515	23,798	33,203,313
Total Revenues and Other Credits to Income	\$ 52,368,864	\$ 3,549,624	\$ 55,918,488
<b>EXPENDITURES AND OTHER CHARGES TO INCOME</b>			
Expenditures:			
Within "CAPS":			
Operations:			
Salaries and Wages	\$ 6,317,801	\$ -	\$ 6,317,801
Other Expenses	6,286,489	-	6,286,489
Deferred Charges and Statutory Expenditures	2,227,426	-	2,227,426
Excluded From "CAPS":			
Operations:			
Salaries and Wages	-	690,000	690,000
Other Expenses	2,416,550	1,856,985	4,273,535
Capital Improvements	40,000	-	40,000
Debt Service	2,025,704	108,015	2,133,719
Deferred Charges and Statutory Expenditures	84,000	805,000	889,000
Deficit in Operations in Prior Years	-	-	-
Reserve for Uncollected Taxes	550,000	-	550,000
Total Expenditures	19,947,970	3,460,000	23,407,970
Other Charges to Income	33,045,686	-	33,045,686
Total Expenditures and Charges to Income	\$ 52,993,656	\$ 3,460,000	\$ 56,453,656
Statutory Excess to Fund Balance	(624,792)	89,624	(535,168)
Deferred Charges to Budget of Succeeding Year	900,000	-	900,000
Fund Balance, January 1	11,538	440,869	452,407
	286,746	530,493	817,239
Decreased by:			
Utilization as Anticipated Revenue	-	400,000	400,000
Fund Balance, December 31	\$ 286,746	\$ 130,493	\$ 417,239

**TOWNSHIP OF SADDLE BROOK**  
**COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE**  
**STATUTORY BASIS - BUDGET & ACTUAL -- CURRENT FUND**  
**Year Ended December 31, 2011**

	Budget as Modified	Actual	Variance
<b><u>REVENUES AND OTHER CREDITS TO INCOME</u></b>			
Revenues:			
Fund Balance Anticipated	\$ -	\$ -	\$ -
Miscellaneous Revenues	2,712,677	2,731,056	18,379
Receipts from Delinquent Taxes	345,000	498,800	153,800
Amount to be Raised by Taxation - Local	15,160,243	15,129,443	(30,800)
Amount to be Raised by Taxation - Library	830,050	830,050	-
Total Revenues	<u>19,047,970</u>	<u>19,189,349</u>	<u>141,379</u>
Other Credits to Income	32,987,437	33,179,515	192,078
Total Revenues and Other Credits to Income	<u>\$ 52,035,407</u>	<u>\$ 52,368,864</u>	<u>\$ 333,457</u>
<b><u>EXPENDITURES AND OTHER CHARGES TO INCOME</u></b>			
Expenditures:			
Within "CAPS":			
Operations:			
Salaries and Wages	\$ 6,317,801	\$ 6,317,801	\$ -
Other Expenses	6,286,489	6,286,489	-
Deferred Charges and Statutory Expenditures	2,227,426	2,227,426	-
Excluded From "CAPS":			
Operations:			
Salaries and Wages	-	-	-
Other Expenses	2,416,550	2,416,550	-
Capital Improvements	40,000	40,000	-
Municipal Debt Service	2,025,704	2,025,704	-
Deferred Charges	84,000	84,000	-
Reserve for Uncollected Taxes	550,000	550,000	-
Total Expenditures	<u>19,947,970</u>	<u>19,947,970</u>	<u>-</u>
Other Charges to Income	32,987,437	33,045,686	58,249
Total Expenditures and Charges to Income	<u>\$ 52,935,407</u>	<u>\$ 52,993,656</u>	<u>\$ 58,249</u>
Statutory Excess to Current Fund Balance		<u>(624,792)</u>	
Deferred Charges to Budget of Succeeding Year		900,000	
Fund Balance, January 1		<u>11,538</u>	
		\$ 286,746	
Decreased by:			
Utilization as Anticipated Revenue		-	
Fund Balance, December 31		<u>\$ 286,746</u>	

**TOWNSHIP OF SADDLE BROOK**  
**COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE**  
**STATUTORY BASIS - BUDGET & ACTUAL -- WATER UTILITY OPERATING FUND**  
**Year Ended December 31, 2011**

	Budget as Modified	Actual	Variance
<b><u>REVENUES AND OTHER CREDITS TO INCOME</u></b>			
Revenues:			
Fund Balance Anticipated	\$ 400,000	\$ 400,000	\$ -
Water Rents	2,300,000	2,859,571	559,571
Interest on Delinquencies	9,700	14,605	4,905
Interest on Investments & Deposits	300	1,650	1,350
Receipts of Delinquent Rents	-	-	-
Special Billing	750,000	250,000	(500,000)
Total Revenues	<u>3,460,000</u>	<u>3,525,826</u>	<u>65,826</u>
Other Credits to Income	-	23,798	23,798
Total Revenues and Other Credits to Income	<u>\$ 3,460,000</u>	<u>\$ 3,549,624</u>	<u>\$ 89,624</u>
<b><u>EXPENDITURES AND OTHER CHARGES TO INCOME</u></b>			
Expenditures:			
Operations:			
Salaries and Wages	\$ 690,000	\$ 690,000	\$ -
Other Expenses	1,856,985	1,856,985	-
Capital Improvements	-	-	-
Debt Service	108,015	108,015	-
Deferred Charges & Statutory Expenditures	805,000	805,000	-
Deficit in Operations in Prior Years	-	-	-
Total Expenditures	<u>3,460,000</u>	<u>3,460,000</u>	<u>-</u>
Other Charges to Income	-	-	-
Total Expenditures and Charges to Income	<u>\$ 3,460,000</u>	<u>\$ 3,460,000</u>	<u>\$ -</u>
Statutory Excess to Current Fund Balance		<u>89,624</u>	
Deferred Charges to Budget of Succeeding Year		-	
Fund Balance, January 1		<u>440,869</u>	
		530,493	
Decreased by:			
Utilization as Anticipated Revenue		<u>400,000</u>	
Fund Balance, December 31		<u>\$ 130,493</u>	

**TOWNSHIP OF SADDLE BROOK  
NOTES TO FINANCIAL STATEMENTS  
Year Ended December 31, 2011**

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**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, 2011**

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**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, 2011**

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**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, 2011**

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**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 municipalities' 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, 2011**

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**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, 2011**

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**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, 2011**

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**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, 2011**

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**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, 2011**

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**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 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. Refer to footnote 13 for further information on the actuarial computation of this disclosure.

**TOWNSHIP OF SADDLE BROOK  
NOTES TO FINANCIAL STATEMENTS  
Year Ended December 31, 2011**

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**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	
2011	\$ 8,531,310	\$ 8,531,310	\$ -	\$ -	\$ 7,229,347
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, 2011.



**TOWNSHIP OF SADDLE BROOK**  
**NOTES TO FINANCIAL STATEMENTS**  
**Year Ended December 31, 2011**

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**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, 2011**

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**Note 5 - Receivables**

New Jersey municipal accounting procedures require accrued receivables to be off-set with a reserve originating with a charge to operations. Exceptions to this requirement include those grants used to fund capital projects reflected in the General Capital Fund, amounts due from the State of New Jersey for Veterans and Senior Citizens Deductions and public and private programs qualifying for grant accounting treatment in the Federal and State Grant Fund.

**TOWNSHIP OF SADDLE BROOK  
NOTES TO FINANCIAL STATEMENTS  
Year Ended December 31, 2011**

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**Note 6 - Commitments**

The municipality is entered into a number of operating leases which vary on cancellation provisions and other terms. Annual requirements are provided for in appropriate department budget appropriations. Complete lease information is on file and available with the municipality.

**TOWNSHIP OF SADDLE BROOK  
NOTES TO FINANCIAL STATEMENTS  
Year Ended December 31, 2011**

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**Note 7 - Fixed Assets**

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

2011

	Beginning Balance		Additions		Deletions		Adjustments		Ending Balance
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>

2010

	Beginning Balance		Additions		Deletions		Adjustments		Ending Balance
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  
NOTES TO FINANCIAL STATEMENTS  
Year Ended December 31, 2011**

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**Note 8 - 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, 2011**

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**Note 8 - 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>2011</u>	<u>2010</u>
Issued:		
School Bonds and Notes	17,190,000	17,778,000
General Bonds	22,010,031	22,872,179
Infrastructure Trust Loans	1,759,577	1,851,762
Bond Anticipation Notes	1,797,400	950,000
Water Utility Bonds	1,309,969	1,352,821
	<u>\$ 44,066,977</u>	<u>\$ 44,804,762</u>
Authorized but not Issued:		
General Bonds and Notes	<u>\$ 1,650,000</u>	<u>\$ 950,000</u>
Gross Debt	<u>\$ 45,716,977</u>	<u>\$ 45,754,762</u>
Deductions	<u>\$ 19,414,169</u>	<u>\$ 17,778,000</u>
Net Debt	<u>\$ 26,302,808</u>	<u>\$ 27,976,762</u>
Equalized Valuation Basis	\$ 2,427,364,509	\$ 2,436,229,678
Statutory Net Debt Percentage	1.08%	1.15%
3-1/2% of Equalized Valuation Basis	\$ 84,957,758	\$ 85,268,039
Remaining Borrowing Power	\$ 58,654,950	\$ 57,291,277

**TOWNSHIP OF SADDLE BROOK**  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended December 31, 2011

**Note 8 - 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, 2011 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
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	1,457,154	36,429	-	-
	<b>\$ 18,560,031</b>	<b>\$ 5,277,110</b>	<b>\$ 3,450,000</b>	<b>\$ 209,867</b>

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
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	-
	<b>\$ 930,000</b>	<b>\$ 196,648</b>	<b>\$ 829,577</b>	<b>\$ -</b>

**TOWNSHIP OF SADDLE BROOK**  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended December 31, 2011

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**Note 8 - Municipal Debt (Continued)**

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

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Calendar Year	Total	
	Principal	Interest
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	1,457,154	36,429
	<u>\$ 23,769,608</u>	<u>\$ 5,683,625</u>

**Water Utility Bonds**

Calendar Year	3/7/06	
	General Improvement Bonds	
	Principal	Interest
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	102,845	5,142
	<u>\$ 1,309,969</u>	<u>\$ 745,916</u>



**TOWNSHIP OF SADDLE BROOK**  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended December 31, 2011

**Note 8 - Municipal Debt (Continued)**

D. Summary of Changes in Municipal Debt

During the fiscal year ended December 31, 2011 the following changes occurred in liabilities reported as general long-term debt:

**Loans and General Bonds**

	Beginning Balance	Issued	Retired	Ending Balance
<b>Short-Term Debt:</b>				
Tax Anticipation Notes	\$ -	\$ -	\$ -	\$ -
Emergency Notes	-	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Long-Term Debt:</b>				
Serial Bonds	\$ 22,872,179	\$ -	\$ (862,148)	\$ 22,010,031
Loans/Notes Payable	1,851,762	-	(90,932)	1,760,830
Bond Anticipation Notes	950,000	1,583,200	(950,000)	1,583,200
Authorized but not Issued	950,000	1,733,200	(1,033,200)	1,650,000
	<u>\$ 26,623,941</u>	<u>\$ 3,316,400</u>	<u>\$ (2,936,280)</u>	<u>\$ 27,004,061</u>
	<u>\$ 26,623,941</u>	<u>\$ 3,316,400</u>	<u>\$ (2,936,280)</u>	<u>\$ 27,004,061</u>

	Ending Balance	Amounts Due within One Year	Long-term Portion
<b>Short-Term Debt:</b>			
Tax Anticipation Notes	\$ -	\$ -	-
Emergency Notes	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Long-Term Debt:</b>			
Serial Bonds	\$ 22,010,031	\$ 905,499	\$ 21,104,532
Loan Payable	1,760,830	92,185	1,668,645
Bond Anticipation Notes	1,583,200	1,583,200	-
Authorized but not Issued	1,650,000	-	1,650,000
	<u>\$ 27,004,061</u>	<u>\$ 2,580,884</u>	<u>\$ 24,423,177</u>
	<u>\$ 27,004,061</u>	<u>\$ 2,580,884</u>	<u>\$ 24,423,177</u>

**TOWNSHIP OF SADDLE BROOK**  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended December 31, 2011

**Note 8 - Municipal Debt (Continued)**

D. Summary of Changes in Municipal Debt (Continued)

**Water Utility Bonds**

	Beginning Balance	Issued	Retired	Ending Balance
<b>Short-Term Debt:</b>				
Tax Anticipation Notes	\$ -	\$ -	\$ -	-
Emergency Notes	-	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>
<b>Long-Term Debt:</b>				
Serial Bonds	\$ 1,352,821	\$ -	\$ (42,852)	\$ 1,309,969
Loan Payable	-	-	-	-
Bond Anticipation Notes	-	214,200	-	214,200
Authorized but not Issued	-	-	-	-
	<u>\$ 1,352,821</u>	<u>\$ 214,200</u>	<u>\$ (42,852)</u>	<u>\$ 1,524,169</u>
	<u>\$ 1,352,821</u>	<u>\$ 214,200</u>	<u>\$ (42,852)</u>	<u>\$ 1,524,169</u>

	Ending Balance	Amounts Due within One Year	Long-term Portion
<b>Short-Term Debt:</b>			
Tax Anticipation Notes	\$ -	\$ -	-
Emergency Notes	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>
<b>Long-Term Debt:</b>			
Serial Bonds	\$ 1,309,969	\$ 44,501	\$ 1,265,468
Loan Payable	-	-	-
Bond Anticipation Notes	214,200	214,200	-
Authorized but not Issued	-	-	-
	<u>\$ 1,524,169</u>	<u>\$ 258,701</u>	<u>\$ 1,265,468</u>
	<u>\$ 1,524,169</u>	<u>\$ 258,701</u>	<u>\$ 1,265,468</u>

**TOWNSHIP OF SADDLE BROOK**  
**NOTES TO FINANCIAL STATEMENTS**  
**Year Ended December 31, 2011**

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**Note 9 - 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 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, 2011**

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**Note 10 - 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>2011</u>		
Current Fund	\$ 84,366	\$ 274,243
Federal & State Grant Fund	-	9,400
Trust Fund	12,995	70,597
General Capital Fund	283,641	2,780
Water Utility Operating Fund	224	44,968
Water Utility Capital Fund	27,021	6,259
	<u>\$ 408,247</u>	<u>\$ 408,247</u>
		-

2010

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>

**TOWNSHIP OF SADDLE BROOK**  
**NOTES TO FINANCIAL STATEMENTS**  
**Year Ended December 31, 2011**

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**Note 11 - 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</u> <u>December 31,</u>	<u>Appropriated in</u> <u>Subsequent</u> <u>Year's Budget</u>	<u>Balance to</u> <u>Succeeding</u>
<u>2011</u>			
Current Fund:			
Emergency Authorizations	\$ 200,000	\$ 200,000	\$ -
Special Emergency Authorizations	700,000	140,000	560,000
General Capital Fund:			
Overexpenditures	\$ 791	\$ 791	\$ -
	<u>\$ 900,791</u>	<u>\$ 340,791</u>	<u>\$ 560,000</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>

**TOWNSHIP OF SADDLE BROOK**  
**NOTES TO FINANCIAL STATEMENTS**  
**Year Ended December 31, 2011**

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**Note 12 - 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, 2010 and 2009, the dates of the most recent actuarial valuations, participating employers consisted of the following:

	2010	2009
State of New Jersey	1	1
County Agencies	65	65
Municipalities	580	584
School Districts	581	566
Other Public Agencies	483	484
Total	<u>1,710</u>	<u>1,700</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, 2011**

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**Note 12 - 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.

For Tier 1 members, 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 adjustment (COLA) 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. The COLA increases are funded by the retirement system and are included in the annual actuarial calculations of the required state-related employer contributions. Pursuant to the provisions of Chapter 78, P.L. 2011, COLA increases are suspended for all current and future retirees of all retirement systems. No further COLA increases will be granted. The law does not reduce any COLA increases that have already been added to retiree benefits.

Significant Legislation - Chapter 103, P.L. 2007 amended the early retirement reduction formula for members hired on or after July 1, 2007 and prior to November 2, 2008 (Tier 2 members) 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. Also, this law provided that the amount of compensation for Tier 2 members used for employer and member contributions and benefits under the PERS cannot exceed the annual maximum wage contribution base for Social Security, pursuant to the Federal Insurance Contributions Act.

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 and on or before May 21, 2010 (Tier 3 members). It also increased the minimum annual compensation required for membership eligibility for new Tier 3 members from \$1,500 to \$7,500 in addition to amending the early retirement reduction formula for Tier 3 members retiring with 25 years of service to 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 hired after May 21, 2010 (Tier 4 and 5 members) from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for these members of PERS to 1/60 from 1/55, and it provided that the retirement allowance for these members be calculated using the average annual compensation for the last five years of service instead of the last three years of service. Tier 4 and 5 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.

Chapter 3, P.L. 2010, effective May 21, 2010, replaced the accidental and ordinary disability retirement for Tier 4 and 5 members of the PERS with disability insurance coverage similar to that provided by the State to individuals enrolled in the State's Defined Contribution Retirement Program.

Chapter 78, P.L. 2011, provides that new members of PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of 1/4 of 1% for each month that the member is under age 65. Tier 5 members will be eligible for a service retirement benefit at age 65.

**TOWNSHIP OF SADDLE BROOK**  
**NOTES TO FINANCIAL STATEMENTS**  
**Year Ended December 31, 2011**

**Note 12 - Retirement Plans (Continued)**

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

Membership in the system consisted of the following at June 30, 2010 and 2009, the dates of the most recent actuarial valuations:

	2010	2009
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	141,973	138,619
Active Members:		
Vested	149,506	144,698
Non-Vested	159,593	172,151
Total Active Members	309,099	316,849
Total	451,072	455,468

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, 2010 and 2009, the dates of the most recent actuarial valuations, participating employers consisted of the following:

	2010	2009
State of New Jersey	1	1
Municipalities	588	588
Total	589	589

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.



**TOWNSHIP OF SADDLE BROOK  
NOTES TO FINANCIAL STATEMENTS  
Year Ended December 31, 2011**

**Note 12 - 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. Pursuant to provisions of Chapter 78, P.L. 2011, the annual benefit under special retirement for members enrolled after June 28, 2011 (Tier 3 members), is 60% 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 65% 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 (COLA) 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 COLA increases are funded by the retirement system and are included in the annual actuarial calculations of the required state and state-related employer contributions. Pursuant to the provisions of Chapter 78, P.L. 2011, COLA increases are suspended for all current and future retirees of all retirement systems. No further COLA increases will be granted. The law does not reduce any COLA increases that have already been added to retiree benefits.

Pursuant to Chapter 1, P.L. 2010, for new members of PFRS hired after May 21, 2010 (Tier 2 members), this law capped the maximum compensation that can be used to calculate a pension from these plans at the annual wage contribution base for Social Security, and requires the pension to be calculated using a three year average annual compensation instead of the last year's salary.

Membership in the System consisted of the following at June 30, 2010 and 2009 the dates of the most recent actuarial valuations:

	2010	2009
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	35,973	34,364
Active members:		
Vested	29,552	29,400
Non-vested	14,652	15,750
Total active members	44,204	45,150
Total	80,177	79,514

**TOWNSHIP OF SADDLE BROOK  
NOTES TO FINANCIAL STATEMENTS  
Year Ended December 31, 2011**

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**Note 12 - 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.

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, 2011**

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**Note 12 - Retirement Plans (Continued)**

D. Contributions Required by Employer

<u>Year</u>	<u>Pension Cost</u>	<u>Percentage Contributed</u>	<u>Non-Contrib Health Ins./ERI</u>	<u>Pension Obligation</u>
<i>Police and Firemens' Pension Fund (PFRS)</i>				
2011	\$ 1,027,239	100.00%	\$ 44,682	\$ 1,071,921
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>				
2011	\$ 346,290	100.00%	\$ 58,463	\$ 404,753
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>				
2011	\$ -	100.00%	\$ -	-
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, 2011**

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**Note 13 - 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, 2011 to be \$1,925,000.

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, 2011**

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**Note 13 - 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/pdf/financial/gasb-43-july2011.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, 2011 was not available as of the date of this report.

The township did not accumulate the actuarial data necessary to properly disclose the future cost of other post-employment benefits (OPEB) as required by GASB 45.

**TOWNSHIP OF SADDLE BROOK  
NOTES TO FINANCIAL STATEMENTS  
Year Ended December 31, 2011**

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**Note 14 - Deferred Compensation Plans**

1. Description

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

All amounts of Township contribution deferred under the plan and all income attributable to those amounts are until paid or made available to the qualifying volunteer or other beneficiary) solely the property and rights of the Township 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.

It is 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 adhere in the plan and its administration.

Information pertaining to the plan offered by the Township is as follows:

2. Lincoln National Life Insurance Co.

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

	<u>2011</u>
Assets, Beginning of Year (Market Value)	\$ 965,892
Municipal Contribution	41,400
Earnings and Adjustments to Market Value	(5,242)
Payments to Eligible Volunteers	(44,985)
Charges and Credits	(3,491)
Assets, Ending of Year (Market Value)	<u>\$ 953,574</u>

**TOWNSHIP OF SADDLE BROOK**  
**NOTES TO FINANCIAL STATEMENTS**  
**Year Ended December 31, 2011**

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**Note 15 - 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, 2011 and 2010. 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, 2011 and 2010, 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, 2011, 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, 2011

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**Note 16 - Subsequent Events**

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

A. Subsequent Year Capital Projects

The Township's 2012 Capital Budget currently includes the following:

Purpose	Total	CIF and Other Funded Sources	Bonds & Notes Authorized
CY2012 Road Reconstruction, Curb & Sidewalk Replacement Program - Local	300,000	15,000	285,000
	<u>\$ 300,000</u>	<u>\$ 15,000</u>	<u>\$ 285,000</u>

B. Bond Anticipation Notes

The Township's outstanding Bond Anticipation Note as of the date of this report will mature on November 8, 2012. It is anticipated that an equal or better interest rate will be secured on the renewal note.



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

	2011	2010
<u>ASSETS AND OTHER DEBITS</u>		
Cash:		
Current Account	\$ 2,367,829	\$ 1,974,275
Change Funds	475	475
	<u>\$ 2,368,304</u>	<u>\$ 1,974,750</u>
Intergovernmental Receivable:		
Due From State of New Jersey	\$ -	\$ -
Interfunds Receivable:		
Water Utility Operating Fund	\$ 20,727	\$ 20,727
Water Utility Capital Fund	6,035	-
Animal Control Trust Fund	4,025	4,025
Developer's Escrow Trust Fund	752	752
Disaster Relief Trust Fund	16	16
Net Payroll Trust Fund	1,070	1,070
Payroll Agency Trust Fund	50,000	50,000
Police Off Duty Trust Fund	29	29
Treasurer's Trust Fund	1,712	1,404
	<u>\$ 84,366</u>	<u>\$ 78,023</u>
Other Receivables:		
Delinquent Property Taxes Receivable	\$ 480,163	\$ 490,393
Tax Title Liens Receivable	111,332	101,530
Property Acquired for Taxes - Assessed Valuation	742,249	742,249
Due From Board of Education	-	9,964
	<u>\$ 1,333,744</u>	<u>\$ 1,344,136</u>
Deferred Charges:		
Emergency Authorizations - Hurricane Irene	\$ 200,000	\$ -
Special Emergency Authorizations - Compensated Absences	700,000	-
	<u>\$ 900,000</u>	<u>\$ -</u>
Total Assets and Other Debits	<u>\$ 4,686,414</u>	<u>\$ 3,396,909</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Interfunds Payable:		
General Capital Fund	\$ 274,241	\$ 189,618
Payroll Agency Trust Fund	2	2
	<u>\$ 274,243</u>	<u>\$ 189,620</u>
Other Liabilities and Reserves:		
Appropriation Reserves	\$ 674,299	\$ 146,394
Reserve for Encumbrances	105,325	249,893
Special Emergency - Compensated Absences	485,573	-
Special Emergency - Hurricane Irene	55,571	-
Third Party Tax Title Lien Payable	585	-
Pre-Paid Taxes	326,434	166,823
Tax Overpayments	52,184	23,654
Library Taxes Payable	38,518	-
Reserve for Library State Aid Expenditures	63,189	50,653
Reserve for Preparation of Master Plan	628	628
Emergency Notes Payable - Hurricane Irene	200,000	-
Special Emergency Notes Payable - Compensated Absences	700,000	-
Local District School Tax Payable	-	1,137,560
	<u>\$ 2,702,306</u>	<u>\$ 1,775,605</u>
Intergovernmental Payable		
Due County for Added & Omitted Taxes	\$ 2,123	\$ 3,573
Due County for Added & Omitted Open Space Taxes	29	64
Due to State of New Jersey	2,857	4,314
	<u>\$ 5,009</u>	<u>\$ 7,951</u>
Reserve for Receivables and Other Assets	<u>\$ 1,418,110</u>	<u>\$ 1,412,195</u>
Fund Balance	<u>\$ 286,746</u>	<u>\$ 11,538</u>
Total Liabilities, Reserves and Fund Balance	<u>\$ 4,686,414</u>	<u>\$ 3,396,909</u>

**TOWNSHIP OF SADDLE BROOK**  
**CURRENT FUND**  
**STATEMENT OF REVENUES AND OTHER CREDITS TO INCOME - STATUTORY BASIS**  
**Year Ended December 31, 2011**

	Budget As Modified	Realized	Excess/ (Deficit)
<b>REVENUES</b>			
Fund Balance Anticipated	\$ -	\$ -	\$ -
Miscellaneous Revenues:			
Alcoholic Beverage Licenses	\$ 10,250	\$ 13,255	\$ 3,005
Other Licenses	40,000	26,404	(13,596)
Fees and Permits	165,000	181,569	16,569
Municipal Court Fines and Costs	250,000	233,761	(16,239)
Interest and Costs on Taxes	100,000	97,267	(2,733)
Interest on Investments and Deposits	10,000	16,106	6,106
Tax Search Fees	5,000	13,291	8,291
Consolidated Municipal Property Tax Relief	127,379	127,379	-
Energy Receipts Tax	1,312,788	1,312,788	-
Uniform Construction Code Fees	130,000	117,380	(12,620)
Uniform Fire Safety Act	52,000	43,922	(8,078)
Cable TV Franchise Fee - Cablevision	157,260	130,359	(26,901)
Cable TV Franchise Fee - Verizon FIOS	-	44,629	44,629
Hotel Occupancy Tax	290,000	308,760	18,760
Transfer from Trust Fund	47,000	47,000	-
Free Public Library Payment	16,000	16,601	601
Industrial & Tax Exempt Sewer Charges	-	585	585
Total Miscellaneous Revenues	<u>\$ 2,712,677</u>	<u>\$ 2,731,056</u>	<u>\$ 18,379</u>
Receipts From Delinquent Taxes	<u>\$ 345,000</u>	<u>\$ 498,800</u>	<u>\$ 153,800</u>
Amount to be Raised by Taxation - Local	<u>\$ 15,160,243</u>	<u>\$ 15,129,443</u>	<u>\$ (30,800)</u>
Amount to be Raised by Taxation - Library	<u>\$ 830,050</u>	<u>\$ 830,050</u>	<u>\$ -</u>
	<u>\$ 15,990,293</u>	<u>\$ 15,959,493</u>	<u>\$ (30,800)</u>
Total Revenues	<u>\$ 19,047,970</u>	<u>\$ 19,189,349</u>	<u>\$ 141,379</u>
<b>OTHER CREDITS TO INCOME</b>			
Miscellaneous Revenues Not Anticipated	\$ -	\$ 139,771	\$ 139,771
Unexpended Balances of Appropriation Reserves	-	28,032	28,032
Interfund Loans Returned	-	-	-
Unexpended Balances Cancelled	-	621	621
Cancellations & Non-Cash Adjustments	-	23,654	23,654
Taxes Allocated to School and County:			
Local District School Tax	27,809,024	27,809,024	-
County Tax Levy	5,113,665	5,113,665	-
County Open Space	62,596	62,596	-
Municipal Open Space Preservation	-	-	-
Added County Taxes	2,123	2,123	-
Added County Open Space	29	29	-
Added Municipal Open Space	-	-	-
Total Other Credits to Income	<u>\$ 32,987,437</u>	<u>\$ 33,179,515</u>	<u>\$ 192,078</u>
Total Revenues and Other Credits to Income	<u>\$ 52,035,407</u>	<u>\$ 52,368,864</u>	<u>\$ 333,457</u>

**TOWNSHIP OF SADDLE BROOK**  
**CURRENT FUND**  
**STATEMENT OF EXPENDITURES AND OTHER CHARGES TO INCOME - STATUTORY BASIS**  
**Year Ended December 31, 2011**

	Appropriated		Expended		Unexpended	
	2011 Budget	Budget After Modification	Paid or Charged	Reserved	Balance Canceled	Overexpended
<b>OPERATIONS - WITHIN "CAPS"</b>						
<u>General Government Functions</u>						
General Administration:						
Salaries and Wages	\$ 114,500	\$ 114,500	\$ 114,168	\$ 332	\$ -	-
Salaries and Wages - Administrator	-	-	-	-	-	-
Other Expenses	7,000	7,000	6,989	11	-	-
Other Expenses - Postage	15,000	15,000	14,070	930	-	-
Other Expenses - Contractual Services	20,000	21,000	20,563	437	-	-
Other Expenses - Computer Svce. Contract	50,000	45,000	35,680	9,320	-	-
Other Expenses - SBCTV	10,000	-	-	-	-	-
Office of the Mayor:						
Salaries and Wages	1	1	-	1	-	-
Other Expenses	4,000	4,000	2,815	1,185	-	-
Council:						
Salaries and Wages	23,750	23,750	21,008	2,742	-	-
Other Expenses	2,650	2,650	1,692	958	-	-
Municipal Clerk:						
Salaries and Wages	125,000	126,800	126,737	63	-	-
Other Expenses	8,500	8,500	6,812	1,688	-	-
Other Expenses - Land Use	1,000	1,000	1,000	-	-	-
Other Expenses - Codification of Ordinances	3,000	3,000	3,000	-	-	-
Other Expenses - Elections	15,000	15,000	12,627	2,373	-	-
Financial Administration:						
Salaries and Wages	53,000	63,100	62,754	346	-	-
Other Expenses	2,000	2,000	593	1,407	-	-
Other Expenses - Special Audit	5,000	5,000	2,625	2,375	-	-
Other Expenses - Statements	20,250	20,250	-	20,250	-	-
Other Expenses - Special Financial Svcs.	1,000	1,000	-	1,000	-	-
Audit Services:						
Other Expenses	31,500	31,500	-	31,500	-	-
Revenue Administration:						
Salaries and Wages	82,000	82,200	82,129	71	-	-
Other Expenses	8,000	7,267	2,161	5,106	-	-
Tax Assessment Administration:						
Salaries and Wages	46,000	47,800	47,712	88	-	-
Other Expenses	3,000	3,000	280	2,720	-	-
Legal Services:						
Salaries and Wages	15,000	15,000	14,884	116	-	-
Other Expenses	80,000	80,000	65,493	14,507	-	-
Engineering Services:						
Salaries and Wages	1,500	1,500	375	1,125	-	-
Other Expenses	25,000	20,000	7,132	12,868	-	-
<u>Land Use Administration</u>						
Planning Board:						
Salaries and Wages	5,000	5,200	5,200	-	-	-
Other Expenses	1,500	1,500	842	658	-	-
Zoning Board of Adjustment:						
Salaries and Wages	5,000	5,000	4,865	135	-	-
Other Expenses	3,000	3,000	2,902	98	-	-
<u>Insurance</u>						
General Liability	206,500	206,500	159,853	46,647	-	-
Worker Compensation Insurance	217,000	217,000	162,395	54,605	-	-
Employee Group Health	2,824,999	2,726,799	2,619,281	107,518	-	-
Employee Group Health - Claims	-	-	-	-	-	-
Unemployment Compensation	150,000	150,000	146,168	3,832	-	-

**TOWNSHIP OF SADDLE BROOK**  
**CURRENT FUND**  
**STATEMENT OF EXPENDITURES AND OTHER CHARGES TO INCOME - STATUTORY BASIS**  
**Year Ended December 31, 2011**

	Appropriated		Expended		Unexpended	
	2011 Budget	Budget After Modification	Paid or Charged	Reserved	Balance Canceled	Overexpended
OPERATIONS - WITHIN "CAPS" (Continued)						
<u>Public Safety Functions</u>						
Police:						
Salaries and Wages	\$ 3,785,500	\$ 3,752,900	\$ 3,752,816	\$ 84	\$ -	-
Salaries and Wages - Overtime	60,000	107,800	107,731	69	-	-
Salaries and Wages - Clothing Allowance	36,950	36,450	34,850	1,600	-	-
Other Expenses	65,000	87,000	86,875	125	-	-
Other Expenses - Purchase of Police Cars	47,000	32,000	31,558	442	-	-
Civilian dispatchers:						
Salaries and Wages	50,000	53,300	53,300	-	-	-
School Marshals:						
Salaries and Wages	510,000	510,000	486,273	23,727	-	-
Other Expenses	1,000	1,600	1,515	85	-	-
Police Clerical:						
Salaries and Wages	29,500	29,500	29,477	23	-	-
Office of Emergency Management:						
Other Expenses	-	200,000	200,000	-	-	-
Aid to Volunteer Ambulance Companies:						
Other Expenses	45,000	45,000	45,000	-	-	-
Fire Department:						
Other Expenses	100,855	100,855	100,844	11	-	-
Other Expenses - Clothing Allowance	76,000	80,000	79,630	370	-	-
Uniform Fire Safety Act:						
Salaries and Wages	116,000	116,400	116,332	68	-	-
Other Expenses	7,000	8,500	7,629	871	-	-
Municipal Prosecutor's Office:						
Salaries and Wages	7,000	7,000	7,000	-	-	-
<u>Public Works Functions</u>						
Buildings & Property:						
Salaries and Wages	20,500	35,500	29,399	6,101	-	-
Other Expenses	16,000	16,000	10,495	5,505	-	-
Other Expenses - Rental	1	1	-	1	-	-
Other Expenses - Field Maintenance	4,000	200	109	91	-	-
Streets and Road Maintenance:						
Salaries and Wages	646,500	611,500	479,556	131,944	-	-
Salaries and Wages - Overtime	35,000	64,000	63,918	82	-	-
Other Expenses	110,000	140,500	136,465	4,035	-	-
Division of Sewers:						
Salaries and Wages	100,000	104,000	101,651	2,349	-	-
Other Expenses	5,800	5,800	5,800	-	-	-
Other Expenses - Pump Station Repairs	7,500	27,500	23,788	3,712	-	-
Solid Waste Collection:						
Other Expenses	780,000	780,000	746,536	33,464	-	-
Other Expenses - Recycling	124,000	124,000	123,996	4	-	-
<u>Health and Human Services</u>						
Public Health Services:						
Salaries and Wages	5,000	5,000	-	5,000	-	-
Other Expenses	71,000	71,000	60,542	10,458	-	-
Dog Regulation:						
Other Expenses	22,000	22,000	18,755	3,245	-	-

TOWNSHIP OF SADDLE BROOK  
 CURRENT FUND  
 STATEMENT OF EXPENDITURES AND OTHER CHARGES TO INCOME - STATUTORY BASIS  
 Year Ended December 31, 2011

	Appropriated		Expended		Unexpended	
	2011 Budget	Budget After Modification	Paid or Charged	Reserved	Balance Canceled	Overexpended
OPERATIONS - WITHIN "CAPS" (Continued)						
<u>Park and Recreation Functions</u>						
Recreational Services & Programs:						
Salaries and Wages	\$ 41,000	\$ 24,000	\$ 7,389	\$ 16,611	\$ -	\$ -
Other Expenses	72,000	70,600	70,587	13	-	-
Other Expenses - Community School	750	750	-	750	-	-
Other Expenses - Project Graduation	1,500	1,500	-	1,500	-	-
Other Expenses - Memorial Day	5,000	5,000	320	4,680	-	-
Other Expenses - Senior Citizens Center	3,500	5,000	4,593	407	-	-
Other Expenses - Senior Dinner Dance	3,000	3,000	2,510	490	-	-
<u>Municipal Court</u>						
Municipal Court Administration:						
Salaries and Wages	161,000	168,000	159,167	8,833	-	-
Salaries and Wages - Overtime	12,000	12,000	9,337	2,663	-	-
Other Expenses	10,000	11,000	10,317	683	-	-
Public Defender:						
Salaries and Wages	1,500	1,500	1,500	-	-	-
<u>Code Enforcement &amp; Administration:</u>						
Salaries and Wages	185,500	194,100	184,633	9,467	-	-
Other Expenses	4,000	4,000	2,710	1,290	-	-
<u>Utility Expenses and Bulk Purchases</u>						
Electricity	275,000	281,000	280,930	70	-	-
Street Lighting	250,000	241,017	231,955	9,062	-	-
Telephone	105,000	106,000	105,791	209	-	-
Gasoline	105,000	136,200	136,107	93	-	-
<u>Landfill/Solid Waste Disposal Costs</u>						
Dump Fees	80,000	82,500	82,386	114	-	-
Total Operations - Within "CAPS"	\$ 12,385,506	\$ 12,604,290	\$ 11,986,877	\$ 617,413	\$ -	\$ -
Contingent	-	-	-	-	-	-
Total Operations Including Contingent - Within "CAI"	\$ 12,385,506	\$ 12,604,290	\$ 11,986,877	\$ 617,413	\$ -	\$ -
Detail:						
Salaries and Wages	\$ 6,273,701	\$ 6,317,801	\$ 6,104,161	\$ 213,640	\$ -	\$ -
Other Expenses	\$ 6,111,805	\$ 6,286,489	\$ 5,882,716	\$ 403,773	\$ -	\$ -

TOWNSHIP OF SADDLE BROOK  
 CURRENT FUND  
 STATEMENT OF EXPENDITURES AND OTHER CHARGES TO INCOME - STATUTORY BASIS  
 Year Ended December 31, 2011

	Appropriated		Expended		Unexpended	
	2011 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	350,000	350,000	314,673	35,327	-	-
Prior Year Bills - PBA (2009)	23,000	23,000	23,000	-	-	-
Prior Year Bills - PBA (2010)	26,000	26,000	26,000	-	-	-
Overexpenditure - #1474-09	7	7	7	-	-	-
Overexpenditure - #1484-09	745	745	745	-	-	-
<u>Statutory Expenditures</u>						
Public Employees' Retirement System	372,590	372,590	372,590	-	-	-
Public Employees' Retirement System - ERI	32,163	32,163	32,163	-	-	-
Social Security System (O.A.S.I.)	270,000	231,000	227,627	3,373	-	-
Police and Firemen's Retirement System	1,071,921	1,071,921	1,071,825	96	-	-
Local Firemen's Pension Fund	5,000	5,000	5,000	-	-	-
LOSAP - Fire	90,000	71,300	71,300	-	-	-
LOSAP - Ambulance	43,000	43,700	43,700	-	-	-
Total Deferred Charges and Statutory Expenditures	\$ 2,284,426	\$ 2,227,426	\$ 2,188,630	\$ 38,796	\$ -	\$ -
Total General Appropriations for Municipal Purpose	\$ 14,669,932	\$ 14,831,716	\$ 14,175,507	\$ 656,209	\$ -	\$ -

TOWNSHIP OF SADDLE BROOK  
 CURRENT FUND  
 STATEMENT OF EXPENDITURES AND OTHER CHARGES TO INCOME - STATUTORY BASIS  
 Year Ended December 31, 2011

	Appropriated		Expended		Unexpended	
	2011 Budget	Budget After Modification	Paid or Charged	Reserved	Balance Canceled	Overexpended
OPERATIONS - EXCLUDED FROM "CAPS"						
<u>Educational Functions</u>						
Maintenance of Free Public Library	\$ 830,050	\$ 830,050	\$ 830,050	\$ -	\$ -	\$ -
<u>Utility Expenses &amp; Bulk Purchases</u>						
Sewerage Processing & Disposal						
Other Expenses - PVSC	800,000	808,500	808,238	262	-	-
Other Expenses - Lodi BORO	-	20,000	20,000	-	-	-
Reserve for Tax Appeals	25,000	25,000	25,000	-	-	-
<u>Landfill/Solid Waste Disposal Costs</u>						
Garbage & Trash Removal Tonnage Tax	30,000	30,000	16,172	13,828	-	-
Reserve for Compensated Absences	-	700,000	700,000	-	-	-
<u>Public and Private Programs Offset by Revenues</u>						
Alliance on Alcoholism & Drug Abuse - Local	3,000	3,000	-	3,000	-	-
Total Operations Excluded from "CAPS"	\$ 1,688,050	\$ 2,416,550	\$ 2,399,460	\$ 17,090	\$ -	\$ -
Detail:						
Salaries and Wages	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Expenses	\$ 1,688,050	\$ 2,416,550	\$ 2,399,460	\$ 17,090	\$ -	\$ -

**TOWNSHIP OF SADDLE BROOK**  
**CURRENT FUND**  
**STATEMENT OF EXPENDITURES AND OTHER CHARGES TO INCOME - STATUTORY BASIS**  
**Year Ended December 31, 2011**

	Appropriated		Expended		Unexpended		Overexpended
	2011 Budget	Budget After Modification	Paid or Charged	Reserved	Balance Canceled		
<b>CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"</b>							
Capital Improvement Fund	\$ 40,000	\$ 40,000	\$ 40,000	\$ -	\$ -	\$ -	-
NJ Transportation Trust Fund Authority Act							-
Total Capital Improvements - Excluded From "CAPS"	\$ 40,000	\$ 40,000	\$ 40,000	\$ -	\$ -	\$ -	-
<b>DEBT SERVICE - EXCLUDED FROM "CAPS"</b>							
<u>Municipal Debt Service</u>							
Bond Principal	\$ 862,147	\$ 862,147	\$ 862,147	\$ -	\$ -	\$ -	-
Bond Interest	1,005,293	1,006,027	1,006,027	-	-	-	-
Payment of Bond Anticipation Notes	-	-	-	-	-	-	-
Note Interest - BANS	10,000	10,000	9,379	-	621	-	-
Note Interest - TANS	-	8,982	8,982	-	-	-	-
NJEIT Trust Loan Principal	40,000	40,000	40,000	-	-	-	-
NJEIT Trust Loan Interest	46,363	46,363	46,363	-	-	-	-
NJEIT Lund Loan Principal	52,185	52,185	52,185	-	-	-	-
Total Debt Service - Excluded From "CAPS"	\$ 2,015,988	\$ 2,025,704	\$ 2,025,083	\$ -	\$ 621	\$ -	-
<b>DEFERRED CHARGES - EXCLUDED FROM "CAPS"</b>							
Emergency Authorizations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Special Emergency Authorizations							-
5 Years (N.J.S. 40A:4-53)	84,000	84,000	83,000	1,000	-	-	-
Total General Appropriations for Municipal Purpose	\$ 3,828,038	\$ 4,566,254	\$ 4,547,543	\$ 18,090	\$ 621	\$ -	-
Subtotal General Appropriations	\$ 18,497,970	\$ 19,397,970	\$ 18,723,050	\$ 674,299	\$ 621	\$ -	-
Reserve for Uncollected Taxes	550,000	550,000	550,000	-	-	-	-
Total General Appropriations	\$ 19,047,970	\$ 19,947,970	\$ 19,273,050	\$ 674,299	\$ 621	\$ -	-
Budget Appropriations - Adopted Budget	\$ 19,047,970	\$ 19,047,970					
Budget Appropriations - Added by <u>N.J.S. 40A:4-87</u>	-	-					
Emergency Appropriations		900,000					
	\$ 19,047,970	\$ 19,947,970					
<b>Other Charges to Income:</b>							
Interfund Advances Originating in Current Year		\$ -	\$ 6,342				
Refund of Prior Year's Revenue		-	26,006				
Shortfall in Federal & State Grant Fund		-	25,901				
<b>Taxes Allocated to School and County:</b>							
Local District School Tax		27,809,024	27,809,024				
County Tax Levy		5,113,665	5,113,665				
County Open Space		62,596	62,596				
Municipal Open Space Preservation		-	-				
Added County Taxes		2,123	2,123				
Added County Open Space		29	29				
Added Municipal Open Space		-	-				
		\$ 32,987,437	\$ 33,045,686				



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

	<u>2011</u>	<u>2010</u>
<u>ASSETS</u>		
Cash	\$ 225,132	\$ 127,553
Intergovernmental Receivable:		
Grants Receivable	\$ -	\$ 88,229
Interfunds Receivable:		
Current Fund	\$ -	\$ -
 Total Assets	 <u>\$ 225,132</u>	 <u>\$ 215,782</u>
<u>LIABILITIES AND RESERVES</u>		
Interfunds Payable:		
Trust Fund - Police Department Trust	\$ -	\$ -
General Capital Fund	9,400	9,400
	<u>\$ 9,400</u>	<u>\$ 9,400</u>
Other Liabilities and Reserves:		
Appropriated Reserves	\$ 127,082	\$ 202,235
Reserve for Encumbrances	11,900	-
Unappropriated Reserves	76,750	4,147
	<u>\$ 215,732</u>	<u>\$ 206,382</u>
 Total Liabilities and Reserves	 <u>\$ 225,132</u>	 <u>\$ 215,782</u>

TOWNSHIP OF SADDLE BROOK  
 FEDERAL & STATE GRANT FUND  
 STATEMENT OF GRANTS RECEIVABLE  
 Year Ended December 31, 2011

Program	Balance December 31, 2010	Revenue Realized	Received	Unappropriated Reserve Applied	Adjustments	Balance December 31, 2011
<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>73,229</u>	<u>-</u>	<u>27,300</u>	<u>-</u>	<u>(45,929)</u>	<u>-</u>
<u>State:</u>						
Clean Communities Program	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Municipal Alliance on Alcoholism & Drug Abuse	-	-	-	-	-	-
Safe & Secure Community Grant	15,000	-	-	-	(15,000)	-
Recycling Tonnage Grant	-	-	-	-	-	-
Body Armor Replacement Program	-	-	-	-	-	-
Drunk Driving Enforcement Fund	-	-	-	-	-	-
Alcohol Education & Rehabilitation Fund	-	-	-	-	-	-
	<u>\$ 15,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (15,000)</u>	<u>\$ -</u>
<u>Other:</u>						
None	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grand Total	<u>\$ 88,229</u>	<u>\$ -</u>	<u>\$ 27,300</u>	<u>\$ -</u>	<u>\$ (60,929)</u>	<u>\$ -</u>

TOWNSHIP OF SADDLE BROOK  
 FEDERAL & STATE GRANT FUND  
 STATEMENT OF APPROPRIATED RESERVES  
 Year Ended December 31, 2011

Program	Balance December 31, 2010	Budget	Paid or Charged	Adjustments	Balance December 31, 2011
<u>Federal:</u>					
COPS Fast Grant	\$ -	\$ -	\$ -	\$ -	\$ -
Stormwater Management	24,610	-	-	(24,610)	-
FEMA Storm Grant	21,089	-	11,689	(9,400)	-
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.	-	-	-	-	-
	\$ 51,227	\$ -	\$ 11,689	\$ (39,538)	\$ -
<u>State:</u>					
Clean Communities Program	\$ 39,051	\$ -	\$ 9,395	\$ -	\$ 29,656
Municipal Alliance on Alcoholism & Drug Abuse - State	-	-	-	-	-
Municipal Alliance on Alcoholism & Drug Abuse - Local	-	-	-	-	-
Recycling Tonnage Grant	42,353	-	6,094	-	36,259
Body Armor Replacement Program	14,254	-	-	-	14,254
Drunk Driving Enforcement Fund	39,115	-	3,346	-	35,769
Alcohol Education & Rehabilitation Fund	677	-	-	-	677
Municipal Purpose Tax Assistance Act	-	-	-	-	-
OSHA Chapter 516 PL 1983	404	-	-	(404)	-
Cultural Arts Grant	856	-	-	(856)	-
Click-It-Or-Ticket Program	-	-	-	-	-
Domestic Violence Team	-	-	-	-	-
State OEM Grant	2,406	-	-	(2,406)	-
	\$ 139,116	\$ -	\$ 18,835	\$ (3,666)	\$ 116,615
<u>Other:</u>					
BCUA Municipal Recycling Assistance Program	\$ 10,467	\$ -	\$ -	\$ -	\$ 10,467
NY Susquehanna Parkway	1,425	-	-	(1,425)	-
	\$ 11,892	\$ -	\$ -	\$ (1,425)	\$ 10,467
Grand Total	\$ 202,235	\$ -	\$ 30,524	\$ (44,629)	\$ 127,082

TOWNSHIP OF SADDLE BROOK  
 FEDERAL & STATE GRANT FUND  
 STATEMENT OF UNAPPROPRIATED RESERVES  
 Year Ended December 31, 2011

Program	Balance December 31, 2010	Appropriated in 2011	Received in 2011	Adjustments	Balance December 31, 2011
<u>State:</u>					
Recycling Tonnage Grant	\$ -	\$ -	\$ 50,443	\$ -	\$ 50,443
Body Armor Replacement Program	4,147	-	2,886	-	7,033
Clean Communities Program	-	-	19,274	-	19,274
	<u>\$ 4,147</u>	<u>\$ -</u>	<u>\$ 72,603</u>	<u>\$ -</u>	<u>\$ 76,750</u>

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

	2012	2011
<b>ASSETS</b>		
Cash:		
Unemployment Trust Account	\$ 58,330	\$ 953
Self-Insurance Health Benefit Trust Account	5,713	5,691
Net Payroll Trust Account	5,778	8,420
Payroll Agency Trust Account	15,654	14,021
Animal Control Trust Account	17,434	14,877
Trust & Escrow Deposit Account	451,264	267,688
Public Defender Trust Account	22,491	18,581
Other Trust Account	99,500	104,589
POAA Trust Account	6,010	5,623
Pistol Range Trust Account	2,174	2,167
Disaster Relief Trust Account	3,002	2,993
Dedicated Uniform Fire Safety Trust Account	1,179	1,176
Mount Laurel Trust Account	1,588,197	1,587,317
Shade Tree Commission Trust Account	6,204	6,185
Senior Center Trust Account	1,518	1,513
Senior Center Trust Account - Donations Only	1,167	1,493
Community Activities Trust Account	1,250	-
Memorial Day Parade Trust Account	-	4,498
American Cancer Society Trust Account	-	1
Picnic Trust Account	-	2,446
Police Department Trust Account	12,863	12,824
Police Outside Duty Overtime Trust Account	14,740	25,835
Certificate of Deposit - Community Youth Center Trust	101,156	100,879
	<u>\$ 2,415,624</u>	<u>\$ 2,189,770</u>
Deferred Compensation Plan Assets:		
Lincoln Financial Group - LOSAP	\$ 953,574	\$ 965,892
Interfund Receivable:		
Federal & State Grant Fund (Police Department Trust)	\$ -	\$ -
Current Fund (Payroll Agency Trust)	2	2
Unemployment Trust (Payroll Agency Trust)	6,462	6,462
Net Payroll (Payroll Agency Trust)	4,880	4,880
Net Payroll (Unemployment Trust)	1,651	1,651
	<u>\$ 12,995</u>	<u>\$ 12,995</u>
Intergovernmental Receivable:		
Due From State of N.J.	\$ -	\$ -
Total Assets	<u>\$ 3,382,193</u>	<u>\$ 3,168,657</u>
<b>LIABILITIES AND RESERVES</b>		
Interfunds Payable:		
Current Fund (Animal Control Trust)	\$ 4,025	\$ 4,025
Current Fund (Other Trust)	1,712	1,404
Current Fund (Police Outside Duty Overtime Trust)	29	29
Current Fund (Disaster Relief Trust)	16	16
Current Fund (Developer's Escrow Trust)	752	752
Current Fund (Net Payroll Trust)	1,070	1,070
Current Fund (Payroll Agency Trust)	50,000	50,000
Payroll Agency Trust (Unemployment Trust)	6,462	6,462
Payroll Agency Trust (Net Payroll Trust)	4,880	4,880
Unemployment Trust (Net Payroll Trust)	1,651	1,651
	<u>\$ 70,597</u>	<u>\$ 70,289</u>
Intergovernmental Payable:		
State of N.J.	\$ 2	\$ 2
Other Liabilities and Reserves:		
Net Payroll & Deductions Payable	\$ (24,826)	\$ (30,279)
Tax Title Lien Premiums Payable	24,600	27,800
Due to Victims of Crime Compensation Board (VCCB)	7,154	7,154
Reserve for Deferred Compensation Assets	953,574	965,892
Reserve for Health Self-Insurance Claims	5,713	5,691
Reserve for Animal Control Expenditures	13,407	10,850
Reserve for Unemployment Claims	53,519	2,604
Reserve for Public Defender Expenditures	15,336	11,427
Reserve for Developers' Escrow Deposits	70,811	72,806
Reserve for Special Escrow Management Account Expenditures	450,512	266,937
Reserve for Community Youth Center Expenditures	101,156	100,879
Reserve for Police Pistol Range Expenditures	2,174	2,167
Reserve for Disaster Relief Fund Expenditures	2,987	2,977
Reserve for Police Outside Duty Overtime Expenditures	14,711	25,806
Reserve for Senior Center Expenditures - Donations	1,167	1,493
Reserve for Senior Center Expenditures - Non Donations	1,518	1,513
Reserve for "Support our Troops" Expenditures	557	558
Reserve for Uniform Fire Safety Act Expenditures	1,179	1,176
Reserve for Mount Laurel Expenditures	1,588,197	1,587,317
Reserve for Shade Tree Expenditures	6,204	6,185
Reserve for Police Department Trust Expenditures	12,863	12,824
Reserve for Memorial Day Parade Expenditures	-	4,498
Reserve for American Cancer Society Expenditures	-	1
Reserve for WTC Relief Fund Expenditures	501	501
Reserve for Community Projects/Town Picnic Expenditures	2,570	3,966
Reserve for POAA	6,010	5,623
	<u>\$ 3,311,594</u>	<u>\$ 3,098,366</u>
Total Liabilities, Reserves and Fund Balance	<u>\$ 3,382,193</u>	<u>\$ 3,168,657</u>

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

	<u>2011</u>	<u>2010</u>
<u>ASSETS</u>		
Cash:		
General Capital Account	\$ 1,271,042	\$ 1,605,075
Water Main Project Account	10,193	10,163
	<u>\$ 1,281,235</u>	<u>\$ 1,615,238</u>
Interfund Receivable:		
Current Fund	\$ 274,241	\$ 189,618
Federal & State Grant Fund	9,400	9,400
	<u>\$ 283,641</u>	<u>\$ 199,018</u>
Intergovernmental Receivable:		
Grants Receivable	\$ 328,942	\$ 448,089
N.J.E.I.T. Loans Receivable	56,846	56,846
Due From Board Of Education - Tennis Courts	-	37,500
	<u>\$ 385,788</u>	<u>\$ 542,435</u>
Other Receivables:		
Due from NJ Environmental Infrastructure Trust	\$ -	\$ -
	<u>\$ -</u>	<u>\$ -</u>
Deferred Charges:		
Funded	\$ 23,769,608	\$ 24,723,941
Unfunded	3,233,200	1,900,000
Overexpenditures	791	753
Special Emergency - Revaluation	-	83,000
	<u>\$ 27,003,599</u>	<u>\$ 26,707,694</u>
Estimated Proceeds Bonds and Notes Authorized	<u>\$ 1,650,000</u>	<u>\$ 950,000</u>
Total Assets	<u>\$ 30,604,263</u>	<u>\$ 30,014,385</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Interfund Payable:		
Water Utility Capital Fund	\$ 2,780	\$ -
Other Liabilities and Reserves:		
Capital Improvement Fund	\$ 133,707	\$ 60,507
Reserve for Payment of Debt Service	-	-
Reserve for Encumbrances	278,137	576,064
Reserve for Mount Laurel Development	100,000	100,000
Reserve for Water Main Project	193	10,163
	<u>\$ 512,037</u>	<u>\$ 746,734</u>
Improvement Authorizations:		
Funded	\$ 331,377	\$ 512,904
Unfunded	2,524,455	1,900,000
	<u>\$ 2,855,832</u>	<u>\$ 2,412,904</u>
Serial Bonds Payable	<u>\$ 22,010,031</u>	<u>\$ 22,872,179</u>
Bond Anticipation Notes Payable	<u>\$ 1,583,200</u>	<u>\$ 950,000</u>
Bonds and Notes Authorized but Not Issued	<u>\$ 1,650,000</u>	<u>\$ 950,000</u>
Loans Payable	<u>\$ 1,759,577</u>	<u>\$ 1,851,762</u>
Fund Balance	<u>\$ 230,806</u>	<u>\$ 230,806</u>
Total Liabilities and Reserves	<u>\$ 30,604,263</u>	<u>\$ 30,014,385</u>

**TOWNSHIP OF SADDLE BROOK**  
**GENERAL CAPITAL FUND**  
**STATEMENT OF LOANS PAYABLE**  
**Year Ended December 31, 2011**

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Date of Issue - Purpose	Total Amount of Issue	Balance December 31, 2010	Issued In 2011	Paid by Budget Appropriation	Balance December 31, 2011
11/8/07 Environmental Infrastructure Trust Loan	\$ 1,040,000	\$ 970,000	\$ -	\$ 40,000	\$ 930,000
11/8/07 State of NJ Fund Loan	\$ 983,154	881,762	-	52,185	829,577
		<u>\$ 1,851,762</u>	<u>\$ -</u>	<u>\$ 92,185</u>	<u>\$ 1,759,577</u>

TOWNSHIP OF SADDLE BROOK  
GENERAL CAPITAL FUND  
STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED  
Year Ended December 31, 2011

Improvement	Balance December 31, 2010	Authorized	Reserve for Payment of Debt Applied	BANs Paid By Budget	Serial Bonds Issued	Paid By BAN Premium	Cancelled	Balance December 31, 2011	Analysis of Balance		
									Outstanding BANs	B&N Authorized	Capital Cash
#1429 Renovation & Expansion of Library	\$ 1,900,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (400,000)	\$ 1,500,000	\$ 550,000	\$ 950,000	\$ -
#1518-11 Various Sanitary Sewer Improvements	-	95,200	-	-	-	-	-	95,200	95,200	-	-
#1519-11 Replace Water Mains	-	938,000	-	-	-	-	-	938,000	938,000	-	-
#1522-11 Tax Appeal Refunding Bonds	-	700,000	-	-	-	-	-	700,000	-	700,000	-
	<u>\$ 1,900,000</u>	<u>\$ 1,733,200</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (400,000)</u>	<u>\$ 3,233,200</u>	<u>\$ 1,583,200</u>	<u>\$ 1,650,000</u>	<u>\$ -</u>



TOWNSHIP OF SADDLE BROOK  
GENERAL CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS  
Year Ended December 31, 2011

Description	Balance - January 1, 2011		Capital Improvement Fund	Capital Surplus	Grants	Reserve For Water Main	Bonds & Notes Authorized	Expended	Transferred to Deferred Chg.	Refunds/ Adjustments	Cancellations	Balance - December 31, 2011	
	Funded	Unfunded										Funded	Unfunded
#1264/1289/1313 Construction of Recreation Fields	\$ 7,579	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,579	\$ -
#1286/1296/1330/1348 Construction of Police Headquarters	3,078	-	-	-	-	-	-	1,692	-	-	-	1,386	-
#1317 Various Equipment Purchases	29,255	-	-	-	-	-	-	26,683	-	-	-	2,572	-
#1319 Road & Drainage Improvement Program	9,400	-	-	-	-	-	-	-	-	-	-	9,400	-
#1355/1378 Improvements to Veteran's Field	22,711	-	-	-	-	-	-	1,940	-	-	-	20,771	-
#1375 Police Department Computers & Equipment	25,332	-	-	-	-	-	-	25,332	-	-	-	-	-
#1382 Vehicles & Equipment for Fire Dept. & DPW	4,262	-	-	-	-	-	-	4,262	-	-	-	-	-
#1385 Sewerage Pump Station on Mayhill & 5th Streets	51,104	-	-	-	-	-	-	-	-	-	-	51,104	-
#1424 Purchase & Improvement of Land	63,593	-	-	-	-	-	-	4,250	-	-	-	59,343	-
#1429 Renovation & Expansion of Library	95,509	1,900,000	-	-	-	-	-	550,000	-	-	400,000	-	1,045,509
#1441 Oxford Ave. Road & Drainage Impts. - PH II	48,178	-	-	-	-	-	-	2,069	-	-	-	46,109	-
#1468 Repairs & Addition to Hook & Ladder Co. #1	120	-	-	-	-	-	-	540	(420)	-	-	-	-
#1471 Senior Center ADA Improvements	48,586	-	-	-	-	-	-	-	-	-	-	48,586	-
#1474 Oxford Avenue - PH III	-	-	-	-	-	-	-	3,010	-	26,674	-	23,664	-
#1479 DPW Facility Rehabilitation - Phase I	11,056	-	-	-	-	-	-	-	-	-	-	11,056	-
#1480 Rochelle Parkway Improvements - Phase I	13,800	-	-	-	-	-	-	14,170	(370)	-	-	-	-
#1485 New Fire Department Ladder Truck	76,705	-	-	-	-	-	-	71,462	-	-	-	5,243	-
#1488 Oxford Ave. Road & Drainage Impts. - PH IV	2,636	-	-	-	-	-	-	2,292	-	-	-	344	-
#1518-11 Various Sanitary Sewer Improvements	-	-	4,800	-	-	-	95,200	9,584	-	-	-	-	90,416
#1519-11 Replace Water Mains	-	-	37,000	-	-	10,000	938,000	2,780	-	-	-	44,220	938,000
#1522-11 Tax Appeal Refunding Bonds	-	-	-	-	-	-	700,000	249,470	-	-	-	-	450,530
	\$ 512,904	\$ 1,900,000	\$ 41,800	\$ -	\$ -	\$ 10,000	\$ 1,733,200	\$ 969,536	\$ (790)	\$ 26,674	\$ 400,000	\$ 331,377	\$ 2,524,455

**TOWNSHIP OF SADDLE BROOK**  
**GENERAL CAPITAL FUND**  
**STATEMENT OF SERIAL BONDS PAYABLE**  
**Year Ended December 31, 2011**

<u>Date of Issue - Purpose</u>	<u>Total Amount of Issue</u>	<u>Balance December 31, 2010</u>	<u>Issued In 2011</u>	<u>Paid by Budget Appropriation</u>	<u>Balance December 31, 2011</u>
3/7/06 General Improvement Bonds	\$ 21,394,943	\$ 19,167,179	\$ -	\$ 607,148	\$ 18,560,031
8/1/10 General Improvement Bonds	3,705,000	3,705,000	-	255,000	3,450,000
		<u>\$ 22,872,179</u>	<u>\$ -</u>	<u>\$ 862,148</u>	<u>\$ 22,010,031</u>

TOWNSHIP OF SADDLE BROOK  
GENERAL CAPITAL FUND  
STATEMENT OF BOND ANTICIPATION NOTES PAYABLE  
Year Ended December 31, 2011

Improvement Description	Amount of Original Note	Date of Original Note	Date of Issue	Date of Maturity	Interest Rate	Balance December 31, 2010	Issued	Reserve for Payment of Debt Applied	Serial Bonds Issued	Renewal	Ordinance Cancelled	Budget Paydown	Balance December 31, 2011
#1429 Renovation & Expansion of Library	\$ 950,000	11/09/10	11/09/10	11/08/11	0.99%	\$ 950,000	\$ -	\$ -	\$ -	\$ 550,000	\$ 400,000	\$ -	\$ -
	<u>\$ 950,000</u>					<u>\$ 950,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 550,000</u>	<u>\$ 400,000</u>	<u>\$ -</u>	<u>\$ -</u>
#1429 Renovation & Expansion of Library	\$ 950,000	11/09/10	11/08/11	11/08/12	1.24%	\$ -	\$ 550,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 550,000
#1518-11 Various Sanitary Sewer Improvements	95,200	11/08/11	11/08/11	11/08/12	1.24%	-	95,200	-	-	-	-	-	95,200
#1519-11 Replace Water Mains	938,000	11/08/11	11/08/11	11/08/12	1.24%	-	938,000	-	-	-	-	-	938,000
	<u>\$ 1,983,200</u>					<u>\$ -</u>	<u>\$ 1,583,200</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,583,200</u>
						<u>\$ 950,000</u>	<u>\$ 1,583,200</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 550,000</u>	<u>\$ 400,000</u>	<u>\$ -</u>	<u>\$ 1,583,200</u>

TOWNSHIP OF SADDLE BROOK  
 GENERAL CAPITAL FUND  
 STATEMENT OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED  
 Year Ended December 31, 2011

Improvement Description	Balance		BANs Issued	Bonds Issued	Cancellations/ Adjustments	Balance	
	December 31, 2010	Authorized				December 31, 2011	
#1429 Renovation & Expansion of Library	\$ 950,000	\$ -	\$ -	\$ -	\$ -	\$ 950,000	
#1518-11 Various Sanitary Sewer Improvements	-	95,200	95,200	-	-	-	
#1519-11 Replace Water Mains	-	938,000	938,000	-	-	-	
#1522-11 Tax Appeal Refunding Bonds	-	700,000	-	-	-	700,000	
	<u>\$ 950,000</u>	<u>\$ 1,733,200</u>	<u>\$ 1,033,200</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,650,000</u>	

**TOWNSHIP OF SADDLE BROOK**  
**GENERAL CAPITAL FUND**  
**STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED**  
**Year Ended December 31, 2011**

E-8

Improvement	Balance	Paid By Budget	Serial Bonds Issued	Balance	Analysis of Balance	
	December 31, 2010			December 31, 2011	Outstanding Bonds	Outstanding Notes
3/7/06 General Improvement Bonds	\$ 19,167,179	\$ (607,148)	\$ -	\$ 18,560,031	\$ 18,560,031	\$ -
8/1/10 General Improvement Bonds	3,705,000	(255,000)	-	3,450,000	3,450,000	-
11/8/07 Environmental Infrastructure Trust Loan	970,000	(40,000)	-	930,000	-	930,000
11/8/07 State of NJ Fund Loan	881,762	(52,185)	-	829,577	-	829,577
	<u>\$ 24,723,941</u>	<u>\$ (954,333)</u>	<u>\$ -</u>	<u>\$ 23,769,608</u>	<u>\$ 22,010,031</u>	<u>\$ 1,759,577</u>

TOWNSHIP OF SADDLE BROOK  
GENERAL CAPITAL FUND  
STATEMENT OF GRANTS RECEIVABLE  
Year Ended December 31, 2011

Program	Balance December 31, 2010	Revenue Realized	Received	Unappropriated Reserve Applied	Adjustments	Balance December 31, 2011
<u>Federal:</u>						
U.S. Dept. of Transportation Passed Thru - State of NJ Department of Transportation - Oxford Avenue - Phase III	\$ 61,575	\$ -	\$ 44,147	\$ -	\$ -	\$ 17,428
U.S. Dept. of Transportation Passed Thru - State of NJ Department of Transportation - Oxford Avenue - Phase IV	50,000	-	-	-	-	50,000
U.S. Dept. of Housing and Urban Development Passed Thru - Bergen County Community Development - Senior Citizen ADA Improvements	261,514	-	-	-	-	261,514
	<u>373,089</u>	<u>-</u>	<u>44,147</u>	<u>-</u>	<u>-</u>	<u>328,942</u>
<u>State:</u>						
None	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Other:</u>						
Bergen County Open Space - Tennis Courts	\$ 75,000	\$ -	\$ 75,000	\$ -	\$ -	\$ -
Grand Total	<u>\$ 448,089</u>	<u>\$ -</u>	<u>\$ 119,147</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 328,942</u>

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

	<u>2011</u>	<u>2010</u>
<u>ASSETS</u>		
Cash:		
Operating Account	\$ 693,716	\$ 485,712
Change Funds	20	20
	<u>\$ 693,736</u>	<u>\$ 485,732</u>
Consumer Accounts Receivable	<u>\$ 579,046</u>	<u>\$ 63,659</u>
Interfund Receivable:		
Water Utility Capital Fund	<u>\$ 224</u>	<u>\$ 224</u>
Other Assets:		
Water Utility Liens	<u>\$ 3,571</u>	<u>\$ 3,571</u>
Deferred Charges:		
Overexpenditures	<u>\$ -</u>	<u>\$ 750,000</u>
Total Assets	<u>\$ 1,276,577</u>	<u>\$ 1,303,186</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Accounts Payable	<u>\$ -</u>	<u>\$ 750,000</u>
Reserve for Encumbrances	<u>\$ 10,207</u>	<u>\$ 1,944</u>
Interfund Payable:		
Current Fund	\$ 20,727	\$ 20,727
Water Utility Capital Fund	24,241	-
	<u>\$ 44,968</u>	<u>\$ 20,727</u>
Other Liabilities and Reserves:		
Accrued Interest on Bonds	\$ 21,233	\$ 21,769
Accrued Interest on Notes (BANs)	391	-
Reserve for Receivables	582,617	67,229
Water Rent Overpayments	12,610	-
Appropriation Reserves	474,058	648
	<u>\$ 1,090,909</u>	<u>\$ 89,646</u>
Fund Balance	<u>\$ 130,493</u>	<u>\$ 440,869</u>
Total Liabilities and Reserves	<u>\$ 1,276,577</u>	<u>\$ 1,303,186</u>

**TOWNSHIP OF SADDLE BROOK**  
**WATER UTILITY OPERATING FUND**  
**STATEMENT OF REVENUES AND OTHER CREDITS TO INCOME - STATUTORY BASIS**  
**Year Ended December 31, 2011**

	Anticipated Budget	Realized	Excess/ (Deficit)
Operating Surplus Anticipated	\$ 400,000	\$ 400,000	\$ -
Water Rents	\$ 2,300,000	\$ 2,859,571	\$ 559,571
Interest on Delinquencies	9,700	14,605	4,905
Interest on Investments & Deposits	300	1,650	1,350
Receipts of Delinquent Rents	-	-	-
Special Billing	750,000	250,000	(500,000)
	<u>\$ 3,060,000</u>	<u>\$ 3,125,826</u>	<u>\$ 65,826</u>
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	\$ -	\$ 214	\$ 214
Deficit (General Budget)	-	-	-
Unexpended Balances Cancelled	-	-	-
Miscellaneous Revenue Not Anticipated	-	246	246
Cancellations & Adjustments	-	23,338	23,338
	<u>\$ -</u>	<u>\$ 23,798</u>	<u>\$ 23,798</u>
Fund Balance - Water Utility Capital	\$ -	\$ -	\$ -
Total Revenues and Credits to Income	<u>\$ 3,460,000</u>	<u>\$ 3,549,624</u>	<u>\$ 89,624</u>



TOWNSHIP OF SADDLE BROOK  
WATER UTILITY OPERATING FUND  
STATEMENT OF EXPENDITURES AND OTHER CHARGES TO INCOME - STATUTORY BASIS  
Year Ended December 31, 2011

	Appropriations		Expended		Unexpended		Overexpenditure
	Adopted Budget	Budget After Modification	Paid or Charged	Reserved	Balance Canceled		
<b>Operating:</b>							
Salaries and Wages	\$ 665,000	\$ 625,000	\$ 472,635	\$ 152,365	\$ -	\$ -	-
Salaries and Wages - Overtime	25,000	65,000	61,026	3,974	-	-	-
Other Expenses:	1,857,377	1,856,985	1,555,447	301,538	-	-	-
	<u>\$ 2,547,377</u>	<u>\$ 2,546,985</u>	<u>\$ 2,089,108</u>	<u>\$ 457,877</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>
<b>Capital Improvements:</b>							
Capital Improvement Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Capital Outlay	-	-	-	-	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>
<b>Debt Service:</b>							
Payment of Bonds	\$ 42,852	\$ 42,852	\$ 42,852	\$ -	\$ -	\$ -	-
Payment of BAN's & Capital Notes	-	-	-	-	-	-	-
Interest on Bonds	64,771	64,771	64,771	-	-	-	-
Interest on Notes	-	392	392	-	-	-	-
	<u>\$ 107,623</u>	<u>\$ 108,015</u>	<u>\$ 108,015</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>
<b>Deferred Charges:</b>							
Prior Year Bills	\$ 750,000	\$ 750,000	\$ 750,000	\$ -	\$ -	\$ -	-
Overexpenditures	-	-	-	-	-	-	-
	<u>\$ 750,000</u>	<u>\$ 750,000</u>	<u>\$ 750,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>
<b>Statutory Expenditures:</b>							
Social Security System	\$ 55,000	\$ 55,000	\$ 38,819	\$ 16,181	\$ -	\$ -	-
	<u>\$ 55,000</u>	<u>\$ 55,000</u>	<u>\$ 38,819</u>	<u>\$ 16,181</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>
Deficit in Operations in Prior Years	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Surplus (General Budget)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Total Appropriations	<u>\$ 3,460,000</u>	<u>\$ 3,460,000</u>	<u>\$ 2,985,942</u>	<u>\$ 474,058</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>
<b>Other Charges to Income:</b>							
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**

	2011	2010
<u>ASSETS</u>		
Cash:		
Operating Account	\$ 245,316	\$ 78,471
Interfund Receivable:		
General Capital Fund	\$ 2,780	\$ -
Water Utility Operating Fund	24,241	-
	<u>\$ 27,021</u>	<u>\$ -</u>
Fixed Capital Authorized & Uncompleted	\$ 237,992	\$ 12,992
Fixed Capital	\$ 2,447,026	\$ 2,447,026
Estimated Proceed of Bonds & Notes Authorized	\$ -	\$ -
Total Assets	<u>\$ 2,957,355</u>	<u>\$ 2,538,489</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Interfund Payable:		
Current Fund	\$ 6,035	\$ -
Water Utility Operating Fund	224	224
	<u>\$ 6,259</u>	<u>\$ 224</u>
Other Liabilities and Reserves:		
Capital Improvement Fund	\$ 64,685	\$ 75,485
Reserve for Amortization	1,137,057	1,094,205
Reserve for Deferred Amortization	22,323	11,523
	<u>\$ 1,224,065</u>	<u>\$ 1,181,213</u>
Improvement Authorizations:		
Funded	\$ 4,231	\$ 4,231
Unfunded	198,631	-
	<u>\$ 202,862</u>	<u>\$ 4,231</u>
Bond Anticipation Notes Payable	\$ 214,200	\$ -
Serial Bonds Payable	\$ 1,309,969	\$ 1,352,821
Bonds & Notes Authorized but not Issued	\$ -	\$ -
Fund Balance	\$ -	\$ -
Total Liabilities and Reserves	<u>\$ 2,957,355</u>	<u>\$ 2,538,489</u>

TOWNSHIP OF SADDLE BROOK  
 WATER UTILITY CAPITAL FUND  
 STATEMENT OF FIXED CAPITAL AUTHORIZED & UNCOMPLETED  
 Year Ended December 31, 2011

Improvement	Balance	Authorized	Receipts Applied	B&Ns Paid By Budget	Serial Bonds Issued	Cancellations/ Adjustments	Balance	Analysis of Balance		
	December 31, 2010						December 31, 2011	Outstanding B&Ns	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
#1514-11 Water Utility Improvements	-	225,000	-	-	-	-	225,000	214,200	-	10,800
	<u>\$ 12,992</u>	<u>\$ 225,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 237,992</u>	<u>\$ 214,200</u>	<u>\$ -</u>	<u>\$ 23,792</u>

TOWNSHIP OF SADDLE BROOK  
 WATER UTILITY CAPITAL FUND  
 SCHEDULE OF IMPROVEMENT AUTHORIZATIONS  
 Year Ended December 31, 2011

F-6

Description	Balance - January 1, 2011		Bonds & Notes Authorized	Expended	Adjustments	Cancellations	Balance - December 31, 2011	
	Funded	Unfunded					Funded	Unfunded
#1200/1411 Extension of Water Mains/Meter Purchase	\$ 3,889	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,889	\$ -
#1205 Automatic Meter Reading Equipment	342	-	-	-	-	-	342	-
#1514-11 Water Utility Improvements	-	-	225,000	26,369	-	-	-	198,631
	<u>\$ 4,231</u>	<u>\$ -</u>	<u>\$ 225,000</u>	<u>\$ 26,369</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,231</u>	<u>\$ 198,631</u>

TOWNSHIP OF SADDLE BROOK  
 WATER UTILITY CAPITAL FUND  
 STATEMENT OF SERIAL BONDS PAYABLE  
 Year Ended December 31, 2011

Date of Issue - Purpose	Total Amount of Issue	Balance December 31, 2010	Issued In 2011	Paid by Budget Appropriation	Balance December 31, 2011
3/7/06 Water Utility Bonds - County Guaranteed	\$ 1,510,057	\$ 1,352,821	\$ -	\$ 42,852	\$ 1,309,969
		\$ 1,352,821	\$ -	\$ 42,852	\$ 1,309,969

TOWNSHIP OF SADDLE BROOK  
 WATER UTILITY CAPITAL FUND  
 STATEMENT OF BOND ANTICIPATION NOTES PAYABLE  
 Year Ended December 31, 2011

F-8

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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, 2010	Issued	Decreased	Budget Paydown	Balance December 31, 2011
#1514-11 Water Utility Improvements	\$ 214,200	11/8/2011	11/8/2011	11/08/12	1.24%	\$ -	\$ 214,200	\$ -	\$ -	\$ 214,200
						\$ -	\$ 214,200	\$ -	\$ -	\$ 214,200

TOWNSHIP OF SADDLE BROOK  
 WATER UTILITY CAPITAL FUND  
 STATEMENT OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED  
 Year Ended December 31, 2011

Improvement Description	Balance December 31, 2010	Authorized	BANs Issued	Bonds Issued	Cancellations/ Adjustments	Balance December 31, 2011
None	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

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	<u>2011</u>	<u>2010</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**  
**STATEMENT OF CHANGES IN RESERVE FOR GENERAL FIXED ASSETS**

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	Balance December 31, 2010	<u>Additions</u>	<u>Retirements</u>	<u>Adjustments</u>	Balance December 31, 2011
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)**

	2011	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	2,712,678	2,920,291	4,139,184	3,563,603	3,295,513
Receipts From Delinquent Taxes	345,000	345,000	386,000	280,000	398,500
Amount to be Raised by Taxation - Local	15,160,243	15,164,113	13,640,355	13,457,554	11,919,055
Amount to be Raised by Taxation - Library	830,050	-	-	-	-
Total Revenues	<u>\$ 19,047,971</u>	<u>\$ 18,754,404</u>	<u>\$ 18,423,087</u>	<u>\$ 18,334,157</u>	<u>\$ 17,513,068</u>

APPROPRIATIONS

## Within "CAPS":

## Operations:

Salaries and Wages	\$ 6,273,701	\$ 6,586,215	\$ 6,724,663	\$ 6,655,723	\$ 6,439,295
Other Expenses	6,111,805	5,800,531	5,697,140	5,666,842	3,143,028
Deferred Charges	399,753	98,000	90,000	401,218	373,284
Statutory Expenditures	1,884,674	1,066,404	1,015,696	388,093	412,493
Judgments	-	-	-	-	-

## Excluded From "CAPS":

## Operations:

Salaries and Wages	-	-	-	-	-
Other Expenses	1,688,050	2,599,602	1,896,278	2,708,457	4,929,158
Capital Improvements	40,000	240,000	275,000	225,000	75,000
Municipal Debt Service	2,015,988	1,730,600	1,846,280	1,729,824	1,673,810
Deferred Charges	84,000	84,000	341,730	84,000	-
Reserve for Uncollected Taxes	550,000	549,052	536,300	475,000	467,000
Total Appropriations	<u>\$ 19,047,971</u>	<u>\$ 18,754,404</u>	<u>\$ 18,423,087</u>	<u>\$ 18,334,157</u>	<u>\$ 17,513,068</u>

WATER UTILITY FUNDREVENUES

Fund Balance Anticipated	\$ 400,000	\$ 47,485	\$ 321,000	\$ 68,000	\$ 328,900
Water Rents	2,300,000	1,912,500	1,904,000	1,940,000	1,764,000
Interest on Delinquencies	9,700	8,700	6,800	9,000	16,500
Interest on Investments & Deposits	300	300	5,300	26,000	23,800
Receipts of Delinquent Rents	-	101,900	91,996	90,272	100,000
Special Billings	750,000	-	-	-	-
Total Revenues	<u>\$ 3,460,000</u>	<u>\$ 2,070,885</u>	<u>\$ 2,329,096</u>	<u>\$ 2,133,272</u>	<u>\$ 2,233,200</u>

APPROPRIATIONS

## Operations:

Salaries and Wages	\$ 690,000	\$ 677,750	\$ 673,000	\$ 575,000	\$ 673,000
Other Expenses	1,857,377	1,214,950	1,273,258	1,385,000	1,304,247
Capital Improvements	-	-	-	-	-
Municipal Debt Service	107,623	108,600	116,542	108,272	108,257
Deferred Charges & Statutory Expenditures	805,000	60,949	266,296	65,000	107,706
Deficit in Operations	-	8,636	-	-	39,990
Total Appropriations	<u>\$ 3,460,000</u>	<u>\$ 2,070,885</u>	<u>\$ 2,329,096</u>	<u>\$ 2,133,272</u>	<u>\$ 2,233,200</u>

**TOWNSHIP OF SADDLE BROOK**  
**Fund Balance Summary**  
**(Unaudited)**

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
<u>CURRENT FUND</u>					
Fund Balance, Beginning	\$ 11,538	\$ 335,384	\$ 521,970	\$ 1,415,269	\$ 2,251,033
Generated Current Year	275,208	1,154	70,962	139,701	1,064,236
Utilized Current Year	-	(325,000)	(257,548)	(1,033,000)	(1,900,000)
Fund Balance, Ending	<u>\$ 286,746</u>	<u>\$ 11,538</u>	<u>\$ 335,384</u>	<u>\$ 521,970</u>	<u>\$ 1,415,269</u>
<u>WATER UTILITY FUND</u>					
Fund Balance, Beginning	\$ 440,869	\$ 47,619	\$ 337,999	\$ 405,999	\$ 401,637
Generated Current Year	89,624	440,735	30,620	-	333,262
Utilized Current Year	(400,000)	(47,485)	(321,000)	(68,000)	(328,900)
Fund Balance, Ending	<u>\$ 130,493</u>	<u>\$ 440,869</u>	<u>\$ 47,619</u>	<u>\$ 337,999</u>	<u>\$ 405,999</u>

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

	2011	2010	2009	2008	2007
<u>CURRENT YEAR % COLLECTION RATES</u>					
Current Tax Levy	\$ 48,869,920	\$ 46,174,264	\$ 43,281,951	\$ 42,053,812	\$ 39,277,735
Current Collections	\$ 48,402,293	\$ 45,683,871	\$ 42,829,290	\$ 41,520,173	\$ 38,930,911
Percentage of Collections	99.04%	98.94%	98.95%	98.73%	99.12%
<u>DELINQUENT TAX %</u>					
Delinquent Taxes	\$ 480,163	\$ 490,393	\$ 339,619	\$ 442,956	\$ 292,546
Tax Title Liens	111,332	101,530	101,530	97,093	-
Total Delinquent	\$ 591,495	\$ 591,923	\$ 441,149	\$ 540,049	\$ 292,546
Tax Levy	\$ 48,869,920	\$ 46,174,264	\$ 43,281,951	\$ 42,053,812	\$ 39,277,735
Percentage of Tax Levy	1.21%	1.28%	1.02%	1.28%	0.74%
<u>PROPERTY ACQUIRED BY MUNICIPALITY FOR NON-PAYMENT OF TAXES</u>					
Recorded at - Assessed Valuation	\$ 742,249	\$ 742,249	\$ 742,249	\$ 742,249	\$ 934,149

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

Description	2011		2010		2009**		2008		2007	
	# of Parcels	Value	# of Parcels	Value	# of Parcels	Value	# of Parcels	Value	# of Parcels	Value
<b>NET VALUATIONS TAXABLE</b>										
Vacant Land	64	\$ 17,964,700	64	\$ 18,124,000	65	\$ 25,575,000	65	\$ 9,870,800	66	\$ 9,961,800
Residential	4132	1,487,689,200	4129	1,482,058,700	4127	1,480,640,200	4143	779,770,600	4143	775,970,000
Farm (Regular)	0	-	0	-	0	-	0	-	0	-
Farm (Qualified)	0	-	0	-	0	-	0	-	0	-
Commercial	138	389,686,700	140	397,401,100	141	407,172,400	124	207,328,400	123	207,257,500
Industrial	80	307,091,800	80	309,480,900	80	310,075,600	79	161,843,754	79	161,843,754
Apartments	9	81,712,700	9	81,712,700	8	63,652,700	7	28,978,300	7	29,578,300
Sub-Total	<u>4423</u>	<u>2,284,145,100</u>	<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>
Personal Property		2,351,315		2,351,315		2,301,600		768,949		1,451,852
Net Valuations Taxable		<u>2,286,496,415</u>		<u>2,291,128,715</u>		<u>2,289,417,500</u>		<u>1,188,560,803</u>		<u>1,186,063,206</u>
Bergen County Equalization Adjustment		217,351,154		120,431,815		179,970,648		1,283,789,359		1,154,042,146
Bergen County Equalized Valuations		<u>\$ 2,503,847,569</u>		<u>\$ 2,411,560,530</u>		<u>\$ 2,469,388,148</u>		<u>\$ 2,472,350,162</u>		<u>\$ 2,340,105,352</u>
Bergen County Equalization Ratio		<u>92.00%</u>		<u>95.82%</u>		<u>93.51%</u>		<u>48.48%</u>		<u>51.11%</u>
Average Improved Residential Assessment		<u>\$ 360,041</u>		<u>\$ 358,939</u>		<u>\$ 358,769</u>		<u>\$ 188,214</u>		<u>\$ 187,297</u>

\*\*Revaluation Year

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

	2011	2010	2009**	2008	2007
<b>TAX REQUIREMENTS</b>					
County	\$ 5,113,665	\$ 4,645,675	\$ 4,464,768	\$ 4,320,480	\$ 4,008,768
County Open Space	62,596	60,289	246,939	247,235	234,011
District School	27,809,024	26,436,052	24,800,734	23,857,489	22,966,002
Municipal Open Space	-	-	-	-	-
Municipal - Local	15,160,243	15,154,113	13,640,355	13,457,554	11,919,055
Municipal - Library	830,050	-	-	-	-
Total Tax Requirements	\$ 48,975,578	\$ 46,296,129	\$ 43,152,796	\$ 41,882,758	\$ 39,127,836

**TAX RATES**

County	0.224	0.203	0.196	0.364	0.338
County Open Space	0.003	0.003	0.011	0.021	0.010
District School	1.216	1.154	1.083	2.007	1.936
Municipal Open Space	-	-	-	-	-
Municipal - Local	0.663	0.662	0.595	1.133	1.016
Municipal - Library	0.036	-	-	-	-
Total Tax Rates	2.142	2.022	1.885	3.525	3.300

\*\*Revaluation Year

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

	2011	2010	2009	2008	2007
Population (Est.)	13,748	13,659	14,173	13,845	13,440
County Equalized Valuation	\$ 2,503,847,569	\$ 2,411,560,530	\$ 2,469,388,148	\$ 2,472,350,162	\$ 2,340,105,352
Gross Debt	\$ 45,716,977	\$ 45,754,762	\$ 45,655,005	\$ 47,261,250	\$ 49,043,350
Gross Debt Per Capita	\$ 3,325	\$ 3,350	\$ 3,221	\$ 3,414	\$ 3,649
Ratio of Gross Debt to County Equalized Valuations	1.83%	1.90%	1.85%	1.91%	2.10%
Net Debt	\$ 26,302,808	\$ 27,976,762	\$ 26,237,650	\$ 27,198,370	\$ 27,366,691
Ratio of Net Debt to County Equalized Valuations	1.05%	1.16%	1.06%	1.10%	1.17%
Net Debt per Capita	\$ 1,913	\$ 2,048	\$ 1,851	\$ 1,964	\$ 2,036



**TOWNSHIP OF SADDLE BROOK**  
**Legal Debt Margin**  
**(Unaudited)**

	2011	2010	2009	2008	2007
Equalized Valuation Basis (State)	\$ 2,427,364,509	\$ 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	\$ 84,957,758	\$ 85,268,039	\$ 84,751,249	\$ 83,548,388	\$ 79,501,346
Net Debt	26,302,808	27,976,762	26,237,650	27,198,370	27,366,691
Remaining Borrowing Power	<u>\$ 58,654,950</u>	<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	\$ 97,094,580	\$ 97,449,187	\$ 96,858,570	\$ 95,483,873	\$ 90,858,681
Net School Debt	17,190,000	17,778,000	18,023,000	18,913,000	19,768,000
School Borrowing Margin Available	<u>\$ 79,904,580</u>	<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)**

	2011	2010	2009	2008	2007
<b>NET DIRECT DEBT</b>					
Municipal Debt	\$ 26,302,808	\$ 27,976,762	\$ 26,237,650	\$ 27,198,370	\$ 27,366,691
Local School Debt	17,190,000	17,778,000	18,023,000	18,913,000	19,768,000
	<u>\$ 43,492,808</u>	<u>\$ 45,754,762</u>	<u>\$ 44,260,650</u>	<u>\$ 46,111,370</u>	<u>\$ 47,134,691</u>

<b>OVERLAPPING DEBT</b>					
County of Bergen (1)	\$ 17,541,097	\$ 16,352,383	\$ 15,028,272	\$ 14,884,743	\$ 14,684,723
Passaic Valley Sewerage Authority (2)	2,175,234	2,202,454	1,894,307	1,792,733	1,832,433
	<u>\$ 19,716,331</u>	<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	\$ 2,503,847,569	\$ 2,411,560,530	\$ 2,469,388,148	\$ 2,472,350,162	\$ 2,340,105,352
Total County Equalized Valuations	\$ 173,258,537,441	\$ 183,412,099,706	\$ 187,580,071,463	\$ 182,767,512,263	\$ 172,863,500,734
	1.45%	1.31%	1.32%	1.35%	1.35%
County's Outstanding Debt	1,209,730,830	1,248,273,490	1,138,505,430	1,102,573,565	1,087,757,268
	<u>\$ 17,541,097</u>	<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	\$ 826,653	\$ 799,951	\$ 789,364	\$ 759,581	\$ 729,217
Total Flow Charges	\$ 129,883,667	\$ 129,963,014	\$ 127,525,062	\$ 125,403,855	\$ 121,388,216
	0.64%	0.62%	0.62%	0.61%	0.60%
X's Outstanding Debt	339,880,368	355,234,494	305,533,465	293,890,682	305,405,498
	<u>\$ 2,175,234</u>	<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)

	2011	2010	2009	2008	2007
Serial Bonds:					
Principal	\$ 862,147	\$ 674,000	\$ 771,359	\$ 666,433	\$ 647,752
Interest	1,005,293	997,000	1,021,415	996,857	1,026,058
Notes:					
Principal	-	-	-	-	-
Interest	10,000	59,600	53,506	66,534	-
Loans:					
Principal	92,185	-	-	-	-
Interest	46,363	-	-	-	-
	<u>\$ 2,015,988</u>	<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>\$ 19,047,971</u>	<u>\$ 18,771,699</u>	<u>\$ 18,423,087</u>	<u>\$ 18,333,541</u>	<u>\$ 17,513,068</u>
Ratio of Debt Service to Current Fund Budget Appropriations	<u>10.58%</u>	<u>9.22%</u>	<u>10.02%</u>	<u>9.44%</u>	<u>9.56%</u>

**TOWNSHIP OF SADDLE BROOK**  
**Demographic Statistics**  
**(Unaudited)**

	<u>2011*</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Average Labor Force Estimates by Municipality:					
Labor Force	7,516	7,525	7,571	7,423	7,313
Employment	6,697	6,692	6,752	6,967	6,966
Unemployment	819	833	818	457	347
Unemployment Rate	10.9%	11.1%	10.8%	6.2%	4.7%
Per Capital Personal Income - Bergen Cty.	\$ 65,486	\$ 65,486	\$ 63,198	\$ 68,227	\$ 67,394

	<u>Estimates as of July 1,</u>				
Subcounty Population Estimates:					
Saddle Brook TWP	13,748	13,659	14,173	13,845	13,440
County of Bergen	911,004	905,116	895,250	889,915	885,664

\* Latest Information Available

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

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Taxpayer (Block/Lot)	2011 Assessed Valuation	As a Percent of Total 2011 Net Valuations \$ 2,286,496,415
1 L&L Park 80, LLC (1002/1)	\$ 125,895,400	5.51%
2 Midland Holding Co. (1202/30)	30,736,100	1.34%
3 Tri State Realty (123/1)	30,507,000	1.33%
4 CP Saddle Brook, LLC (1003/1)	30,200,000	1.32%
5 Arrow Fastener (1008/5)	26,488,900	1.16%
6 A.O. Associates (512/3)	21,729,000	0.95%
7 Saddle Brook Mayhill (910/2)	18,060,000	0.79%
8 A.O. Associates (512/4)	16,819,600	0.74%
9 Kessler Institute (512/1)	15,500,000	0.68%
10 Brook Associates C/O Roseheart (1005/3)	10,100,600	0.44%
	<u>\$ 326,036,600</u>	14.26%

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

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	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
# of New Permits Issued	876	624	596	636	712
# of Permit Updates	69	55	67	70	76
Value of Construction	\$ 8,877,231	\$ 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 &amp; Consultants

245 Union Street  
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 years ended December 31, 2011 and 2010, and have issued our report thereon dated June 30, 2012. 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.

**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***

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**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, 2012.

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, 2012

TOWNSHIP OF SADDLE BROOK  
 SCHEDULE OF EXPENDITURES OF FEDERAL FINANCIAL ASSISTANCE  
 Year Ended December 31, 2011

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, 2010	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years Balances	(Accounts Receivable)	Deferred Revenue	Due to Grantor at	
					From	To							December 31, 2011	December 31, 2011	December 31, 2011	
<b>General Capital Fund</b>																
<i>US Department of Housing and Urban Development - Passed Thru the County of Bergen-</i>																
CDBG Grant - Senior Center ADA Improvements	20.205	Community Development	N/A	\$ 316,814	01/01/09	12/31/09	\$ (261,514)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (261,514)	\$ -	\$ -	
<i>Transportation State Aid Highway Projects</i>																
<i>Highway Planning and Construction</i>																
<i>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)	-	44,147	-	-	-	(17,428)	-	-	
Road Impts. Oxford Avenue Phase IV	20.205	Highway Planning & Construction	N/A	200,000	01/01/10	12/31/10	(50,000)	-	-	-	-	-	(50,000)	-	-	
								<b>\$ (373,089)</b>	<b>\$ -</b>	<b>\$ 44,147</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (328,942)</b>	<b>\$ -</b>	<b>\$ -</b>	
<b>Federal and State Grant Fund</b>																
<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	-	-	-	-	
<i>US Department of Housing and Urban Development - Passed Thru the County of Bergen-</i>																
<i>CDBG Grant - Senior Bus</i>																
CDBG Grant - Senior Bus	20.205	Community Development	N/A	5,808	01/01/09	12/31/09	(5,808)	-	-	-	5,808	-	-	-	-	
<i>CDBG Grant - Senior Bus</i>																
CDBG Grant - Senior Bus	20.205	Community Development	N/A	5,808	01/01/09	12/31/09	5,528	-	-	-	(5,528)	-	-	-	-	
<i>CDBG Grant - Senior Citizen Improvements</i>																
CDBG Grant - Senior Citizen Improvements	20.205	Community Development	N/A	27,300	01/01/10	12/31/10	(27,300)	-	27,300	-	-	-	-	-	-	
FEMA - Firefighters Grant	97.036	Law & Public Safety	N/A	21,089	01/01/09	12/31/09	21,089	-	-	(11,689)	(9,400)	-	-	-	-	
<i>US Department of Environmental Protection - Passed thru the State of NJ Department of Environmental Protection-</i>																
<i>Stormwater Management Grant</i>																
Stormwater Management Grant	66.605	Stormwater Management Grant	N/A	30,621	Various	Various	(30,621)	-	-	-	30,621	-	-	-	-	
<i>Stormwater Management Grant</i>																
Stormwater Management Grant	66.605	Stormwater Management Grant	N/A	30,621	Various	Various	24,610	-	-	-	(24,610)	-	-	-	-	
								<b>\$ (22,002)</b>	<b>\$ -</b>	<b>\$ 27,300</b>	<b>\$ (11,689)</b>	<b>\$ 6,391</b>	<b>\$ -</b>	<b>\$ (328,942)</b>	<b>\$ -</b>	<b>\$ -</b>
Total Federal Financial Assistance								<b>\$ (395,091)</b>	<b>\$ -</b>	<b>\$ 71,447</b>	<b>\$ (11,689)</b>	<b>\$ 6,391</b>	<b>\$ -</b>	<b>\$ (328,942)</b>	<b>\$ -</b>	<b>\$ -</b>

\*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, 2011

K-4  
 Schedule B

State Grantor / Program Title	Grant or State Project Number	Award Amount	Grant Period		Balance	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, 2011	December 31, 2011	
<i>State of N.J., Department of Community Affairs --</i>													
Consolidated Municipal Property Tax Relief Aid	082-495-6020	127,379	1/1/2011	12/31/2011	\$ -	\$ -	\$ 127,379	\$ (127,379)	\$ -	\$ -	\$ -	\$ -	\$ -
LEA Rebates	022-100-6120	43,922	1/1/2011	12/31/2011	-	-	43,922	(43,922)	-	-	-	-	-
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)	-	-	-	-
<i>State of N.J., Department of Treasury --</i>													
Energy Receipts Tax	082-100-6020	1,312,788	01/01/11	12/31/11	-	-	1,312,788	(1,312,788)	-	-	-	-	-
Hotel Fees		308,760	01/01/11	12/31/11	-	-	308,760	(308,760)	-	-	-	-	-
Veterans & Senior Citizens	082-495-6020	238,008	01/01/11	12/31/11	-	-	238,008	(238,008)	-	-	-	-	-
<i>State of N.J., Department of Environmental Protection --</i>													
Clean Communities Program	042-4900-765-004	39,051	01/01/09	12/31/09	39,051	-	-	(9,395)	-	-	-	29,656	-
Recycling Tonnage Grant		42,353	01/01/09	12/31/09	42,353	-	-	(6,094)	-	-	-	36,259	-
<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	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	-	-	(3,346)	-	-	-	7,437	-
Alcohol Education & Rehabilitation Fund		1,310	01/01/09	12/31/09	677	-	-	-	-	-	-	677	-
State OEM Grant		2,406	01/01/09	12/31/09	2,406	-	-	-	(2,406)	-	-	-	-
Total State Financial Assistance					\$ 124,116	\$ -	\$ 2,030,857	\$ (2,049,692)	\$ 11,334	\$ -	\$ -	\$ 116,615	\$ -

\*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, 2011**

---

**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 I 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 statements.

**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, 2011**

---

**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, 2011 to December 31, 2011.

**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, 2011.

**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, 2011**

---

**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, 2011**

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**Section I -- Summary of Auditors' Results (Continued)**

Federal Awards

**\*\*NOT APPLICABLE - EXPENDITURES UNDER \$500,000\*\***

A) Internal control over major programs:

1. Material weakness(es) identified? \_\_\_\_\_ yes \_\_\_\_\_ no
2. Reportable condition(s) identified that are not considered to be material weakness(es)? \_\_\_\_\_ yes \_\_\_\_\_ none reported

B) Type of auditors' report issued on compliance for major programs:

- C) Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? \_\_\_\_\_ yes \_\_\_\_\_ no

D) Identification of major programs:

CFDA Number(s)

Name of Federal Program or Cluster

---



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E) Dollar threshold used to distinguish between type A and type B programs:

- F) Auditee qualified as low-risk auditee? \_\_\_\_\_ yes \_\_\_\_\_ no

TOWNSHIP OF SADDLE BROOK  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended December 31, 2011

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Section I -- Summary of Auditors' Results (Continued)

State Awards

**\*\*NOT APPLICABLE - EXPENDITURES UNDER \$500,000\*\***

A) Internal control over major programs:

- 1. Material weakness(es) identified?           \_\_\_\_\_ yes           \_\_\_\_\_ no
- 2. Reportable condition(s) identified that are  
not considered to be material weakness(es)? \_\_\_\_\_ yes           \_\_\_\_\_ none reported

B) Type of auditors' report issued on compliance  
for major programs:

C) Any audit findings disclosed that are required  
to be reported in accordance with  
NJ OMB Circular Letter 04-04?           \_\_\_\_\_ yes           \_\_\_\_\_ no

D) Identification of major programs:

<u>Program Number(s)</u>	<u>Name of State Program or Cluster</u>

E) Dollar threshold used to distinguish between  
type A and type B programs:

F) Auditee qualified as low-risk auditee?           \_\_\_\_\_ yes           \_\_\_\_\_ no



**TOWNSHIP OF SADDLE BROOK  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended December 31, 2011**

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**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, 2011**

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**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, 2011**

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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, 2011**

---

**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, 2011**

---

<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, 2011**

---

<b><u>Expenditures/Disbursements Cycle</u></b>	<b><u>Ref.</u></b>
The encumbrance system was not utilized in accordance with N.J.A.C. 5:30-5.2 for the General Capital Fund.	3.
There were multiple instances whereby three (3) quotes were not obtained where applicable.	4.
Not all Trust accounts were established in accordance with State Regulations pertaining to Dedication by Rider.	5.
Wire transfers between Township accounts were not properly supported by vouchers, signatures, etc..	6.

**TOWNSHIP OF SADDLE BROOK  
GENERAL COMMENTS AND RECOMMENDATIONS  
Year Ended December 31, 2011**

---

<b><u>Payroll Cycle</u></b>	<b><u>Ref.</u></b>
Payroll department categorizations per the ADS payroll system, were inconsistent to budget department categorizations.	7.
Payroll Agency Accounts were not maintained on an imprest basis.	8.
Directives pertaining to accounting and payments received for outside police employment were not strictly adhered to.	9.
Controls regarding electronic disbursement for payroll purposes were not implemented in accordance with N.J.A.C. 5:30-17.	10.
The Borough did not report taxable compensation to applicable employees for non-qualified, non-personal use vehicles.	11.



**TOWNSHIP OF SADDLE BROOK  
GENERAL COMMENTS AND RECOMMENDATIONS  
Year Ended December 31, 2011**

---

**Fixed Assets**

Ref.

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

12.

**TOWNSHIP OF SADDLE BROOK  
GENERAL COMMENTS AND RECOMMENDATIONS  
Year Ended December 31, 2011**

---

**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. 13.

**TOWNSHIP OF SADDLE BROOK  
GENERAL COMMENTS AND RECOMMENDATIONS  
Year Ended December 31, 2011**

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<b><u>Other Significant Matters</u></b>	<b><u>Ref.</u></b>
The Township did not implement a general ledger accounting system in accordance with N.J.A.C. 5:30-5.7.	14.
Entities outside the Township utilized the Township's Federal Tax Identification Number.	15.
Contributions were made to outside recreation organizations not authorized by statute.	16.
There are significant aged improvement authorization balances which have not been reviewed.	17.
There are significant aged trust balances which have not been reviewed.	18.
Disclosures for Post-Retirement Benefits were not prepared in accordance with State Regulations.	19.

**TOWNSHIP OF SADDLE BROOK**  
**GENERAL COMMENTS AND RECOMMENDATIONS**  
**Year Ended December 31, 2011**

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**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 an encumbrance system be implemented in accordance with N.J.A.C. 5:30-5.2.
4. That the Local Public Contracts Law be strictly adhered to.
5. That all Trust Accounts be established in accordance with State Regulations regarding Dedication by Rider.
6. That wire transfers between Township accounts have adequate approvals and supporting documentation.
7. That an adequate audit trail be maintained to ensure salaries authorized are in accordance with amounts paid, and are properly classified.
8. That payroll agency accounts be maintained on an imprest basis.
9. That directives pertaining to accounting and payments received for outside police employment be strictly adhered to.
10. That controls be implemented in accordance with N.J.A.C. 5:30-17 regarding electronic disbursement controls for payroll purposes.
11. That applicable employee's taxable compensation include automobile fringe benefits in accordance with U.S. Treasury Regulations.
12. That a fixed asset system be implemented in accordance with N.J.A.C. 5:30-5.6.
13. That a complete record of accumulated absences be maintained in accordance with N.J.A.C. 5:30-15.
14. That a general ledger accounting system be implemented in accordance with N.J.A.C. 5:30-5.7.
15. That entities outside the Township utilizing the Township's Federal Tax Identification be prohibited from doing so.
16. That the Township discontinue making contributions to outside recreation organizations not authorized by statute.
17. That a review of aged improvement authorization balances be made, and proper disposition be made of completed projects with balances.
18. That a review of aged trust balances be made, and proper disposition be made of dormant accounts.
19. That required disclosures pertaining to post-employment benefits be prepared.

**TOWNSHIP OF SADDLE BROOK  
GENERAL COMMENTS AND RECOMMENDATIONS  
Year Ended December 31, 2011**

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**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, 2012