

TOWNSHIP OF SADDLE BROOK

**Financial Statements with
Supplementary Information
December 31, 2019**

(With Independent Auditor's Reports Thereon)

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Township of Saddle Brook in the County of Bergen, as of December 31, 2019 and 2018, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the financial statements are prepared by the Township of Saddle Brook on the basis of the financial reporting provisions prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of New Jersey.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Township of Saddle Brook as of December 31, 2019 and 2018, or changes in financial position for the years then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

As described in Note 11 of the financial statements, the Township participates in a Length of Service Award Program (LOSAP) for its volunteer fire and rescue personnel. The amount reflected in the trust fund statements of \$2,467,850 and \$1,993,479 for 2019 and 2018, respectively, were not audited and, therefore, we express no opinion on the LOSAP program.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of the matters described in the “Basis for Qualified Opinion on Regulatory Basis of Accounting” paragraph, the financial statements referred to above, present fairly, in all material respects, the regulatory basis balance sheets and account group as of December 31, 2019 and 2018, the regulatory basis statements of operations for the years then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2019 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Saddle Brook's basic financial statements. The supplementary information listed in the table of contents and the letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

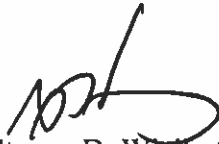
The supplemental information listed in the table of contents is the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The letter of comments and recommendations section has not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Honorable Mayor and
Members of the Township Council
Page 4.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2020 on our consideration of the Township of Saddle Brook's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township of Saddle Brook's internal control over financial reporting and compliance.



Steven D. Wielkottz, C.P.A.
Registered Municipal Accountant
No. CR00413



WIELKOTZ & COMPANY, LLC
Certified Public Accountants
Pompton Lakes, New Jersey

November 9, 2020

TOWNSHIP OF SADDLE BROOK
Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31, 2019 and 2018

	<u>Ref.</u>	<u>2019</u>	<u>2018</u>
<u>Assets</u>			
Current Fund:			
Cash	A-4	\$ 7,165,604	5,694,352
Change Fund	A-5	475	475
Due to State of New Jersey:			
Senior Citizens and Veterans Deductions	A-6	42,635	39,727
		<u>7,208,714</u>	<u>5,734,554</u>
Receivables and Other Assets with Full Reserves:			
Municipal Liens Receivable	A-7	101,619	98,813
Delinquent Taxes Receivable	A-8	467,253	389,417
Property Acquired for Taxes -			
Assessed Valuation	A-9	742,249	742,249
Revenue Accounts Receivable	A-10	12,292	13,361
Interfund Accounts Receivable	A-11	324,281	1,185,871
		<u>1,647,694</u>	<u>2,429,711</u>
Deferred Charges:			
Over-Expenditure of Appropriations	A-12		5,000
Over-Expenditure of Appropriation Reserves	A-12		45,742
			<u>50,742</u>
		<u>8,856,408</u>	<u>8,215,007</u>
Federal and State Grant Fund:			
Cash	A-4	304,519	316,430
		<u>\$ 9,160,927</u>	<u>8,531,437</u>

TOWNSHIP OF SADDLE BROOK
Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31, 2019 and 2018

	<u>Ref.</u>	<u>2019</u>	<u>2018</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Current Fund:			
Appropriation Reserves	A-3/A-13 \$	1,140,268	1,314,852
Encumbrances Payable	A-3/A-14	618,262	441,665
Interfund Accounts Payable	A-11	4,424	8,650
Due to Free Public Library	A-15	37,425	37,425
Due to State of New Jersey:			
Construction Training Fees	A-16	3,679	4,110
Marriage License Fees	A-16	350	500
Burial Permit Fees	A-16	675	725
Tax Overpayments	A-17		9,183
Prepaid Taxes	A-20	461,263	577,697
Reserve for Tax Appeals	A-21	250,000	
		<hr/>	<hr/>
		2,516,346	2,394,807
Reserve for Receivables	Contra	1,647,694	2,429,711
Fund Balance	A-1	4,692,368	3,390,489
		<hr/>	<hr/>
		8,856,408	8,215,007
<hr/>			
Federal and State Grant Fund:			
Appropriated Reserve for Grants	A-23	252,842	281,755
Encumbrances Payable	A-23	377	
Unappropriated Reserve for Grants	A-24	51,300	34,675
		<hr/>	<hr/>
		304,519	316,430
		<hr/>	<hr/>
		\$ 9,160,927	8,531,437
		<hr/>	<hr/>

See accompanying notes to financial statements.

TOWNSHIP OF SADDLE BROOK

Comparative Statement of Operations and Changes in
Fund Balance - Regulatory Basis

Current Fund

Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Revenues and Other Income:		
Fund Balance Utilized	\$ 800,000	800,000
Miscellaneous Revenue Anticipated	4,047,785	3,667,580
Receipts from Delinquent Taxes	365,242	382,158
Receipts from Current Taxes	59,176,811	56,761,784
Non-Budget Revenue	197,161	98,161
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	953,075	571,160
Interfunds Returned	<u>557,337</u>	<u>411,802</u>
Total Revenues and Other Income	<u>66,097,411</u>	<u>62,692,645</u>
Expenditures:		
Budget and Emergency Appropriations:		
Operations:		
Salaries and Wages	8,119,800	7,715,104
Other Expenses	9,973,310	9,214,669
Capital Improvement Fund	125,000	100,000
Municipal Debt Service	3,294,245	3,142,654
Deferred Charges and Statutory Expenditures -		
Municipal	2,092,454	1,908,250
Local District School Tax	34,527,829	33,074,732
County Taxes Including Added Taxes	5,748,639	5,512,196
Due to State - Burial Fees		230
Refunds	27,655	
Interfunds Advanced	<u>86,600</u>	<u>1,107,337</u>
Total Expenditures	<u>63,995,532</u>	<u>61,775,172</u>
Statutory Excess to Surplus	2,101,879	917,473
Fund Balance, January 1,	<u>3,390,489</u>	<u>3,273,016</u>
	5,492,368	4,190,489
Decreased by:		
Fund Balance Utilized as Budget Revenue	<u>800,000</u>	<u>800,000</u>
Fund Balance, December 31,	<u>\$ 4,692,368</u>	<u>3,390,489</u>

See accompanying notes to the financial statements.

TOWNSHIP OF SADDLE BROOK

Statement of Revenues - Regulatory Basis

Current Fund

Year Ended December 31, 2019

	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance Anticipated	\$ 800,000	800,000	
Miscellaneous Revenues:			
Licenses:			
Alcoholic Beverages	20,000	22,723	2,723
Other	30,000	24,210	(5,790)
Fees and Permits	245,742	287,434	41,692
Fines and Costs:			
Municipal Court	300,000	222,983	(77,017)
Interest and Costs on Taxes	100,000	120,248	20,248
Interest on Investments and Deposits	25,000	93,884	68,884
Energy Receipts Tax	1,440,167	1,440,167	
Uniform Construction Code Fees	184,000	161,021	(22,979)
Body Armor Replacement Program - 2018	3,594	3,594	
Clean Communities Program - 2018	23,605	23,605	
Recycling Tonnage Grant - 2018	16,817	16,817	
Fire House Subs Grant	11,070	11,070	
Uniform Fire Safety Act	40,000	47,361	7,361
Cable TV Franchise Fee - Cablevision	132,558	129,290	(3,268)
Cable TV Franchise Fee - Verizon	86,877	81,262	(5,615)
Hotel Fees	400,000	417,116	17,116
Sewer Charges	2,300		(2,300)
Pension Reimbursement - Water Utility	75,000	75,000	
Health Insurance Reimbursement - Water Utility	95,000	95,000	
Capital Surplus	225,000	225,000	
Due from General Capital Fund	550,000	550,000	
Total Miscellaneous Revenues	4,006,730	4,047,785	41,055
Receipts from Delinquent Taxes	390,000	365,242	(24,758)
Subtotal General Revenues	5,196,730	5,213,027	16,297
Amount to be Raised by Taxes for Support of Municipal Budget - Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes	19,408,957	19,900,343	491,386
Budget Totals	24,605,687	25,113,370	507,683
Non-Budget Revenue		197,161	197,161
	\$ 24,605,687	25,310,531	704,844

TOWNSHIP OF SADDLE BROOK
Statement of Revenues - Regulatory Basis
Current Fund
Year Ended December 31, 2019

	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
<u>Analysis of Realized Revenues</u>			
Revenue from Current Tax Collections	\$ 59,176,811		
Allocated to County and Local and Regional School Taxes		<u>40,276,468</u>	
Balance for Support of Municipal Budget Appropriations		18,900,343	
Add : Appropriation - Reserve for Uncollected Taxes		<u>1,000,000</u>	
Amount for Support of Municipal Budget Appropriations	\$ <u>19,900,343</u>		
Receipts from Delinquent Taxes:			
Delinquent Taxes - Cash Receipts		<u>365,242</u>	
Delinquent Taxes	\$ <u>365,242</u>		
<u>Analysis of Non-budget Revenues</u>			
Police	\$ 3,262		
Tax Collector	5,416		
Miscellaneous	8,376		
Scrap Metal	448		
Sewer Connections	4,000		
Fuel Surcharge	71,729		
School Crossing Guard Reimbursement	19,686		
Abandoned Property	4,250		
County of Bergen Snowplowing	7,040		
DMV	4,552		
PVSC Rebate	7,784		
FEMA	17,570		
Offset not Applied	<u>43,048</u>		
		\$ <u>197,161</u>	

See accompanying notes to the financial statements.

TOWNSHIP OF SADDLE BROOK

Statement of Expenditures-Regulatory Basis

Current Fund

Year Ended December 31, 2019

<u>Description</u>	<u>Budget</u>	<u>Budget after Modifications</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Operations-within "CAPS"					
Administrative and Executive:					
Salaries and Wages	\$ 126,100	126,100	123,671	2,429	
Other Expenses	14,000	14,000	13,851	149	
Other Expenses - Postage	30,000	30,000	27,732	2,268	
Other Expenses - Contractual Services	20,000	20,000	17,154	2,846	
Other Expenses - Computer Service Contract	85,000	85,000	77,600	7,400	
Other Expenses - SBCTV	35,000	35,000	23,492	11,508	
Other Expenses - Grants	33,000	33,000	33,000		
Office of the Mayor:					
Salaries and Wages	4,750	4,750	4,750		
Other Expenses	6,000	6,000	5,376	624	
Council:					
Salaries and Wages	23,750	23,750	23,200	550	
Other Expenses	3,000	3,000	2,366	634	
Municipal Clerk:					
Salaries and Wages	190,000	190,000	179,684	10,316	
Other Expenses	8,500	8,500	4,826	3,674	
Other Expenses - Land Use	1,000	1,000		1,000	
Other Expenses - Codification of Ord.	5,000	5,000		5,000	
Other Expenses - Elections	27,500	12,500	12,170	330	

TOWNSHIP OF SADDLE BROOK

Statement of Expenditures-Regulatory Basis

Current Fund

Year Ended December 31, 2019

Description	<u>Budget</u>	Budget after Modifications	Paid or Charged	<u>Reserved</u>	Unexpended Balance <u>Canceled</u>
Financial Administration:					
Salaries and Wages	122,000	122,000	115,891	6,109	
Other Expenses	32,750	32,750	23,986	8,764	
Other Expenses - Statements	20,250	20,250	20,250		
Other Expenses - Special Financial Services	1,000	1,000	605	395	
Other Expenses - Supplemental Disclosure	3,000	3,000		3,000	
Audit Services:					
Other Expenses	31,500	31,500	31,000	500	
Revenue Administration:					
Salaries and Wages	81,000	81,000	78,162	2,838	
Other Expenses	17,000	17,000	14,184	2,816	
Assessment of Taxes:					
Salaries and Wages	58,000	58,000	57,433	567	
Other Expenses	5,000	5,000		5,000	
Other Expenses - Tax Appeal Attorney	35,000	35,000	29,484	5,516	
Other Expenses - Appraisals	45,000	45,000	40,000	5,000	
Assessments	75,000	75,000	57,950	17,050	
Legal Services and Costs:					
Other Expenses	130,000	130,000	98,114	31,886	
Engineering:					
Other Expenses	47,000	47,000	32,852	14,148	

TOWNSHIP OF SADDLE BROOK

Statement of Expenditures-Regulatory Basis

Current Fund

Year Ended December 31, 2019

Description	<u>Budget</u>	Budget after Modifications	Paid or Charged	Reserved	Unexpended Balance Canceled
Civilian Dispatch:					
Salaries and Wages	154,000	154,000	154,000		
School Marshalls:					
Salaries and Wages	600,000	600,000	562,379	37,621	
Other Expenses	5,000	5,000	3,895	1,105	
Police Clerical:					
Salaries and Wages	47,000	47,000	24,926	22,074	
Emergency Management:					
Salaries and Wages	5,000	5,000	5,000		
Other Expenses	6,000	6,000	4,467	1,533	
Fire:					
Other Expenses	120,000	120,000	88,977	31,023	
Other Expenses - Clothing Allowance	80,000	80,000	76,450	3,550	
Uniform Fire Safety:					
Salaries and Wages	147,000	147,000	122,374	24,626	
Other Expenses	9,000	9,000	6,244	2,756	
Aid to Volunteer Ambulance Companies:					
Other Expenses	65,000	65,000	65,000		
Municipal Prosecutor:					
Salaries and Wages	11,000	11,000	9,000	2,000	

TOWNSHIP OF SADDLE BROOK

Statement of Expenditures-Regulatory Basis

Current Fund

Year Ended December 31, 2019

<u>Description</u>	<u>Budget</u>	<u>Budget after Modifications</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Municipal Land Use Law (NJSA 40:55D-1):					
Planning Board:					
Salaries and Wages	5,200	5,200	5,200		
Other Expenses	1,500	1,500	427	1,073	
Zoning Board of Adjustment:					
Salaries and Wages	4,800	4,800	4,800		
Other Expenses	3,000	3,000	460	2,540	
Self Insurance Program:					
Liability	245,000	245,000	212,394	32,606	
Liability - Deductible	10,000	10,000		10,000	
Workers Compensation	260,000	260,000	173,884	86,116	
Employee Group Insurance	3,475,000	3,475,000	3,465,078	9,922	
Unemployment Compensation	80,000	74,500	45,118	29,382	
Group Insurance - Cash in Lieu	25,000	25,000		25,000	
PUBLIC SAFETY:					
Police:					
Salaries and Wages	4,404,000	4,404,000	4,373,170	30,830	
Salaries and Wages - Retirements	142,000	142,000	142,000		
Salaries and Wages - Overtime	70,000	70,000	54,597	15,403	
Salaries and Wages - Clothing Allowance	42,250	42,250	42,250		
Other Expenses	120,000	125,000	125,000		
Other Expenses - Purchase of Vehicles	105,000	105,000	100,517	4,483	

TOWNSHIP OF SADDLE BROOK
Statement of Expenditures-Regulatory Basis
Current Fund
Year Ended December 31, 2019

<u>Description</u>	<u>Budget</u>	<u>Budget after Modifications</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Division of Sewers:					
Salaries and Wages	122,000	122,000	117,282	4,718	
Salaries and Wages - Overtime	10,000	10,000	4,500	5,500	
Other Expenses	10,000	10,000	9,260	740	
Other Expenses - Repairs	100,000	100,000	95,378	4,622	
Sanitation:					
Solid Waste Collection					
Other Expenses - Type 10 Contractual	675,000	675,000	625,833	49,167	
Other Expenses - Recycling Contract	165,000	165,000	154,750	10,250	
Recycling:					
Other Expenses	5,000	5,000	3,199	1,801	
Buildings and Property:					
Salaries and Wages	41,000	41,000	39,450	1,550	
Other Expenses	115,000	115,000	111,200	3,800	
Purchase of Equipment	115,000	115,000	101,740	13,260	
Streets and Road Maintenance:					
Salaries and Wages	975,000	975,000	909,291	65,709	
Salaries and Wages - Overtime	40,000	40,000	39,045	955	
Salaries and Wages - Retirements	38,650	38,650	38,650	38,650	
Other Expenses	170,000	170,000	168,360	1,640	

TOWNSHIP OF SADDLE BROOK

Statement of Expenditures-Regulatory Basis

Current Fund

Year Ended December 31, 2019

Description	Budget	Budget after Modifications	Paid or Charged	Reserved	Unexpended Balance Canceled
Snow Removal:					
Salaries and Wages	25,000	25,000	25,000		
Other Expenses	10,000	10,000	8,902	1,098	
Health and Welfare:					
Public Health Services:					
Salaries and Wages	5,000	5,000		5,000	
Other Expenses	25,000	15,000	6,108	8,892	
Other Expenses - Wallington	2,000	2,000		2,000	
Other Expenses - Contract	47,535	47,535	42,532	5,003	
Animal Control:					
Salaries and Wages	5,000	5,000		5,000	
Other Expenses - Contract	19,535	19,535	19,000	535	
Recreation:					
Salaries and Wages	63,200	63,200	63,031	169	
Other Expenses	115,000	115,000	111,525	3,475	
Other Expenses - Project Graduation	1,500	1,500	1,500		
Other Expenses - Memorial Day	5,000	5,000	5,000		
Other Expenses - Other Events	25,000	25,000	25,000		
Other Expenses - Senior Citizens Center	7,000	7,000	4,996	2,004	
Other Expenses - Senior Dinner Dance	5,000	5,000	5,000		
Other Expenses - Summer Program	7,500	2,500	1,303	1,197	
Other Expenses - Community Projects	20,000	20,000	19,973	27	
Other Expenses - Special Events	10,000	10,000	6,235	3,765	
Veterans Field Expenses	5,000	5,000	5,000		

TOWNSHIP OF SADDLE BROOK

Statement of Expenditures-Regulatory Basis

Current Fund

Year Ended December 31, 2019

<u>Description</u>	<u>Budget</u>	<u>Budget after Modifications</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Other Common Unclassified:					
Municipal Court:					
Salaries and Wages	170,000	170,000	167,075	2,925	
Salaries and Wages - Special Court Sessions	7,000	7,000		7,000	
Salaries and Wages - Overtime	15,000	15,000	14,085	915	
Other Expenses	25,000	20,000	16,391	3,609	
Uniform Construction Code-Appropriations Offset by					
Dedicated Revenues (N.J.A.C. 5:23-4.17)					
Code Enforcement and Administration:					
Salaries and Wages	290,100	290,100	290,027	73	
Other Expenses	5,000	10,000	9,175	825	
UNCLASSIFIED:					
Utilities:					
Electricity	270,000	265,000	247,187	17,813	
Street lighting	210,000	210,000	209,854	146	
Telephone	110,000	110,000	110,000		
Gasoline	115,000	95,000	66,654	28,346	
Landfill/Solid Waste Disposal Cost:					
Dump Fees	75,000	80,000	79,603	397	
Sick Time Payments	50,000	50,000	50,000		
Salary and Wage Adjustment	25,000	25,000		25,000	

TOWNSHIP OF SADDLE BROOK

Statement of Expenditures-Regulatory Basis

Current Fund

Year Ended December 31, 2019

Description	Budget	Budget after Modifications	Paid or Charged	Reserved	Unexpended Balance Canceled
Total Operations within "CAPS"	15,909,870	15,859,370	15,005,834	853,536	
Detail:					
Salaries & Wages	8,119,800	8,119,800	7,801,273	318,527	
Other Expenses (Including Contingent)	7,790,070	7,739,570	7,204,561	535,009	
	15,909,870	15,859,370	15,005,834	853,536	
Deferred Charges and Statutory Expenditures- Municipal within "CAPS"					
DEFERRED CHARGES:					
Overexpenditure of 2017 Budget Appropriations	5,000	5,000	5,000		
Overexpenditure of Ordinance 1617-16	14,585	14,585	14,585		
Expenditure Without Appropriation-General Capital	5,692	5,692	5,338		354
Overexpenditure of 2017 Budget Appropriation Reserves	45,742	45,742	45,742		
STATUTORY EXPENDITURES:					
Contribution to:					
Social Security System (O.A.S.I.)	440,000	440,000	332,017	107,983	
Local Firemen's Pension Fund	5,000	5,000	5,000		
Public Employees Retirement System	415,567	415,567	415,566	1	
Police and Firemans Retirement System of N.J.	1,161,222	1,161,222	1,161,222		
Total Deferred Charged and Statutory Expenditures-Municipal within "CAPS"	2,092,808	2,092,808	1,984,470	107,984	354

TOWNSHIP OF SADDLE BROOK

Statement of Expenditures-Regulatory Basis

Current Fund

Year Ended December 31, 2019

Description	Budget	Budget after Modifications	Paid or Charged	Reserved	Unexpended Balance Canceled
Total General Appropriations for Municipal Purposes within "CAPS"	18,002,678	17,952,178	16,990,304	961,520	354
Operations-Excluded from "CAPS":					
Sewer Processing and Disposal:					
Other Expenses - PVSC	883,000	883,000	882,852	148	
Other Expenses - Lodi Boro	20,000	20,000	20,000		
Maintenance of Free Public Library:					
Other Expenses	805,653	805,653	805,653		
Garbage & Trash Removal Tonnage Tax	15,000	15,000		15,000	
Reserve for Tax Appeals	250,000	250,000	250,000		
Matching Funds	75,000	75,000		75,000	
LOSAP:					
Fire	90,000	90,000	41,400	48,600	
Ambulance	40,000	40,000		40,000	
Total Other Operations - Excluded from "CAPS"	2,178,653	2,178,653	1,999,905	178,748	
Public and Private Programs Offset by Revenues:					
Clean Communities	23,605	23,605	23,605		
Body Armor Replacement Grant	3,594	3,594	3,594		
Fire House Subs Grant	11,070	11,070	11,070		
Recycling Tonnage Grant	16,817	16,817	16,817		
Total Public and Private Programs Offset by Revenues	55,086	55,086	55,086		

TOWNSHIP OF SADDLE BROOK

Statement of Expenditures-Regulatory Basis

Current Fund

Year Ended December 31, 2019

Description	Budget	Budget after Modifications	Paid or Charged	Reserved	Unexpended Balance Canceled
Total Operations - Excluded from "CAPS"	2,233,739	2,233,739	2,054,991	178,748	
Detail:					
Other Expenses	2,233,739	2,233,739	2,054,991	178,748	
Capital Improvements - Excluded from CAPS	2,233,739	2,233,739	2,054,991	178,748	
Capital Improvement Fund	100,000	125,000	125,000		
Total Capital Improvements - Excluded from CAPS	100,000	125,000	125,000		
Municipal Debt Service-Excluded from "CAPS"					
Payment of Bond Principal	1,321,300	1,321,300	1,321,300		
Payment of Bond Anticipation Notes	913,970	913,970	913,970		
Interest on Bonds	585,000	585,000	585,000		290
Interest on Notes	320,000	345,500	345,210		
NJEIT Trust Loan Principal	100,000	100,000	100,000		
NJEIT Trust Loan Interest	29,000	29,000	28,765		235
Total Municipal Debt Service-Excluded from "CAPS"	3,269,270	3,294,770	3,294,245		525
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	5,603,009	5,653,509	5,474,236	178,748	525

TOWNSHIP OF SADDLE BROOK

Statement of Expenditures-Regulatory Basis

Current Fund

Year Ended December 31, 2019

<u>Description</u>	<u>Budget</u>	<u>Budget after Modifications</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Subtotal General Appropriations	23,605,687	23,605,687	22,464,540	1,140,268	879
Reserve for Uncollected Taxes	1,000,000	1,000,000	1,000,000		
Total General Appropriations	<u>\$ 24,605,687</u>	<u>24,605,687</u>	<u>23,464,540</u>	<u>1,140,268</u>	<u>879</u>
Analysis of Paid or Charged					
Reserve for Uncollected Taxes			1,000,000		
Federal and State Grant Fund			55,086		
Deferred Charges			50,742		
Reserve for Tax Appeals			250,000		
Interfunds			25,000		
Reserve for Encumbrances			618,292		
Cash			21,465,420		
			<u>\$ 23,464,540</u>		

TOWNSHIP OF SADDLE BROOK
Comparative Balance Sheet - Regulatory Basis

Trust Funds

December 31, 2019 and 2018

<u>Assets</u>	<u>Ref.</u>	<u>2019</u>	<u>2018</u>
Animal License Fund:			
Cash	B-1	\$ 17,231	12,419
Other Trust Funds:			
Cash	B-1	2,546,884	2,426,467
Interfunds	B-3	4,424	8,650
		<u>2,551,308</u>	<u>2,435,117</u>
Length of Service Award Program: (Unaudited)			
Investments	B-1	2,295,450	1,834,779
Contributions Receivable	B-6	172,400	158,700
		<u>2,467,850</u>	<u>1,993,479</u>
		<u>\$ 5,036,389</u>	<u>4,441,015</u>
<u>Liabilities and Reserves</u>			
Animal License Fund:			
Due to Current Fund	B-3	\$ 8,587	4,215
Due to State of New Jersey	B-4	139	35
Reserve for Animal License Fund expenditures	B-5	8,505	8,169
		<u>17,231</u>	<u>12,419</u>
Other Trust Funds:			
Due to Current Fund	B-3	22,948	16,544
Reserve for Other Trust Fund Deposits	B-2	2,528,360	2,418,573
		<u>2,551,308</u>	<u>2,435,117</u>
Length of Service Award Program: (Unaudited)			
Net Assets Available for Benefits	B-7	2,467,850	1,993,479
		<u>\$ 5,036,389</u>	<u>4,441,015</u>

See accompanying notes to financial statements.

TOWNSHIP OF SADDLE BROOK

Comparative Balance Sheet-Regulatory Basis

General Capital Fund

December 31, 2019 and 2018

<u>Assets</u>	<u>Ref.</u>	<u>2019</u>	<u>2018</u>
Cash:			
Checking	C-2,C-3	\$	2,855,436
Grants Receivable	C-7	979,622	752,622
NJ Environmental Infrastructure Loan Receivable	C-8	56,846	56,846
Deferred charges to future taxation:			
Funded	C-4	13,646,652	15,066,162
Unfunded	C-5	46,715,532	15,460,963
Deferred Charges	C-9		19,923
Overexpenditure of Capital Improvement Fund	C-13	3,258	
Interfund Receivable	C-6	1,022,051	848,477
		<u>\$ 62,423,961</u>	<u>35,060,429</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Deficit in Cash	C-2,C-3	49,241	
Serial Bonds	C-10	12,753,100	14,074,400
NJ Environmental Infrastructure Trust Loan	C-11	893,552	991,762
Bond Anticipation Notes	C-12	12,986,827	13,311,202
Capital Improvement Fund	C-13		81,742
Reserve for:			
Payment of Debt	C-14	737,140	148,319
Various Reserves	C-15	105,962	105,962
Unappropriated State Grant	C-17	81,426	81,426
Grants Receivable	C-18	657,000	355,000
Interfund Payable	C-6	75,000	1,107,337
Improvement authorizations:			
Funded	C-16	273,238	197,199
Unfunded	C-16	33,737,049	4,380,567
Fund Balance	C-1	74,426	225,513
		<u>\$ 62,423,961</u>	<u>35,060,429</u>

There were bonds and notes authorized but not issued at December 31, 2019 and 2018 of \$33,728,705 and \$2,149,761 respectively. See exhibit C-19.

See accompanying notes to financial statements.

TOWNSHIP OF SADDLE BROOK

Schedule of Fund Balance

General Capital Fund

Years Ended December 31,

	<u>2019</u>	<u>2018</u>
Balance - December 31,	\$ 225,513	204,912
Increased by:		
Premium on Sale of Notes	<u>73,913</u>	<u>120,601</u>
	299,426	325,513
Decreased by:		
Budgeted Revenue	<u>225,000</u>	<u>100,000</u>
Balance - December 31,	<u>\$ 74,426</u>	<u>225,513</u>

See Accompanying Notes to Financial Statements

TOWNSHIP OF SADDLE BROOK

Comparative Balance Sheet - Regulatory Basis

Water Utility Operating Fund

December 31, 2019 and 2018

<u>Assets</u>	<u>Ref.</u>	<u>2019</u>	<u>2018</u>
Water Utility Operating Fund:			
Cash - Treasurer	D-5	\$ 1,261,680	1,326,150
Change Fund	D-6	<u>20</u>	<u>20</u>
		<u>1,261,700</u>	<u>1,326,170</u>
Receivables with Full Reserves:			
Consumers' Accounts Receivable	D-8	287,596	282,303
Due from Water Utility Capital	D-9	<u>190,000</u>	<u>150,000</u>
		<u>477,596</u>	<u>432,303</u>
Total Water Utility Operating Fund		<u>1,739,296</u>	<u>1,758,473</u>
Capital Fund:			
Cash - Treasurer	D-5, D-7		101,352
Accounts Receivable	D-10	135,974	135,974
Fixed Capital	D-11	2,833,801	2,833,801
Fixed Capital Authorized and Uncompleted	D-12	<u>5,387,992</u>	<u>4,562,992</u>
Total Capital Fund		<u>8,357,767</u>	<u>7,634,119</u>
		<u>\$ 10,097,063</u>	<u>9,392,592</u>

TOWNSHIP OF SADDLE BROOK
Comparative Balance Sheet - Regulatory Basis
Water Utility Operating Fund
December 31, 2019 and 2018

<u>Liabilities, Reserves and Fund Balance</u>	<u>Ref.</u>	<u>2019</u>	<u>2018</u>
Water Utility Operating Fund:			
Appropriation Reserves	D-4, D-13	272,295	266,678
Reserve for Encumbrances	D-4, D-14	21,430	23,603
Due to Current Fund	D-9	11,600	
Overpayments	D-15	7,585	9,253
Accrued Interest on Bonds	D-16	14,931	14,931
Accrued Interest on Notes	D-17	26,751	26,751
Accrued Interest on Loans	D-18	5,195	5,195
		<u>359,787</u>	<u>346,411</u>
Reserve for Receivables	Contra	287,596	282,303
Fund Balance	D-1	<u>1,091,913</u>	<u>1,129,759</u>
Total Water Utility Operating Fund		<u>1,739,296</u>	<u>1,758,473</u>
Capital Fund:			
Deficit in Cash	D-5, D-7	26,103	
Improvement Authorization:			
Funded	D-19	4,231	4,231
Unfunded	D-19	1,116,883	644,349
Capital Improvement Fund	D-20	17,748	17,748
Interfunds Payable	D-21	1,212,051	998,477
Reserve for:			
Amortization	D-22	1,701,462	1,570,187
Deferred Amortization	D-23	127,676	127,676
Serial Bonds Payable	D-24	921,900	985,600
NJ Environmental Infrastructure Trust Loans	D-25	1,205,103	1,264,553
Bond Anticipation Notes Payable	D-26	2,013,173	2,021,298
Fund Balance	D-2	<u>11,437</u>	
Total Capital Fund		<u>8,357,767</u>	<u>7,634,119</u>
		<u>\$ 10,097,063</u>	<u>9,392,592</u>

There were bonds and notes authorized but not issued at December 31, 2019 and December 31, 2018 of \$2,252,480 and \$1,427,480 (Exhibit D-27).

See accompanying notes to financial statements.

TOWNSHIP OF SADDLE BROOK

Statement of Operations and Changes in Fund Balance - Regulatory Basis

Water Utility Operating Fund

For the Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Revenue and other income:		
Fund Balance Anticipated	\$ 457,725	542,582
Rents	2,846,928	2,625,949
Interest on Delinquencies	21,943	13,297
Interest on Investments	15,883	10,253
Miscellaneous Revenues not Anticipated	32,202	12,242
Liabilities cancelled		36,702
Unexpended Balance of Appropriation Reserves	<u>167,061</u>	<u>194,801</u>
Total Revenue and Other Income	<u>3,541,742</u>	<u>3,435,826</u>
Expenditures:		
Operating	2,686,000	2,680,000
Capital Improvements	65,000	65,000
Debt Service	245,863	238,715
Deferred Charges and Statutory Expenditures	<u>125,000</u>	<u>246,357</u>
Total Expenditures	<u>3,121,863</u>	<u>3,230,072</u>
Excess (Deficit) in Revenues	419,879	205,754
Fund Balance, January 1	<u>1,129,759</u>	<u>1,466,587</u>
	1,549,638	1,672,341
Decreased by Utilization by Water Operating Budget	<u>457,725</u>	<u>542,582</u>
Balance, December 31	<u>\$ 1,091,913</u>	<u>1,129,759</u>

See accompanying notes to financial statements.

TOWNSHIP OF SADDLE BROOK**Schedule of Fund Balance****Water Utility Capital Fund****Year ended December 31, 2019**

	<u>2019</u>	<u>2018</u>
Increased by:		
Premium on Note Sale	\$ <u>11,437</u>	<u> </u>
Balance, December 31, 2019	\$ <u><u>11,437</u></u>	<u><u> </u></u>

See accompanying notes to financial statements.

TOWNSHIP OF SADDLE BROOK

Statement of Revenues - Regulatory Basis

Water Utility Operating Fund

Year ended December 31, 2019

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess (deficit)</u>
Surplus	\$ 457,725	457,725	
Rents	2,650,000	2,846,928	196,928
Interest on Investments	10,000	15,883	5,883
Interest on Delinquent Billings	13,000	21,943	8,943
Miscellaneous		32,202	32,202
	<u>\$ 3,130,725</u>	<u>3,374,681</u>	<u>243,956</u>

Analysis of Realized Revenue

Rents	\$ 2,837,675
Overpayments Applied	<u>9,253</u>
	<u>\$ 2,846,928</u>
<u>Miscellaneous</u>	
Meter Sales	32,118
Miscellaneous	<u>84</u>
	<u>\$ 32,202</u>

See accompanying notes to financial statements.

TOWNSHIP OF SADDLE BROOK

Statement of Expenditures - Regulatory Basis

Water Utility Operating Fund

Year ended December 31, 2019

	Appropriations		Expended		Canceled
	Budget	Budget after Modifi- cation	Paid or Charged	Reserved	
Operating:					
Salaries and Wages	\$ 451,000	451,000	428,643	22,357	
Other Expenses	2,235,000	2,235,000	2,072,386	162,614	
Total Operating	2,686,000	2,686,000	2,501,029	184,971	
Capital Improvements					
Capital Outlay	65,000	65,000		65,000	
	65,000	65,000		65,000	
Debt Service:					
Payment of Bond Principal	63,700	63,700	63,700		
Payment of Bond Anticipation and Capital Notes	8,125	8,125	8,125		
Interest on Bonds	41,400	41,400	41,400		
Interest on Bond Anticipation Notes	69,500	69,500	60,638		8,862
EIT Debt Service	72,000	72,000	72,000		
	254,725	254,725	245,863		8,862
Deferred Charges and Statutory Expenditures:					
Statutory Expenditures - Contribution to:					
Social Security System (O.A.S.I.)	50,000	50,000	27,676	22,324	
Public Employees' Retirement System	75,000	75,000	75,000		
Total Deferred Charges and Statutory Expenditures	125,000	125,000	102,676	22,324	
	\$ 3,130,725	3,130,725	2,849,568	272,295	8,862
			Cash Disbursed \$	2,702,031	
			Due to Current	11,600	
			Reserve for Encumbrances	21,430	
			Accrued Interest on Bonds	41,400	
			Accrued Interest on Notes	60,638	
			Accrued Interest on Loans	12,469	
			\$	2,849,568	

See accompanying notes to financial statements.

TOWNSHIP OF SADDLE BROOK

Comparative Statement of General Fixed Assets - Regulatory Basis

December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<u>General Fixed Assets:</u>		
Land and Land Improvements	\$ 15,921,387	15,921,387
Buildings	8,447,425	8,436,000
Machinery and Equipment	<u>11,044,530</u>	<u>8,976,155</u>
	<u>\$ 35,413,342</u>	<u>33,333,542</u>
 Investment in Fixed Assets	 \$ <u>35,413,342</u>	 <u>33,333,542</u>

See accompanying notes to financial statements.

TOWNSHIP OF SADDLE BROOK

Comparative Balance Sheets-Regulatory Basis

Payroll Account

December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<u>Assets</u>		
Cash	\$ <u>604,599</u>	<u>59,775</u>
	\$ <u><u>604,599</u></u>	<u><u>59,775</u></u>
<u>Liabilities</u>		
Interfund - Current Fund	\$ 206,146	57,775
Reserve for Net Payroll	259,390	1,000
Withholdings Payable	<u>139,063</u>	<u>1,000</u>
	\$ <u><u>604,599</u></u>	<u><u>59,775</u></u>

See accompanying notes to the financial statements.

**TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB Codification establishes seven fund types and two account groups to be used by governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America (GAAP).

The financial statements of the Township of Saddle Brook have been prepared in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. 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 Township accounts for its financial transactions through the following separate funds which differ from the fund structure required by GAAP.

A. Reporting Entity

The Township of Saddle Brook (the "Township") operates under a Mayor/Council form of government. The Township's major operations include public safety, road repair and maintenance, sanitation, fire protection, recreation and parks, health services, and general administrative services.

GASB has issued Statement No. 14 which requires the financial reporting entity to include both the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

However, the municipalities in the State of New Jersey do not prepare financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements. The financial statements contained herein include only those boards, bodies, officers or commissions as required by NJS 40A:5-5. Accordingly, the financial statements of the Township do not include the volunteer fire department which is considered a component unit under GAAP. Complete financial statements of the above components can be obtained by contacting the Treasurer of the respective entity.

**TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(continued)**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation

The Township uses funds, as required by the Division, to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial administration by segregating transactions related to certain Township functions or activities. An account group, on the other hand, is designed to provide accountability for certain assets and liabilities that are not recorded in those Funds.

The Township has the following funds and account group:

Current Fund - This fund accounts for resources and expenditures for governmental operations of a general nature, including Federal and State grants.

Trust Funds - Trust Funds are used to account for assets held by the government in a trustee capacity. Funds held by the Township as an agent for individual, private organizations, or other governments are recorded in the Trust Funds.

Other Trust Fund - This fund is established to account for the assets and resources which are also held by the Township as a trustee or agent for individuals, private organizations, other governments and/or other funds.

Animal License Trust Fund - This fund is used to account for fees collected from dog licenses and expenditures which are regulated by NJS 4:19-15.11.

General Capital Fund - This fund is used to account for the receipt and disbursement of funds used for acquisition or improvement of general capital facilities, other than those acquired in the Current Fund.

Water Utility Operating Fund - This fund is used to account for all revenues and expenditures applicable to the operations of the water and sewer department.

Water Capital Fund - This fund is used to account for financial resources to be used for the acquisition or improvement of water and sewer capital facilities. The major resources are derived from the issuance of debt.

Payroll Account - This account is used for all net payroll checks distributed to employees.

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation, (continued)

General Fixed Assets Account Group – This fund is used to account for all fixed assets of the Township. The Township's infrastructure is not reported in the group.

Basis of Accounting

A modified accrual basis of accounting is followed by the Township of Saddle Brook. Under this method of accounting revenues, except State/Federal Aid, are recognized when received and expenditures are recorded, when incurred. The accounting principles and practices prescribed for municipalities by the Division differ in certain respects from accounting principles generally accepted in the United States of America (GAAP) applicable to local government units. The more significant differences are as follows:

Property Tax Revenues - Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County, and School purposes. The bills are mailed annually in June for that calendar year's levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1, and November 1. The amounts of the first and second installments are determined as one quarter of the total tax levied against the property for the preceding year. The installment due the third and fourth quarters is determined by taking the current year levy less the amount previously charged for the first and second installments, with the remainder being divided equally. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500. Additionally, a 6% penalty is assessed for balances over \$10,000 if not paid by the end of the calendar year. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of June 30, of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15, to the County by the Township. When unpaid taxes or any municipal lien, or part thereof, on real property, remains in arrears on the 11th day of the 11th month of the current year that taxes are levied, the collector in the municipality shall subject to the provisions of the New Jersey Statutes enforce the lien by placing the property on a tax sale. Annual in rem tax foreclosure proceedings are instituted to enforce the tax collection or acquisition of title to the property by the Township. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the taxes receivable and tax title liens that are uncollectible. GAAP requires property tax revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation, (continued)

Basis of Accounting, (continued)

Water Utility Revenues - Water usage revenues are determined locally, based upon quarterly usage by property. The bills are mailed quarterly and are payable 30 days after billing. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum on the first \$1,500, or 18% on any delinquency amount in excess of \$1,500. When unpaid bills or any municipal lien, or part thereof, on real property, remains in arrears, the collector in the municipality shall subject to the provisions of the New Jersey Statutes enforce the lien by placing the water and sewer collection on a lien sale. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent water and sewer billings are realized as revenue when collected. Since delinquent bills and liens are fully reserved, no provision has been made to estimate that portion of the receivable and liens that are uncollectible. GAAP requires water and sewer revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

Miscellaneous Revenues - Miscellaneous revenues are recognized on a cash basis. Receivables for the miscellaneous items that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Township's Current Fund and Water Utility Operating Fund. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual.

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

Budgets and Budgetary Accounting - An annual budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures for the Current Fund and Water and Sewer Utility Fund. Budget amounts presented in the accompanying financial statements represent amounts adopted by the Township and approved by the State Division of Local Government Services per N.J.S.A. 40A:4 et seq.

The Township is not required to adopt budgets for the following funds:

General Capital Fund
Trust Fund
Water Utility Capital Fund

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation, (continued)

Basis of Accounting, (continued)

The governing body shall introduce and approve the annual budget not later than February 10, of the fiscal year. The budget shall be adopted not later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. Emergency appropriations, those made after the adoption of the budget and determination of the tax rate, may be authorized by the governing body of the municipality.

During the last two months of the fiscal year, the governing body may, by a 2/3 vote, amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the Governing Body. Expenditures may not legally exceed budgeted appropriations at the line item level.

During the years ended December 31, 2019 and 2018, the Governing Body approved additional revenues and appropriations of \$-0- and \$-0-, respectively, in accordance with N.J.S.A. 40A:4-87. In addition, several budget transfers were approved by the governing body in 2019 and 2018.

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 an encumbrance accounting system. Outstanding encumbrances at December 31, are reported as a cash liability in the financial statements. Unexpended or uncommitted appropriations, at December 31, are reported as expenditures through the establishment of appropriation reserves unless canceled by the governing body. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which should be recognized when due.

Encumbrances - Contractual orders outstanding at December 31, are reported as expenditures through the establishment of an encumbrance payable. Encumbrances do not constitute expenditures under GAAP.

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation, (continued)

Basis of Accounting, (continued)

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

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

Property Acquired for Taxes - Is recorded in the Current Fund at the assessed valuation when such property was acquired and fully reserved. GAAP requires such property to be recorded in the General Fixed Assets Account Group at market value on the date of acquisition.

Interfunds - 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.

Inventories - 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.

Cash and Investments - Cash includes amounts in demand deposits as well as short-term investments with a maturity date within one year of the date acquired by the government. Investments are stated at fair value which approximates cost and are limited by N.J.S.A. 40A:5-15.1(a).

Deferred Charges to Future Taxation Funded and Unfunded - Upon the authorization of capital projects, the Township establishes deferred charges for the costs of the capital projects to be raised by future taxation. Funded deferred charges relate to permanent debt issued, whereas unfunded deferred charges relate to temporary or nonfunding of the authorized cost of capital projects. According to N.J.S.A. 40A:2-4, the Township may levy taxes on all taxable property within the local unit to repay the debt. Annually, the Township raises the debt requirements for that particular year in the current budget. As the funds are raised by taxation, the deferred charges are reduced.

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation, (continued)

Basis of Accounting, (continued)

General Fixed Assets - The Township of Saddle Brook has developed a fixed assets accounting and reporting system, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles.

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.

Fixed assets acquired by the Water Utility Fund are capitalized as Fixed Capital and not depreciated.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available.

No depreciation has been provided for in the financial statements.

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

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

GAAP requires that fixed assets be capitalized at historical or estimated historical cost if actual historical cost is not available.

Use of Estimates - The preparation of financial statements requires management of the Township 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.

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation, (continued)

Basis of Accounting, (continued)

Comparative Data - Comparative data for the prior year has been presented in the accompanying balance sheets and statements of operations in order to provide an understanding of changes in the Township's financial position and operations. However, comparative data have not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand.

Impact of Recently Issued Accounting Principles

Recently Issued and Adopted Accounting Pronouncements

For the year ended December 31, 2018, the Township adopted Government Accounting Standards Board GASB Statement No. 75, Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions. This Statement applies to government employers who provided OPEB plans to their employees and basically parallels GASB Statement 68 and replaces GASB Statement 45. The Statement is effective for periods beginning after June 15, 2017. As a result of adopting this Statement, the Township was required to measure and disclose liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to their post-employment benefits other than pensions. As a result of the regulatory basis of accounting previously described in Note 1, the implementation of this Statement only required financial statement disclosure. There exists no impact on the financial statements of the Township.

For the year ended December 31, 2019, the Township adopted GASB Statement No. 88, Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placement. The objective of this Statement is to improve consistency in the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements, and to provide financial statement users with additional essential information about debt.

C. Basic Financial Statements

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

**TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(continued)**

NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Township's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. As of December 31, 2019 and 2018, \$0- of the Township's bank balance of \$12,227,888 and \$14,063,762, respectively, were exposed to custodial credit risk.

Investments

Investment Rate Risk

The Township does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes 40A:5-15.1(a) limits the length of time for most investments to 397 days.

Credit Risk

New Jersey Statutes 40A:5-15.1(a) limits municipal investments to those specified in the Statutes. The type of allowance investments are Bonds of the United States of America, bonds or other obligations of the towns or bonds or other obligations of the local unit or units within which the town is located: obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

Concentration of Credit Risk

The Township places no limit on the amount the Township may invest in any one issuer.

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(continued)

NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENTS, (continued)

Unaudited Investments

As more fully described in Note 11, the Township has created a Length of Service Award Program (LOSAP) for emergency service volunteers. The LOSAP investments are similar to those allowed in a deferred compensation program as specified in NJSA 43:15B-1 et. seq. except that all investments are retained in the name of the Township. All investments are valued at fair value. In accordance with NJAC 5:30-14.37, the investments are maintained by Lincoln Financial Group, which is an authorized provider approved by the Division of Local Government Services. The balance in the account on December 31, 2019 and 2018 amounted to \$2,295,450 and \$1,834,779, respectively.

The following investments represent 5% or more of the total invested with AIG on December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
American Funds Growth Fund	\$270,708	\$208,229
Fidelity VIP Growth	121,350	90,134
Fixed	277,821	248,898
LVIP SSGA S&P 500 Index Fund	676,335	499,596
LVIP T. Rowe Price Structured Mid-Cap Growth Fund	124,822	97,615
All Others	<u>824,414</u>	<u>690,307</u>
Total	<u><u>\$2,295,450</u></u>	<u><u>\$1,834,779</u></u>

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(continued)

NOTE 3. MUNICIPAL DEBT

Long-term debt as of December 31, 2019 and 2018 consisted of the following:

	<u>Balance Dec. 31, 2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance Dec. 31, 2019</u>	<u>Amounts Due Within One Year</u>
Bonds Payable:					
General Obligation Debt	\$14,074,400	\$	\$1,321,300	\$12,753,100	\$1,383,850
Water Utility Obligation Debt	<u>985,600</u>	<u> </u>	<u>63,700</u>	<u>921,900</u>	<u>66,150</u>
Total Bonds Payable	<u>15,060,000</u>	<u> </u>	<u>1,385,000</u>	<u>13,675,000</u>	<u>1,450,000</u>
Other Liabilities:					
Pension Deferral	316,626		47,330	269,296	51,169
General Capital:					
NJEIT Loans Payable	991,762		98,210	893,552	104,965
Water Capital:					
NJEIT Loans Payable	1,264,553		59,450	1,205,103	59,450
Compensated Absences Payable	<u>3,675,579</u>	<u>902,194</u>	<u>202,985</u>	<u>4,374,788</u>	<u> </u>
Total Other Liabilities	<u>6,248,520</u>	<u>902,194</u>	<u>407,975</u>	<u>6,742,739</u>	<u>215,584</u>
	<u>\$21,308,520</u>	<u>\$902,194</u>	<u>\$1,792,975</u>	<u>\$20,417,739</u>	<u>\$1,665,584</u>

	<u>Balance Dec. 31, 2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance Dec. 31, 2018</u>	<u>Amounts Due Within One Year</u>
Bonds Payable:					
General Obligation Debt	\$15,328,150	\$	\$1,253,750	\$14,074,400	\$1,321,300
Water Utility Obligation Debt	<u>1,046,850</u>	<u> </u>	<u>61,250</u>	<u>985,600</u>	<u>63,700</u>
Total Bonds Payable	<u>16,375,000</u>	<u> </u>	<u>1,315,000</u>	<u>15,060,000</u>	<u>1,385,000</u>
Other Liabilities:					
Pension Deferral	359,900		43,274	316,626	47,330
General Capital:					
NJEIT Loans Payable	1,091,696		99,934	991,762	98,210
Water Capital:					
NJEIT Loans Payable		1,297,520	32,967	1,264,553	59,450
NJEIT Temporary Loans Payable	1,060,490	237,030	1,297,520		
Compensated Absences Payable	<u>3,544,281</u>	<u>496,920</u>	<u>365,622</u>	<u>3,675,579</u>	<u> </u>
Total Other Liabilities	<u>6,056,367</u>	<u>2,031,470</u>	<u>1,839,317</u>	<u>6,248,520</u>	<u>204,990</u>
	<u>\$22,431,367</u>	<u>\$2,031,470</u>	<u>\$3,154,317</u>	<u>\$21,308,520</u>	<u>\$1,589,990</u>

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(continued)

NOTE 3. MUNICIPAL DEBT, (continued)

The Local Bond Law governs the issuance of bonds and notes to finance capital expenditures. General obligation bonds have been issued for the general capital fund. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Township are general obligation bonds, backed by the full faith and credit of the Township. Bond anticipation notes, which are issued to temporarily finance capital projects, must be paid off within ten years and five months or retired by the issuance of bonds.

The Township's debt is summarized as follows:

Summary of Municipal Debt (Excluding Current Operating Debt)

	<u>Year 2019</u>	<u>Year 2018</u>	<u>Year 2017</u>
<u>Issued:</u>			
General - Bonds, Notes and Loans	\$26,633,479	\$28,377,364	\$27,627,846
Water Utility - Bonds, Notes and Loans	<u>4,140,176</u>	<u>4,271,451</u>	<u>4,136,763</u>
	<u>30,773,655</u>	<u>32,648,815</u>	<u>31,764,609</u>
<u>Authorized But Not Issued</u>			
General - Bonds and Notes	33,728,705	2,149,761	2,786,586
Water Utility - Bonds and Notes	<u>2,252,480</u>	<u>1,427,480</u>	<u>839,510</u>
	<u>35,981,185</u>	<u>3,577,241</u>	<u>3,626,096</u>
Total Bonds, Notes and Loans Issued and Authorized But Not Issued	66,754,840	36,226,056	35,390,705
Less: Deductions	<u>35,129,796</u>	<u>5,847,250</u>	<u>6,248,019</u>
Net Debt	<u>\$31,625,044</u>	<u>\$30,378,806</u>	<u>\$29,142,686</u>

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 1.292% for 2019.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
School District Debt	\$10,064,000	\$10,064,000	\$0
Water and Sewer Utility	6,392,656	6,392,656	0
General Debt	<u>60,362,184</u>	<u>28,737,140</u>	<u>31,625,044</u>
	<u>\$76,818,840</u>	<u>\$45,193,796</u>	<u>\$31,625,044</u>

Net debt of \$31,625,044 divided by equalized valuation basis per N.J.S.A. 40A:2-2 as amended of \$2,446,893,300 equals 1.292%.

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(continued)

NOTE 3. MUNICIPAL DEBT, (continued)

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 1.282% for 2018.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
School District Debt	\$11,769,000	\$11,769,000	\$0
Water Utility	5,698,931	5,698,931	0
General Debt	<u>30,527,125</u>	<u>148,319</u>	<u>30,378,806</u>
	<u>\$47,995,056</u>	<u>\$17,616,250</u>	<u>\$30,378,806</u>

Net debt of \$30,378,806 divided by equalized valuation basis per N.J.S.A. 40A:2-2 as amended of \$2,369,309,096 equals 1.282%.

Borrowing Power Available under N.J.S.A. 40A:2-6 as Amended

	<u>2019</u>	<u>2018</u>
3 ½% of Equalized Valuation Basis (Municipal)	\$85,641,266	\$82,925,818
Net Debt	<u>31,625,044</u>	<u>30,378,806</u>
Remaining Borrowing Power	<u>\$54,016,222</u>	<u>\$52,547,012</u>

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

	<u>2019</u>	<u>2018</u>
Cash receipts from fees, rents or other charges for year	\$3,374,681	\$3,241,025
Deductions:		
Operating and Maintenance Cost	2,811,000	2,790,000
Debt Service per Water and Sewer Account	<u>245,863</u>	<u>238,715</u>
Total Deductions	<u>3,056,863</u>	<u>3,028,715</u>
Excess in Revenue - Self-Liquidating	<u>\$317,818</u>	<u>\$212,310</u>

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

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(continued)

NOTE 3. MUNICIPAL DEBT, (continued)

The Township's long-term debt consisted of the following at December 31, 2019:

Paid by Current Fund:

<u>General Serial Bonds:</u>	<u>2019</u>	<u>2018</u>
\$3,705,000 General Serial Bonds - with an interest rate of 1.50% to 2.50% issued August 31, 2010, due through September 1, 2020	\$505,000	\$980,000
\$14,907,900 Refunding Bonds - with an interest rate of 2.00% to 5.00% issued March 1, 2015, due through September 1, 2030	<u>12,248,100</u>	<u>13,094,400</u>
Total General Serial Bonds	<u>\$12,753,100</u>	<u>\$14,074,400</u>

Intergovernmental Loans Payable

The Township has entered into a loan agreement with the New Jersey Environmental Infrastructure Trust for the financing related to the Township's combined storm water and sanitary sewer separation project:

	<u>2019</u>	<u>2018</u>
\$1,040,000 loan due in annual installments of \$50,000 to \$80,000 through August 1, 2027, interest at 3.40% to 5.00%	\$480,000	\$527,000
\$983,154 loan due in annual installments of \$50,105 to \$52,934 through August 1, 2027 at a zero rate of interest	<u>413,552</u>	<u>464,762</u>
Total Infrastructure Loans	<u>\$893,552</u>	<u>\$991,762</u>

Paid by Water Utility Fund:

Water Utility Serial Bonds:

	<u>2019</u>	<u>2018</u>
\$1,122,100 Refunding Water Utility Bonds - with an interest rate of 2.00% to 5.00% issued March 1, 2015, due through September 1, 2030	<u>\$921,900</u>	<u>\$985,600</u>
Total Water Utility Serial Bonds	<u>\$921,900</u>	<u>\$985,600</u>

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(continued)

NOTE 3. MUNICIPAL DEBT, (continued)

Intergovernmental Loans Payable

The Township has entered into a loan agreement with the New Jersey Environmental Infrastructure Trust for the financing related to the Township's replacement of water mains.

	<u>2019</u>	<u>2018</u>
\$325,000 Trust Bond Series 2018 - Trust Share - due in annual installments of \$10,000 to \$25,000 through August 1, 2037 with interest at 3.00% to 5.00%	\$315,000	\$325,000
\$972,520 Trust Bond Series 2018 - Fund Share - due in annual installments of \$32,967 to \$49,450 through August 1, 2038 at a zero rate of interest	<u>890,103</u>	<u>939,553</u>
Total Infrastructure Loans	<u>\$1,205,103</u>	<u>\$1,264,553</u>

Aggregate debt service requirements during the next five years and thereafter are as follows:

Year	General Capital					Water Utility				
	Bonds		Loans		Total	Bonds		Loans		Total
	Principal	Interest	Principal	Interest		Principal	Interest	Principal	Interest	
2020	\$1,383,850	\$539,424	\$104,965	\$24,000	\$2,052,239	\$66,150	\$39,652	\$59,450	\$11,969	\$105,802
2021	911,400	491,644	103,461	21,400	1,527,905	68,600	37,005	59,450	11,469	105,605
2022	962,550	446,074	109,715	18,800	1,537,139	72,450	33,575	64,450	10,969	106,025
2023	1,009,050	446,075	107,677	15,950	1,578,752	75,950	29,953	64,450	10,219	105,903
2024	1,055,550	397,947	114,080	13,100		79,450	26,156	64,450	9,469	105,606
2025-2029	6,068,250	1,217,742	353,654	20,450	7,660,096	456,750	72,541	332,251	36,244	529,291
2030-2034	1,362,450	134,385			1,496,835	102,550	3,077	347,251	20,269	105,627
2035-2037								213,351	4,531	
	<u>\$12,753,100</u>	<u>\$3,673,291</u>	<u>\$893,552</u>	<u>\$113,700</u>	<u>\$17,433,643</u>	<u>\$921,900</u>	<u>\$241,959</u>	<u>\$1,205,103</u>	<u>\$115,139</u>	<u>\$1,163,859</u>

General capital, water capital and assessment serial bonds are direct obligations of the Township for which its full faith and credit are pledged, and are payable from taxes levied on all taxable property located within the Township and/or water utilities revenues and special assessments.

At December 31, 2019 and 2018, the Township had authorized but not issued debt as follows:

	<u>2019</u>	<u>2018</u>
General Capital Fund	\$33,728,705	\$2,149,761
Water Utility Capital Fund	2,252,480	1,427,480

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(continued)

NOTE 4. BOND ANTICIPATION NOTES

The Township issues bond anticipation notes to temporarily fund various capital projects prior to the issuance of serial bonds. The term of the notes cannot exceed one year but the notes may be renewed from time to time for a period not exceeding one year. Generally, such notes must be paid no later than the first day of the fifth month following the close of the tenth anniversary of the date of the original note. The State of New Jersey also prescribes that on or before the third anniversary date of the original note a payment of an amount at least equal to the first legally payable installment of the bonds in anticipation of which such notes were issued be paid or retired. A second and third legal installment must be paid if the notes are to be renewed beyond the fourth and fifth anniversary date of the original issuance.

On December 31, 2019 and 2018, the Township had \$12,986,827 and \$13,311,202, respectively, in outstanding General Capital Bond Anticipation Notes. The Township also had \$2,013,173 and \$2,021,298, respectively, in outstanding Water Utility Capital Bond Anticipation Notes for the years ended December 31, 2019 and 2018.

The following activity related to bond anticipation notes occurred during the calendar years ended December 31, 2019 and 2018:

<u>2019</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
<u>General Capital Notes Payable</u>				
TD Bank, N.A.	\$3,332,500	\$	\$3,332,500	\$0
Jeffries LLC	9,978,702		9,978,702	0
TD Securities (USA) LLC	0	12,986,827		12,986,827
	<u>13,311,202</u>	<u>12,986,827</u>	<u>13,311,202</u>	<u>12,986,827</u>
<u>Water Utility Capital Notes Payable</u>				
TD Securities (USA) LLC		2,013,173		2,013,173
Jeffries LLC	2,021,298		2,021,298	0
	<u>2,021,298</u>	<u>2,013,173</u>	<u>2,021,298</u>	<u>2,013,173</u>
	<u>\$15,332,500</u>	<u>\$15,000,000</u>	<u>\$15,332,500</u>	<u>\$15,000,000</u>
<u>2018</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
<u>General Capital Notes Payable</u>				
TD Bank, N.A.	\$	\$3,332,500	\$	\$3,332,500
Jeffries LLC	9,108,000	9,978,702	9,108,000	9,978,702
Spencer Savings Bank, SLA	2,100,000		2,100,000	0
	<u>11,208,000</u>	<u>13,311,202</u>	<u>11,208,000</u>	<u>13,311,202</u>
<u>Water Utility Capital Notes Payable</u>				
Jeffries LLC	2,029,423	2,021,298	2,029,423	2,021,298
	<u>2,029,423</u>	<u>2,021,298</u>	<u>2,029,423</u>	<u>2,021,298</u>
	<u>\$13,237,423</u>	<u>\$15,332,500</u>	<u>\$13,237,423</u>	<u>\$15,332,500</u>

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(continued)

NOTE 5. LOCAL DISTRICT SCHOOL TAXES AND REGIONAL HIGH SCHOOL TAXES

Regulations provide for the deferral of not more than 50% of the annual levy when school taxes are raised for a school year and have not been requisitioned by the school district. The Township of Saddle Brook has elected not to defer school taxes.

NOTE 6. PENSION PLANS

Description of Plans:

Township employees participate in one of the two contributory, defined benefit public employee retirement systems: the State of New Jersey Public Employees' Retirement System (PERS) or the State of New Jersey Police and Firemen's Retirement System (PFRS); or the Defined Contribution Retirement Program (DCRP), a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) 401(a).

Public Employees' Retirement System (PERS)

Plan Description

The State of New Jersey Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the "Division"). For additional information about the PERS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS. The following represents the membership tiers for PERS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(continued)

NOTE 6. PENSION PLANS, (continued)

Description of Systems, (continued)

Public Employees' Retirement System (PERS), (continued)

Benefits Provided, (continued)

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Police and Firemens' Retirement System (PFRS)

Plan Description

The State of New Jersey Police and Firemen's Retirement System (PFRS), is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey Division of Pensions and Benefits (the "Division"). For additional information about the PFRS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:16A. PFRS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for disability benefits, which vest after 4 years of service. The following represents the membership tiers for PFRS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to May 22, 2010
2	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
3	Members who were eligible to enroll on or after June 28, 2011

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(continued)

NOTE 6. PENSION PLANS, (continued)

Description of Systems, (continued)

Police and Firemens' Retirement System (PFRS), (continued)

Benefits Provided, (continued)

Service retirement benefits 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. Members may seek special retirement after achieving 25 years of creditable service, in which benefits would equal 65% (Tiers 1 and 2 members) and 60% (Tier 3 members) of final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years. Members may elect deferred retirement benefits 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.

Defined Contribution Retirement Program

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or PFRS, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the DCRP. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(continued)

NOTE 6. PENSION PLANS, (continued)

Significant Legislation

On March 17, 2009, the legislative of the State of New Jersey enacted Public Laws 2009, c.19 (S-21) the "Pension Deferral Program". This law allows the Division of Pensions and Benefits to provide non-state government pension system employers the option of paying their full amount, or an amount that reflects a 50 percent reduction of the normal and accrued liability component of the Public Employees' Retirement System and/or the Police and Firemen's Retirement System obligation for payment due to the State Fiscal Year ending June 30, 2009. The amount deferred will be repaid starting in April 2012 over a 15-year period at 8¼ percent. The amount will fluctuate based on pension system investment earnings on the deferred amount. The local employer is allowed to payoff the obligation at any time prior to April 2012.

The Township of Saddle Brook opted for this deferral in the amount of \$544,476. The amount outstanding at December 31, 2019 was \$316,626.

Contribution Requirements

The contribution policy is set by laws of the State of New Jersey and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The pension funds provide for employee contributions based on 5.5% for PERS. This amount will increase to 6.5% plus an additional 1% phased in over 7 years beginning 2012 and 8.5% for PFRS, which increased to 10% in October 2011, of the employee's annual compensation, as defined by law. Employers are required to contribute at an actuarially determined rate in all Funds except the SACT. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the PERS and PFRS. In the PERS and PFRS, the employer contribution includes funding for post-retirement medical premiums.

The Township's contribution to the various plans, equal to the required contributions for each year, were as follows:

<u>Year</u>	<u>PERS</u>	<u>PFRS</u>	<u>DCRP</u>
2019	\$389,809	\$1,094,579	\$-0-
2018	348,148	1,022,737	-0-
2017	350,488	882,763	-0-

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(continued)

NOTE 6. PENSION PLANS, (continued)

Contribution Requirements, (continued)

Statement No's 68 and 71 require a state or local government employer to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. However, since the financial statements are prepared on another comprehensive basis of accounting, the net pension liability of the various pension systems is not recorded in the financial statements and is only required to be disclosed in the notes to the financial statements.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Public Employees Retirement System (PERS)

At December 31, 2019, the Township had a liability of \$7,435,829 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2019, the Township's proportion was .0412677862 percent, which was an increase of .0020782762 percent from its proportion measured as of June 30, 2018.

For the year ended December 31, 2019, the Township recognized pension expense of \$389,809. At December 31, 2019, deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$133,463	\$32,848
Changes of assumptions	742,495	2,580,953
Net difference between projected and actual earnings on pension plan investments		117,377
Changes in proportion and differences between Township contributions and proportionate share of contributions	<u>685,161</u>	<u>362,743</u>
Total	<u>\$1,561,119</u>	<u>\$3,093,921</u>

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(continued)

NOTE 6. PENSION PLANS, (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, (continued)

Public Employees Retirement System (PERS), (continued)

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (June 30, 2019) will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding changes in proportion) will be recognized in pension expense as follows:

Year ended June 30:	
2020	\$(214,713)
2021	(696,524)
2022	(621,956)
2023	(292,040)
2024	(29,987)

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.21, 5.63, 5.48, 5.57, 5.72 and 6.44 years for 2019, 2018, 2017, 2016, 2015 and 2014 amounts, respectively.

Additional Information

Local Group Collective balances net of nonemployer (State of New Jersey) balances at June 30, 2019 and June 30, 2018 are as follows:

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Collective deferred outflows of resources	\$3,149,522,616	\$4,684,852,302
Collective deferred inflows of resources	7,645,087,574	7,646,736,226
Collective net pension liability	18,018,482,972	19,689,501,539
Township's Proportion	.0412677862%	0.0391895100%

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(continued)

NOTE 6. PENSION PLANS, (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, (continued)

Public Employees Retirement System (PERS), (continued)

Actuarial Assumptions

The collective total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which rolled forward to June 30, 2019. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00-6.00% (based on years of service)
Thereafter	3.00-7.00% (based on years of service)
Investment Rate of Return	7.00 Percent

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non- Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement based on Scale MP-2019.

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(continued)

NOTE 6. PENSION PLANS, (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, (continued)

Public Employees Retirement System (PERS), (continued)

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.67%
Cash equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment grade credit	10.00%	4.25%
High yield	2.00%	5.37%
Private credit	6.00%	7.92%
Real assets	2.50%	9.31%
Real estate	7.50%	8.33%
U.S. equity	28.00%	8.26%
Non-U.S. developed markets equity	12.50%	9.00%
Emerging markets equity	6.50%	11.37%
Private equity	12.00%	10.85%

Discount Rate

The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.50% as of June 30, 2019 based on the Bond Buyer GO 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(continued)

NOTE 6. PENSION PLANS, (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, (continued)

Public Employees Retirement System (PERS), (continued)

Discount Rate, (continued)

members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 70% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate

The following presents the collective net pension liability of the participating employers as of June 30, 2019 calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 - percentage point lower or 1 - percentage-point higher than the current rate:

	<u>June 30, 2019</u>		
	1% Decrease <u>5.28%</u>	At Current Discount Rate <u>6.28%</u>	1% Increase <u>7.28%</u>
Township's proportionate share of the pension liability	\$9,406,273	\$7,435,829	\$5,775,450

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS). The financial report may be accessed at www.state.nj.us/treasury/pensions.

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(continued)

NOTE 6. PENSION PLANS, (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, (continued)

Police and Firemen's Retirement System (PFRS)

At December 31, 2019, the Township had a liability of \$14,297,974 for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2019, the Township's proportion was .1168343352 percent, which was an increase of .004873819 percent from its proportion measured as of June 30, 2018.

For the year ended December 31, 2019, the Township recognized pension expense of \$1,094,579. At December 31, 2019, deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference in actual and expected experience	\$120,693	\$90,523
Changes of assumptions	489,926	4,620,974
Net difference between projected and actual earnings on pension plan investments		193,733
Changes in proportion and differences between Township contributions and proportionate share of contributions	<u>1,447,532</u>	<u>541,870</u>
Total	<u>\$2,058,151</u>	<u>\$5,447,100</u>

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(continued)

NOTE 6. PENSION PLANS, (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, (continued)

Police and Firemen's Retirement System (PFRS), (continued)

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (June 30, 2019) will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding changes in proportion) will be recognized in pension expense as follows:

Year ended June 30:	
2020	\$(749,580)
2021	(1,573,488)
2022	(1,114,359)
2023	(549,303)
2024	(307,880)

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.92, 5.73, 5.59, 5.58, 5.53 and 6.17 years for 2019, 2018, 2017, 2016, 2015 and 2014 amounts, respectively.

Additional Information

Local Group Collective balances net of nonemployer (State of New Jersey) balances at June 30, 2019 and June 30, 2018 are as follows:

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Collective deferred outflows of resources	\$1,198,936,924	\$1,988,215,695
Collective deferred inflows of resources	4,874,748,912	4,286,994,294
Collective net pension liability	12,237,818,793	13,531,648,591
Township's Proportion	.1168343352%	0.1119605161%

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(continued)

NOTE 6. PENSION PLANS, (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, (continued)

Police and Firemen's Retirement System (PFRS), (continued)

Actuarial Assumptions

The collective total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through all Future Years	3.25-15.25% (based on years of service)
Investment Rate of Return	7.00%

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 Safety Employee mortality table with a 105.6% adjustment for males and 102.5% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Safety Retiree Below-Median Income Weighted mortality table with a 96.7% adjustment for males and 96.0% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. For beneficiaries (contingent annuitants), the Pub-2010 General Retiree Below-Median Income Weighted mortality table was used, unadjusted, and with future improvement from the base year of 2010 on a generational basis. Disability rates were based on Pub-2010 Safety Disabled Retiree mortality table with a 152.0% adjustment for males and 109.3% adjustment for females, and with future improvement from the base year of 2010 on generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2018.

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(continued)

NOTE 6. PENSION PLANS, (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, (continued)

Police and Firemen's Retirement System (PFRS), (continued)

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.67%
Cash equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment grade credit	10.00%	4.25%
High yield	2.00%	5.37%
Private credit	6.00%	7.92%
Real assets	2.50%	9.31%
Real estate	7.50%	8.33%
U.S. equity	28.00%	8.26%
Non-U.S. developed markets equity	12.50%	9.00%
Emerging markets equity	6.50%	11.37%
Private equity	12.00%	10.85%

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(continued)

NOTE 6. PENSION PLANS, (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, (continued)

Police and Firemen's Retirement System (PFRS), (continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.85% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.50% as of June 30, 2019 based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the non-employer contributing entity will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 70% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through June 30, 2076. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through June 30, 2076, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate

The following presents the collective net pension liability of the participating employers as of June 30, 2019 calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 - percentage point lower or 1- percentage-point higher than the current rate:

	June 30, 2019		
	1% Decrease <u>5.85%</u>	At Current Discount Rate <u>6.85%</u>	1% Increase <u>7.85%</u>
Township's proportionate share of the pension liability	\$20,119,531	\$14,297,974	\$9,479,798

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(continued)

NOTE 6. PENSION PLANS, (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, (continued)

Police and Firemen's Retirement System (PFRS), (continued)

Special Funding Situation - PFRS

Under N.J.S.A. 43:16A-15, the Township is responsible for their own PFRS contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State to make contributions if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the Township by the State under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Accordingly, the Township's proportionate share percentage of the net pension liability, deferred outflows and inflows determined under GASB Statement No. 68 is zero percent and the State's proportionate share is 100% for PFRS under this legislation.

At December 31, 2019 and 2018, the State proportionate share of the net pension liability attributable to the Township for the PFRS special funding situation is \$2,257,677 and \$2,057,891, respectively. For the years ended December 31, 2019 and 2018, the pension system has determined the State's proportionate share of the pension expense attributable to the Township for the PFRS special funding situation is \$262,324 and \$243,754, respectively, which is more than the actual contributions the State made on behalf of the Township of \$152,121 and \$121,877, respectively. The State's proportionate share attributable to the Township was developed based on actual contributions made to PFRS allocated to employers based upon covered payroll. These on-behalf contributions have not been reported on the Township's financial statements.

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Police and Firemen's Retirement System (PFRS). The financial report may be accessed at www.state.nj.us/treasury/pensions.

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(continued)

NOTE 7. FUND BALANCE APPROPRIATED

The fund balance at December 31, 2019 which has been appropriated as revenue in the 2020 budget is as follows:

Current Fund	\$1,200,000
Water Utility Operating Fund	228,150

NOTE 8. ACCRUED SICK AND VACATION BENEFITS

The Township has permitted employees to accrue unused vacation and sick pay, which may be taken as time off or paid at a later date at an agreed-upon rate. It is estimated that the current cost of such unpaid compensation would approximate \$4,374,788 as of December 31, 2019 and \$3,675,579 as of December 31, 2018. The amount is not reported either as an expenditure or liability.

NOTE 9. INTERFUND BALANCES AND ACTIVITY

Balances due to/from other funds at December 31, 2019 consist of the following:

\$8,587	Due to the Current Fund for the Animal License Trust Fund for accumulated statutory excess.
246	Due to the Current Fund from the Escrow Trust Fund for the Township's share of interest earned.
5,976	Due to the Current Fund from the Redemption Trust Fund for interest earnings and forfeited premiums not turned over.
16,726	Due to the Current Fund from the Other Trust Fund for deposit errors and accumulated interest earnings.
19,619	Due to the Current Fund from the Net Payroll account for the unallocated balance in the account.
186,527	Due to the Current Fund from the Payroll Agency Fund for the refund of prior years' social security deductions paid in error and reimbursement received from the Library for the employer's share of social security paid by the Current budget.
75,000	Due to the Current Fund from the General Capital Fund for the net amount of Overpaid Capital Improvement Funding.
4,424	Due to the Unemployment Trust Fund from the Current Fund for employee payroll deductions.
11,600	Due to the Current Fund from the Water Utility Operating Fund to reimburse payroll charges paid.
1,022,051	Due to the General Capital Fund from the Water Utility Capital Fund to reimburse for the interfunds not liquidated and current year Water Capital expenditures paid by the General Capital Fund.
<u>190,000</u>	Due to the Water Utility Operating Fund from the Water Utility Capital Fund for cash advanced.
<u>\$1,540,756</u>	

It is anticipated that all interfunds will be liquidated during the year.

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(continued)

NOTE 10. DEFERRED CHARGES

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2019 the following deferred charges are shown on the balance sheet of the various funds:

	Balance December 31, <u>2019</u>	2020 Budget <u>Appropriation</u>	Balance to Succeeding Year's <u>Budget</u>
General Capital Fund:			
Over-expenditure of Capital Improvement Fund	<u>\$3,258</u>	<u>\$3,258</u>	\$ _____
Total General Capital Fund	<u>3,258</u>	<u>3,258</u>	_____
Total Deferred Charges	<u><u>\$3,258</u></u>	<u><u>\$3,258</u></u>	<u><u>\$ _____</u></u>

NOTE 11. EMERGENCY SERVICES VOLUNTEER LENGTH OF SERVICE AWARD PLAN (LOSAP)

In 1999, the Division of Local Government Services approved the Township's LOSAP plan, provided by the Lincoln Financial Group. The purpose of this plan is to enhance the Township's ability to retain and recruit volunteer firefighters and volunteer members of emergency service squads.

Lincoln Financial Group will provide for the benefit of participants, a multi-fund variable annuity contract as its funding vehicle. The plan shall provide for an annual contribution of \$1,150 per year of active emergency service, subject to periodic increases as permitted by N.J.A.C. 5:30-14.9. The Township's contribution shall be included in the current years budget.

All amounts awarded under a length of service award plan shall remain the asset of the sponsoring agency; the obligation of the sponsoring agency to participating volunteers shall be contractual only; and no preferred or special interest in the awards made shall accrue to such participants. Such money shall be subject to the claims of the sponsoring agency's general creditors until distributed to any or all participants.

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(continued)

NOTE 11. EMERGENCY SERVICES VOLUNTEER LENGTH OF SERVICE AWARD PLAN (LOSAP), (continued)

We have reviewed the plan for the year ended December 31, 2019 in accordance with the American Institute of Certified Public Accountants (AICPA) Statement on Standards for Accounting and Review Services.

NOTE 12. 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. During the 2019 calendar year, the Township did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

The Township of Saddle Brook is a member of the Bergen County Joint Insurance Fund (the "Fund"). The Fund provides its members with Liability, Property, Worker's Compensation, Public Official and Employer Liability and Environmental Insurance coverage. The Fund is both an insured and self-administered group of municipalities established for the purpose of insuring against property damage, general liability, motor vehicle and equipment liability and worker's compensation. The 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 funds, to report claims on a timely basis, cooperate with the management of the Fund, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the insurance funds. Members have a contractual obligation to fund any deficit of the insurance funds attributable to a membership year during which they are 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 prevention 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's in any of the prior three years.

**TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(continued)**

NOTE 13. TAXES COLLECTED IN ADVANCE

Taxes collected in advance are recorded as cash liabilities in the financial statements. Following is a comparison of the liability for the previous two years:

	<u>Balance Dec 31, 2019</u>	<u>Balance Dec 31, 2018</u>
Prepaid Taxes	<u>\$461,263</u>	<u>\$577,697</u>
Cash Liability for Taxes Collected in Advance	<u>\$461,263</u>	<u>\$577,697</u>

NOTE 14. LITIGATION

The Township is a defendant in various legal proceedings. These cases, if decided against the Township, would be raised by future taxation. The Township's legal counsel estimate such amounts to be immaterial.

Various tax appeal cases were pending in the New Jersey Tax Court at December 31, 2019. 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.

NOTE 15. OTHER POST EMPLOYMENT BENEFITS (OPEB)

In addition to the pension benefits described in Note 6, the Township provides post-employment health care benefits in accordance with the provisions of Ch. 88, P.L. 1974 as amended by Chapter 436, P.L. 1981, at its cost.

General Information about the OPEB Plan

Employees who retire from the Township may be eligible for postemployment medical, prescription drug, dental and life insurance benefits. Medical and prescription drug coverage is offered to retirees on a fully insured basis through Horizon Blue Cross Blue Shield of New Jersey. Two medical plans and one prescription drug plan is available to retirees, including the Direct Access 15 and Omnia 11 plans with the majority of enrollment in the DA 15 plan. Dental coverage is also fully insured and provided through Delta Dental of New Jersey.

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(continued)

NOTE 15. OTHER POST EMPLOYMENT BENEFITS (OPEB), (continued)

Life insurance is provided to retirees on a fully insured basis with differing life benefits for police retirees and all other retirees. The predominant life benefit for police retirees is \$25,000 and all other retirees is \$12,500.

Employees Covered by Benefit Terms: At January 1, 2019, the following employees were covered by the benefit terms:

Actives	77
Retirees	<u>55</u>
Total	<u>132</u>

Total OPEB Liability

At December 31, 2019, the Township had a liability of \$63,915,547 for its OPEB Liability. The OPEB liability was measured as of December 31, 2019 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs

The Total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

1. Valuation Date	January 1, 2019
2. Initial Implementation Year for GASB 75	January 1, 2019 to December 31, 2019
3. Assets	Not valued since benefit is unfunded. Assets are zero.
4. Expected Return on Assets	Not applicable. Assets are zero.
5. Discount Rate	2.92% - End of Year Measurement Date The selected discount rate is based on the prescribed discount interest rate methodology under GASB No. 74/75 using an average of three 20-year bond indices (e.g., Bond Buyer-20 Bond GO - 2.74%, S&P Municipal Bond 20 Year High Grade Rate Index - 3.26%, and Fidelity GA AA 20 Years - 2.75%) as of December 31, 2019.

**TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(continued)**

NOTE 15. OTHER POST EMPLOYMENT BENEFITS (OPEB), (continued)

6. Information for Valuation All information was provided by the Township.
7. Retirement Benefits Coverage for pre-65 and post-65 retirement benefits. This valuation is provided to a single employer plan.
8. Covered Benefits Medical and prescription drug coverage is offered to retirees on a fully insured basis through Horizon Blue Cross Blue Shield of New Jersey. Two medical plans and one prescription drug plan is available to retirees, including the Direct Access 15 and Omnia 11 plans with the majority of enrollment in the DA 15 plan. Dental coverage is also fully insured and provided through Delta Dental of New Jersey.
- Life insurance is provided to retirees on a fully insured basis with differing life benefits for police retirees and all other retirees. The predominant life benefit for police retirees is \$25,000 and all other retirees is \$12,500.
9. Actuarial Cost Method Entry Age Normal as a Level of Percentage of Payroll
10. Health Care Cost Trend Assumption The following assumptions are used for annual healthcare cost inflation (trend):
- | | <u>Year</u> | <u>Pre-65</u> | <u>Post-65</u> |
|------------------|-------------------------|---------------|----------------|
| Year 1 Trend | January 1, 2021 | 7.00% | 7.00% |
| Ultimate Trend | January 1, 2031 & Later | 4.50% | 4.50% |
| Grading Per Year | | 0.25% | 0.25% |
11. Starting Claim Cost Base plan costs are based on premium rates for plan year January 1, 2019 to December 31, 2019 and plan year January 1, 2020 to December 31, 2020. Fully insured monthly premiums for pre-65 and post-65 retirees for the medical, prescription drug, dental, and life insurance plans along with Medicare Part B premiums are illustrated, by coverage tier, in section VI, page 12 of this report.
- The medical and prescription drug costs provided in Section VI reflect a combined active and retiree population (pre-65 & post-65), therefore adjustments were necessary to convert the base plan costs into specific pre-65 and post-65 retiree costs to appropriately reflect Medicare integration and plan morbidity.
- Plan costs effective January 1, 2021 and beyond are trended forward using the trend rates illustrated under the "Health Care Cost Trend Assumptions" section above.

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(continued)

NOTE 15. OTHER POST EMPLOYMENT BENEFITS (OPEB), (continued)

- | | |
|------------------------------------|--|
| 12. Projected Benefit Costs | While the Township plan costs are fully insured, Actuarial Standards of Practice No. 6 requires age adjusted costs be measured by estimating the expected costs by age whether or not a pooling or community rating applies. The current valuation contemplates an assumption for aging. |
| 13. Medicare Part B Reimbursements | Valuation reflects the reimbursement of Medicare Part B premium to retirees, spouses, and surviving spouses over age 65 that are eligible for the benefit. Employee will pay Medicare Part B premium and be reimbursed by the Township. The Township also reimburses the Income Related Monthly Adjustment Amount (IRMAA) surcharge to high income earners required to pay this. |
| 14. Medicare Part D Reimbursements | The Township does not reimburse Medicare Part D premiums to retirees, spouses or survivors. |
| 15. Implicit Subsidy | This reflects the difference between the premium rate or cost charged to a retiree for a particular benefit as compared to the estimated rate of cost to the retiree, if those benefits were calculated reflecting retirees as a separate group (rather than their costs bundled with the active population). The results in this valuation reflect an implicit subsidy in the cost projections. |
| 16. Healthcare Reform Impact | <p>The Patient Protection and Affordable Care Act (PPACA) enacted in March 2010 (Healthcare Reform) includes several fees and/or taxes levied on employer groups either directly or indirectly. The fees included in this valuation are 1) Comparative Effectiveness Research fee, 2) Health Insurance Industry fee, and 3) High Cost Excise Tax ("Cadillac tax"). The Reinsurance Assessment, also initiated with the passing of the PPACA, was a short-term fee levied on fully insured and self-funded employer groups between 2014 and 2016.</p> <p>The Comparative Effectiveness Research fee runs through 2029 and is tax deductible. The initial fee was \$1 per participant per year increasing to \$2 in the next year. Subsequent years are increased based on medical inflation. The fee applies to post-65 retirees where Medicare is the primary payer.</p> <p>The Health Insurance Industry fee is based on targeted fixed fees to be paid by the health insurance industry and is not tax deductible. The total fee amount to be paid by health insurers starts at \$8 billion in 2014 and increases to \$14.3 billion in 2018. After 2018, the fee increases annually based on premium growth. The fee was suspended for the 2017 plan year and will resume in 2018 with the estimated fee to be approximately 3.0% to 4.0% of premium. The fee applies to fully insured plans including Medicare Advantage plans and excludes self-funded employer sponsored group health plans. Effective with legislation passed on January 22, 2018,</p> |

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(continued)

NOTE 15. OTHER POST EMPLOYMENT BENEFITS (OPEB), (continued)

this fee was suspended again for the 2019 plan year and will resume in 2020, however has been repealed beginning 2021 and beyond based on 12/20/19 HR 1865 "Further Consolidated Appropriations Act, 2020".

The High Cost Plans Excise tax included a 40% tax (Cadillac Tax") on high cost plans to be levied on insurers and third party administrators (TPA) beginning in 2022 and was to be tax deductible. The calculation was to be done separately for single and family coverage and was equal to 40% of the excess of per employee plan costs, net of patient cost sharing, over the 2022 stated costs limits of:

- o - \$10,200 single/\$27,500 family
- o - \$11,850 single/\$30,950 family for retirees age 55-64

This valuation excludes the Cadillac tax in its entirety based on recent legislation signed into law by President Trump on 12/20/19, HR 1865 "Further Consolidated Appropriations Act, 2020" repealing the "Cadillac Tax".

17. COVID-19 Pandemic

No special adjustments or considerations were made to valuation results due to the COVID-19 pandemic. Since the Township is not funding this benefit in a separate OPEB trust, no special considerations were made for the impact on assets. Similarly, no special adjustments were made to the OPEB liability calculations. The impact of COVID-19 will be reviewed in future years including the potential impact on selected assumptions (e.g., mortality, morbidity, etc.).

18. Plan Design Changes

Valuation assumes no changes in future plan design from current benefits offered for the current plan year. It is assumed that the current level of benefits will remain, with no modifications to avoid the potential excise tax imposed by the Patient Protection and Affordable Care Act.

19. % Future Retirees Opting Out

It is assumed that 100% of future retirees (active employees) eligible for coverage will elect benefits in retirement. All eligible active and retiree employee records provided by the Township were valued.

20. Census Information

Participant information was provided by the Township in August 2020. We relied on information as being accurate and have not conducted any data audits.

21. New Hires

This valuation is based on a closed group and does not reflect the impact of future new entrants into the plan.

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(continued)

NOTE 15. OTHER POST EMPLOYMENT BENEFITS (OPEB), (continued)

22. Payroll Information

Payroll information was supplied by the Township and reflected in the valuation for use in determining retiree contribution rates as well as the actuarial cost method. Contribution rates for future retirees with less than (20) years of service prior to implementation of Chapter 78 on June 28, 2011 will have their contribution for healthcare benefits based on base salary at retirement with a minimum of 1.5% of base salary. Average salary increase used in the valuation for the Entry Age Normal (EAN) actuarial cost method is assumed to be 3.0%.

23. Retirement System

Valuation is based on the New Jersey Public Employees' Retirement System (PERS), and the New Jersey Police and Firemen's Retirement System (PFRS). Decrement tables used in this valuation are from July 1, 2018 Annual Report of the Actuary for both PERS and PFRS.

24. Retirement Eligibility Assumptions

Eligibility for retirement is based on a minimum of age and/or years of service (YOS). Subsidized benefits are available for employees in PERS and PFRS that attain a minimum of twenty five (25) years of service.

25. Retiree Contribution Rates

Contribution rates for future retirees will be based on the State of New Jersey's new contribution formula per implementation of Chapter 78. Contributions are calculated using a varying formula based on the retirees' base salary at retirement with a minimum contribution of 1.5% of base salary. Active employees hired prior to implementation of Chapter 78 (June 28, 2011) with less than twenty years of service at implementation had their contribution phased in over a four-year period. Employees hired on or after June 28, 2011 will have their contribution set at the highest year four contribution level. As the four-year phase in period has expired, all active employees' contribution level is set at the highest level.

Contributions for current retirees and future retirees with twenty or more years of service at June 28, 2011 are 0% (non-contributory). The Township pays 100% of the benefit cost.

26. Mortality

Society of Actuaries Pub-2010 Public Retirement Plans Health Male and Female Total Dataset Headcount-Weighted Mortality tables based on Employee and Healthy Annuitant Tables for both pre and post retirement projected with mortality improvements using the most current Society of Actuaries Mortality Improvement Scale MP-2019.

**TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(continued)**

NOTE 15. OTHER POST EMPLOYMENT BENEFITS (OPEB), (continued)

27. Turnover Assumptions	This reflects rate of separation from the active plan and excludes retirement and disability. Turnover table varies by age and years of service with rates of turnover based on the NJ PERS and NJ PFRS.
28. Disability Assumptions	This reflects disability assumptions from the active plan for ordinary and accidental disability and is based on age.
29. Retirement Assumptions	This reflects the rate of retirement from the active plan and is based on age and years of service.
30. Surviving Spouses & Surviving Dependents	Surviving spouses may elect to continue medical coverage and receive the same subsidy as retirees, including their Medicare Part B premiums and IRMAA surcharge.
31. Valuation of Spouses & Marital Status	Spouses are valued for benefits similar to retired employees. Employees with spouses are assumed to be married to those spouses at and throughout retirement. Employees that are without spouses (or not covering a spouse) are assumed to be single at and throughout retirement. Based on the contribution rates for future retirees, it is assumed that active employees with dependent coverage will elect dependent coverage in retirement 100% of the time.
32. Spouse Age Assumptions	It is assumed that female spouses are three years younger than male employees and male spouses are three years older than female employees unless actual spouse date of birth information was provided.
33. Waivers (Opt Outs)	Eight (8) active employees currently waive medical coverage. For this valuation, it is assumed that 100% of these employees will elect coverage in retirement with 30% electing single coverage based on current retiree distribution.
34. Vested & Leave of Absence	No individuals were as vested or on leave of absence.
35. COBRA & Terminated Participants	No individuals were listed on Cobra or terminated from the plan.
36. Eligible Population	Population reflects all benefit eligible employees provided. Any new hires after date of data collection are not reflected herein.
37. Rounding of Results	Results are illustrated to the nearest dollar.

**TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(continued)**

NOTE 15. OTHER POST EMPLOYMENT BENEFITS (OPEB), (continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2019, the Township recognized OPEB expense of \$3,182,513 based on actuarial estimates at December 31, 2019.

Changes in Net OPEB Liability FYE 2019

Discount Rate (Proj.) 2.92% FYE 12/31/2019
Investment Return Rate (Proj.) N/A; Index will apply

Changes in Total OPEB Liability During the Year

Total OPEB Liability at beginning of year	\$62,185,879
Service Cost	1,387,897*
Interest Cost	1,794,616
Benefit Payments	<u>(1,452,845)</u>
Total OPEB Liability at end of year	<u>\$63,915,547</u>

*Note: Annual OPEB cost based on latest actuarial results.

TOTAL GASB #75 Expense for FYE 2019

1. Service Cost with Interest - Period January 1, 2019 to December 31, 2019	\$1,387,897
2. Interest Cost - Period January 1, 2019 to December 31, 2019	
(a) Discount Rate	2.92%
(b) Total OPEB Liability as of January 1, 2019	62,185,879
(c) Actual Benefit Payments - Illustrated as Project for Period January 1, 2019 to December 31, 2019	1,452,845
(d) Interest Cost: (2a)x[(2b)-(2c)/2]	1,794,616
3. Investment Return - Period January 1, 2019 to December 31, 2019	-
4. Employee Contributions - Period January 1, 2019 to December 31, 2019 (Amount is illustrated as zero since employer contributions are illustrated net of employee contributions)	-
5. Administrative expenses	-

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(continued)

NOTE 15. OTHER POST EMPLOYMENT BENEFITS (OPEB), (continued)

6. Plan Changes	-
7. Amortization of Unrecognized Amounts	
(a) Liability (Gain)/Loss: Page 4, Section B, Line 4	\$-0-
(b) Asset (Gain)/Loss: Page 4, Section B, Line 4	<u>-0-</u>
© Net (Gain)/Loss: (7a)-(7b)	<u>-0-</u>
8. Total Expense - Period January 1, 2019 to December 31, 2019	
(1)+(2)(c)-(3)+(4)+(5)+(6)+(7)	\$3,182,513

Sensitivity of Total OPEB Liability to Changes in the Discount Rate

The following presents the Township's total OPEB liability as well as what the Township's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease	At Current Discount Rate	1% Increase
	<u>1.92%</u>	<u>2.92%</u>	<u>3.92%</u>
Township's Total OPEB Liability	\$77,244,435	\$63,915,547	\$53,613,248

Sensitivity of Total OPEB Liability to Changes in Healthcare Trend Rate

The following presents the Township's total OPEB liability as well as what the Township's total OPEB liability would be if it were calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease	At Current Discount Rate	1% Increase
Township's Total OPEB Liability	\$53,005,314	\$63,915,547	\$78,229,485

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(continued)

NOTE 16. FIXED ASSETS

The following is a summary of General Fixed Assets Account Group as of December 31, 2019 and 2018:

	<u>Balance</u> <u>Dec. 31, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>Dec. 31, 2019</u>
Land	\$15,921,387	\$	\$	\$15,921,387
Buildings	8,436,000	\$11,425		8,447,425
Machinery and Equipment	<u>8,976,155</u>	<u>2,068,375</u>	<u> </u>	<u>11,044,530</u>
	<u>\$33,333,542</u>	<u>\$2,079,800</u>	<u>\$0</u>	<u>\$35,413,342</u>

	<u>Balance</u> <u>Dec. 31, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>Dec. 31, 2018</u>
Land	\$15,921,387	\$	\$	\$15,921,387
Buildings	8,436,000			8,436,000
Machinery and Equipment	<u>8,592,145</u>	<u>487,433</u>	<u>103,423</u>	<u>8,976,155</u>
	<u>\$32,949,532</u>	<u>\$487,433</u>	<u>\$103,423</u>	<u>\$33,333,542</u>

NOTE 17. SUBSEQUENT EVENTS

The Township has evaluated subsequent events through November 9, 2020, the date which the financial statements were available to be issued and the following item was noted for disclosure.

On March 9, 2020, Governor Phil Murphy signed Executive Order No. 103 that declared a State of Emergency and Public Health Emergency across all 21 counties in New Jersey in response to address the novel coronavirus (COVID-19) outbreak. At the time of this report, the overall effects of the COVID-19 pandemic are unknown. In efforts to reduce the spread of the virus, many companies and organizations have either reduced staff or closed down, thus creating a potential financial dilemma among many of the taxpayers of the Township of Saddle Brook. The Township has identified several risks as a result of this pandemic, including a possible delay in collection of real estate taxes, water utility billings and cash flow shortages as the result of these delayed collections. The Township will continue to monitor the situation closely.

SUPPLEMENTARY DATA

TOWNSHIP OF SADDLE BROOK

Supplementary Data

Officials in Office and Surety Bonds

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

<u>Name</u>	<u>Title</u>	<u>Amount of bond</u>
Robert D. White	Mayor	
Florence Mazzer	Council President	
David Gierak	Councilmember	
Todd J. Accomado	Councilmember	
Andrew Cimiluca	Councilmember	
Karen D'Arminio	Councilmember	
Peter Lo Dico	Township Administrator	(A)
Peter Lo Dico	Township Clerk	(A)
Timothy Conte	Treasurer, Chief Financial Officer	(A)
Linda Pellicier	Tax Collector	(A)
Donna Kovalovsky	Water and Sewer Collector	(A)
Arthur Carlson Jr.	Tax Assessor	(A)
Anthony Suarez	Township Attorney	(A)
Martin P. Geisler	Magistrate	1,000,000
Christine Oravetz	Court Administrator	1,000,000
Robert Kugler	Chief of Police	(A)
Anthony Ambrogio	Construction Official	(A)
Tracy Nafash	Register of Vital Statistics	(A)

(A) - All Township employees are covered by a \$1,000,000 Employee Dishonesty Insurance policy issued by Public Entity Joint Insurance Fund.

TOWNSHIP OF SADDLE BROOK

Supplementary data

Comparative Schedule of Tax Rate Information

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Tax rate	<u>2.592</u>	<u>2.537</u>	<u>2.578</u>
Apportionment of tax rate:			
Municipal	0.843	0.827	0.837
School	1.500	1.466	1.480
County	<u>0.249</u>	<u>0.244</u>	<u>0.261</u>

Assessed Value

2019	\$ 2,302,263,300
2018	2,256,475,000
2017	2,157,449,300

Comparison of Tax Levies and Collections Currently

A study of this tabulation could indicate a possible trend in future tax levies. A decrease in the percentage of current collection could be an indication of a probable increase in future tax levies.

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Currently</u> Percentage of Collection
2019	\$ 59,770,179	59,176,811	99.01%
2018	57,288,931	56,761,784	99.08%
2017	55,779,762	55,144,429	98.86%

Delinquent Taxes and Tax Title Liens

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

<u>Dec. 31</u>		<u>Amount of delinquent taxes</u>	<u>Tax title liens</u>	<u>Total delinquent</u>	<u>Percentage of tax levy</u>
2019	\$	467,253	101,619	568,872	0.95%
2018		389,417	98,813	488,230	0.85%
2017		438,990	96,068	535,058	0.96%

TOWNSHIP OF SADDLE BROOK

Supplementary data

Property Acquired by Tax Title Lien Liquidation

No properties have been acquired in 2019 by foreclosure or deed, as a result of liquidation of tax title liens.

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

<u>Year</u>		<u>Amount</u>
2019	\$	742,249
2018		742,249
2017		742,249

Comparative Schedule of Fund Balance

	<u>Year</u>		<u>Dec. 31</u>	Utilized in budget of succeeding <u>year</u>
Current Fund	2019	\$	4,692,368	1,200,000
	2018		3,390,489	800,000
	2017		3,273,016	800,000
	2016		1,859,368	300,000
	2015		400,630	
Water Utility Operating Fund	2019		1,091,913	228,150
	2018		1,129,759	457,725
	2017		1,466,587	542,582
	2016		1,680,299	322,420
	2015		1,452,504	

TOWNSHIP OF SADDLE BROOK, N.J.

Schedule of Expenditures of Federal Awards

Year ended December 31, 2019

Program	CFDA number	Grant Number	Grant period	Award Amount	Cash Received	Expenditures	MEMO Cumulative Total Expenditures
<u>Current Fund:</u>							
<u>Department of Homeland Security</u>							
Disaster Grants - Public Assistance (Presidentially Declared Disasters)			2019	17,570	17,570	17,570	17,570
Severe Winter Storm Quinn - DR4368	97 036				17,570	17,570	17,570
Total Current Fund							
<u>General Capital Fund:</u>							
<u>Department of Housing and Urban Development</u>							
Passed through the County of Bergen -							
Community Development Block Grants							
Senior Center ADA Improvements Ord. 1471-09	14 218		2009	316,814			261,514
Polling Place ADA Improvements Ord. 1574-14	14 218		2014	106,250			106,250
Leswing Avenue Road Imps. - Ord. 1643-18	14 218		2018	110,000	76,344	110,000	110,000
2018 Road Improvement Program Ord. 1643-18	14 218		2018	155,000		155,000	155,000
Imp. of Fair Lawn Parkway, Phase II and Hubert Terrace	14 218	Ord. 1668-19	2019	192,000			
				76,344		265,000	632,764
<u>U.S. Department of Homeland Security</u>							
<u>Federal Emergency Management Agency -</u>							
Passed through the State of NJ - Office of Emergency Management							
Hazard Mitigation Grant Program							
Acquisition/Installation of Emergency Generator	97 039	HMGPD-DR-4086-NJ-0279-R	2015	75,000	75,000		75,000
					75,000		75,000
				151,344		265,000	707,764
Subtotal General Capital Fund							
Total Federal Awards				\$ 168,914		282,570	725,334

Note: This schedule was not subject to an audit in accordance with the Uniform Guidance.

TOWNSHIP OF SADDLE BROOK, N.J.

Schedule of Expenditures of State and Local Financial Assistance

Year ended December 31, 2019

	Grant Number	Grant Period	Award Amount	Cash Received	Budgetary Expenditures	Adjustment	MEMO Cumulative Total Expenditures
Federal and State Grant Fund:							
<u>Department of Law and Public Safety</u>							
Body Armor Replacement Fund	98-718-066-1020-001	2014	2,862	\$			2,783
Body Armor Replacement Fund	98-718-066-1020-001	2015	2,857				
Body Armor Replacement Fund	98-718-066-1020-001	2016	2,906				2,399
Body Armor Replacement Fund	98-718-066-1020-001	2017	3,151				2,398
Body Armor Replacement Fund	98-718-066-1020-001	2018	3,594	3,594			
Drunk Driving Enforcement Fund	6400-100-078-6400	2009	10,783				4,209
Drunk Driving Enforcement Fund	6400-100-078-6400	2010	28,332				545
Alcohol Education and Rehabilitation	9735-760-0600000-60	2009	1,310				633
Alcohol Education and Rehabilitation	9735-760-0600000-60	2017	965				633
				3,594			13,600
<u>Department of Environmental Protection</u>							
Clean Communities Act	765-042-4900-004-6020	2013	41,224		2,498		17,782
Clean Communities Act	765-042-4900-004-6020	2014	20,876				17,605
Clean Communities Act	765-042-4900-004-6020	2015	25,397				23,578
Clean Communities Act	765-042-4900-004-6020	2016	29,033				19,925
Clean Communities Act	765-042-4900-004-6020	2017	24,666		145		24,666
Clean Communities Act	765-042-4900-004-6020	2018	23,605		23,027		23,027
Clean Communities Act	765-042-4900-004-6020	2019	26,343	26,343			
Recycling Grant	765-042-4900-001-6020	2012	50,443		40,120		50,443
Recycling Grant	765-042-4900-004-6020	2013	37,199				5,435
Recycling Grant	765-042-4900-001-6020	2014	62,945		9,430		9,430
Recycling Grant	765-042-4900-001-6020	2015	37,251				2,741
Recycling Grant	765-042-4900-001-6020	2016	21,442				
Recycling Grant	765-042-4900-001-6020	2017	15,959				5,467
Recycling Grant	765-042-4900-001-6020	2018	15,959	16,817			
Recycling Grant	765-042-4900-001-6020	2019	24,957	24,957			
				68,117	75,220		200,099
Total Federal and State Grant Fund				71,711	75,220		213,599

TOWNSHIP OF SADDLE BROOK, N.J.

Schedule of Expenditures of State and Local Financial Assistance

Year ended December 31, 2019

	Grant Number	Grant Period	Award Amount	Cash Received	Budgetary Expenditures	Adjustment	MEMO Cumulative Total Expenditures
General Capital Fund:							
Department of Transportation							
Passed through the NJ Department of Transportation -							
Oxford Avenue - Phase III		2009	200,000				*
Imps to North 5th Street	14-480-078-6320-ALW	2014	149,000	149,000		(3,203)	*
Imps to North 5th Street	15-480-078-6320-ALS	2015	149,000	149,000			*
Imps to Caldwell Avenue	17-480-078-6320-AMQ	2017		76,344			*
Imps. To Fair Lawn Parkway, Phase I		2018	200,000				*
FY2016 Municipal Aid	16-480-078-6320-AMF-6010	2016	155,500				*
2019 Road Improvement Program		2019	192,000	94,748			*
				374,344	469,092	(3,203)	824,592
Department of Environmental Protection							
Water Supply Flood Plan Management		2018					*
Total General Capital Fund							*
Total State Awards				\$ 446,055	544,312	(3,203)	1,038,291
Other Financial Assistance							
Federal and State Grant Fund							*
Bergen County Open Space	1900081	2018	15,000				*
Avon Park - ADA Compliant Playground Equipment		2018	11,070		8,779		*
Firehouse Subs					8,779		*
Total Federal and State Grant Fund							*
General Capital Fund							*
Bergen County Open Space Preservation Trust Fund		2018	49,100		16,460		*
Construction of the Tri-Centennial Park					16,460		*
Total General Capital Fund							*
Total Other Financial Assistance				\$	25,239		*
				\$ 446,055	569,551	(3,203)	1,063,530

Note: This schedule was not subject to an audit in accordance with N.J. OMB Circular 15-08.

TOWNSHIP OF SADDLE BROOK
Schedule of Cash - Collector-Treasurer
Current Fund
Year Ended December 31, 2019

	<u>Current Fund</u>	<u>Federal and State Grant Fund</u>
Balance - December 31, 2018	\$ 5,694,352	316,430
Increased by Receipts:		
Taxes Receivable	58,839,356	
Miscellaneous Revenue Not Anticipated	197,161	
Tax Overpayments	26,529	
Prepaid Taxes	461,263	
Due from State - Senior Citizen and Veteran Deductions	122,092	
Revenue Accounts Receivable	3,442,699	
Due to State of New Jersey	23,122	
Interfunds	1,108,808	
Grants Receivable		20,411
Unappropriated Reserves for Grants		51,300
	<u>64,221,030</u>	<u>71,711</u>
	69,915,382	388,141
Decreased by Disbursements:		
Current Year Budget Appropriations	21,465,420	
Interfunds	117,328	
Due to State of New Jersey	23,753	
Appropriation Reserves	803,442	
Tax Overpayment Refunds	35,712	
Local District School Taxes	34,527,829	
County Taxes Payable	5,748,639	
Refunds	27,655	
Appropriated Reserves for Grants		83,622
	<u>62,749,778</u>	<u>83,622</u>
Balance - December 31, 2019	\$ <u><u>7,165,604</u></u>	<u><u>304,519</u></u>

TOWNSHIP OF SADDLE BROOK

Schedule of Cash - Change Fund

Current Fund

Year Ended December 31, 2019

Balance - December 31, 2018	\$ <u>475</u>
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Balance - December 31, 2019	\$ <u><u>475</u></u>
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TOWNSHIP OF SADDLE BROOK

Schedule of Amount Due (to)/from State of New Jersey
for Senior Citizens' and Veterans' Deductions - CH. 129 P.L. 1976

Current Fund

Year Ended December 31, 2019

Balance - December 31, 2018		\$	39,727
Increased by:			
Senior Citizens' Deductions Per Tax Billing	\$	23,250	
Veterans' Deductions Per Tax Billing		98,750	
Senior Citizen's and Veteran's Allowed - 2019		<u>3,500</u>	
			<u>125,500</u>
			165,227
Decreased by:			
State Share of Senior Citizens and Veteran			
Deductions Received in Cash		122,092	
Senior Citizen's and Veteran's Disallowed - 2019		<u>500</u>	
			<u>122,592</u>
Balance - December 31, 2019		\$	<u><u>42,635</u></u>

TOWNSHIP OF SADDLE BROOK

Schedule of Municipal Liens

Current Fund

Year Ended December 31, 2019

Balance - December 31, 2018	\$ 98,813
Increased by:	
Transferred from Delinquent Taxes	<u>2,806</u>
Balance - December 31, 2019	<u><u>\$ 101,619</u></u>

TOWNSHIP OF SADDLE BROOK

Schedule of Taxes Receivable and Analysis of Property Tax Levy

Current Fund							
Year Ended December 31, 2019							
Year	Balance, Dec. 31, 2018	Levy	2018	2019	Senior Citizen and Veteran Deductions	Transferred to Tax Title Liens	Balance, Dec. 31, 2019
2018	389,417	6,630		365,242			6,632
2019		59,770,179	577,697	58,474,114	125,000	2,806	460,621
\$	389,417	59,776,809	577,697	58,839,356	125,000	2,806	467,253
Cash Receipts			58,839,356				
			\$	58,839,356			
Analysis of Tax Levy							
Tax yield:							
General Purpose Tax			\$	59,697,690			
Added Tax (R.S. 54-4-63.1 et seq.)				72,489			
			\$	59,770,179			
Tax Levy:							
Local District School Tax			\$	34,527,829			
County Open Space Taxes			\$	237,435			
County Tax				5,504,215			
County Added and Omitted Taxes				6,989			
				5,748,639			
Local Tax for Municipal Purposes			\$	19,408,957			
Add: Additional Taxes Levied				84,754			
Local Tax for Municipal Purposes				19,493,711			
			\$	59,770,179			

TOWNSHIP OF SADDLE BROOK

**Schedule of Property Acquired for Taxes -
Assessed Valuation**

Current Fund

Year Ended December 31, 2019

Balance - December 31, 2018	\$ <u>742,249</u>
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Balance - December 31, 2019	\$ <u><u>742,249</u></u>
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TOWNSHIP OF SADDLE BROOK

Schedule of Revenue Accounts Receivable

Current Fund

Year Ended December 31, 2019

	Balance Dec. 31, 2018	Accrued	Collected	Balance Dec. 31, 2019
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	\$	22,723	22,723	
Other		24,210	24,210	
Fees and Permits		287,434	287,434	
Fines and Costs:				
Municipal Court	13,361	221,914	222,983	12,292
Interest and Costs on Taxes		120,247	120,247	
Interest on Investments and Deposits		93,884	93,884	
Energy Receipts Tax		1,440,167	1,440,167	
Uniform Construction Code Fees		161,021	161,021	
Uniform Fire Safety Act		47,361	47,361	
Cable TV Franchise Fee - Cablevision		129,290	129,290	
Cable TV Franchise Fee - Verizon		81,262	81,262	
Hotel Fees		417,117	417,117	
Pension Reimbursement - Water Utility		75,000	75,000	
Health Insurance Reimbursement - Water Utility		95,000	95,000	
General Capital Surplus		225,000	225,000	
Due from General Capital Fund		550,000	550,000	
	<u>\$ 13,361</u>	<u>3,991,630</u>	<u>3,992,699</u>	<u>12,292</u>
Interfunds - Due from General Capital Fund			550,000	
Cash			<u>3,442,699</u>	
			<u>\$ 3,992,699</u>	

TOWNSHIP OF SADDLE BROOK

Schedule of Interfunds

Current Fund

Year Ended December 31, 2019

<u>Fund</u>	Due from/(to) Balance <u>Dec. 31, 2018</u>	<u>Increased</u>	<u>Decreased</u>	Due from/(to) Balance <u>Dec. 31, 2019</u>
Water Utility				
Water Operating Fund	\$	12,196	596	11,600
Trust				
Escrow Trust	103	143		246
Redemption Trust Fund	1,488	4,488		5,976
Unemployment Trust Fund	(8,650)	7,598	3,372	(4,424)
Other Trust Fund	14,953	1,773		16,726
Animal Trust	4,215	4,372		8,587
General Capital Fund	1,107,337	100,000	1,132,337	75,000
Net Payroll	14,896	4,723		19,619
Payroll Agency	42,879	143,648		186,527
	<u>\$ 1,177,221</u>	<u>278,941</u>	<u>1,136,305</u>	<u>319,857</u>
Due from Current Fund	(8,650)	7,598	3,372	(4,424)
Due to Current Fund	<u>1,185,871</u>	<u>271,343</u>	<u>1,132,933</u>	<u>324,281</u>
	<u>\$ 1,177,221</u>	<u>278,941</u>	<u>1,136,305</u>	<u>319,857</u>
Cash Receipts \$			1,108,808	
Cash Disbursements		117,328		
Statutory Excess		4,372		
Capital Improvement Fund			25,000	
Contra in Error			2,497	
Interest on Investments		7,870		
Forfeited Tax Title Lien Premium		1,000		
Excess Funds in Payroll		4,723		
Library Reimbursement of Social Security		<u>143,648</u>		
		<u>\$ 278,941</u>	<u>1,136,305</u>	

TOWNSHIP OF SADDLE BROOK

Schedule of Deferred Charges

Current Fund

Year Ended December 31, 2019

	Balance, Dec. 31, <u>2018</u>	Decreased by: Budget <u>Appropriation</u>
Over-Expenditure of Appropriations	\$ 5,000	5,000
Over-Expenditures		
Appropriation Reserves	<u>45,742</u>	<u>45,742</u>
	\$ <u>50,742</u>	<u>50,742</u>

TOWNSHIP OF SADDLE BROOK

Schedule of Appropriation Reserves

Current Fund

Year Ended December 31, 2019

	Balance, Dec. 31, <u>2018</u>	Balance after Transfers and <u>Encumbrances</u>	<u>Paid or Charged</u>	Balance <u>Lapsed</u>
Salaries and Wages Within "CAPS":				
Administrative and Executive	\$ 370	370		370
Office of the Mayor	1	1		1
Council	2	2		2
Municipal Clerk	4,406	4,406		4,406
Financial Administration	347	347		347
Revenue Administration	246	246		246
Tax Assessment Administration	554	554		554
Police	2,812	2,812		2,812
Police - Overtime	17,522	17,522		17,522
Civilian Dispatch	41,338	41,673		41,673
School Marshals	40,913	40,913		40,913
Police Clerical	335			
Uniform Fire Safety Act	9,631	9,631		9,631
Prosecutor	2,000	2,000		2,000
Division of Sewers - Overtime	8,848	8,848		8,848
Building & Property	184	184		184
Streets & Road Maintenance	8,398	9,398	1,000	8,398
Streets & Road Maintenance - Overtime	134	134		134
Recreational Services & Programs	193	193		193
Municipal Court Administration	788	788		788
Municipal Court - Special Court Sessions	6,962	6,962		6,962
Code Enforcement & Administration	6,968	6,968	490	6,478
Salary and Wage Adjustment		25,000	25,000	
Total Salaries and Wages Within "CAPS"	152,952	178,952	26,490	152,462
Other Expenses Within "CAPS":				
Administrative and Executive	2,913	3,372	3,022	350
Postage	10,700	10,700	295	10,405
Contractual Services	1,279	2,637	1,358	1,279
Computer Svc. Contract	6,051	9,943	8,929	1,014
SBCTV	4,764	4,764		4,764
Grants	300	300		300
Office of the Mayor	2,464	2,464		2,464
Council	1,869	1,869		1,869
Municipal Clerk	4,762	4,926	1,259	3,667
Land Use	1,000	1,000		1,000
Codification Code		5,000		5,000

TOWNSHIP OF SADDLE BROOK

Schedule of Appropriation Reserves

Current Fund

Year Ended December 31, 2019

	Balance, Dec. 31, 2018	Balance after Transfers and Encumbrances	Paid or Charged	Balance Lapsed
Elections	11,796	11,796		11,796
Financial Administration	8,200	14,455	12,526	1,929
Special Financial Services	630	630		630
Supplemental Disclosure	3,000	3,000		3,000
Audit Services	250	10,250	10,000	250
Revenue Administration	6,748	7,738	990	6,748
Tax Assessment Administration	2,322	2,322		2,322
Tax Appeal Attorney	9,478	9,478		9,478
Appraisals	27,750	33,300	7,653	25,647
Legal Services	56,100	69,664	16,218	53,446
Engineering Services	39,234	39,234	25,116	14,118
Planning Board	1,299	1,359	60	1,299
Zoning Board of Adjustment	1,852	1,869	18	1,851
Insurance:				
Liability	55,426	55,426	49,290	6,136
Liability - Deductible	10,000	10,000	10,000	
Workers Compensation	103,541	103,541	79,410	24,131
Employee Group Health	64,171	93,404	85,741	7,663
Unemployment Compensation	27,610	28,733	1,178	27,555
Employee Group Health - Cash in Lieu	25,000	25,000		25,000
Police	1,105	10,743	7,684	3,059
Police - Purchase of Vehicles	19,960	105,000	85,040	19,960
School Marshalls	4,884	4,955	71	4,884
Office of Emergency Mangement	1,818	4,041	2,224	1,817
Fire Department	9,137	32,634	27,580	5,054
Fire Department - Clothing Allowance	450	450		450
Uniform Fire Safety Act	488	488		488
Division of Sewers	7,940	12,334	7,919	4,415
Solid Waste Collection - Type 10 (Contract)	13,823	69,242	55,419	13,823
Solid Waste Collection - Recycling (Contract)	4,000	37,500	33,500	4,000
Recycling	1,424	1,424		1,424
Streets & Road Maintenance				
Building & Property	11,134	15,934	7,404	8,530
Purchase of Equipment	4,940	51,406	45,591	5,815
Streets & Road Maintenance	4,672	16,675	11,733	4,942
Snow Removal	84	84		84
Health & Welfare	2,019	2,019		2,019
Animal Control	3,853	3,853		3,853
Health & Welfare - Wallington	2,000	2,000		2,000

TOWNSHIP OF SADDLE BROOK

Schedule of Appropriation Reserves

Current Fund

Year Ended December 31, 2019

	Balance, Dec. 31, <u>2018</u>	Balance after Transfers and <u>Encumbrances</u>	<u>Paid or Charged</u>	Balance <u>Lapsed</u>
Recreational Services & Programs	16,738	24,411	5,193	19,218
Project Graduation	1,500	1,500		1,500
Other Events	168	168		168
Senior Citizens Center	2,987	3,110	89	3,021
Summer Program	2,012	2,012		2,012
Veteran's Field	5,000	5,000		5,000
Municipal Court Administration	5,075	6,213	1,139	5,074
Code Enforcement & Administration	2,318	2,318	208	2,110
Utility Expenses				
Electricity	21,974	46,164	32,571	13,593
Street Lighting	9,275	26,449	20,796	5,653
Telephone	944	1,689	66	1,623
Gasoline	27,666	34,895	5,841	29,054
Dump Fees	2,036	4,713	2,677	2,036
Social Security (O.A.S.I.)	116,003	116,003		116,003
Public Employee Retirement System	28,833	28,833		28,833
Total Other expenses Within "CAPS"	<u>826,769</u>	<u>1,242,434</u>	<u>665,808</u>	<u>576,626</u>
Other Expenses Excluded From "CAPS":				
Maintenance of Free Public Library	65,144	65,144	65,144	
Sewer				
PVSC	3	3		3
Lodi Boro	20,000	20,000		20,000
Garbage & Trash Removal Tonnage Tax	352	352		352
Reserve for Tax Appeals	106,682	106,682		106,682
Matching Funds	75,000	75,000		75,000

TOWNSHIP OF SADDLE BROOK

Schedule of Appropriation Reserves

Current Fund

Year Ended December 31, 2019

	Balance, Dec. 31, <u>2018</u>	Balance after Transfers and <u>Encumbrances</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
LOSAP				
Fire	27,950	27,950	16,000	11,950
Ambulance	<u>40,000</u>	<u>40,000</u>	<u>30,000</u>	<u>10,000</u>
Total Other Expenses Excluded from "CAPS"	<u>335,131</u>	<u>335,131</u>	<u>111,144</u>	<u>223,987</u>
Total Reserves	\$ <u>1,314,852</u>	<u>1,756,517</u>	<u>803,442</u>	<u>953,075</u>
Appropriation Reserves		1,314,852		
Encumbrances		<u>441,665</u>		
		\$ <u>1,756,517</u>		
		Cash Disbursements	<u>803,442</u>	
			\$ <u>803,442</u>	

TOWNSHIP OF SADDLE BROOK

Schedule of Encumbrances Payable

Current Fund

Year Ended December 31, 2019

Balance - December 31, 2018	\$ 441,665
Increased by:	
Transferred from Current Year Budget	<u>618,262</u>
	1,059,927
Decreased by:	
Transferred to Appropriation Reserves	<u>441,665</u>
Balance - December 31, 2019	\$ <u><u>618,262</u></u>

Schedule of Reserve for Due to Free Public Library

Current Fund

Year Ended December 31, 2019

Balance - December 31, 2018	\$ <u>37,425</u>
Balance - December 31, 2019	\$ <u><u>37,425</u></u>

TOWNSHIP OF SADDLE BROOK

Schedule of Amount Due to the
State of New Jersey

Current Fund

Year Ended December 31, 2019

	<u>Marriage License Fee</u>	<u>Burial Permit Fee</u>	<u>Construction Training Fee</u>	<u>Total</u>
Balance - December 31, 2018	\$ 500	725	4,110	5,335
Increased by:				
Cash Receipts	<u>2,000</u>	<u>1,360</u>	<u>19,762</u>	<u>23,122</u>
	2,500	2,085	23,872	28,457
Decreased by:				
Cash Disbursements	<u>2,150</u>	<u>1,410</u>	<u>20,193</u>	<u>23,753</u>
Balance - December 31, 2019	<u>\$ 350</u>	<u>675</u>	<u>3,679</u>	<u>4,704</u>

Exhibit A-17

TOWNSHIP OF SADDLE BROOK

Schedule of Tax Overpayments

Current Fund

Year Ended December 31, 2019

Balance - December 31, 2018	\$	9,183
Increased by:		
Cash Receipts		<u>26,529</u>
		35,712
Decreased by:		
Cash Disbursements	\$	<u><u>35,712</u></u>

Exhibit A-18

Schedule of Local School District Tax Payable

Current Fund

Year Ended December 31, 2019

Increased by:		
2019 Levy	\$	<u>34,527,829</u>
Decreased by:		
Payments	\$	<u><u>34,527,829</u></u>

TOWNSHIP OF SADDLE BROOK

Schedule of County Taxes Payable

Current Fund

Year Ended December 31, 2019

Increased by:

2019 Levy	\$ 5,504,215
2019 Open Space	237,435
2019 Added Assessments	<u>6,989</u>

5,748,639

Decreased by:

Payments	\$ <u><u>5,748,639</u></u>
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TOWNSHIP OF SADDLE BROOK

Schedule of Prepaid Taxes

Current Fund

Year Ended December 31, 2019

Balance - December 31, 2018	\$ 577,697
Increased by:	
Collections	<u>461,263</u>
	1,038,960
Decreased by:	
Applied to 2019 Taxes Receivable	<u>577,697</u>
Balance - December 31, 2019	<u><u>\$ 461,263</u></u>

TOWNSHIP OF SADDLE BROOK

Schedule of Reserve for Tax Appeals

Current Fund

Year Ended December 31, 2019

Increased by:

Transferred from Budget

\$ 250,000

Balance - December 31, 2019

\$ 250,000

TOWNSHIP OF SADDLE BROOK

Schedule of Grants Receivable

Federal and State Grant Fund

Year Ended December 31, 2019

<u>Grant</u>	<u>Revenue</u>	<u>Received</u>
Body Armor Replacement Program - 2018	\$ 3,594	3,594
Clean Communities Program - 2018	23,605	23,605
Recycling Tonnage Grant - 2018	16,817	16,817
Firehouse Subs Grant	<u>11,070</u>	<u>11,070</u>
	\$ <u>55,086</u>	<u>55,086</u>
	Cash Receipts	20,411
	Unappropriated Grants	<u>34,675</u>
		\$ <u>55,086</u>

TOWNSHIP OF SADDLE BROOK

Schedule of Appropriated Reserves for Grants

Federal and State Grant Fund

Year Ended December 31, 2019

<u>Grant</u>	Balance, Dec. 31, <u>2018</u>	Transfer From 2019 <u>Budget</u>	<u>Expended</u>	Balance, Dec. 31, <u>2019</u>
Alcohol Education Rehabilitation - 2009	\$ 677			677
Alcohol Education Rehabilitation - 2017	965			965
Body Armor Replacement Program - 2014	79			79
Body Armor Replacement Program - 2015	2,857			2,857
Body Armor Replacement Program - 2016	507			507
Body Armor Replacement Program - 2017	753			753
Body Armor Replacement Program - 2018		3,594		3,594
Clean Communities Program - 2013	25,940		2,498	23,442
Clean Communities Program - 2014	3,271			3,271
Clean Communities Program - 2015	1,819			1,819
Clean Communities Program - 2016	9,108			9,108
Clean Communities Program - 2017	145		145	
Clean Communities Program - 2018		23,605	23,027	578
Drunk Driving Enforcement Fund - 2009	6,574			6,574
Drunk Driving Enforcement Fund - 2010	27,787			27,787
Recycling Tonnage Grant - 2012	40,120		40,120	
Recycling Tonnage Grant - 2013	31,764			31,764
Recycling Tonnage Grant - 2014	62,945		9,430	53,515
Recycling Tonnage Grant - 2015	34,510			34,510
Recycling Tonnage Grant - 2016	21,442			21,442
Recycling Tonnage Grant - 2017	10,492			10,492
Recycling Tonnage Grant - 2018		16,817		16,817
Firehouse Subs Grant		11,070	8,779	2,291
	<u>\$ 281,755</u>	<u>55,086</u>	<u>83,999</u>	<u>252,842</u>
Budget - Cash Received		20,411		
Unappropriated Grants		<u>34,675</u>		
		<u>\$ 55,086</u>		
Reserve for Encumbrances			377	
Cash Disbursements			<u>83,622</u>	
			<u>\$ 83,999</u>	

TOWNSHIP OF SADDLE BROOK

Schedule of Unappropriated Reserves for Grants

Federal and State Grant Fund

Year Ended December 31, 2019

<u>Grant</u>	Balance, Dec. 31, <u>2018</u>	Transfer To 2019 <u>Budget</u>	<u>Received</u>	Balance, Dec. 31, <u>2019</u>
Firehouse Subs	\$ 11,070	11,070		
Clean Communities Program	23,605	23,605	26,343	26,343
Recycling Tonnage Grant			24,957	24,957
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	\$ 34,675	34,675	51,300	51,300
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

TOWNSHIP OF SADDLE BROOK

Schedule of Cash - Treasurer

Trust Funds

Year Ended December 31, 2019

	Animal License Fund	Other Trust Funds	Length of Service Award Program
Balance, December 31, 2018	\$ 12,419	2,426,467	1,834,779
Increased by:			
Animal License Fees	4,708		
Due to State of New Jersey - Dog License Fees	690		
Miscellaneous Reserves		1,420,020	
Interfunds		14,288	
Gain on Investments			445,890
Township Contribution			80,500
	5,398	1,434,308	526,390
	17,817	3,860,775	2,361,169
Decreased by:			
Due to State of New Jersey	586		
Interfunds		1,286	
Miscellaneous Reserves		1,312,605	
Account Charges/Tax			3,754
Benefit Distributions			61,965
	586	1,313,891	65,719
Balance, December 31, 2019	\$ 17,231	2,546,884	2,295,450

TOWNSHIP OF SADDLE BROOK

Schedule of Miscellaneous Reserves

Trust Funds

Year Ended December 31, 2019

	Balance, December 31 <u>2018</u>	<u>Increased</u>	<u>Decreased</u>	Balance, December 31, <u>2019</u>
Reserve for:				
Tax Title Liens	\$ 44,359	194,486	194,486	44,359
Tax Title Lien Premiums	369,100	54,700	66,900	356,900
Recreation Trust	2,896	3,258	1,380	4,774
Community Activities Fund	39,131	18,460	3,699	53,892
Senior Center Donations	640	839		1,479
Police Dept. Trust	23,742	239		23,981
Police Outside Duty	29,017	474,751	437,171	66,597
Treasurer's Trust	85,324	19,020	12,089	92,255
Escrow	1,049,467	194,301	186,827	1,056,941
Public Defender	26,421	5,650	750	31,321
Due to State - VCCB	23,259			23,259
Unemployment	116,358	12,036		128,394
POAA	7,853	393		8,246
Mount Laurel Trust	526,152	40,275	75,379	491,048
Health Benefits Claims Trust	74,854	404,984	334,924	144,914
	<u>\$ 2,418,573</u>	<u>1,423,392</u>	<u>1,313,605</u>	<u>2,528,360</u>
Cash \$		1,420,020	1,312,605	
Interfunds		<u>3,372</u>	<u>1,000</u>	
		<u>\$ 1,423,392</u>	<u>1,313,605</u>	

TOWNSHIP OF SADDLE BROOK

Schedule of Amount Due from/(to) Various Funds
Trust Funds

Year Ended December 31, 2019

<u>Fund</u>	Balance December 31, <u>2018</u>	<u>Increased</u>	<u>Decreased</u>	Balance December 31, <u>2019</u>
Current Fund:				
Escrow	\$ (103)	459	602	(246)
Police Outside Duty		300	300	
Unemployment	8,650	3,372	7,598	4,424
Redemption Trust	(1,488)		4,488	(5,976)
Public Defender		527	527	
Other Trust	(14,953)		1,773	(16,726)
Animal Trust	(4,215)		4,372	(8,587)
	<u>(12,109)</u>	<u>4,658</u>	<u>19,660</u>	<u>(27,111)</u>
Due to Trust Funds	8,650	3,372	7,598	4,424
Due from Trust Funds	<u>(20,759)</u>	<u>1,286</u>	<u>12,062</u>	<u>(31,535)</u>
	<u>\$ (12,109)</u>	<u>4,658</u>	<u>19,660</u>	<u>(27,111)</u>
	Receipts \$		14,288	
	Disbursements	1,286		
Employee Payroll Deduction - SUI Quarterly Refunds		3,372		
Tax Title Lien Premiums forfeited to Current			1,000	
Statutory Excess			4,372	
	\$	<u>4,658</u>	<u>19,660</u>	

TOWNSHIP OF SADDLE BROOK

**Schedule of Due to State of New Jersey-
Animal License Fees**

Trust Funds

Year Ended December 31, 2019

Balance, December 31, 2018	\$	35
Increased by:		
2019 Fees Collected		<u>690</u>
		725
Decreased by:		
Cash Disbursements		<u>586</u>
Balance, December 31, 2019	\$	<u><u>139</u></u>

TOWNSHIP OF SADDLE BROOK

**Schedule of Reserve for Expenditures -
Animal License Fund**

Trust Funds

Year Ended December 31, 2019

Balance, December 31, 2018	\$	8,169
Increased by:		
Dog License Fees	\$	4,162
Cat License Fees		280
Late Fees		90
Miscellaneous		10
Interest on Investments		<u>166</u>
		<u>4,708</u>
		12,877
Decreased by:		
Statutory Excess		<u>4,372</u>
Balance, December 31, 2019	\$	<u><u>8,505</u></u>

License Fees Collected

2017	4,183
2018	<u>4,322</u>
\$	<u><u>8,505</u></u>

TOWNSHIP OF SADDLE BROOK

Schedule of Service Award Contributions Receivable

Emergency Services Volunteer - Length of Service Award Program

Year Ended December 31 2019

Balance, December 31, 2018		\$	158,700
Increased by:			
2019 Service Award Contributions			<u>106,900</u>
			265,600
Decreased by:			
Contributions Cancelled	\$	12,700	
Contributions Received		<u>80,500</u>	
			<u>93,200</u>
Balance, December 31, 2019		\$	<u><u>172,400</u></u>

TOWNSHIP OF SADDLE BROOK

Schedule of Net Assets Available for Benefits

Emergency Services Volunteer - Length of Service Award Program

Year Ended December 31 2019

Balance, December 31, 2018		\$	1,993,479
Increased by:			
Net Unrealized Appreciation	\$	445,890	
2019 Borough Contributions		<u>106,900</u>	
			<u>552,790</u>
			2,546,269
Decreased by:			
Account Charges/Tax		3,754	
Contributions Cancelled		12,700	
Distributions		<u>61,965</u>	
			<u>78,419</u>
Balance, December 31, 2019		\$	<u><u>2,467,850</u></u>

TOWNSHIP OF SADDLE BROOK

Schedule of Cash - Treasurer

General Capital Fund

Year Ended December 31, 2019

Balance - December 31, 2018		\$	2,855,436
Increased by receipts:			
Grants Receivable	\$	75,000	
Deferred Charges		19,923	
Bond Anticipation Notes Issued		589,595	
Premium on Bond Anticipation Notes		73,913	
Reserve for Payment of Debt		570,282	
Interest on Investments		<u>17,510</u>	
			<u>1,346,223</u>
			4,201,659
Decreased by Disbursements:			
Interfunds		1,098,421	
Improvement Authorizations		2,927,479	
Fund Balance		<u>225,000</u>	
			<u>4,250,900</u>
Balance - December 31, 2019		\$	<u><u>(49,241)</u></u>

TOWNSHIP OF SADDLE BROOK
Schedule of General Capital Fund Cash

General Capital Fund

Year Ended December 31, 2019

Capital Improvement Fund	\$ (3,258)
Grant Receivable	(979,622)
NJ Environmental Infrastructure Trust Loan	(56,846)
Interfunds Receivable	(1,022,051)
Interfunds Payable	75,000
Reserve for Payment of Debt	737,140
Various Reserves	105,962
Reserve for Unappropriated State Grant	81,426
Reserve for Grants Receivable	657,000
Fund Balance	74,426

Improvement description

1429-07	Renovation/Expansion of Library	214,726
1474-09	Oxford Avenue - Phase III	16,297
1518-11	Various Sanitary Sewer Improvements	45,501
1519-11	Replace Water Mains	106,759
1537-12	Acq. Of Commuication & Signal Equipment	5,001
1560-13	Various Public Improvements	12,453
1574-14	Polling Places Barrier Free Improvements	105,196
1575-14	Various Public Improvements	50,895
1579-14	Various Public Improvements	5,188
1605-15	Flood Mitigation Improvements	105,849
1606-15	Various Public Improvements	430,720
1613-16	Acquisition of Fire Truck and Equipment	(2,885)
1617-16	Sewer Improvements	(714)
1623-17	Various Sanitary Sewer Force Main Repairs	102,398
1627-17	Road Resurfacing, Curb Replacement & Repair/ Replacement of Sanitary Sewer Lines	(751,931)
1631-17	Various Public Improvements	(58,010)
1632-17	Tax Appeal Refunding Ordinance	21,581
1639-18	Acquisition of Ambulance and Pagers	25,416
1641-18	Construction of Tri-Centennial Park	57,698
1642-18	Acquisition of Fire Truck and Other Related Equipment for Fire Department	701
1643-18	2018 Road Improvement Program	51,181
1647-18	Improvement to Fair Lawn Parkway, Phase I	(21,670)
1651-19	2019 Road Improvement Program	(175,741)
1659-19	Sanitary Sewer System Improvements	(159,075)
1664-19	Various Public Improvements	24,291
1668-19	Improvement of Fair Lawn Parkway, Phase II and Hubert Terrace	2,757
1673-19	2020 Road Improvement Program	67,000
		<u>\$ (49,241)</u>

TOWNSHIP OF SADDLE BROOK

**Schedule of Deferred Charges to Future
Taxation - Funded**

General Capital Fund

Year Ended December 31, 2019

Balance - December 31, 2018		\$ 15,066,162
Decreased by:		
Budget appropriations:		
Bond Principal	\$ 1,321,300	
NJ Environmental Infrastructure		
Trust Loan	<u>98,210</u>	
		<u>1,419,510</u>
Balance - December 31, 2019		\$ <u><u>13,646,652</u></u>

TOWNSHIP OF SADDLE BROOK

Schedule of Deferred Charges to Future Taxation - Unfunded

General Capital Fund

Year Ended December 31, 2019

Ordinance Number	Description	Balance, Dec. 31, 2018	2019 Authorizations	Decreased by:	Balance, Dec. 31, 2019	Analysis of Balance - December 31, 2019		
						Funded by Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorization
1429-07	Renovation & Expansion of Library	\$ 400,000		25,000	375,000	375,000		
1518-11	Various Sanitary Sewer Improvements	85,000		2,000	83,000	83,000		
1519-11	Replace Water Mains	878,000		12,000	866,000	866,000		
1537-12	Acq. Of Communication & Signal Equipment	89,400		6,200	83,200	83,200		
1542-12	Acq. Of Equipment/Machinery/Vehicles	920,850		67,650	853,200	853,200		
1551-13	Township Wide Drainage Improvements	136,250		5,250	131,000	131,000		
1552-13	Various Sanitary Sewer System Improvements	92,580		1,210	91,370	91,370		
1559-13	Tax Appeal Refunding	677,142		340,000	337,142	337,142		
1560-13	Various Public Improvements	450,900		36,300	414,600	414,600		
1575-14	Various Public Improvements	899,680		23,660	876,020	876,020		
1579-14	Various Improvements Veterans Field	1,251,262		44,700	1,206,562	1,205,600		962
1605-15	Flood Mitigation Improvements	809,523			809,523	809,523		
1606-15	Various Public Improvements	594,405			594,405	594,405		
1613-16	Acquisition of a Fire Truck and Equipment	947,620			947,620	944,672	2,885	63
1617-16	Sewer Improvements	285,714			285,714	285,000	714	
1623-17	Various Sanitary Sewer Force Main Repairs	286,056	18,539		304,595	304,595		
1627-17	Road Resurfacing, Curb Replacement & Road Repair/Replacement of Sanitary Sewer Lines	869,081			869,081		751,931	117,150
1631-17	Various Public Improvements	295,000			295,000		58,010	236,990
1632-17	Tax Appeal Refunding Ordinance	1,750,000		350,000	1,400,000	1,400,000		
1639-18	Acquisition of Ambulance and Pagers	309,500			309,500	309,500		
1642-18	Acquisition of Fire Truck and Other Related Equipment for the Department	1,547,000			1,547,000	1,547,000		
1643-18	2018 Road Improvement Program	1,476,000			1,476,000	1,476,000		
1647-18	Improvement of Fair Lawn Parkway, Phase I	410,000			410,000		21,670	388,330
1651-19	2019 Road Improvement Program		1,142,000		1,142,000		175,741	966,259
1659-19	Sanitary Sewer System Improvements		380,000		380,000		159,074	220,926
1664-19	Various Public Improvements		676,000		676,000			676,000
1668-19	Improvement of Fair Lawn Parkway, Phase II and Hubert Terrace		619,000		619,000			619,000

TOWNSHIP OF SADDLE BROOK

Schedule of Deferred Charges to Future Taxation - Unfunded

General Capital Fund

Year Ended December 31, 2019

Ordinance Number	Description	Balance, Dec. 31, 2018	2019 Authorizations	Decreased by:	Balance, Dec. 31, 2019	Analysis of Balance - December 31, 2019		
						Funded by Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorization
1672-19	Acquisition of Property and Construction of New Municipal Building - Lease/Purchase		28,000,000		28,000,000			28,000,000
1673-19	2020 Road Improvement Program		1,333,000		1,333,000			1,333,000
		\$ 15,460,963	32,168,539	913,970	46,715,532	12,986,827	1,170,025	32,558,680
	Reserve for Payment of Debt Improvement Authorizations		18,539					
			12,968,288					
			\$ 12,986,827					
	Budget Appropriation \$		913,970					
	Improv. Authorizations - Unfunded							\$ 33,737,049
	Less: Unexpended Note Proceeds							
	Ord. 1429-07 \$						214,726	
	Ord. 1518-11						45,501	
	Ord. 1519-11						106,759	
	Ord. 1537-12						5,001	
	Ord. 1560-13						12,453	
	Ord. 1575-14						50,895	
	Ord. 1579-14						5,188	
	Ord. 1605-15						105,849	
	Ord. 1606-15						430,720	
	Ord. 1623-17						102,398	
	Ord. 1632-17						21,581	
	Ord. 1639-18						25,416	
	Ord. 1642-18						701	
	Ord. 1643-18						51,181	
								1,178,369
								\$ 32,558,680

TOWNSHIP OF SADDLE BROOK

Schedule of Interfunds

General Capital Fund

Year Ended December 31, 2019

	Balance due from/(to) Dec. 31, <u>2018</u>	<u>Increased</u>	<u>Decreased</u>	Balance, from/(to) Dec. 31, <u>2019</u>
Water Utility Capital Fund	\$ 848,477	173,574		1,022,051
Current Fund	<u>(1,107,337)</u>	<u>1,132,337</u>	<u>100,000</u>	<u>(75,000)</u>
	<u>\$ (258,860)</u>	<u>1,305,911</u>	<u>100,000</u>	<u>947,051</u>
Due from General Capital Fund \$	(1,107,337)	1,132,337	100,000	(75,000)
Due to General Capital Fund	<u>848,477</u>	<u>173,574</u>		<u>1,022,051</u>
	<u>\$ (258,860)</u>	<u>1,305,911</u>	<u>100,000</u>	<u>947,051</u>
Cash Disbursements \$		1,098,421		
Duplicate Transfer			100,000	
Capital Improvement Fund		25,000		
Contras		8,916		
Water Capital Reimbursements		<u>173,574</u>		
		<u>\$ 1,305,911</u>	<u>100,000</u>	

TOWNSHIP OF SADDLE BROOK

Schedule of Grants Receivable

General Capital Fund

Year Ended December 31, 2019

	Grant Amount	Year	Ordinance	Balance Dec. 31, 2018	2019 Grants Authorized	Decreased by:	Balance Dec. 31, 2019
<u>New Jersey Department of Transportation</u>							
Oxford Avenue Phase III	150,000	2008	1441-08	\$ 3,203			3,203
Improv. of Fair Lawn Parkway, Phase I	200,000	2018	1647-18	200,000			200,000
2019 Road Improvement Program	110,000	2019	1651-19		110,000		110,000
<u>Community Development Block Grant</u>							
Senior Citizen ADA Improvements	316,814	2009	1471-09	202,924			202,924
Polling Place ADA Improvements	106,250	2014	1574-14	67,395			67,395
2018 Road Improvement Program	155,000	2018	1643-18	155,000			155,000
Improvement of Fair Lawn Parkway, Phase II and Hubert Terrace	192,000	2019	1668-19		192,000		192,000
<u>Bergen County Open Space Preservation</u>							
<u>Trust Fund:</u>							
Construction of the Tri-Centennial Park	49,100	2018	1641-18	49,100			49,100
<u>Federal Emergency Management Agency</u>							
Acquisition/Installation of Emergency Generator at Municipal Building	75,000	2015	1606-15	75,000		75,000	
				\$ 752,622	302,000	75,000	979,622

Exhibit C-8

TOWNSHIP OF SADDLE BROOK

Schedule of New Jersey Infrastructure Loans Receivable

General Capital Fund

Year Ended December 31, 2019

Balance - December 31, 2018	\$ <u>56,846</u>
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Balance - December 31, 2019	\$ <u><u>56,846</u></u>
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Exhibit C-9

Schedule of Deferred Charges

General Capital Fund

Year Ended December 31, 2019

Balance - December 31, 2018	\$ <u>19,923</u>
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Decreased by:

Raised in 2019 Budget

Overexpenditure of Ordinance	\$ 5,338
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Expenditures without Appropriations	<u>14,585</u>
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	\$ <u><u>19,923</u></u>
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TOWNSHIP OF SADDLE BROOK

Schedule of Serial Bonds

General Capital Fund

Year Ended December 31, 2019

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance, Dec. 31, 2018	Decreased	Balance, Dec. 31, 2019
			Date	Amount				
General Improvement Bonds 2010	August 31, 2010	3,705,000	Sept. 1, 2020	505,000	2.500% \$	980,000	475,000	505,000
BCIA Refunding Bond 2015	March 1, 2015	14,907,900	Sept. 1, 2020	878,850	4.000%	13,094,400	846,300	12,248,100
			Sept. 1, 2021	911,400	5.000%			
			Sept. 1, 2022	962,550	5.000%			
			Sept. 1, 2023	1,009,050	5.000%			
			Sept. 1, 2024	1,055,550	5.000%			
			Sept. 1, 2025	1,111,350	5.000%			
			Sept. 1, 2026	1,167,150	4.000%			
			Sept. 1, 2027	1,213,650	4.000%			
			Sept. 1, 2028	1,260,150	4.000%			
			Sept. 1, 2029	1,315,950	4.000%			
			Sept. 1, 2030	1,362,450	3.00%			
						\$ 14,074,400	1,321,300	12,753,100
Budget Appropriations \$						1,321,300		

TOWNSHIP OF SADDLE BROOK

Schedule of New Jersey Infrastructure Loans

General Capital Fund

Year Ended December 31, 2019

Purpose	Date of Issue	Original Issue	Maturities of Loans		Interest Rate	Balance, Dec. 31, 2018	Decreased	Balance, Dec. 31, 2019
			Date	Outstanding Amount				
NJ Environmental Infrastructure Trust Loan	November 8, 2007	1,040,000	August 1, 2020	52,000	4.000%	\$ 527,000	47,000	480,000
			August 1, 2021	52,000	5.000%			
			August 1, 2022	57,000	5.000%			
			August 1, 2023	57,000	4.250%			
			August 1, 2024	62,000	4.500%			
			August 1, 2025	62,000	4.500%			
			August 1, 2026	67,000	4.500%			
			August 1, 2027	71,000	4.250%			
NJ Environmental Infrastructure Fund Loan	November 8, 2007	983,154	August 1, 2020	52,965		464,762	51,210	413,552
			August 1, 2021	51,461				
			August 1, 2022	52,715				
			August 1, 2023	50,677				
			August 1, 2024	52,080				
			August 1, 2025	50,105				
			August 1, 2026	51,265				
			August 1, 2027	52,284				
						\$ 991,762	98,210	893,552
						Savings Credit (Principal)		
						Budget Appropriations		
						98,210		

TOWNSHIP OF SADDLE BROOK
Schedule of Bond Anticipation Notes Payable
General Capital Fund

Year Ended December 31, 2019

<u>Ord. Number</u>	<u>Purpose</u>	<u>Date of Original Issue</u>	<u>Date Issued</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance, Dec. 31, 2018</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, Dec. 31, 2019</u>
1429-07	Renovation and Expansion of Library	Nov. 9, 2010	May 30, 2019	May 29, 2019	2.250%	\$ 400,000	375,000	400,000	375,000
1518-11	Various Sanitary Sewer Imps.	Nov. 8, 2011	May 30, 2019	May 29, 2019	2.250%	85,000	83,000	85,000	83,000
1519-11	Replace Water Mains	Nov. 8, 2011	May 30, 2019	May 29, 2019	2.250%	878,000	866,000	878,000	866,000
1537-12	Acq. of Communication & Signal Equipment	Sept. 25, 2012	May 30, 2019	May 29, 2019	2.250%	89,400	83,200	89,400	83,200
1542-12	Acq. of Equipment/Machinery/Vehicles	Sept. 25, 2012	May 30, 2019	May 29, 2019	2.250%	920,850	853,200	920,850	853,200
1551-13	Township wide Drainage Imps.	Aug. 28, 2013	May 30, 2019	May 29, 2019	2.250%	136,250	131,000	136,250	131,000
1552-13	Various Sanitary Sewer Imps.	Aug. 28, 2013	May 30, 2019	May 29, 2019	2.250%	92,580	91,370	92,580	91,370
1559-13	Tax Appeal Refunding Bonds	Aug. 28, 2013	May 30, 2019	May 29, 2019	2.250%	677,142	337,142	677,142	337,142
1560-13	Various Public Improvements	Aug. 28, 2013	May 30, 2019	May 29, 2019	2.250%	450,900	414,600	450,900	414,600
1575-14	Various Public Improvements	Jun. 3, 2014	May 30, 2019	May 29, 2019	2.250%	899,680	876,020	899,680	876,020
1579-14	Various Public Improvements	Jun. 3, 2015	May 30, 2019	May 29, 2019	2.250%	1,250,300	1,205,600	1,250,300	1,205,600
1605-15	Flood Mitigation Improvements	Jun. 2, 2017	May 30, 2019	May 29, 2019	2.250%	809,523	809,523	809,523	809,523
1606-15	Various Public Improvements	Jun. 2, 2017	May 30, 2019	May 29, 2019	2.250%	594,405	594,405	594,405	594,405
1632-17	Tax Appeal Refunding Bonds	Dec. 20, 2017	May 30, 2019	May 29, 2019	2.250%	1,750,000	1,400,000	1,750,000	1,400,000
1613-16	Acq. Of Fire Truck and Fire Fighting Equipme	Jun. 1, 2018	May 30, 2019	May 29, 2019	2.250%	944,672	944,672	944,672	944,672
1639-18	Acquisition of an Ambulance & Pagers	Oct. 11, 2018	May 30, 2019	May 29, 2019	2.250%	309,500	309,500	309,500	309,500
1642-18	Acquisition of Fire Engine and Equipment	Oct. 11, 2018	May 30, 2019	May 29, 2019	2.250%	1,547,000	1,547,000	1,547,000	1,547,000
1643-18	2018 Road Improvement Program	Oct. 11, 2018	May 30, 2019	May 29, 2019	2.250%	1,476,000	1,476,000	1,476,000	1,476,000
1617-16	Sewer Improvements	May 30, 2019	May 30, 2019	May 29, 2019	2.250%		285,000		285,000
1623-17	Various Sanitary Sewer Force Main Repairs	May 30, 2019	May 30, 2019	May 29, 2019	2.250%		304,595		304,595
						<u>\$ 13,311,202</u>	<u>12,986,827</u>	<u>13,311,202</u>	<u>12,986,827</u>
						Cash \$	589,595		
						Renewed	12,400,232		12,397,232
						Budget Appropriation		913,970	
							<u>\$ 12,989,827</u>	<u>13,311,202</u>	

Exhibit C-13

TOWNSHIP OF SADDLE BROOK
Schedule of Capital Improvement Fund
General Capital Fund
Year Ended December 31, 2019

Balance - December 31, 2018	\$ 81,742
Increased by:	
Budget Appropriation-Interfund	<u>125,000</u>
	206,742
Decreased by:	
Appropriated to Finance Improvement Authorizations	<u>210,000</u>
Balance - December 31, 2019	<u>\$ (3,258)</u>

Exhibit C-14

Schedule of Reserve for Payment of Debt
General Capital Fund
Year Ended December 31, 2019

Balance - December 31, 2018	\$ 148,319
Increased by:	
Cash Receipts:	
Ord. 1623-19 Overborrowing on Notes	\$ 18,539
Cash Receipts	<u>570,282</u>
	<u>588,821</u>
Balance - December 31, 2019	<u>\$ 737,140</u>
<u>Analysis of Balance</u>	
Ord. 1560-13	24,310
Ord. 1575-14	124,009
Ord. 1643-18	195,938
Ord. 1643-18	74,344
Ord. 1627-17	300,000
Ord. 1623-19	<u>18,539</u>
	<u>\$ 737,140</u>

TOWNSHIP OF SADDLE BROOK

Schedule of Reserves

General Capital Fund

Year Ended December 31, 2019

	Balance Dec. 31, <u>2018</u>	Balance Dec. 31, <u>2019</u>
Reserve for:		
Mount Laurel Development	\$ 100,000	100,000
Non Residential Development	<u>5,962</u>	<u>5,962</u>
	<u>\$ 105,962</u>	<u>105,962</u>

TOWNSHIP OF SADDLE BROOK
Schedule of Improvement Authorizations
General Capital Fund
Year Ended December 31, 2019

Ordinance Number	Improvement Description	Ordinance Date	Amount	Balance, Dec. 31, 2018		Authorized	Expended	Balance, Dec. 31, 2019	
				Funded	Unfunded			Funded	Unfunded
1429-07	Renovation & Expansion of Library	1/13/2008	2,000,000	\$	215,040		314		214,726
1474-09	Oxford Avenue - Phase III	7/9/2009	300,000		16,297			16,297	
1518-11	Various Sanitary Sewer Improvements	8/11/2011	100,000		45,571		70		45,501
1519-11	Replace Water Mains	8/11/2011	985,000		108,476		1,717		106,759
1537-12	Acq. of Communication & Signal Equipment	7/12/2012	120,000		5,071		70		5,001
1560-13	Various Public Improvements	11/14/2013	550,000		12,453				12,453
1574-14	Polling Places Barrier Free Improvements	Jul. 1, 2014	106,250		105,144		(52)	105,196	
1575-14	Various Public Improvements	Jul. 1, 2014	995,000		56,073		5,178		50,895
1579-14	Various Improvements to Veterans Field	9/23/2014	2,100,000				(6,150)		6,150
1605-15	Flood Mitigation Improvements	Nov. 5, 2015	850,000		146,883		41,034		105,849
1606-15	Various Public Improvements	Nov. 5, 2015	760,000		431,218		498		430,720
1613-16	Acquisition of a Fire Truck & Firefighting Equipment	Oct. 6, 2016	995,200		28,063		28,000		63
1623-17	Various Sanitary Sewer Force Main Repairs	Mar. 2, 2017	325,000		234,228		131,830		102,398
1627-17	Road Resurfacing, Curb Replacement & Repair/Replacement of Sanitary Sewer Lines	Jun. 1, 2017	995,000		611,953		494,803		117,150
1631-17	Various Public Improvements	Oct. 5, 2017	310,000		236,990				236,990
1632-17	Tax Appeal Refunding Ordinance	Nov. 2, 2017	2,100,000		24,042		2,461		21,581
1639-18	Acquisition of Ambulance and Pagers	Mar. 1, 2018	325,000		48,458		23,042		25,416
1641-18	Construction of Tri-Centennial Park	Apr. 5, 2018	76,200				18,060	57,698	
1642-18	Acquisition of Fire Truck and Other Related Equipment for Fire Department	Apr. 5, 2018	1,625,000		1,205,978		1,205,277		701
1643-18	2018 Road Improvement Program	Apr. 5, 2018	1,550,000		576,092		524,911		51,181
1647-18	Improvement to Fair Lawn Parkway, Phase I	Sept. 6, 2018	410,000		393,978		5,648		388,330
1651-19	2019 Road Improvement Program	Mar. 14, 2019	1,200,000			1,200,000	233,741		966,259
1659-19	Sanitary Sewer System Improvements	July 11, 2019	400,000			400,000	179,074		220,926
1664-19	Various Public Improvements	Aug. 1, 2019	710,000			710,000	9,709	24,291	676,000
1668-19	Improvement of Fair Lawn Parkway, Phase II and Hubert Terrace	Oct. 3, 2019	650,000			650,000	28,244	2,756	619,000
1672-19	Acquisition of Property and Construction of New Municipal Building - Lease/Purchase	Dec. 26, 2019	28,000,000			28,000,000			28,000,000
1673-19	2020 Road Improvement Program	Dec. 26, 2019	1,400,000			1,400,000	67,000		1,333,000
			\$	197,199	4,380,567	32,360,000	2,927,479	273,238	33,737,049
						Capital Improvement Fund			
						210,000			
						Deferred Charges Unfunded			
						32,150,000			
						\$			\$ 32,360,000

TOWNSHIP OF SADDLE BROOK

Schedule of Reserve for Unappropriated State Grant

General Capital Fund

Year Ended December 31, 2019

Balance - December 31, 2018	\$ <u>81,426</u>
Balance - December 31, 2019	\$ <u><u>81,426</u></u>

Schedule of Reserve for Grants Receivable

General Capital Fund

Year Ended December 31, 2019

Balance - December 31, 2018	\$ 355,000
Increased by:	
Grants Awarded	<u>302,000</u>
Balance - December 31, 2019	\$ <u><u>657,000</u></u>

Analysis of Balance

Department of Transportation - Fairlawn Parkway, Phase I	200,000
Department of Transportation - 2019 Road Imp. Program	110,000
Community Development Block Grant - 2018 Road Imp. Program	155,000
Community Development Block Grant - Fairlawn Parkway and Hubert Terrace	<u>192,000</u>
	\$ <u><u>657,000</u></u>

TOWNSHIP OF SADDLE BROOK

Schedule of Bonds and Notes Authorized but not Issued

General Capital Fund

Year Ended December 31, 2019

<u>Ordinance Number</u>	<u>Improvement Description</u>	Balance, Dec. 31, 2018	Authorized	Decreased	Balance, Dec. 31, 2019
1579-14	Various Public Improvements	\$ 962			962
1613-16	Acquisition of a Fire Truck and Firefighting Equipment	2,948			2,948
1617-16	Sewer Improvements	285,714		285,000	714
1623-17	Various Sanitary Sewer Force Main Repairs	286,056		286,056	
1627-17	Road Resurfacing, Curb Replacement & Repair/Replacement of Sanitary Sewer Lines	869,081			869,081
1631-17	Various Public Improvements	295,000			295,000
1647-18	Improvement of Fair Lawn Parkway, Phase I	410,000			410,000
1651-19	2019 Road Improvement Program		1,142,000		1,142,000
1659-19	Sanitary Sewer System Improvements		380,000		380,000
1664-19	Various Public Improvements		676,000		676,000
1668-19	Improvement of Fair Lawn Parkway, Phase II and Hubert Terrace		619,000		619,000
1672-19	Acquisition of Property and Construction of New Municipal Building - Lease/Purchase		28,000,000		28,000,000
1673-19	2020 Road Improvement Program		1,333,000		1,333,000
		<u>\$ 2,149,761</u>	<u>32,150,000</u>	<u>571,056</u>	<u>33,728,705</u>
				<u>Bond Anticipation Notes \$ 571,056</u>	

TOWNSHIP OF SADDLE BROOK

Schedule of Cash - Treasurer

Water Utility Fund

Year ended December 31, 2019

	<u>Operating</u>	<u>Capital</u>
Balance, December 31, 2018	\$ <u>1,326,150</u>	<u>101,352</u>
Increased by receipts:		
Water Collector	2,837,675	
Interest on Investments	15,883	
Interest on Delinquents	21,943	
Miscellaneous	32,202	
Overpayments	7,585	
Fund Balance	<u> </u>	<u>11,437</u>
	<u>2,915,288</u>	<u>11,437</u>
	4,241,438	112,789
Decreased by disbursements:		
2019 Appropriations	2,702,031	
2018 Appropriation Reserves	123,220	
Accrued Interest on Bonds	41,400	
Accrued Interest on Notes	60,638	
Accrued Interest on Loans	12,469	
Improvement Authorizations		138,892
Interfunds	<u>40,000</u>	<u> </u>
	<u>2,979,758</u>	<u>138,892</u>
Balance, December 31, 2019	\$ <u><u>1,261,680</u></u>	<u><u>(26,103)</u></u>

TOWNSHIP OF SADDLE BROOK

Schedule of Change Funds

Water Utility Operating Fund

Year ended December 31, 2019

Balance, December 31, 2018	\$ <u>20</u>
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Balance, December 31, 2019	\$ <u><u>20</u></u>
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TOWNSHIP OF SADDLE BROOK

Analysis of Cash

Water Utility Capital Fund

December 31, 2019

		Balance, Dec. 31, <u>2019</u>
Accounts Receivable	\$	(135,974)
Capital Improvement Fund		17,748
Interfund Payable		1,212,051
Fund Balance		11,437
Improvement Authorizations:		
Ordinance		
<u>Number</u>	<u>General Improvements</u>	
1200/1411	Extension of Water Mains/Purchase of Meters	3,889
1205	Automatic Meter Reading Equipment	342
1514-11	Water Utility Improvements	6,471
1557-13	Replacement of Water Mains	(488,278)
1645-18	Replacement of Water Mains	(494,843)
1652-19	Replacement of Water Mains-Sheelee Place	<u>(158,946)</u>
	\$	<u><u>(26,103)</u></u>

TOWNSHIP OF SADDLE BROOK**Schedule of Consumers' Accounts Receivable****Water Utility Operating Fund****Year ended December 31, 2019**

Balance, December 31, 2018		\$	282,303
Increased by:			
Water Utility Billings			<u>2,852,221</u>
			3,134,524
Decreased by:			
Cash Receipts	\$	2,837,675	
Overpayments Applied		<u>9,253</u>	
			<u>2,846,928</u>
Balance, December 31, 2019		\$	<u><u>287,596</u></u>

TOWNSHIP OF SADDLE BROOK

Schedule of Interfunds

Water Utility Operating Fund

Year ended December 31, 2019

	Due from/(to) Dec. 31, <u>2018</u>	<u>Increased</u>	<u>Decreased</u>	Due from/(to) Dec. 31, <u>2019</u>
Current Fund	\$		11,600	(11,600)
Water Utility Capital Fund	<u>150,000</u>	<u>40,000</u>		<u>190,000</u>
	<u>\$ 150,000</u>	<u>40,000</u>	<u>11,600</u>	<u>178,400</u>
Reimbursement of Expenses Paid			11,600	
Cash Disbursements \$		<u>40,000</u>		
		<u>\$ 40,000</u>	<u>11,600</u>	

TOWNSHIP OF SADDLE BROOK

Schedule of Accounts Receivable - I-Bank

Water Utility Capital Fund

Year ended December 31, 2019

Balance, December 31, 2018	\$ <u>135,974</u>
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Balance, December 31, 2019	\$ <u><u>135,974</u></u>
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TOWNSHIP OF SADDLE BROOK

Schedule of Fixed Capital

Water Utility Capital Fund

Year ended December 31, 2019

<u>Account</u>	Balance, Dec. 31, <u>2018</u>	Balance, Dec. 31, <u>2019</u>
Additional Water Mains	\$ 516,996	516,996
Fire Hydrants	5,000	5,000
General Equipment	650,833	650,833
Water Mains	337,650	337,650
Water Meters	813,897	813,897
Water Utility Improvements	<u>509,425</u>	<u>509,425</u>
	<u>\$ 2,833,801</u>	<u>2,833,801</u>

TOWNSHIP OF SADDLE BROOK

Schedule of Fixed Capital Authorized and Uncompleted

Water Utility Capital Fund

Year ended December 31, 2019

Ordinance Number	Improvement Description	Ordinance		Balance, Dec. 31, 2018	2018 Authorizations	Balance, Dec. 31, 2019
		Date	Amount			
1200/1411	Extension of Water Mains/Meter Purchase	March 29, 2007	215,000	\$ 12,650		12,650
1205-00	Automatic Meter Reading Equipment	March 9, 2000	295,000	342		342
1514-11	Water Utility Improvements	June 9, 2011	225,000	225,000		225,000
1557-13	Replacement of Water Mains	Oct. 10, 2013	2,000,000	2,000,000		2,000,000
1603-15	Water Improvements	Sept. 3, 2015	1,500,000	1,500,000		1,500,000
1645-18	Replacement of Water Mains	May 3, 2018	825,000	825,000		825,000
1652-19	Replacement of Water Mains-Sheel Place	March 7, 2019	425,000		425,000	425,000
1674-19	Replacement of Water Mains-Bell Avenue	Dec. 26, 2019	400,000		400,000	400,000
				\$ 4,562,992	825,000	5,387,992

TOWNSHIP OF SADDLE BROOK

Schedule of 2018 Appropriation Reserves

Water Utility Operating Fund

Year ended December 31, 2019

	Balance, Dec. 31, <u>2018</u>	Balance after transfers and <u>encumbrances</u>	<u>Paid or charged</u>	Balance <u>Lapsed</u>
Operating:				
Salaries and Wages	\$ 30,801	29,531		29,531
Other Expenses	154,037	177,640	123,220	54,420
Capital Improvements:				
Capital Outlay	65,000	65,000		65,000
Statutory Expenditures - Contribution to:				
Social Security System (O.A.S.I.)	<u>16,840</u>	<u>18,110</u>		<u>18,110</u>
	<u>\$ 266,678</u>	<u>290,281</u>	<u>123,220</u>	<u>167,061</u>
Appropriation Reserves		266,678		
Encumbrances		<u>23,603</u>		
		<u>\$ 290,281</u>		

TOWNSHIP OF SADDLE BROOK

Schedule of Encumbrances Payable

Water Utility Operating Fund

Year ended December 31, 2019

Balance, December 31, 2018	\$ 23,603
Increased by:	
Transferred from Current Year Budget	<u>21,430</u>
	45,033
Decreased by:	
Transferred to Appropriation Reserves	<u>23,603</u>
Balance, December 31, 2019	\$ <u><u>21,430</u></u>

TOWNSHIP OF SADDLE BROOK**Schedule of Overpayments****Water Utility Fund****Year ended December 31, 2019**

Balance, December 31, 2018	\$ <u>9,253</u>
Increased by:	
Receipts	<u>7,585</u>
	16,838
Decreased by:	
Applied	<u>9,253</u>
Balance, December 31, 2019	\$ <u><u>7,585</u></u>

TOWNSHIP OF SADDLE BROOK

Schedule of Accrued Interest on Bonds

Water Utility Operating Fund

Year ended December 31, 2019

Balance, December 31, 2018	\$ 14,931
Increased by:	
Budget Appropriation	<u>41,400</u>
	56,331
Decreased by:	
Cash Disbursements	<u>41,400</u>
Balance, December 31, 2019	\$ <u><u>14,931</u></u>

Principal Outstanding <u>Dec. 31, 2019</u>	Interest Rate	From	To	Required Amount
921,900	3.00% - 5.00%	09/01/19	12/31/19	\$ <u>12,551</u>
				\$ <u><u>12,551</u></u>

TOWNSHIP OF SADDLE BROOK

Schedule of Accrued Interest on Notes

Water and Sewer Utility Operating Fund

Year ended December 31, 2016

Balance, December 31, 2018	\$ 26,751
Increased by:	
Budget Appropriation	<u>60,638</u>
	87,389
Decreased by:	
Cash Disbursements	<u>60,638</u>
Balance, December 31, 2019	<u>\$ 26,751</u>

Analysis of Balance

<u>Principal Outstanding Dec. 31, 2019</u>	<u>Interest Rate</u>	<u>From</u>	<u>To</u>	<u>Required Amount</u>
2,013,173	2.25%	05/30/19	12/31/19	\$ <u>27,178</u>
				<u>\$ 27,178</u>

TOWNSHIP OF SADDLE BROOK

Schedule of Accrued Interest on Loans

Water Utility Operating Fund

Year ended December 31, 2019

Balance, December 31, 2018	\$ 5,195
Increased by:	
Budget Appropriation	<u>12,469</u>
Decreased by:	
Cash Disbursements	<u>12,469</u>
Balance, December 31, 2019	<u><u>\$ 5,195</u></u>

<u>Principal Outstanding Dec. 31, 2019</u>	<u>Interest Rate</u>	<u>From</u>	<u>To</u>	<u>Required Amount</u>
315,000	3.00% - 5.00%	08/01/19	12/31/19	\$ <u>4,987</u>
				<u><u>\$ 4,987</u></u>

TOWNSHIP OF SADDLE BROOK

Schedule of Improvement Authorizations

Water Utility Capital Fund

Year ended December 31, 2019

Ordinance Number	Improvement Description	Date	Ordinance Amount	Balance, Dec. 31, 2018		Balance, Dec. 31, 2019	
				Funded	Unfunded	Funded	Unfunded
General Improvements:							
1200/1411	Extension of Water Mains/Purchase of Meters	March 29, 2007	215,000 \$	3,889		3,889	
1205	Automatic Meter Reading Equipment	March 9, 2000	295,000	342		342	
1514-11	Water Utility Improvements	June 9, 2011	225,000		6,471		6,471
1557-13	Replacement of Water Mains	Oct. 10, 2013	2,000,000		205,609	91,408	114,201
1603-15	Water Improvements	Sept. 3, 2015	1,500,000		1,169	1,169	
1645-18	Replacement of Water Mains	May 3, 2018	825,000		431,100	100,943	330,157
1652-19	Replacement of Water Mains-Sheele Place	March 7, 2019	425,000			158,946	266,054
1674-19	Replacement of Water Mains-Bell Avenue	Dec. 26, 2019	400,000			400,000	400,000
			\$	4,231	644,349	4,231	1,116,883
				Authorized Not Issued \$		Authorized	
				825,000		825,000	

Cash Disbursement	138,892
Interfunds	213,574
	<u>\$ 352,466</u>

TOWNSHIP OF SADDLE BROOK
Schedule of Capital Improvement Fund
Water Utility Capital Fund
Year ended December 31, 2019

Balance, December 31, 2018	\$ <u>17,748</u>
Balance, December 31, 2019	\$ <u><u>17,748</u></u>

TOWNSHIP OF SADDLE BROOK

Schedule of Interfunds

Water Utility Capital Fund

Year ended December 31, 2019

	Due from/(to) Dec. 31, <u>2018</u>	<u>Decreased</u>	Due from/(to) Dec. 31, <u>2019</u>
General Capital Fund	(848,477)	173,574	(1,022,051)
Water Utility Operating Fund	<u>(150,000)</u>	<u>40,000</u>	<u>(190,000)</u>
	\$ <u>(998,477)</u>	<u>213,574</u>	<u>(1,212,051)</u>

Reimbursement for Expenses Paid \$ 213,574\$ 213,574

Exhibit D-22**TOWNSHIP OF SADDLE BROOK****Schedule of Reserve for Amortization****Water Utility Capital Fund****Year ended December 31, 2019**

Balance, December 31, 2018 \$ 1,570,187

Increased by:

Serial Bond Principal \$ 63,700

NJ Environmental Infrastructure Trust

Loan Principal 59,450

Paydown on Bond Anticipation Notes 8,125

131,275

Balance, December 31, 2019 \$ 1,701,462

Exhibit D-23**Schedule of Reserve for Deferred Amortization****Water Utility Capital Fund****Year ended December 31, 2019**

Balance, December 31, 2018 \$ 127,676

Balance, December 31, 2019 \$ 127,676

TOWNSHIP OF SADDLE BROOK

Schedule of Water Utility Serial Bonds

Water Utility Capital Fund

Year ended December 31, 2019

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds</u>		<u>Interest Rate</u>	<u>Balance, Dec. 31, 2018</u>	<u>Decreased</u>	<u>Balance, Dec. 31, 2019</u>
			<u>Date</u>	<u>Outstanding Amount</u>				
BCIA Refunding Bond	March 1, 2015	1,122,100	September 1, 2020	66,150	4.000%	\$ 985,600	63,700	921,900
			September 1, 2021	68,600	5.000%			
			September 1, 2022	72,450	5.000%			
			September 1, 2023	75,950	5.000%			
			September 1, 2024	79,450	5.000%			
			September 1, 2025	83,650	5.000%			
			September 1, 2026	87,850	4.000%			
			September 1, 2027	91,350	4.000%			
			September 1, 2028	94,850	4.000%			
			September 1, 2029	99,050	4.000%			
			September 1, 2030	102,550	3.000%			
						\$ 985,600	63,700	921,900

TOWNSHIP OF SADDLE BROOK
Schedule of New Jersey Infrastructure Trust Loans Payable
Water Utility Capital Fund
Year ended December 31, 2019

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds</u>		<u>Interest Rate</u>	<u>Balance, Dec. 31, 2018</u>	<u>Decreased</u>	<u>Balance, Dec. 31, 2019</u>
			<u>Date</u>	<u>Amount</u>				
NJ Environmental Infrastructure Trust Loan	May 22, 2018	325,000	August 1, 2020	10,000	5.000%	\$ 325,000	10,000	315,000
			August 1, 2021	10,000	5.000%			
			August 1, 2022	15,000	5.000%			
			August 1, 2023	15,000	5.000%			
			August 1, 2024	15,000	5.000%			
			August 1, 2025	15,000	5.000%			
			August 1, 2026	15,000	5.000%			
			August 1, 2027	15,000	5.000%			
			August 1, 2028	20,000	5.000%			
			August 1, 2029	20,000	3.000%			
			August 1, 2030	20,000	3.000%			
			August 1, 2031	20,000	3.000%			
			August 1, 2032	20,000	3.125%			
			August 1, 2033	20,000	3.125%			
			August 1, 2034	20,000	3.250%			
			August 1, 2035	20,000	3.250%			
			August 1, 2036	20,000	3.375%			
			August 1, 2037	25,000	3.375%	-		

TOWNSHIP OF SADDLE BROOK
Schedule of New Jersey Infrastructure Trust Loans Payable

Water Utility Capital Fund

Year ended December 31, 2019

Purpose	Date of Issue	Original Issue	Maturities of Bonds		Interest Rate	Balance, Dec. 31, 2018	Decreased	Balance, Dec. 31, 2019
			Date	Outstanding Amount				
NJ Environmental Infrastructure Fund Loan	May 22, 2018	972,520	August 1, 2020	49,450	*	\$ 939,553	49,450	890,103
			August 1, 2021	49,450	*			
			August 1, 2022	49,450	*			
			August 1, 2023	49,450	*			
			August 1, 2024	49,450	*			
			August 1, 2025	49,450	*			
			August 1, 2026	49,450	*			
			August 1, 2027	49,450	*			
			August 1, 2028	49,450	*			
			August 1, 2029	49,450	*			
			August 1, 2030	49,450	*			
			August 1, 2031	49,450	*			
			August 1, 2032	49,450	*			
			August 1, 2033	49,450	*			
			August 1, 2034	49,450	*			
			August 1, 2035	49,451	*			
			August 1, 2036	49,451	*			
			August 1, 2037	49,451	*			
						\$ 1,264,553	59,450	1,205,103
						Budget Appropriations \$ 59,450		

* - Interest Free

* - Interest Free

TOWNSHIP OF SADDLE BROOK

Schedule of Bonds and Notes Authorized But Not Issued

Water Utility Capital Fund

December 31, 2019

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance, Dec. 31, 2018</u>	<u>Increased</u>	<u>Balance, Dec. 31, 2019</u>
1557-13	Replacement of Water Mains	\$ 602,480		602,480
1645-18	Replacement of Water Mains	825,000		825,000
1652-19	Replacement of Water Mains-Sheelee Place		425,000	425,000
1674-19	Replacement of Water Mains-Bell Avenue		400,000	400,000
		<u>\$ 1,427,480</u>	<u>825,000</u>	<u>2,252,480</u>

TOWNSHIP OF SADDLE BROOK

PART II

**LETTER ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS**

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2019



WIELKOTZ & COMPANY ^{LLC}

CERTIFIED PUBLIC ACCOUNTANTS

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**INDEPENDENT AUDITOR'S 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**

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

We have audited, in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements-regulatory basis of the Township of Saddle Brook in the County of Bergen as of and for the year ended December 31, 2019 and the related notes to the financial statements, and have issued our report thereon dated November 9, 2020 which was adverse due to being presented in accordance with New Jersey regulatory basis of accounting.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements-regulatory basis, we considered the Township of Saddle Brook's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements-regulatory basis, but not for the purpose of expressing an opinion on the effectiveness of the Township of Saddle Brook's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township of Saddle Brook's internal control.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.



Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

We did identify certain immaterial deficiencies in internal control that we have reported to management of the Township of Saddle Brook in the accompany comments and recommendations section of this report.


Compliance and Other Matters


As part of obtaining reasonable assurance about whether the Township of Saddle Brook's financial statements-regulatory basis 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*.

However, we noted certain immaterial instances of noncompliance that we have reported to the management of the Township of Saddle Brook in the accompanying comments and recommendations section of this report.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township of Saddle Brook internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township of Saddle Brook internal controls and compliance. Accordingly, this communication is not suitable for any other purpose.


Steven D. Wielkotz, C.P.A.
Registered Municipal Accountant
No. CR00413


WIELKOTZ & COMPANY, LLC
Certified Public Accountants
Pompton Lakes, New Jersey

November 9, 2020



TOWNSHIP OF SADDLE BROOK

GENERAL COMMENTS

Contracts and Agreements

N.J.S.A. 40A:11-3 states:

- a. When the cost or price of any contract awarded by the contracting agent in the aggregate does not exceed in a contract year the total sum of \$17,500, the contract may be awarded by a purchasing agent when so authorized by ordinance or resolution, as appropriate to the contracting unit, of the governing body of the contracting unit without public advertising for bids, except that the governing body of any contracting unit may adopt an ordinance or resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to subsection b. of section 9 of P.L. 1971, c.198 (C.40A:11-9), the governing body of the contracting unit may establish that the bid threshold may be up to 25,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.
- b. Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to subparagraph (I) of paragraph (a) of subsection (1) of section 5 of P.L. 1971, c.198 (C.40A:11-5) may be awarded for a period not exceeding 12 consecutive months. The Division of Local Government Services shall adopt and promulgate rules and regulations concerning the methods of accounting for all contracts that do not coincide with the contracting unit's fiscal year.
- c. The Governor, in consultation with the Department of the Treasury, shall no later than March 1 of every fifth year beginning in the fifth year after the year in which P.L. 1999, c.440 takes effect, adjust the threshold amount and the higher threshold amount which the governing body is permitted to establish, as set forth in subsection a. of this section, or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in section 2 of P.L. 1971, c.198(C.40A:11-2), and shall round the adjustment to the nearest \$1,000. The Governor shall, no later than June 1 of every fifth year, notify each governing body of the adjustment. The adjustment shall become effective on July 1 of the year in which it is made.

N.J.S.A. 40A:11-4 states:

- a. Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefor, except as is provided otherwise in this act of specifically by any other law. The governing body of a contracting unit may, by resolution approved by a majority of the governing body and subject to subsections b. and c. of this section, disqualify a bidder who would otherwise be determined to be the lowest responsible bidder, if the governing body finds that it

TOWNSHIP OF SADDLE BROOK
GENERAL COMMENTS, CONTINUED

Effective July 1, 2010, the bid threshold, in accordance with N.J.S.A. 40A:11-3 and 40A:11-4 (as amended) is \$17,500 and with a qualified purchasing agent the threshold may be up to \$36,000. On July 1, 2015, the threshold with a qualified purchasing agent was increased to \$40,000.

The governing body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed the bid threshold within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Township Counsel's opinion should be sought before a commitment is made.

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

- Paving Work Williams St. - Phase 2
- CDBG Storm Drain Repair & Maintenance Program - Phase 2
- Recycling Services
- Demolition of 2 Structures (15 Riverview Ave and 200 Saddle River Rd)
- Paving Work Caldwell Ave. - Phase 1
- Nedellec Drive Roadway Improvements
- Hayes Drive Roadway Improvements
- Claremont Avenue Roadway Improvements
- Erie Street Roadway Improvements
- Water Main Replacement - President Street
- Legregni Street Roadway Improvements

Resolutions were adopted authorizing the awarding of contracts and agreements for "Professional Services" N.J.S. 40A:11-5.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any material or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear cut violation existed. No violations were disclosed.

Our examination of expenditures did not reveal any individual payments, contracts or agreements in excess of the statutory threshold "for the performance of any work or the furnishing or hiring of any materials or supplies," other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of N.J.S.A. 40A:11-6.

Collection of Interest on Delinquent Taxes and Assessments

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

TOWNSHIP OF SADDLE BROOK

GENERAL COMMENTS, CONTINUED

The governing body, on January 3, 2019, adopted the following amended resolution authorizing interest to be charged on delinquent taxes:

“NOW THEREFORE BE IT RESOLVED by the Mayor and Council of the Township of Saddle Brook, that taxes due to the Township shall be payable February 1st, May 1st, August 1st, and November 1st each year, after which dates, if unpaid, shall become delinquent and from and after the respective dates herein before provided for taxes to become delinquent, the tax payer or property assessed shall be subject to interest at 8% per annum on the first \$1,500 and 18% thereafter and a 6% additional penalty for a delinquency over \$10,000 if not paid by the end of the calendar year. Delinquent water bills over \$100 shall be subject to interest at 1% per month thirty days after the due date.

ALSO, BE IT RESOLVED, that in the event said taxes shall be paid within ten days from the due date the interest shall be waived except in the office of the Tax Collector is closed on the tenth day of February, May, August or November then the grace period shall be extended to include the first business day thereafter; and,

BE IT FURTHER RESOLVED that the interest rates so stated will revert back to the due date of any installment of taxes or assessments received after the expiration of the ten-day grace period or as otherwise provided in the Resolution.”

It appears from an examination of the Collector's records that interest was collected in accordance with the foregoing resolution.

Delinquent Taxes and Tax Title Liens

A tax sale was held on October 24, 2019, and was complete.

Inspection of the sale certificates on file revealed that all tax sale certificates were available for audit.

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

<u>Year</u>	<u>Number of liens</u>
2019	5
2018	5
2017	7

It is essential to good management that all, means provided by statute be utilized to liquidate tax title liens in order to get such properties back on a tax-paying basis.

**TOWNSHIP OF SADDLE BROOK
COMMENTS AND RECOMMENDATIONS
DECEMBER 31, 2019**

COMMENTS:

FINANCE

1. *The subsidiary ledger in the General Capital Fund does not agree to audited balances for the Schedule of Improvement Authorizations.
2. The Capital Improvement Fund was over-expended resulting in deferred charges in the amount of \$3,258.
3. The various Trust Fund general ledgers are not in agreement with the client prepared bank reconciliations.
4. Refunds received in the capital fund are not being posted to the appropriate improvement authorization in the subsidiary ledger.
5. Not all prior year inter-funds were liquidated.

PAYROLL

1. There were instances in which enrolled employees' health benefit deductions were not being calculated in accordance with Chapter 78, P.L. 2011.
2. Approval signatures were absent from many of the police department overtime sheets.

MUNICIPAL COURT

1. *A review of the December monthly management report indicated the following:
 - a. There is an excessive amount of tickets issued but not assigned over 180 days.

**TOWNSHIP OF SADDLE BROOK
COMMENTS AND RECOMMENDATIONS
DECEMBER 31, 2019**

RECOMMENDATIONS:

FINANCE

1. *General Capital Fund subsidiary ledger be reviewed and adjusted accordingly to reflect the audited balances for Improvement Authorizations.
2. Sufficient budget appropriations be approved to provide adequate funding for the capital improvement fund.
3. The Trust Fund General ledgers be updated to reflect audited balances and postings be reviewed to ensure agreement with client prepared bank reconciliations.
4. Refunds received in the General Capital Fund be posted as a contra to the appropriate improvement authorization in the subsidiary ledger.
5. All prior year inter-funds be liquidated prior to the end of the following fiscal year.

PAYROLL

1. A review of all health benefits deductions be made to ensure they are calculated correctly.
2. All authorized overtime records and time sheets be approved by the appropriated personnel prior to payment.

MUNICIPAL COURT

1. *Tickets that have been issued but not assigned over 180 days be recalled and either destroyed or reassigned to other officers.

TOWNSHIP OF SADDLE BROOK

STATUS OF PRIOR YEAR AUDIT FINDINGS/RECOMMENDATIONS

A review was performed on all prior year recommendations and corrective action was taken on all except for the Findings/Recommendations marked with an “*”.

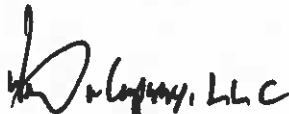
ACKNOWLEDGMENT

We received the complete cooperation of all of the officials of the municipality and we greatly appreciate the courtesies extended to all members of the audit team.

Respectfully submitted,



Steven D. Wielkottz
Registered Municipal Accountant
No. CR00413



WIELKOTZ & COMPANY, LLC
Certified Public Accountants
Pompton Lakes, New Jersey

November 9, 2020