

TOWNSHIP OF SADDLE BROOK

**Financial Statements with
Supplementary Information
December 31, 2020**

(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, 2020 and 2019, 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, 2020, 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, 2020 and 2019, 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 \$2,967,999 and \$2,467,850 for 2020 and 2019, 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, 2020 and 2019, 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, 2020 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
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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 26, 2021 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. Wielkotz

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

Wielkotz & Company, LLC

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

August 26, 2021



TOWNSHIP OF SADDLE BROOK

Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31, 2020 and 2019

	<u>Ref.</u>	<u>2020</u>	<u>2019</u>
<u>Assets</u>			
Current Fund:			
Cash	A-4	\$ 8,362,845	7,165,604
Change Fund	A-5	475	475
Due to State of New Jersey:			
Senior Citizens and Veterans Deductions	A-6	41,282	42,635
		<u>8,404,602</u>	<u>7,208,714</u>
Receivables and Other Assets with Full Reserves:			
Municipal Liens Receivable	A-7	104,405	101,619
Delinquent Taxes Receivable	A-8	357,872	467,253
Property Acquired for Taxes -			
Assessed Valuation	A-9	742,249	742,249
Revenue Accounts Receivable	A-10	9,086	12,292
Interfund Accounts Receivable	A-11	97,876	324,281
		<u>1,311,488</u>	<u>1,647,694</u>
Deferred Charges:			
Special Emergency	A-12	466,505	
		<u>466,505</u>	
		<u>10,182,595</u>	<u>8,856,408</u>
Federal and State Grant Fund:			
Cash	A-4	288,058	304,519
Due from Current Fund	A-11	1,500	
		<u>289,558</u>	<u>304,519</u>
		<u>\$ 10,472,153</u>	<u>\$ 9,160,927</u>

TOWNSHIP OF SADDLE BROOK

Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31, 2020 and 2019

	<u>Ref.</u>	<u>2020</u>	<u>2019</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Current Fund:			
Appropriation Reserves	A-3/A-13 \$	1,729,961	1,140,268
Encumbrances Payable	A-3/A-14	334,745	618,262
Interfund Accounts Payable	A-11	2,741	4,424
Due to Free Public Library	A-15	37,425	37,425
Due to State of New Jersey:			
Construction Training Fees	A-16	2,076	3,679
Marriage License Fees	A-16	523	350
Burial Permit Fees	A-16	320	675
Tax Overpayments	A-17	9,633	
County Taxes Payable	A-19	9,528	
Prepaid Taxes	A-20	380,596	461,263
Reserve for Tax Appeals	A-21	350,000	250,000
Due to Bergen County	A-22	60,070	
		<u>2,917,618</u>	<u>2,516,346</u>
Reserve for Receivables	Contra	1,311,488	1,647,694
Fund Balance	A-1	<u>5,953,489</u>	<u>4,692,368</u>
		<u>10,182,595</u>	<u>8,856,408</u>
Federal and State Grant Fund:			
Appropriated Reserve for Grants	A-24	253,245	252,842
Encumbrances Payable	A-24	7,790	377
Unappropriated Reserve for Grants	A-25	<u>28,523</u>	<u>51,300</u>
		<u>289,558</u>	<u>304,519</u>
		<u>\$ 10,472,153</u>	<u>9,160,927</u>

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, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Revenues and Other Income:		
Fund Balance Utilized	\$ 1,550,000	800,000
Miscellaneous Revenue Anticipated	2,876,683	4,047,785
Receipts from Delinquent Taxes	475,935	365,242
Receipts from Current Taxes	60,285,063	59,176,811
Non-Budget Revenue	659,394	197,161
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	1,017,847	953,075
Interfunds Returned	249,281	557,337
Special Emergency - COVID Revenue Losses	466,505	
Total Revenues and Other Income	<u>67,580,708</u>	<u>66,097,411</u>
Expenditures:		
Budget and Emergency Appropriations:		
Operations:		
Salaries and Wages	8,619,665	8,119,800
Other Expenses	9,728,554	9,973,310
Capital Improvement Fund	100,000	125,000
Municipal Debt Service	3,028,666	3,294,245
Deferred Charges and Statutory Expenditures -		
Municipal	2,245,661	2,092,454
Local District School Tax	34,759,148	34,527,829
County Taxes Including Added Taxes	6,047,046	5,748,639
Refunds	164,597	27,655
Interfunds Advanced	76,250	86,600
Total Expenditures	<u>64,769,587</u>	<u>63,995,532</u>
Statutory Excess to Surplus	2,811,121	2,101,879
Fund Balance, January 1,	<u>4,692,368</u>	<u>3,390,489</u>
	7,503,489	5,492,368
Decreased by:		
Fund Balance Utilized as Budget Revenue	<u>1,550,000</u>	<u>800,000</u>
Fund Balance, December 31,	<u>\$ 5,953,489</u>	<u>4,692,368</u>

See accompanying notes to the financial statements.

TOWNSHIP OF SADDLE BROOK

Statement of Revenues - Regulatory Basis

Current Fund

Year Ended December 31, 2020

	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance Anticipated	\$ 1,550,000	1,550,000	
Miscellaneous Revenues:			
Licenses:			
Alcoholic Beverages	20,000	22,463	2,463
Other	24,000	53,871	29,871
Fees and Permits	250,000	257,462	7,462
Fines and Costs:			
Municipal Court	222,000	104,517	(117,483)
Interest and Costs on Taxes	100,000	112,797	12,797
Interest on Investments and Deposits	50,000	69,265	19,265
Energy Receipts Tax	1,440,167	1,440,167	
Uniform Construction Code Fees	160,000	140,784	(19,216)
Recycling Tonnage Grant	24,957	24,957	
Clean Communities Program	26,343	26,343	
Uniform Fire Safety Act	40,000	45,671	5,671
Cable TV Franchise Fee - Cablevision	129,000	131,249	2,249
Cable TV Franchise Fee - Verizon	81,000	78,225	(2,775)
Hotel Fees	400,000	144,912	(255,088)
Pension Reimbursement - Water Utility	75,000	75,000	
Health Insurance Reimbursement - Water Utility	95,000		(95,000)
Capital Surplus	74,000	74,000	
Due from General Capital Fund	75,000	75,000	
Total Miscellaneous Revenues	3,286,467	2,876,683	(409,784)
Receipts from Delinquent Taxes	435,000	475,935	40,935
Subtotal General Revenues	5,271,467	4,902,618	(368,849)
Amount to be Raised by Taxes for Support of Municipal Budget - Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes	19,996,683	20,478,869	482,186
Budget Totals	25,268,150	25,381,487	113,337
Non-Budget Revenue		659,394	659,394
	\$ 25,268,150	26,040,881	772,731

TOWNSHIP OF SADDLE BROOK
Statement of Revenues - Regulatory Basis
Current Fund
Year Ended December 31, 2020

Analysis of Realized Revenues

Revenue from Current Tax Collections	\$ 60,285,063
Allocated to County and Local and Regional School Taxes	<u>40,806,194</u>
Balance for Support of Municipal Budget Appropriations	19,478,869
Add : Appropriation - Reserve for Uncollected Taxes	<u>1,000,000</u>
Amount for Support of Municipal Budget Appropriations	<u>\$ 20,478,869</u>
Receipts from Delinquent Taxes:	
Delinquent Taxes - Cash Receipts	<u>475,935</u>
Delinquent Taxes	<u>\$ 475,935</u>

Analysis of Non-budget Revenues

Police	\$ 4,985
Miscellaneous	90,881
Sewer Connections	80,000
Fuel Surcharge	84,126
Sale of Property	18,532
Offset not Applied	<u>380,870</u>
	<u>\$ 659,394</u>

See accompanying notes to the financial statements.

TOWNSHIP OF SADDLE BROOK

Statement of Expenditures-Regulatory Basis

Current Fund

Year Ended December 31, 2020

<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	126,010	90	
Other expenses	15,000	15,000	14,727	273	
Other expenses - Postage	30,000	30,000	27,015	2,985	
Other expenses - Contractual Services	20,000	20,000	16,338	3,662	
Other expenses - Computer Service Contract	85,000	85,000	81,863	3,137	
Other expenses - SBCTV	30,000	30,000	19,992	10,008	
Other expenses - Grants	38,000	38,000	38,000		
Other expenses - Flood Plan Manager	10,000	10,000	1,778	8,222	
Office of the Mayor:					
Salaries and Wages	4,750	4,750	4,750		
Other Expenses	6,000	6,000	2,578	3,422	
Council:					
Salaries and Wages	23,750	23,750	23,748	2	
Other Expenses	3,000	3,000	1,112	1,888	
Municipal Clerk:					
Salaries and Wages	190,000	190,000	184,534	5,466	
Other Expenses	8,500	8,500	8,021	479	
Other Expenses - Land Use	1,000	1,000		1,000	
Other Expenses - Codification of Ord.	12,000	12,000	12,000		
Other Expenses - Elections	22,500	22,500	10,244	12,256	

TOWNSHIP OF SADDLE BROOK

Statement of Expenditures-Regulatory Basis

Current Fund

Year Ended December 31, 2020

<u>Description</u>	<u>Budget</u>	<u>Budget after Modifications</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Financial Administration:					
Salaries and Wages	130,000	130,000	129,516	484	
Other Expenses	35,000	35,000	33,528	1,472	
Other Expenses - Statements	21,250	21,250	13,480	7,770	
Other Expenses - Supplemental Disclosure	3,000	3,000		3,000	
Audit Services:					
Other Expenses	31,500	31,500	31,500		
Revenue Administration:					
Salaries and Wages	80,000	80,000	79,977	23	
Other Expenses	20,000	20,000	17,922	2,078	
Assessment of Taxes:					
Salaries and Wages	58,000	58,000	57,998	2	
Other Expenses	5,000	5,000	4,876	124	
Other Expenses - Tax Appeal Attorney	35,000	35,000	30,163	4,837	
Other Expenses - Appraisals	45,000	45,000	5,000	40,000	
Assessments	75,000	75,000	75,000		
Legal Services and Costs:					
Other Expenses	130,000	130,000	116,919	13,081	
Engineering:					
Other Expenses	80,000	80,000	48,346	31,654	

TOWNSHIP OF SADDLE BROOK

Statement of Expenditures-Regulatory Basis

Current Fund

Year Ended December 31, 2020

<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 (NUSA 40:55D-1):					
Planning Board:					
Salaries and Wages	5,200	5,200	5,200		
Other Expenses	1,500	1,500	1,333	167	
Zoning Board of Adjustment:					
Salaries and Wages	4,800	4,800	4,800		
Other Expenses	3,000	3,000	701	2,299	
Self Insurance Program:					
Liability	290,000	290,000	195,987	94,013	
Workers Compensation	254,000	254,000	200,276	53,724	
Employee Group Insurance	3,835,000	3,835,000	3,391,967	443,033	
Unemployment Compensation	70,000	70,000	35,140	34,860	
PUBLIC SAFETY:					
Police:					
Salaries and Wages	4,711,000	4,570,000	4,464,965	30,035	75,000
Salaries and Wages - Overtime	70,000	126,000	125,408	592	
Salaries and Wages - Clothing Allowance	40,000	40,000	40,000		
Other Expenses	120,000	170,000	168,779	1,221	
Other Expenses - Purchase of Vehicles	60,000	60,000	49,192	10,808	

TOWNSHIP OF SADDLE BROOK

Statement of Expenditures-Regulatory Basis

Current Fund

Year Ended December 31, 2020

<u>Description</u>	<u>Budget</u>	<u>Budget after Modifications</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Civilian Dispatch:					
Salaries and Wages	140,000	140,000	119,611	20,389	
School Marshalls:					
Salaries and Wages	620,000	620,000	409,956	135,044	75,000
Other Expenses	5,000	5,000	1,885	3,115	
Police Clerical:					
Salaries and Wages	35,000	35,000	29,193	5,807	
Emergency Management:					
Salaries and Wages	5,000	5,000	4,999	1	
Other Expenses	6,000	41,000	40,559	441	
Fire:					
Other Expenses	130,000	130,000	129,524	476	
Other Expenses - Clothing Allowance	80,000	80,000	74,400	5,600	
Uniform Fire Safety:					
Salaries and Wages	155,000	155,000	125,046	29,954	
Other Expenses	9,000	9,000	3,506	5,494	
Aid to Volunteer Ambulance Companies:					
Other Expenses	65,000	65,000	65,000		
Municipal Prosecutor:					
Salaries and Wages	10,000	10,000	9,000	1,000	

TOWNSHIP OF SADDLE BROOK

Statement of Expenditures-Regulatory Basis

Current Fund

Year Ended December 31, 2020

<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	95,000	95,000	81,010	13,990	
Salaries and Wages - Overtime	10,000	10,000		10,000	
Other Expenses	10,000	10,000	9,833	167	
Other Expenses - Repairs	100,000	100,000	75,586	24,414	
Sanitation:					
Solid Waste Collection					
Other Expenses - Type 10 Contractual	675,000	675,000	636,194	38,806	
Other Expenses - Recycling Contract	185,000	185,000	184,600	400	
Recycling:					
Other Expenses	5,000	5,000	2,091	2,909	
Buildings and Property:					
Salaries and Wages	41,000	41,000	39,637	1,363	
Other Expenses	115,000	115,000	109,874	5,126	
Purchase of Equipment	97,000	97,000	69,779	27,221	
Streets and Road Maintenance:					
Salaries and Wages	1,027,065	1,027,065	952,070	59,995	15,000
Salaries and Wages - Overtime	40,000	40,000	33,989	6,011	
Other Expenses	188,000	188,000	186,543	1,457	

TOWNSHIP OF SADDLE BROOK

Statement of Expenditures-Regulatory Basis

Current Fund

Year Ended December 31, 2020

<u>Description</u>	<u>Budget</u>	<u>Budget after Modifications</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Snow Removal:					
Salaries and Wages	25,000	25,000		25,000	
Other Expenses	10,000	10,000	5,464	4,536	
Health and Welfare:					
Public Health Services:					
Salaries and Wages	5,000	5,000		5,000	
Other Expenses	20,000	20,000	1,391	18,609	
Other Expenses - Contract	47,535	47,535	47,523	12	
Animal Control:					
Salaries and Wages	5,000	5,000	1,631	3,369	
Other Expenses - Contract	19,535	19,535	19,108	427	
Recreation:					
Salaries and Wages	123,000	123,000	119,908	3,092	
Other Expenses	115,000	115,000	80,299	19,701	15,000
Other Expenses - Project Graduation	1,500	1,500		1,500	
Other Expenses - Senior Citizens Center	7,000	7,000	5,156	1,844	
Other Expenses - Senior Annual Dinner	6,000	6,000		6,000	
Other Expenses - Summer Program	7,500	7,500		7,500	
Other Expenses - Community Projects	44,000	44,000	41,060	2,940	
Other Expenses - Special Events	10,000	10,000		10,000	
Veterans Field Expenses	5,000	5,000	2,400	2,600	

TOWNSHIP OF SADDLE BROOK

Statement of Expenditures-Regulatory Basis

Current Fund

Year Ended December 31, 2020

<u>Description</u>	<u>Budget</u>	Budget after Modifications	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Other Common Unclassified:					
Municipal Court:					
Salaries and Wages	240,000	240,000	173,165	66,835	
Salaries and Wages - Overtime	15,000	15,000	6,215	8,785	
Other Expenses	20,000	20,000	10,649	9,351	
Uniform Construction Code-Appropriations Offset by					
Dedicated Revenues (N.J.A.C. 5:23-4.17)					
Code Enforcement and Administration:					
Salaries and Wages	288,000	288,000	287,077	923	
Other Expenses	5,000	5,000	4,652	348	
UNCLASSIFIED:					
Utilities:					
Electricity	270,000	270,000	252,788	17,212	
Street lighting	210,000	210,000	189,245	20,755	
Telephone	110,000	110,000	97,243	12,757	
Gasoline	95,000	95,000	46,050	23,950	25,000
Landfill/Solid Waste Disposal Cost:					
Dump Fees	75,000	75,000	73,012	1,988	
Sick Time Payments	50,000	50,000	50,000		
Salary and Wage Adjustment	37,000	37,000	6,713	30,287	

TOWNSHIP OF SADDLE BROOK

Statement of Expenditures-Regulatory Basis

Current Fund

Year Ended December 31, 2020

<u>Description</u>	<u>Budget</u>		<u>Budget after Modifications</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
	<u>Budget</u>					
Total Operations within "CAPS"	16,552,985		16,552,985	14,815,317	1,532,668	205,000
Detail:						
Salaries & Wages	8,409,665		8,324,665	7,696,126	463,539	165,000
Other Expenses (Including Contingent)	8,143,320		8,228,320	7,119,191	1,069,129	40,000
	16,552,985		16,552,985	14,815,317	1,532,668	205,000
Deferred Charges and Statutory Expenditures- Municipal within "CAPS"						
DEFERRED CHARGES:						
Deficit in Capital Improvement Fund	3,258		3,258	3,258		
STATUTORY EXPENDITURES:						
Contribution to:						
Social Security System (O.A.S.I.)	440,000		440,000	324,158	115,842	
Pension of Widow Volunteer Firemen	5,000		5,000	5,000		
LOSAP - Ambulance	40,000		40,000	13,550	26,450	
LOSAP - Fire	90,000		90,000	90,000		
Public Employees Retirement System	420,268		420,268	420,268		
Police and Firemans Retirement System of N.J.	1,247,135		1,247,135	1,247,135		
Total Deferred Charged and Statutory Expenditures-Municipal within "CAPS"	2,245,661		2,245,661	2,103,369	142,292	

TOWNSHIP OF SADDLE BROOK

Statement of Expenditures-Regulatory Basis

Current Fund

Year Ended December 31, 2020

<u>Description</u>	<u>Budget</u>		<u>Budget after Modifications</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>after Modifications</u>				
Total General Appropriations for Municipal Purposes within "CAPS"	18,798,646	18,798,646	16,918,686	1,674,960	205,000	
Operations-Excluded from "CAPS":						
Sewer Processing and Disposal:						
Other Expenses - PVSC	935,244	935,244	935,243	1		
Other Expenses - Lodi Boro	20,000	20,000		20,000		
Maintenance of Free Public Library:						
Salaries and Wages	460,000	460,000	460,000			
Other Expenses	383,690	383,690	383,690			
Garbage & Trash Removal Tonnage Tax	15,000	15,000	15,000			
Reserve for Tax Appeals	100,000	100,000	100,000			
Matching Funds	35,000	35,000		35,000		
Total Other Operations - Excluded from "CAPS"	1,948,934	1,948,934	1,893,933	55,001		
Public and Private Programs Offset by Revenues:						
Clean Communities	26,343	26,343	26,343			
Recycling Tonnage Grant	24,957	24,957	24,957			
Total Public and Private Programs Offset by Revenues	51,300	51,300	51,300			

TOWNSHIP OF SADDLE BROOK

Statement of Expenditures-Regulatory Basis

Current Fund

Year Ended December 31, 2020

<u>Description</u>	<u>Budget</u>	<u>Budget after Modifications</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Total Operations - Excluded from "CAPS"	2,000,234	2,000,234	1,945,233	55,001	
Detail:					
Salaries and Wages	460,000	460,000	460,000		
Other Expenses	1,540,234	1,540,234	1,485,233	55,001	
	2,000,234	2,000,234	1,945,233	55,001	
Capital Improvements - Excluded from CAPS					
Capital Improvement Fund	100,000	100,000	100,000		
	100,000	100,000	100,000		
Total Capital Improvements - Excluded from CAPS					
Municipal Debt Service-Excluded from "CAPS"					
Payment of Bond Principal	1,383,000	1,383,000	1,383,000		
Payment of Bond Anticipation Notes	687,142	687,142	687,142		
Interest on Bonds	550,000	550,000	541,925		8,075
Interest on Notes	620,128	620,128	291,266		328,862
NJEIT Trust Loan Principal	105,000	105,000	101,333		3,667
NJEIT Trust Loan Interest	24,000	24,000	24,000		
	3,369,270	3,369,270	3,028,666		340,604
Total Municipal Debt Service-Excluded from "CAPS"					
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	5,469,504	5,469,504	5,073,899	55,001	340,604

TOWNSHIP OF SADDLE BROOK

Statement of Expenditures-Regulatory Basis

Current Fund

Year Ended December 31, 2020

<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	24,268,150	24,268,150	21,992,585	1,729,961	545,604
Reserve for Uncollected Taxes	1,000,000	1,000,000	1,000,000		
Total General Appropriations	<u>\$ 25,268,150</u>	<u>25,268,150</u>	<u>22,992,585</u>	<u>1,729,961</u>	<u>545,604</u>
<u>Analysis of Paid or Charged</u>					
Reserve for Uncollected Taxes			1,000,000		
Federal and State Grant Fund			51,300		
Reserve for Tax Appeals			100,000		
Reserve for Encumbrances			334,745		
Cash			21,506,540		
			<u>\$ 22,992,585</u>		

TOWNSHIP OF SADDLE BROOK
Comparative Balance Sheet - Regulatory Basis

Trust Funds

December 31, 2020 and 2019

	<u>Ref.</u>	<u>2020</u>	<u>2019</u>
<u>Assets</u>			
Animal License Fund:			
Cash	B-1	\$ 12,414	17,231
Other Trust Funds:			
Cash	B-1	2,560,419	2,546,884
Interfunds	B-3	1,241	4,424
		<u>2,561,660</u>	<u>2,551,308</u>
Length of Service Award Program: (Unaudited)			
Investments	B-1	2,873,649	2,295,450
Contributions Receivable	B-6	94,350	172,400
		<u>2,967,999</u>	<u>2,467,850</u>
		<u>\$ 5,542,073</u>	<u>5,036,389</u>
<u>Liabilities and Reserves</u>			
Animal License Fund:			
Due to Current Fund	B-3	\$ 3,244	8,587
Due to State of New Jersey	B-4	140	139
Reserve for Animal License Fund expenditures	B-5	9,030	8,505
		<u>12,414</u>	<u>17,231</u>
Other Trust Funds:			
Due to Current Fund	B-3	7,229	22,948
Reserve for Other Trust Fund Deposits	B-2	2,554,431	2,528,360
		<u>2,561,660</u>	<u>2,551,308</u>
Length of Service Award Program: (Unaudited)			
Net Assets Available for Benefits	B-7	2,967,999	2,467,850
		<u>\$ 5,542,073</u>	<u>5,036,389</u>

See accompanying notes to financial statements.

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TOWNSHIP OF SADDLE BROOK
Comparative Balance Sheet-Regulatory Basis
General Capital Fund
December 31, 2020 and 2019

<u>Assets</u>	<u>Ref.</u>	<u>2020</u>	<u>2019</u>
Cash:			
Checking	C-2,C-3	\$ 17,141,915	
Grants Receivable	C-7	642,677	979,622
NJ Environmental Infrastructure Loan Receivable	C-8	56,846	56,846
Deferred charges to future taxation:			
Funded	C-4	51,392,837	13,646,652
Unfunded	C-5	3,815,628	46,715,532
Deferred Charges			
Overexpenditure of Capital Improvement Fund	C-13		3,258
Interfund Receivable	C-6	19	1,022,051
		<u>\$ 73,049,922</u>	<u>62,423,961</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Deficit in Cash	C-2,C-3		49,241
Serial Bonds	C-9	50,604,250	12,753,100
NJ Environmental Infrastructure Trust Loan	C-10	788,587	893,552
Bond Anticipation Notes	C-11	1,050,000	12,986,827
Capital Improvement Fund	C-12	23,000	
Reserve for:			
Payment of Debt	C-13	87,526	737,140
Various Reserves	C-14	105,962	105,962
Unappropriated State Grant	C-16	81,426	81,426
Grants Receivable	C-17	390,653	657,000
Interfund Payable	C-6	74,000	75,000
Improvement authorizations:			
Funded	C-15	17,346,900	273,238
Unfunded	C-15	2,360,410	33,737,049
Fund Balance	C-1	137,208	74,426
		<u>\$ 73,049,922</u>	<u>62,423,961</u>

There were bonds and notes authorized but not issued at December 31, 2020 and 2019 of \$2,765,628 and \$33,728,705 respectively. See Exhibit C-18.

See accompanying notes to financial statements.

TOWNSHIP OF SADDLE BROOK

Schedule of Fund Balance

General Capital Fund

Years Ended December 31,

	<u>2020</u>	<u>2019</u>
Balance - December 31,	\$ 74,426	225,513
Increased by:		
Cancelled Improvement Authorizations	136,780	73,913
Cancelled Liabilities	<u>2</u>	<u></u>
	<u>136,782</u>	<u>73,913</u>
	211,208	299,426
Decreased by:		
Budgeted Revenue	<u>74,000</u>	<u>225,000</u>
Balance - December 31,	\$ <u><u>137,208</u></u>	<u><u>74,426</u></u>

See Accompanying Notes to Financial Statements

TOWNSHIP OF SADDLE BROOK

Comparative Balance Sheet - Regulatory Basis

Water Utility Operating Fund

December 31, 2020 and 2019

<u>Assets</u>	<u>Ref.</u>	<u>2020</u>	<u>2019</u>
Water Utility Operating Fund:			
Cash - Treasurer	D-5	\$ 1,531,547	1,261,680
Change Fund	D-6	20	20
		<u>1,531,567</u>	<u>1,261,700</u>
Receivables with Full Reserves:			
Consumers' Accounts Receivable	D-8	229,470	287,596
Due from Water Utility Capital	D-9		190,000
		<u>229,470</u>	<u>477,596</u>
Total Water Utility Operating Fund		<u>1,761,037</u>	<u>1,739,296</u>
Capital Fund:			
Cash - Treasurer	D-5, D-7	943,363	
Accounts Receivable	D-10	135,974	135,974
Fixed Capital	D-11	4,333,801	2,833,801
Fixed Capital Authorized and Uncompleted	D-12	3,887,992	5,387,992
Total Capital Fund		<u>9,301,130</u>	<u>8,357,767</u>
		<u>\$ 11,062,167</u>	<u>10,097,063</u>

TOWNSHIP OF SADDLE BROOK

Comparative Balance Sheet - Regulatory Basis

Water Utility Operating Fund

December 31, 2020 and 2019

<u>Liabilities, Reserves and Fund Balance</u>	<u>Ref.</u>	<u>2020</u>	<u>2019</u>
Water Utility Operating Fund:			
Appropriation Reserves	D-4, D-13	258,779	272,295
Reserve for Encumbrances	D-4, D-14	35,763	21,430
Due to Current Fund	D-9	1,786	11,600
Overpayments	D-15	10,223	7,585
Accrued Interest on Bonds	D-16	13,280	14,931
Accrued Interest on Notes	D-17		26,751
Accrued Interest on Loans	D-18	5,195	5,195
		<u>325,026</u>	<u>359,787</u>
Reserve for Receivables	Contra	229,470	287,596
Fund Balance	D-1	<u>1,206,541</u>	<u>1,091,913</u>
Total Water Utility Operating Fund		<u>1,761,037</u>	<u>1,739,296</u>
Capital Fund:			
Deficit in Cash	D-5, D-7		26,103
Improvement Authorization:			
Funded	D-19	1,050,132	4,231
Unfunded	D-19	15,653	1,116,883
Capital Improvement Fund	D-20	17,748	17,748
Interfunds Payable	D-21	19	1,212,051
Reserve for:			
Amortization	D-22	1,827,062	1,701,462
Deferred Amortization	D-23	127,676	127,676
Serial Bonds Payable	D-24	5,105,750	921,900
NJ Environmental Infrastructure Trust Loans	D-25	1,145,653	1,205,103
Bond Anticipation Notes Payable	D-26		2,013,173
Fund Balance	D-2	<u>11,437</u>	<u>11,437</u>
Total Capital Fund		<u>9,301,130</u>	<u>8,357,767</u>
		<u>\$ 11,062,167</u>	<u>10,097,063</u>

There were bonds and notes authorized but not issued at December 31, 2020 and December 31, 2019 of \$15,653 and \$2,252,480 (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, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Revenue and other income:		
Fund Balance Anticipated	\$ 228,150	457,725
Rents	2,872,090	2,846,928
Interest on Delinquencies	22,476	21,943
Interest on Investments	7,357	15,883
Miscellaneous Revenues not Anticipated	20,984	32,202
Liabilities cancelled	1,455	
Unexpended Balance of Appropriation Reserves	<u>257,416</u>	<u>167,061</u>
Total Revenue and Other Income	<u>3,409,928</u>	<u>3,541,742</u>
Expenditures:		
Operating	2,681,000	2,686,000
Capital Improvements	65,000	65,000
Debt Service	196,150	245,863
Deferred Charges and Statutory Expenditures	125,000	125,000
Refunds		
Total Expenditures	<u>3,067,150</u>	<u>3,121,863</u>
Excess (Deficit) in Revenues	342,778	419,879
Fund Balance, January 1	<u>1,091,913</u>	<u>1,129,759</u>
	1,434,691	1,549,638
Decreased by Utilization by Water Operating Budget	<u>228,150</u>	<u>457,725</u>
Balance, December 31	<u>\$ 1,206,541</u>	<u>1,091,913</u>

See accompanying notes to financial statements.

TOWNSHIP OF SADDLE BROOK

Schedule of Fund Balance

Water Utility Capital Fund

Year ended December 31, 2020

	<u>2020</u>	<u>2019</u>
Balance, December 31, 2019	\$ <u>11,437</u>	<u> </u>
Increased by:		
Premium on Note Sale	<u> </u>	<u>11,437</u>
Balance, December 31, 2020	\$ <u><u>11,437</u></u>	<u><u>11,437</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, 2020

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess (deficit)</u>
Surplus	\$ 228,150	228,150	
Rents	2,816,000	2,872,090	56,090
Interest on Investments	10,000	7,357	(2,643)
Interest on Delinquent Billings	13,000	22,476	9,476
Miscellaneous		20,984	20,984
	<u>\$ 3,067,150</u>	<u>3,151,057</u>	<u>83,907</u>

Analysis of Realized Revenue

Rents	\$ 2,864,505
Overpayments Applied	<u>7,585</u>
	<u>\$ 2,872,090</u>

<u>Miscellaneous</u>	
Meter Sales	6,586
Prior Year Voided Check	12,483
Miscellaneous	<u>1,915</u>
	<u>\$ 20,984</u>

See accompanying notes to financial statements.

TOWNSHIP OF SADDLE BROOK

Statement of Expenditures - Regulatory Basis

Water Utility Operating Fund

Year ended December 31, 2020

	Appropriations		Expended	
	Budget	Budget after Modifi- cation	Paid or Charged	Reserved
Operating:				
Salaries and Wages	\$ 430,000	430,000	382,271	47,729
Other Expenses	<u>2,251,000</u>	<u>2,251,000</u>	<u>2,126,081</u>	<u>124,919</u>
Total Operating	<u>2,681,000</u>	<u>2,681,000</u>	<u>2,508,352</u>	<u>172,648</u>
Capital Improvements				
Capital Outlay	<u>65,000</u>	<u>65,000</u>		<u>65,000</u>
	<u>65,000</u>	<u>65,000</u>		<u>65,000</u>
Deferred Charges and Statutory Expenditures:				
Statutory Expenditures - Contribution to:				
Social Security System (O.A.S.I.)	50,000	50,000	28,869	21,131
Public Employees' Retirement System	<u>75,000</u>	<u>75,000</u>	<u>75,000</u>	
Total Deferred Charges and Statutory Expenditures	<u>125,000</u>	<u>125,000</u>	<u>103,869</u>	<u>21,131</u>
Debt Service:				
Payment of Bond Principal	66,150	66,150	66,150	
Interest on Bonds	38,000	38,000	38,000	
Interest on Bond Anticipation Notes	20,000	20,000	20,000	
EIT Debt Service	<u>72,000</u>	<u>72,000</u>	<u>72,000</u>	
	<u>196,150</u>	<u>196,150</u>	<u>196,150</u>	
	<u>\$ 3,067,150</u>	<u>3,067,150</u>	<u>2,808,371</u>	<u>258,779</u>

Cash Disbursed \$	2,702,139
Reserve for Encumbrances	35,763
Accrued Interest on Bonds	38,000
Accrued Interest on Notes	20,000
Accrued Interest on Loans	<u>12,469</u>

\$ 2,808,371

See accompanying notes to financial statements.

TOWNSHIP OF SADDLE BROOK

Comparative Statement of General Fixed Assets - Regulatory Basis

December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<u>General Fixed Assets:</u>		
Land and Land Improvements	\$ 15,921,387	15,921,387
Buildings	17,847,425	8,447,425
Machinery and Equipment	<u>11,689,255</u>	<u>11,044,530</u>
	<u>\$ 45,458,067</u>	<u>35,413,342</u>
 Investment in Fixed Assets	 \$ <u>45,458,067</u>	 <u>35,413,342</u>

See accompanying notes to financial statements.

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TOWNSHIP OF SADDLE BROOK

Comparative Balance Sheets-Regulatory Basis

Payroll Account

December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<u>Assets</u>		
Cash	\$ <u>12,302</u>	<u>604,599</u>
	\$ <u><u>12,302</u></u>	<u><u>604,599</u></u>
<u>Liabilities</u>		
Interfund - Current Fund	\$ 11,617	206,146
Reserve for Net Payroll		259,390
Withholdings Payable	<u>685</u>	<u>139,063</u>
	\$ <u><u>12,302</u></u>	<u><u>604,599</u></u>

See accompanying notes to the financial statements.

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**TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

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, 2020 AND 2019
(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, 2020 AND 2019
(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, 2020 AND 2019
(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, 2020 AND 2019
(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, 2020 and 2019, 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 2020 and 2019.

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, 2020 AND 2019
(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, 2020 AND 2019
(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, 2020 AND 2019
(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, 2020 AND 2019
(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, 2020 and 2019, \$-0- of the Township's bank balance of \$15,737,549 and \$12,227,888, 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, 2020 AND 2019
(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, 2020 and 2019 amounted to \$2,873,649 and \$2,295,450, respectively.

The following investments represent 5% or more of the total invested with AIG on December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
American Funds Growth Fund	\$416,489	\$270,708
Fidelity VIP Growth	186,434	121,350
Fixed	309,504	277,821
LVIP SSGA S&P 500 Index Fund	833,388	676,335
LVIP T. Rowe Price Structured Mid-Cap Growth Fund	158,361	124,822
All Others	<u>969,473</u>	<u>824,414</u>
Total	<u>\$2,873,649</u>	<u>\$2,295,450</u>

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(continued)

NOTE 3. MUNICIPAL DEBT

Long-term debt as of December 31, 2020 and 2019 consisted of the following:

	Balance Dec. 31, 2019	Additions	Reductions	Balance Dec. 31, 2020	Amounts Due Within One Year
Bonds Payable:					
General Obligation Debt	\$12,753,100	\$39,235,000	\$1,383,850	\$50,604,250	\$1,511,400
Water Utility Obligation Debt	<u>921,900</u>	<u>4,250,000</u>	<u>66,150</u>	<u>5,105,750</u>	<u>293,600</u>
Total Bonds Payable	<u>13,675,000</u>	<u>43,485,000</u>	<u>1,450,000</u>	<u>55,710,000</u>	<u>1,805,000</u>
Other Liabilities:					
Pension Deferral	269,296		51,169	218,127	55,700
General Capital:					
NJEIT Loans Payable	893,552		104,965	788,587	103,461
Water Capital:					
NJEIT Loans Payable	1,205,103		59,450	1,145,653	59,450
Compensated Absences Payable	<u>4,374,788</u>	<u>450,284</u>	<u>823,943</u>	<u>4,001,129</u>	
Total Other Liabilities	<u>6,742,739</u>	<u>450,284</u>	<u>1,039,527</u>	<u>6,153,496</u>	<u>218,611</u>
	<u>\$20,417,739</u>	<u>\$43,935,284</u>	<u>\$2,489,527</u>	<u>\$61,863,496</u>	<u>\$2,023,611</u>

	Balance Dec. 31, 2018	Additions	Reductions	Balance Dec. 31, 2019	Amounts Due Within One Year
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>63,700</u>	<u>921,900</u>	<u>66,150</u>
Total Bonds Payable	<u>15,060,000</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>	
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>

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(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 2020</u>	<u>Year 2019</u>	<u>Year 2018</u>
<u>Issued:</u>			
General - Bonds, Notes and Loans	\$52,442,837	\$26,633,479	\$28,377,364
Water Utility - Bonds, Notes and Loans	<u>6,251,403</u>	<u>4,140,176</u>	<u>4,271,451</u>
	<u>58,694,240</u>	<u>30,773,655</u>	<u>32,648,815</u>
<u>Authorized But Not Issued</u>			
General - Bonds and Notes	2,765,628	33,728,705	2,149,761
Water Utility - Bonds and Notes	<u>15,653</u>	<u>2,252,480</u>	<u>1,427,480</u>
	<u>2,781,281</u>	<u>35,981,185</u>	<u>3,577,241</u>
Total Bonds, Notes and Loans Issued and Authorized But Not Issued	61,475,521	66,754,840	36,226,056
Less: Deductions	<u>6,354,582</u>	<u>35,129,796</u>	<u>5,847,250</u>
Net Debt	<u>\$55,120,939</u>	<u>\$31,625,044</u>	<u>\$30,378,806</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 2.165 % for 2020.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
School District Debt	\$21,485,000	\$21,485,000	\$0
Water Utility	6,267,056	6,267,056	0
General Debt	<u>55,208,465</u>	<u>87,526</u>	<u>55,120,939</u>
	<u>\$82,960,521</u>	<u>\$27,839,582</u>	<u>\$55,120,939</u>

Net debt of \$55,120,939 divided by equalized valuation basis per N.J.S.A. 40A:2-2 as amended of \$2,546,487,858 equals 2.165%.

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(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 1.292% for 2019.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
School District Debt	\$10,064,000	\$10,064,000	\$0
Water 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%.

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

	<u>2020</u>	<u>2019</u>
3 ½% of Equalized Valuation Basis (Municipal)	\$89,127,075	\$85,641,266
Net Debt	<u>55,120,939</u>	<u>31,625,044</u>
Remaining Borrowing Power	<u>\$34,006,136</u>	<u>\$54,016,222</u>

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

	<u>2020</u>	<u>2019</u>
Cash receipts from fees, rents or other charges for year	\$3,151,057	\$3,374,681
Deductions:		
Operating and Maintenance Cost	2,806,000	2,811,000
Debt Service per Water Account	<u>196,150</u>	<u>245,863</u>
Total Deductions	<u>3,002,150</u>	<u>3,056,863</u>
Excess in Revenue - Self-Liquidating	<u>\$148,907</u>	<u>\$317,818</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, 2020 AND 2019
(continued)

NOTE 3. MUNICIPAL DEBT, (continued)

The Township's long-term debt consisted of the following at December 31, 2020:

Paid by Current Fund:

<u>General Serial Bonds:</u>	<u>2020</u>	<u>2019</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
\$14,907,900 Refunding Bonds - with an interest rate of 2.00% to 5.00% issued December 23, 2014, due through September 1, 2030	11,369,250	12,248,100
\$14,600,000 General Improvement Bonds - with an interest rate of 2.00% to 2.375% issued May 15, 2020, due through February 15, 2035	14,600,000	
\$24,635,000 County Guaranteed Lease Revenue Bonds - with an interest rate of 5.00% to 4.00% issued May 13, 2020, due through August 1, 2048	<u>24,635,000</u>	<u> </u>
Total General Serial Bonds	<u>\$50,604,250</u>	<u>\$12,753,100</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>2020</u>	<u>2019</u>
\$1,040,000 Trust Bonds Series 2007 - Trust Share - due in annual installments of \$50,000 to \$80,000 through August 1, 2027, interest at 3.40% to 5.00%	\$428,000	\$480,000
\$983,154 Trust Bond Series 2007 - Fund Share - due in annual installments of \$50,105 to \$52,934 through August 1, 2027 at a zero rate of interest	<u>360,587</u>	<u>413,552</u>
Total Infrastructure Loans	<u>\$788,587</u>	<u>\$893,552</u>

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(continued)

NOTE 3. MUNICIPAL DEBT, (continued)

Paid by Water Utility Fund:	<u>2020</u>	<u>2019</u>
<u>Water Utility Serial Bonds:</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	\$855,750	\$921,900
\$4,250,000 Water Utility Bonds - with an interest rate of 2.00% to 2.375% issued March 15, 2020, due through February 15, 2036	<u>4,250,000</u>	<u> </u>
Total Water Utility Serial Bonds	<u>\$5,105,750</u>	<u>\$921,900</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 replacement of water mains.

	<u>2020</u>	<u>2019</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%	\$305,000	\$315,000
\$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>840,653</u>	<u>890,103</u>
Total Infrastructure Loans	<u>\$1,145,653</u>	<u>\$1,205,103</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		
	Principal	Interest	Principal	Interest		Principal	Interest	Principal	Interest	
2021	\$1,511,400	\$1,882,582	\$103,461	\$21,400	\$3,518,843	\$421,281	\$293,600	\$59,450	\$11,469	\$714,881
2022	1,922,550	1,821,912	109,715	18,800	3,872,977	425,976	307,450	64,450	10,969	733,426
2023	1,974,050	1,821,912	107,677	15,950	3,919,589	430,900	320,950	64,450	10,219	751,850
2024	2,315,550	1,743,810	114,080	13,100	4,186,540	435,290	334,450	64,450	9,469	769,740
2025	2,291,350	1,659,435	112,105	10,000	4,072,890	439,992	348,650	64,450	8,719	788,642
2026-2030	12,654,350	6,533,891	241,549	10,450	19,440,240	2,259,569	1,950,650	337,251	32,794	4,210,219
2031-2035	10,230,000	4,498,188			14,728,188	1,625,344	1,550,000	347,251	17,169	3,175,344
2036-2040	6,555,000	2,965,750			9,520,750			143,901	2,363	
2041-2045	2,450,000	1,753,600			4,203,600					
2046-2048	8,700,000	373,200								
	<u>\$50,604,250</u>	<u>\$25,054,280</u>	<u>\$788,587</u>	<u>\$89,700</u>	<u>\$67,463,617</u>	<u>\$6,038,352</u>	<u>\$5,105,750</u>	<u>\$1,145,653</u>	<u>\$103,171</u>	<u>\$11,144,102</u>

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(continued)

NOTE 3. MUNICIPAL DEBT, (continued)

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, 2020 and 2019, the Township had authorized but not issued debt as follows:

	<u>2020</u>	<u>2019</u>
General Capital Fund	\$2,765,628	\$33,728,705
Water Utility Capital Fund	15,653	2,252,480

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, 2020 and 2019, the Township had \$1,050,000 and \$12,986,827, respectively, in outstanding General Capital Bond Anticipation Notes. The Township also had \$-0- and \$2,013,173, respectively, in outstanding Water Utility Capital Bond Anticipation Notes for the years ended December 31, 2020 and 2019.

The following activity related to bond anticipation notes occurred during the calendar years ended December 31, 2020 and 2019:

<u>2020</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
<u>General Capital Notes Payable</u>				
Columbia Bank	\$0	\$1,050,000	\$	\$1,050,000
TD Securities (USA) LLC	<u>12,986,827</u>		<u>12,986,827</u>	<u>0</u>
	12,986,827	1,050,000	12,986,827	1,050,000
<u>Water Utility Capital Notes Payable</u>				
TD Securities (USA) LLC	<u>2,013,173</u>		<u>2,013,173</u>	<u>0</u>
	<u>\$15,000,000</u>	<u>\$1,050,000</u>	<u>\$15,000,000</u>	<u>\$1,050,000</u>

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(continued)

NOTE 4. BOND ANTICIPATION NOTES, (continued)

<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	<u>12,986,827</u>		<u>12,986,827</u>
	<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	<u>2,021,298</u>		<u>2,021,298</u>	<u>0</u>
	<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>

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.

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(continued)

NOTE 6. PENSION PLANS, (continued)

Description of Systems, (continued)

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

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

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.

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(continued)

NOTE 6. PENSION PLANS, (continued)

Description of Systems, (continued)

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

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.

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(continued)

NOTE 6. PENSION PLANS, (continued)

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.

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, 2020 was \$269,296.

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(continued)

NOTE 6. PENSION PLANS, (continued)

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>
2020	\$401,416	\$1,180,156	\$14,832
2019	389,809	1,094,579	10,077
2018	348,148	1,022,737	7,333

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.

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(continued)

NOTE 6. PENSION PLANS, (continued)

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, 2020, the Township had a liability of \$6,361,098 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2020, 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, 2020, the Township's proportion was .0390074656 percent, which was a decrease of .0022603206 percent from its proportion measured as of June 30, 2019.

For the year ended December 31, 2020, the Township recognized pension expense of \$401,416. At December 31, 2020, 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	\$115,825	\$22,496
Changes of assumptions	206,361	2,663,452
Net difference between projected and actual earnings on pension plan investments	217,427	
Changes in proportion and differences between Township contributions and proportionate share of contributions	<u>459,518</u>	<u>585,116</u>
Total	<u>\$999,131</u>	<u>\$3,271,064</u>

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(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, 2020) 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:	
2021	\$(798,201)
2022	(727,717)
2023	(415,872)
2024	(168,172)
2025	(36,373)

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 5.16, 5.21, 5.63, 5.48, 5.57, 5.72 and 6.44 years for 2020, 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, 2020 and June 30, 2019 are as follows:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Collective deferred outflows of resources	\$2,347,583,337	\$3,149,522,616
Collective deferred inflows of resources	7,849,949,467	7,645,087,574
Collective net pension liability	16,435,616,426	18,018,482,972
Township's Proportion	.0390074656%	.0412677862%

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(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, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which rolled forward to June 30, 2020. 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, 2019 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-2020.

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(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, 2020) 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, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	7.71%
Non-U.S. Developed Market Equity	13.50%	8.57%
Emerging Market Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Mitigation Strategies	3.00%	3.40%

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(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

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. 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 nonemployer contributing entity will be based on 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine 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, 2020, 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, 2020</u>		
	1% Decrease <u>6.00%</u>	At Current Discount Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
Township's proportionate share of the pension liability	\$8,020,507	\$6,361,098	\$4,953,043

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, 2020 AND 2019
(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, 2020, the Township had a liability of \$15,902,994 for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2020, 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, 2020, the Township's proportion was .123075624 percent, which was an increase of .006241289 percent from its proportion measured as of June 30, 2019.

For the year ended December 31, 2020, the Township recognized pension expense of \$1,180,156. At December 31, 2020, 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	\$160,329	\$57,074
Changes of assumptions	40,020	4,263,498
Net difference between projected and actual earnings on pension plan investments	932,467	
Changes in proportion and differences between Township contributions and proportionate share of contributions	<u>1,758,859</u>	<u>270,332</u>
Total	<u>\$2,891,675</u>	<u>\$4,590,904</u>

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(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, 2020) 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:	
2021	\$(1,487,616)
2022	(1,003,960)
2023	(408,719)
2024	(154,400)
2025	(133,061)

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 5.90, 5.92, 5.73, 5.59, 5.58, 5.53 and 6.17 years for 2020, 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, 2020 and June 30, 2019 are as follows:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Collective deferred outflows of resources	\$1,601,195,680	\$1,198,936,924
Collective deferred inflows of resources	4,191,274,402	4,874,748,912
Collective net pension liability	14,926,648,722	12,237,818,793
Township's Proportion	.123075624%	.1168343352%

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(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, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which rolled forward to June 30, 2020. 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-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2019.

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(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, 2020) 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, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	7.71%
Non-U.S. Developed Market Equity	13.50%	8.57%
Emerging Market Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Mitigation Strategies	3.00%	3.40%

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(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 7.00% as of June 30, 2020. 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 nonemployer contributing entity will be based on 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine 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, 2020, 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, 2020		
	1% Decrease <u>6.00%</u>	At Current Discount Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
Township's proportionate share of the pension liability	\$21,961,665	\$15,902,994	\$10,870,805

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(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, 2020 and 2019, the State proportionate share of the net pension liability attributable to the Township for the PFRS special funding situation is \$2,468,072 and \$2,257,677, respectively. For the years ended December 31, 2020 and 2019, 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 \$279,707 and \$262,324, respectively, which is more than the actual contributions the State made on behalf of the Township of \$189,917 and \$152,121, 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, 2020 AND 2019
(continued)

NOTE 7. FUND BALANCE APPROPRIATED

The fund balance at December 31, 2020 which has been appropriated as revenue in the 2021 budget is as follows:

Current Fund	\$2,000,000
Water Utility Operating Fund	551,400

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 \$4,001,129 as of December 31, 2020 and \$4,374,788 as of December 31, 2019. 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, 2020 consist of the following:

\$1,500	Due to the Federal and State Grant Fund from the Current Fund for grant receipts posted in error.
3,244	Due to the Current Fund from the Animal License Trust Fund for accumulated statutory excess.
95	Due to the Public Defender Trust Fund from the Current Fund for fees deposited in error.
38	Due to the Current Fund from the Escrow Trust Fund for the Township's share of interest earned.
2,283	Due to the Current Fund from the Redemption Trust Fund for interest earnings and forfeited premiums.
4,908	Due to the Current Fund from the Other Trust Fund for deposit errors and accumulated interest earnings.
11,617	Due to the Current Fund from the Payroll Agency Fund for employee share of health benefits posted to the wrong account.
74,000	Due to the Current Fund from the General Capital Fund for budgeted revenue not turned over.
1,146	Due to the Unemployment Trust Fund from the Current Fund for employee payroll deductions.
1,786	Due to the Current Fund from the Water Utility Operating fund to reimburse expenses paid.
<u>19</u>	Due to the General Capital Fund from the Water Utility Capital Fund to reimburse Water Capital expenditures paid by the General Capital Fund.
<u>\$100,636</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, 2020 AND 2019
(continued)

NOTE 10. DEFERRED CHARGES

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2020 the following deferred charges are shown on the balance sheet of the various funds:

	Balance December 31, <u>2020</u>	2020 Budget <u>Appropriation</u>	Balance to Succeeding Year's <u>Budget</u>
Current Fund:			
Special Emergency - NJSA 40A:4-53			
COVID Revenue Losses	<u>\$466,505</u>	<u>\$-0-</u>	<u>\$466,505</u>
Total Deferred Charges	<u>\$466,505</u>	<u>\$-0-</u>	<u>\$466,505</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, 2020 AND 2019
(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 2020 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, 2020 AND 2019
(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</u> <u>Dec 31, 2020</u>	<u>Balance</u> <u>Dec 31, 2019</u>
Prepaid Taxes	<u>\$380,596</u>	<u>\$461,263</u>
Cash Liability for Taxes Collected in Advance	<u>\$380,596</u>	<u>\$461,263</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, 2020 AND 2019
(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, 2020 AND 2019
(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, 2020 AND 2019
(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, 2020 AND 2019
(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, 2020 AND 2019
(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 | <p>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.</p> <p>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.</p> |
| 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, 2020 AND 2019
(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, 2020 AND 2019
(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, 2020, the Township recognized OPEB expense of \$3,182,513 based on actuarial estimates at December 31, 2020.

Changes in Net OPEB Liability FYE 2020

Discount Rate (Proj.) 2.92% FYE 12/31/2020
Investment Return Rate (Proj.) N/A; Index will apply

Changes in Total OPEB Liability During the Year

Total OPEB Liability at beginning of year	\$63,915,547
Service Cost	1,387,897*
Interest Cost	1,794,616
Benefit Payments	<u>(914,123)</u>
Total OPEB Liability at end of year	<u>\$66,183,937</u>

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

TOTAL GASB #75 Expense for FYE 2020

1. Service Cost with Interest - Period January 1, 2020 to December 31, 2020	\$1,387,897
2. Interest Cost - Period January 1, 2020 to December 31, 2020	
(a) Discount Rate	2.92%
(b) Total OPEB Liability as of January 1, 2020	63,915,547
(c) Actual Benefit Payments - Illustrated as Project for Period January 1, 2020 to December 31, 2020	914,123
(d) Interest Cost: (2a)x[(2b)-(2c)/2]	1,794,616
3. Investment Return - Period January 1, 2020 to December 31, 2020	-
4. Employee Contributions - Period January 1, 2020 to December 31, 2020 (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, 2020 AND 2019
(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, 2020 to December 31, 2020	
(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	\$79,512,825	\$66,183,937	\$55,881,638

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	\$55,273,704	\$66,183,937	\$80,497,875

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(continued)

NOTE 16. FIXED ASSETS

The following is a summary of General Fixed Assets Account Group as of December 31, 2020 and 2019:

	<u>Balance</u> <u>Dec. 31, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>Dec. 31, 2020</u>
Land	\$15,921,387	\$	\$	\$15,921,387
Buildings	8,447,425	9,400,000		17,847,425
Machinery and Equipment	<u>11,044,530</u>	<u>644,725</u>	<u> </u>	<u>11,689,255</u>
	<u>\$35,413,342</u>	<u>\$10,044,725</u>	<u>\$0</u>	<u>\$45,458,067</u>

	<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>

NOTE 17. OTHER MATTERS

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 State of Emergency and Public Health Emergency remains in effect. 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 possible delays in the collection of real estate taxes, revenue shortfalls, water utility billings and cash flow shortages as a result of these delayed collections and increased health emergency costs.

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(continued)

NOTE 17. OTHER MATTERS, (continued)

As allowed by New Jersey Statutes, the Township adopted a Special Emergency appropriation in 2020 in the amount of \$466,505 for projected loss of revenues to help mitigate the financial effects on the Township. In addition, the Township will continue to monitor the situation closely.

NOTE 18. SUBSEQUENT EVENTS

The Township has evaluated subsequent events through August 26, 2021, the date which the financial statements were available to be issued and the following item was noted for disclosure:

On March 11, 2021, President Biden signed the American Rescue Plan Act of 2021 into effect. This plan, among other things, provides direct federal funding to aid county and municipal governments to help offset revenue losses and cover increased costs incurred during the coronavirus pandemic response and to make necessary investments in water, sewer or broadband infrastructure. The estimated amount of federal aid available to the Township of Saddle Brook is \$1,332,225 which will be available for use until December 31, 2024. This amount will be distributed to the Township in two installments. The first installment within 120 days of the State receiving the funding from the Federal government and the second installment one year after the receipt of the first installment.

SUPPLEMENTARY DATA

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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	
Andrew Cimiluca	Council President	
Florence Mazzer	Councilmember	
David Gierak	Councilmember	
Todd J. Accomado	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>2020</u>	<u>2019</u>	<u>2018</u>
Tax rate	<u>2.575</u>	<u>2.592</u>	<u>2.537</u>
Apportionment of tax rate:			
Municipal	0.847	0.843	0.827
School	1.472	1.500	1.466
County	<u>0.256</u>	<u>0.249</u>	<u>0.244</u>

Assessed Value

2020	\$ 2,360,922,500
2019	2,302,263,300
2018	2,256,475,000

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> <u>Percentage</u> <u>of</u> <u>Collection</u>
2020	\$ 60,889,619	60,285,063	99.01%
2019	59,770,179	59,176,811	99.01%
2018	57,288,931	56,761,784	99.08%

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</u> <u>delinquent</u> <u>taxes</u>	<u>Tax title</u> <u>liens</u>	<u>Total</u> <u>delinquent</u>	<u>Percentage</u> <u>of tax</u> <u>levy</u>
2020	\$ 357,872	104,405	462,277	0.76%
2019	467,253	101,619	568,872	0.95%
2018	389,417	98,813	488,230	0.85%

TOWNSHIP OF SADDLE BROOK

Supplementary data

Property Acquired by Tax Title Lien Liquidation

No properties have been acquired in 2020 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>
2020	\$	742,249
2019		742,249
2018		742,249

Comparative Schedule of Fund Balance

	<u>Year</u>		<u>Dec. 31</u>	Utilized in budget of succeeding <u>year</u>
Current Fund	2020	\$	5,953,489	2,000,000
	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
Water Utility Operating Fund	2020		1,206,541	551,400
	2019		1,091,913	228,150
	2018		1,129,759	457,725
	2017		1,466,587	542,582
	2016		1,680,299	322,420

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TOWNSHIP OF SADDLE BROOK, N.J.

Schedule of Expenditures of Federal Awards

Year ended December 31, 2020

<u>Program</u>	<u>CFDA number</u>	<u>Grant Number</u>	<u>Grant period</u>	<u>Award Amount</u>	<u>Cash Received</u>	<u>Expenditures</u>	<u>Cancellations</u>	<u>MEMO Cumulative Total Expenditures</u>
General Capital Fund:								
Department of Housing and Urban Development								
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			2014	106,250		67,395		106,250
Leswing Avenue Road Imps. - Ord. 1643-18			2018	110,000				110,000
2018 Road Improvement Program Ord. 1643-18			2018	155,000		76,481		155,000
2019 Road Improvement Program - Leswing Avenue Road Imps. - Ord. 1		21-213-74-915-532-54	2019	110,000	15,252			192,000
Rochelle Parkway Road Resurfacing - Ord. 1651		21-213-75-015-532-92	2019	227,169	203,665			203,665
Total Federal Awards				\$	218,917	143,876		1,028,429

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

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TOWNSHIP OF SADDLE BROOK, N.J.

Schedule of Expenditures of State and Local Financial Assistance

Year ended December 31, 2020

	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 \$		79	*	2,862
Body Armor Replacement Fund	98-718-066-1020-001	2015	2,857		2,857	*	2,857
Body Armor Replacement Fund	98-718-066-1020-001	2016	2,906		507	*	2,906
Body Armor Replacement Fund	98-718-066-1020-001	2017	3,151		753	*	3,151
Body Armor Replacement Fund	98-718-066-1020-001	2018	3,594		3,594	*	3,594
Body Armor Replacement Fund	98-718-066-1020-001	2020	3,270	3,270		*	
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
				3,270	7,790		21,390
<u>Department of Environmental Protection</u>							
Clean Communities Act	765-042-4900-004-6020	2013	41,224			*	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	2018	23,605			*	23,027
Clean Communities Act	765-042-4900-004-6020	2019	26,343		18,150	*	18,150
Clean Communities Act	765-042-4900-004-6020	2020	23,753	23,753		*	
Recycling Grant	765-042-4900-004-6020	2013	37,199			*	5,435
Recycling Grant	765-042-4900-001-6020	2014	62,945			*	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			*	
Recycling Grant	765-042-4900-001-6020	2019	24,957		24,957	*	24,957
				23,753	43,107		168,097
<u>Department of State</u>							
Census Grant		2020	1,500	1,500		*	
Total Federal and State Grant Fund				28,523	50,897	*	189,487

TOWNSHIP OF SADDLE BROOK, N.J.

Schedule of Expenditures of State and Local Financial Assistance

Year ended December 31, 2020

MEMO						
	Grant Number	Grant Period	Award Amount	Cash Received	Budgetary Expenditures	Adjustment
General Capital Fund:						
Department of Transportation						
Passed through the NJ Department of Transportation -						
	Oxford Avenue - Phase III	2009	200,000			*
	Imprs. To Fair Lawn Parkway, Phase I	2018	200,000	150,000	200,000	3,203
	FY2016 Municipal Aid	2016	155,500	51,228		*
	Imp. of Fair Lawn Parkway, Phase II and Hubert Terrace	2019	192,000	144,000	192,000	*
	Mayhill Street - Phase I	2020	182,653		182,653	*
				345,228	574,653	3,203
						*
Department of Environmental Protection						
	Water Supply Flood Plan Management	2018				*
Total General Capital Fund						
						*
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Note: This schedule was not subject to an audit in accordance with N.J. OMFB Circular 15-08.

TOWNSHIP OF SADDLE BROOK
Schedule of Cash - Collector-Treasurer

Current Fund

Year Ended December 31, 2020

	<u>Current Fund</u>	<u>Federal and State Grant Fund</u>
Balance - December 31, 2019	\$ 7,165,604	304,519
Increased by Receipts:		
Taxes Receivable	60,191,235	
Miscellaneous Revenue Not Anticipated	659,394	
Tax Overpayments	42,803	
Prepaid Taxes	380,596	
Due from State - Senior Citizen and Veteran Deductions	109,853	
Revenue Accounts Receivable	2,750,919	
Due to State of New Jersey	17,035	
Interfunds	1,002,494	
Due to Bergen County	60,070	
Unappropriated Reserves for Grants		27,023
	<u>65,214,399</u>	<u>27,023</u>
	72,380,003	331,542
Decreased by Disbursements:		
Current Year Budget Appropriations	21,506,540	
Interfunds	756,682	
Due to State of New Jersey	18,820	
Appropriation Reserves	740,683	
Tax Overpayment Refunds	33,170	
Local District School Taxes	34,759,148	
County Taxes Payable	6,037,518	
Refunds	164,597	
Prior Year Encumbrances Paid		377
Appropriated Reserves for Grants		43,107
	<u>64,017,158</u>	<u>43,484</u>
Balance - December 31, 2020	<u>\$ 8,362,845</u>	<u>288,058</u>

TOWNSHIP OF SADDLE BROOK

Schedule of Cash - Change Fund

Current Fund

Year Ended December 31, 2020

Balance - December 31, 2019	\$ <u>475</u>
Balance - December 31, 2020	\$ <u><u>475</u></u>

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, 2020

Balance - December 31, 2019		\$	42,635
Increased by:			
Senior Citizens' Deductions Per Tax Billing	\$	18,000	
Veterans' Deductions Per Tax Billing		90,250	
Senior Citizen's and Veteran's Allowed - 2020		<u>750</u>	
			<u>109,000</u>
			151,635
Decreased by:			
State Share of Senior Citizens and Veteran			
Deductions Received in Cash		109,853	
Senior Citizen's and Veteran's Disallowed - 2020		<u>500</u>	
			<u>110,353</u>
Balance - December 31, 2020		\$	<u><u>41,282</u></u>

TOWNSHIP OF SADDLE BROOK

Schedule of Municipal Liens

Current Fund

Year Ended December 31, 2020

Balance - December 31, 2019	\$ 101,619
Increased by:	
Transferred from Delinquent Taxes	<u>2,786</u>
Balance - December 31, 2020	<u><u>\$ 104,405</u></u>

TOWNSHIP OF SADDLE BROOK

Schedule of Taxes Receivable and Analysis of Property Tax Levy

Current Fund

Year Ended December 31, 2020

Year	Balance, Dec. 31, 2019	Levy	2019	Collected 2020	Senior Citizen and Veteran Deductions	Transferred to Tax Title Liens	Canceled	Balance, Dec. 31, 2020
2018	6,632			6,632				
2019	460,621	8,682		469,303				
	467,253	8,682		475,935				
2020		60,889,619	461,263	59,715,300	108,500	2,786	243,898	357,872
	467,253	60,898,301	461,263	60,191,235	108,500	2,786	243,898	357,872
\$								

Cash Receipts 60,191,235
\$ 60,191,235

Analysis of Tax Levy

Tax yield:
General Purpose Tax \$ 60,793,765
Added Tax (R.S. 54:4-63.1 et seq.) 95,854
\$ 60,889,619

Tax Levy:
Local District School Tax \$ 34,759,148
County Open Space Taxes \$ 246,191
County Tax 5,791,327
County Added and Omitted Taxes 9,528
6,047,046

Local Tax for Municipal Purposes \$ 19,996,683
Add: Additional Taxes Levied 86,742

Local Tax for Municipal Purposes 20,083,425
\$ 60,889,619

TOWNSHIP OF SADDLE BROOK

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

Current Fund

Year Ended December 31, 2020

Balance - December 31, 2019	\$ <u>742,249</u>
-----------------------------	-------------------

Balance - December 31, 2020	\$ <u><u>742,249</u></u>
-----------------------------	--------------------------

TOWNSHIP OF SADDLE BROOK
Schedule of Revenue Accounts Receivable

Current Fund

Year Ended December 31, 2020

	Balance <u>Dec. 31, 2019</u>	<u>Accrued</u>	<u>Collected</u>	Balance <u>Dec. 31, 2020</u>
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	\$	22,463	22,463	
Other		53,871	53,871	
Fees and Permits		257,462	257,462	
Fines and Costs:				
Municipal Court	12,292	101,311	104,517	9,086
Interest and Costs on Taxes		112,797	112,797	
Interest on Investments and Deposits		69,265	69,265	
Energy Receipts Tax		1,440,167	1,440,167	
Uniform Construction Code Fees		140,784	140,784	
Uniform Fire Safety Act		45,671	45,671	
Cable TV Franchise Fee - Cablevision		131,249	131,249	
Cable TV Franchise Fee - Verizon		78,225	78,225	
Hotel Fees		144,912	144,912	
Pension Reimbursement - Water Utility		75,000	75,000	
General Capital Surplus		74,000	74,000	
Due from General Capital Fund		75,000	75,000	
	\$ 12,292	2,822,177	2,825,383	9,086
Interfunds - Due from General Capital Fund			74,000	
Interest on Investments			464	
Cash			2,750,919	
			\$ 2,825,383	

TOWNSHIP OF SADDLE BROOK

Schedule of Interfunds

Current Fund

Year Ended December 31, 2020

<u>Fund</u>	Due from/(to) Balance <u>Dec. 31, 2019</u>	<u>Increased</u>	<u>Decreased</u>	Due from/(to) Balance <u>Dec. 31, 2020</u>
Water Utility				
Water Operating Fund	\$ 11,600	2,258	12,072	1,786
Federal and State Grant Fund			1,500	(1,500)
Trust				
Escrow Trust	246	38	246	38
Redemption Trust Fund	5,976	2,283	5,976	2,283
Unemployment Trust Fund	(4,424)	4,424	1,146	(1,146)
Public Defender		308	403	(95)
Other Trust Fund	16,726	4,908	16,726	4,908
Animal Trust	8,587	3,244	8,587	3,244
General Capital Fund	75,000	1,817,040	1,818,040	74,000
Net Payroll	19,619		19,619	
Payroll Agency	186,527	11,617	186,527	11,617
	<u>\$ 319,857</u>	<u>1,846,120</u>	<u>2,070,842</u>	<u>95,135</u>
Due from Current Fund	(4,424)	4,424	2,741	(2,741)
Due to Current Fund	<u>324,281</u>	<u>1,841,696</u>	<u>2,068,101</u>	<u>97,876</u>
	<u>\$ 319,857</u>	<u>1,846,120</u>	<u>2,070,842</u>	<u>95,135</u>

Cash Receipts \$	753,213
Cash Receipts - Interfunds Returned	249,281
Cash Disbursements	756,682
Statutory Excess	3,244
Budget Revenue	74,000
Prior Year Deposit error	4,061
Interest on Investments	2,976
Accrued Interest on Bond Sale	14,632
Reimbursement for Expenses Paid	11,617
Forfeited Premiums	500
Note Interest and Principal paid by Capital	978,408
	<u>\$ 1,846,120</u>
	<u>2,070,842</u>

TOWNSHIP OF SADDLE BROOK

Schedule of Deferred Charges - N.J.S.A. 40A:4-53 Special Emergency

Current Fund

Year Ended December 31, 2020

<u>Date</u>	<u>Purpose</u>	<u>Amount</u>	<u>1/5 of Net</u>	<u>Authorized</u>	<u>Balance,</u>
<u>Authorized</u>		<u>Authorized</u>	<u>Amount</u>	<u>in 2020</u>	<u>Dec. 31,</u>
			<u>Authorized</u>		<u>2020</u>
Dec. 3, 2020	COVID-19 Revenue Losses	\$ 466,505	93,301	466,505	466,505

TOWNSHIP OF SADDLE BROOK

Schedule of Appropriation Reserves

Current Fund

Year Ended December 31, 2020

	Balance, Dec. 31, <u>2019</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	\$ 2,429	2,429		2,429
Council	550	550		550
Municipal Clerk	10,316	10,316		10,316
Financial Administration	6,109	6,109		6,109
Revenue Administration	2,838	3,003	165	2,838
Tax Assessment Administration	567	567		567
Police	30,830	30,830		30,830
Police - Overtime	15,403	15,403	(15,000)	30,403
School Marshals	37,621	37,621	(15,000)	52,621
Police Clerical	22,074	22,074		22,074
Uniform Fire Safety Act	24,626	24,626		24,626
Prosecutor	2,000	2,000		2,000
Division of Sewers	4,718	4,718		4,718
Division of Sewers - Overtime	5,500	5,500		5,500
Building & Property	1,550	1,550		1,550
Streets & Road Maintenance	65,708	65,708		65,708
Streets & Road Maintenance - Overtime	955	955		955
Streets & Road Maintenance - Retirement	38,650	38,650		38,650
Recreational Services & Programs	169	169		169
Snow Removal			(20,000)	20,000
Public Health	5,000	5,000		5,000
Municipal Court Administration	2,925	2,925		2,925
Municipal Court - Special Court Sessions	7,000	7,000		7,000
Municipal Court - Overtime	915	915		915
Code Enforcement & Administration	73	73		73
Salary and Wage Adjustment	25,000	25,000		25,000
Total Salaries and Wages Within "CAPS"	313,526	313,691	(49,835)	363,526
Other Expenses Within "CAPS":				
Administrative and Executive				
Other Expenses	149	908	451	457
Postage	2,268	2,955	906	2,049
Contractual Services	2,846	2,846	2,500	346
Computer Svc. Contract	7,400	10,403	4,981	5,422
SBCTV	11,508	15,008		15,008
Grants		1,831	1,831	

TOWNSHIP OF SADDLE BROOK

Schedule of Appropriation Reserves

Current Fund

Year Ended December 31, 2020

	Balance, Dec. 31, <u>2019</u>	Balance after Transfers and <u>Encumbrances</u>	<u>Paid or Charged</u>	Balance <u>Lapsed</u>
Office of the Mayor	624	668	415	253
Council	634	634		634
Municipal Clerk				
Other Expenses	3,674	4,082	229	3,853
Land Use	1,000	1,000		1,000
Codification Code	5,000	5,000		5,000
Elections	330	330		330
Financial Administration				
Other Expenses	8,764	7,851	7,582	269
Special Financial Services	395	395		395
Supplemental Disclosure	3,000	3,000		3,000
Audit Services	500	500		500
Revenue Administration	2,816	2,816		2,816
Tax Assessment Administration	5,000	5,000		5,000
Tax Appeal Attorney	5,516	6,816	6,280	536
Appraisals	22,050	22,050		22,050
Legal Services	31,886	50,125	4,179	45,946
Engineering Services	14,148	17,546	15,481	2,065
Planning Board	1,073	1,130	57	1,073
Zoning Board of Adjustment	2,540	2,540		2,540
Insurance:				
Liability	32,606	32,606	30,065	2,541
Liability - Deductible	10,000	10,000	10,000	
Workers Compensation	86,116	86,116	91,950	(5,834)
Employee Group Health	9,922	140,110	101,927	38,183
Unemployment Compensation	29,382	29,382		29,382
Employee Group Health - Cash in Lieu	25,000	25,000		25,000
Police		49,622	22,436	27,186
Police - Purchase of Vehicles	4,483	92,592	90,889	1,703
School Marshalls	1,105	1,258	153	1,105
Office of Emergency Mangement	1,533	3,432	2,209	1,223
Fire Department	31,023	65,115	50,652	14,463
Fire Department - Clothing Allowance	3,550	550		550
Uniform Fire Safety Act	2,756	2,931		2,931
Division of Sewers	740	1,574	1,572	2
Division of Sewers - Repairs	4,622	36,263	9,382	26,881
Solid Waste Collection - Type 10 (Contract)	49,167	130,748	123,980	6,768
Solid Waste Collection - Recycling (Contract)	10,250	25,833	15,583	10,250
Recycling	1,801	1,801	1,131	670

TOWNSHIP OF SADDLE BROOK

Schedule of Appropriation Reserves

Current Fund

Year Ended December 31, 2020

	Balance, Dec. 31, <u>2019</u>	Balance after Transfers and <u>Encumbrances</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Streets & Road Maintenance	1,640	12,013	10,769	1,244
Building & Property	3,800	18,297	10,807	7,490
Purchase of Equipment	13,260	64,848	27,089	37,759
Snow Removal	1,098	1,098	596	502
Animal Control	5,000	5,000		5,000
Animal Control - Contract	535	535		535
Health & Welfare	8,892	8,892		8,892
Health & Welfare - Wallington	2,000	2,000		2,000
Health & Welfare - Contract	5,003	5,003		5,003
Recreational Services & Programs				
Other Expenses	3,475	26,335	8,128	18,207
Senior Citizens Center	2,004	2,762	630	2,132
Summer Program	1,197	1,197		1,197
Community Projects	27	27		27
Special Events	3,765	3,765		3,765
Veteran's Field		5,000		5,000
Municipal Court Administration	3,609	5,789	1,856	3,933
Code Enforcement & Administration	828	2,171	617	1,554
Utility Expenses				
Electricity	17,812	47,741	40,902	6,839
Street Lighting	146	13,564	2,353	11,211
Telephone		6,218	1,438	4,780
Gasoline	28,346	24,486	19,409	5,077
Dump Fees	397	4,000	3,603	397
Social Security (O.A.S.I)	107,983	107,983		107,983
Total Other expenses Within "CAPS"	647,994	1,269,091	725,018	544,073
Other Expenses Excluded From "CAPS":				
Maintenance of Free Public Library				
Sewer				
PVSC	148	148		148
Lodi Boro		20,000		20,000
Garbage & Trash Removal Tonnage Tax	15,000	15,000		15,000
Matching Funds	75,000	75,000		75,000

TOWNSHIP OF SADDLE BROOK

Schedule of Appropriation Reserves

Current Fund

Year Ended December 31, 2020

	Balance, Dec. 31, <u>2019</u>	Balance after Transfers and <u>Encumbrances</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
LOSAP				
Fire	48,600	25,600	25,500	100
Ambulance	<u>40,000</u>	<u>40,000</u>	<u>40,000</u>	
Total Other Expenses Excluded from "CAPS"	<u>178,748</u>	<u>175,748</u>	<u>65,500</u>	<u>110,248</u>
Total Reserves	<u>\$ 1,140,268</u>	<u>1,758,530</u>	<u>740,683</u>	<u>1,017,847</u>
Appropriation Reserves		1,140,268		
Encumbrances		<u>618,262</u>		
		<u>\$ 1,758,530</u>		
		Cash Disbursements	<u>740,683</u>	
			<u>\$ 740,683</u>	

TOWNSHIP OF SADDLE BROOK

Schedule of Encumbrances Payable

Current Fund

Year Ended December 31, 2020

Balance - December 31, 2019	\$ 618,262
Increased by:	
Transferred from Current Year Budget	<u>334,745</u>
	953,007
Decreased by:	
Transferred to Appropriation Reserves	<u>618,262</u>
Balance - December 31, 2020	\$ <u><u>334,745</u></u>

Schedule of Reserve for Due to Free Public Library

Current Fund

Year Ended December 31, 2020

Balance - December 31, 2019	\$ <u>37,425</u>
Balance - December 31, 2020	\$ <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, 2020

	<u>Marriage License Fee</u>	<u>Burial Permit Fee</u>	<u>Construction Training Fee</u>	<u>Total</u>
Balance - December 31, 2019	\$ 350	675	3,679	4,704
Increased by:				
Cash Receipts	<u>1,175</u>	<u>1,605</u>	<u>14,255</u>	<u>17,035</u>
	1,525	2,280	17,934	21,739
Decreased by:				
Cash Disbursements	<u>1,002</u>	<u>1,960</u>	<u>15,858</u>	<u>18,820</u>
Balance - December 31, 2020	\$ <u><u>523</u></u>	<u><u>320</u></u>	<u><u>2,076</u></u>	<u><u>2,919</u></u>

TOWNSHIP OF SADDLE BROOK

Schedule of Tax Overpayments

Current Fund

Year Ended December 31, 2020

Increased by:		
Cash Receipts	\$	42,803
Decreased by:		
Cash Disbursements		<u>33,170</u>
Balance - December 31, 2020	\$	<u><u>9,633</u></u>

Schedule of Local School District Tax Payable

Current Fund

Year Ended December 31, 2020

Increased by:		
2020 Levy	\$	<u>34,759,148</u>
Decreased by:		
Payments	\$	<u><u>34,759,148</u></u>

Exhibit A-19**TOWNSHIP OF SADDLE BROOK****Schedule of County Taxes Payable****Current Fund****Year Ended December 31, 2020**

Increased by:		
2020 Levy	\$	5,791,327
2020 Open Space		246,191
2020 Added Assessments		<u>9,528</u>
		<u>6,047,046</u>
Decreased by:		
Payments		<u>6,037,518</u>
Balance - December 31, 2020	\$	<u><u>9,528</u></u>

Exhibit A-20**Schedule of Prepaid Taxes****Current Fund****Year Ended December 31, 2020**

Balance - December 31, 2019	\$	461,263
Increased by:		
Collections		<u>380,596</u>
		841,859
Decreased by:		
Applied to 2020 Taxes Receivable		<u>461,263</u>
Balance - December 31, 2020	\$	<u><u>380,596</u></u>

Exhibit A-21

TOWNSHIP OF SADDLE BROOK

Schedule of Reserve for Tax Appeals

Current Fund

Year Ended December 31, 2020

Balance - December 31, 2019	\$	250,000
Increased by:		
Transferred from Budget		<u>100,000</u>
Balance - December 31, 2020	\$	<u><u>350,000</u></u>

Exhibit A-22

Schedule of Amount Due to Bergen County

Current Fund

Year Ended December 31, 2020

Increased by:		
CARES Act Funds received in error	\$	<u>60,070</u>
Balance - December 31, 2020	\$	<u><u>60,070</u></u>

TOWNSHIP OF SADDLE BROOK

Schedule of Grants Receivable

Federal and State Grant Fund

Year Ended December 31, 2020

<u>Grant</u>	<u>Revenue</u>	<u>Received</u>
Clean Communities Program - 2019	\$ 26,343	26,343
Recycling Tonnage Grant - 2019	<u>24,957</u>	<u>24,957</u>
	\$ <u>51,300</u>	<u>51,300</u>
Unappropriated Grants		<u>51,300</u>
		\$ <u>51,300</u>

TOWNSHIP OF SADDLE BROOK

Schedule of Appropriated Reserves for Grants

Federal and State Grant Fund

Year Ended December 31, 2020

<u>Grant</u>	Balance, Dec. 31, 2019	Transfer From 2020 Budget	<u>Expended</u>	Balance, Dec. 31, 2020
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	23,442			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 - 2018	578			578
Clean Communities Program - 2019		26,343	18,150	8,193
Drunk Driving Enforcement Fund - 2009	6,574			6,574
Drunk Driving Enforcement Fund - 2010	27,787			27,787
Recycling Tonnage Grant - 2013	31,764			31,764
Recycling Tonnage Grant - 2014	53,515			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
Recycling Tonnage Grant - 2019		24,957	24,957	
Firehouse Subs Grant	2,291			2,291
	<u>\$ 252,842</u>	<u>51,300</u>	<u>50,897</u>	<u>253,245</u>
Unappropriated Grants		<u>51,300</u>		
		<u>\$ 51,300</u>		
Reserve for Encumbrances			7,790	
Cash Disbursements			<u>43,107</u>	
			<u>\$ 50,897</u>	

TOWNSHIP OF SADDLE BROOK

Schedule of Unappropriated Reserves for Grants

Federal and State Grant Fund

Year Ended December 31, 2020

<u>Grant</u>	Balance, Dec. 31, <u>2019</u>	Transfer To 2020 <u>Budget</u>	<u>Received</u>	Balance, Dec. 31, <u>2020</u>
Census Grant	\$		1,500	1,500
Body Armor Replacement Grant			3,270	3,270
Clean Communities Program	26,343	26,343	23,753	23,753
Recycling Tonnage Grant	<u>24,957</u>	<u>24,957</u>		
	\$ <u>51,300</u>	<u>51,300</u>	<u>28,523</u>	<u>28,523</u>
		Cash Receipts	27,023	
		Due from Current Fund	<u>1,500</u>	
			\$ <u>28,523</u>	

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TOWNSHIP OF SADDLE BROOK

Schedule of Cash - Treasurer

Trust Funds

Year Ended December 31, 2020

	Animal License Fund	Other Trust Funds	Length of Service Award Program
Balance, December 31, 2019	\$ 17,231	2,546,884	2,295,450
Increased by:			
Animal License Fees	3,769		
Due to State of New Jersey - Dog License Fees	560		
Miscellaneous Reserves		1,207,153	
Interfunds		7,400	
Gain on Investments			467,596
Township Contribution			166,650
	4,329	1,214,553	634,246
	21,560	3,761,437	2,929,696
Decreased by:			
Due to State of New Jersey	559		
Interfunds	8,587	23,256	
Miscellaneous Reserves		1,177,762	
Account Charges/Tax			3,400
Benefit Distributions			52,647
	9,146	1,201,018	56,047
Balance, December 31, 2020	\$ 12,414	2,560,419	2,873,649

TOWNSHIP OF SADDLE BROOK

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

Year Ended December 31, 2020

<u>Fund</u>	Balance December 31, <u>2019</u>	<u>Increased</u>	<u>Decreased</u>	Balance December 31, <u>2020</u>
Current Fund:				
Escrow	\$ (246)	246	38	(38)
Unemployment	4,424	1,146	4,424	1,146
Redemption Trust	(5,976)	5,976	2,283	(2,283)
Public Defender		403	308	95
Other Trust	(16,726)	16,726	4,908	(4,908)
Animal Trust	(8,587)	8,587	3,244	(3,244)
	<u>(27,111)</u>	<u>33,084</u>	<u>15,205</u>	<u>(9,232)</u>
Due to Trust Funds	4,424	1,241	4,424	1,241
Due from Trust Funds	<u>(31,535)</u>	<u>31,843</u>	<u>10,781</u>	<u>(10,473)</u>
	\$ <u>(27,111)</u>	<u>33,084</u>	<u>15,205</u>	<u>(9,232)</u>
Receipts	\$		7,400	
Disbursements		31,843		
ADS Refunds - Deposit Error		1,146		
Tax Title Lien Premium - Forfeited to Town			500	
Public Defender Fees		95		
Prior Year Deposit Error			4,061	
Statutory Excess			3,244	
		<u>\$ 33,084</u>	<u>15,205</u>	

TOWNSHIP OF SADDLE BROOK

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

Trust Funds

Year Ended December 31, 2020

Balance, December 31, 2019	\$	139
Increased by:		
2019 Fees Collected		<u>560</u>
		699
Decreased by:		
Cash Disbursements		<u>559</u>
Balance, December 31, 2020	\$	<u><u>140</u></u>

TOWNSHIP OF SADDLE BROOK

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

Trust Funds

Year Ended December 31, 2020

Balance, December 31, 2019	\$	8,505
Increased by:		
Dog License Fees	\$	3,353
Cat License Fees		210
Late Fees		105
Miscellaneous		2
Interest on Investments		<u>99</u>
		<u>3,769</u>
		12,274
Decreased by:		
Statutory Excess		<u>3,244</u>
Balance, December 31, 2020	\$	<u><u>9,030</u></u>

License Fees Collected

2018	4,322
2019	<u>4,708</u>
\$	<u><u>9,030</u></u>

TOWNSHIP OF SADDLE BROOK**Schedule of Service Award Contributions Receivable****Emergency Services Volunteer - Length of Service Award Program****Year Ended December 31 2020**

Balance, December 31, 2019		\$	172,400
Increased by:			
2020 Service Award Contributions			<u>94,350</u>
			266,750
Decreased by:			
Contributions Cancelled	\$	5,750	
Contributions Received		<u>166,650</u>	
			<u>172,400</u>
Balance, December 31, 2020		\$	<u><u>94,350</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 2020

Balance, December 31, 2019		\$	2,467,850
Increased by:			
Net Unrealized Appreciation	\$	467,596	
2020 Township Contributions		<u>94,350</u>	
			<u>561,946</u>
			3,029,796
Decreased by:			
Account Charges/Tax		3,400	
Contributions Cancelled		5,750	
Distributions		<u>52,647</u>	
			<u>61,797</u>
Balance, December 31, 2020		\$	<u><u>2,967,999</u></u>

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TOWNSHIP OF SADDLE BROOK

Schedule of Cash - Treasurer

General Capital Fund

Year Ended December 31, 2020

Balance - December 31, 2019		\$	(49,241)
Increased by receipts:			
Grants Receivable	\$	294,000	
Interfunds		6,003,040	
Bond Anticipation Note		1,050,000	
General Improvement Bonds		14,600,000	
BCIA County Guaranteed Lease Revenue Bonds		24,635,000	
Premium Received on Bond Sale		3,365,000	
Reserve for Payment of Debt		87,526	
Capital Improvement Fund		128,258	
			<u>50,162,824</u>
			50,113,583
Decreased by Disbursements:			
Interfunds		4,368,866	
Improvement Authorizations		15,615,975	
Bond Anticipation Note		12,986,827	
			<u>32,971,668</u>
Balance - December 31, 2020		\$	<u><u>17,141,915</u></u>

TOWNSHIP OF SADDLE BROOK
Schedule of General Capital Fund Cash
General Capital Fund
Year Ended December 31, 2020

Capital Improvement Fund	\$ 23,000
Grant Receivable	(642,677)
NJ Environmental Infrastructure Trust Loan	(56,846)
Interfunds Receivable	(19)
Interfunds Payable	74,000
Reserve for Payment of Debt	87,526
Various Reserves	105,962
Reserve for Unappropriated State Grant	81,426
Reserve for Grants Receivable	390,653
Fund Balance	137,208

Improvement description

1519-11	Replace Water Mains	1,341
1605-15	Flood Mitigation Improvements	91,409
1623-17	Various Sanitary Sewer Force Main Repairs	99,298
1627-17	Road Resurfacing, Curb Replacement & Repair/ Replacement of Sanitary Sewer Lines	49,478
1631-17	Various Public Improvements	12,654
1632-17	Tax Appeal Refunding Ordinance	21,474
1639-18	Acquisition of Ambulance and Pagers	27,929
1641-18	Construction of Tri-Centennial Park	56,498
1642-18	Acquisition of Fire Truck and Other Related Equipment for Fire Department	701
1643-18	2018 Road Improvement Program	(114,535)
1647-18	Improvement to Fair Lawn Parkway, Phase I	305,621
1651-19	2019 Road Improvement Program	46,643
1659-19	Sanitary Sewer System Improvements	6,116
1664-19	Various Public Improvements	151,546
1668-19	Improvement of Fair Lawn Parkway, Phase II and Hubert Terrace	(6,228)
1672-19	Acquisition of Property and Construction of New Municipal Building - Lease/Purchase	15,653,218
1673-19	2020 Road Improvement Program	774,894
1676-20	Acquisition of Fire Truck and related Equipment	69,554
1677-20	Various Sanitary Sewer Improvements	(64,097)
1681-20	Improvements to Mayhill Street, Phase I	(241,832)
		<hr/>
		\$ 17,141,915

TOWNSHIP OF SADDLE BROOK**Schedule of Deferred Charges to Future
Taxation - Funded****General Capital Fund****Year Ended December 31, 2020**

Balance - December 31, 2019		\$	13,646,652
Increased by:			
General Improvement Bonds Issued	\$	14,600,000	
BCIA - 2020 County Guaranteed			
Lease Revenue Bonds Issued		<u>24,635,000</u>	
			<u>39,235,000</u>
			52,881,652
Decreased by:			
Budget appropriations:			
Bond Principal	\$	1,383,850	
NJ Environmental Infrastructure			
Trust Loan		<u>104,965</u>	
			<u>1,488,815</u>
Balance - December 31, 2020		\$	<u><u>51,392,837</u></u>

TOWNSHIP OF SADDLE BROOK

Schedule of Deferred Charges to Future Taxation - Unfunded

General Capital Fund

Year Ended December 31, 2020

Ordinance Number	Description	\$	Balance, Dec. 31, 2019	2020 Authorizations	Decreased by:	Balance, Dec. 31, 2020	Analysis of Balance - December 31, 2020		
							Funded by	Bond	Unexpended
							Anticipation	Notes	Improvement
									Authorization
								Expenditures	
1429-07	Renovation & Expansion of Library		375,000		375,000				
1518-11	Various Sanitary Sewer Improvements		83,000		83,000				
1519-11	Replace Water Mains		866,000		866,000				
1537-12	Acq. Of Communication & Signal Equipment		83,200		83,200				
1542-12	Acq. Of Equipment/Machinery/Vehicles		853,200		853,200				
1551-13	Township Wide Drainage Improvements		131,000		131,000				
1552-13	Various Sanitary Sewer System Improvements		91,370		91,370				
1559-13	Tax Appeal Refunding		337,142		337,142				
1560-13	Various Public Improvements		414,600		414,600				
1575-14	Various Public Improvements		876,020		876,020				
1579-14	Various Improvements Veterans Field		1,206,562		1,206,562				
1605-15	Flood Mitigation Improvements		809,523		809,523				
1606-15	Various Public Improvements		594,405		594,405				
1613-16	Acquisition of a Fire Truck and Equipment		947,620		947,620				
1617-16	Sewer Improvements		285,714		285,714				
1623-17	Various Sanitary Sewer Force Main Repairs		304,595		304,595				
1627-17	Road Resurfacing, Curb Replacement & Repair/Replacement of Sanitary Sewer Lines		869,081		867,453	1,628			1,628
1631-17	Various Public Improvements		295,000		295,000				
1632-17	Tax Appeal Refunding Ordinance		1,400,000		350,000	1,050,000	1,050,000		
1639-18	Acquisition of Ambulance and Pagers		309,500		309,500				
1642-18	Acquisition of Fire Truck and Other Related Equipment for the Department		1,547,000		1,547,000				
1643-18	2018 Road Improvement Program		1,476,000		1,321,000	155,000			40,465
1647-18	Improvement of Fair Lawn Parkway, Phase I		410,000		360,000	50,000		114,535	50,000
1651-19	2019 Road Improvement Program		1,142,000		1,032,000	110,000			110,000
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		571,000	48,000		6,228	41,772

TOWNSHIP OF SADDLE BROOK

Schedule of Deferred Charges to Future Taxation - Unfunded

General Capital Fund

Year Ended December 31, 2020

Ordinance Number	Description	Balance, Dec. 31, 2019	2020 Authorizations	Decreased by	Balance, Dec. 31, 2020	Analysis of Balance - December 31, 2020		
						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				3,000
1673-19	2020 Road Improvement Program	1,333,000		1,330,000	3,000			1,571,000
1676-20	Acquisition of Fire Truck and Other Related		1,571,000		1,571,000			387,903
1677-20	Various Sanitary Sewer Improvements		452,000		452,000		64,097	133,168
1681-20	Imps. To Mayhill Street, Phase I		375,000		375,000		241,832	
		<u>\$ 46,715,532</u>	<u>2,398,000</u>	<u>45,297,904</u>	<u>3,815,628</u>	<u>1,050,000</u>	<u>426,692</u>	<u>2,338,936</u>
Improvement Authorizations \$ 2,398,000						Improv. Authorizations - Unfunded \$ 2,360,410		
						Less: Unexpended Note Proceeds:		
						Ord. 1632-17		
						<u>21,474</u>		
						<u>\$ 2,338,936</u>		
						Budget Appropriation \$ 687,142		
						Cancelled via Resolution 979,624		
						Premium utilized as payoff 3,365,000		
						Unappropriated Grants Applied 294,000		
						Reserve for Payment of Debt 737,138		
						<u>39,235,000</u>		
						<u>45,297,904</u>		
						Transferred to Deferred Charges - Unfunded		

TOWNSHIP OF SADDLE BROOK

Schedule of Interfunds

General Capital Fund

Year Ended December 31, 2020

	Balance due from/(to) Dec. 31, 2019	Increased	Decreased	Balance, from/(to) Dec. 31, 2020
Water Utility Capital Fund	\$ 1,022,051	3,237,968	4,260,000	19
Current Fund	<u>(75,000)</u>	<u>1,818,040</u>	<u>1,817,040</u>	<u>(74,000)</u>
	<u>\$ 947,051</u>	<u>5,056,008</u>	<u>6,077,040</u>	<u>(73,981)</u>
Due from General Capital Fund	\$ (75,000)	1,818,040	1,817,040	(74,000)
Due to General Capital Fund	<u>1,022,051</u>	<u>3,237,968</u>	<u>4,260,000</u>	<u>19</u>
	<u>\$ 947,051</u>	<u>5,056,008</u>	<u>6,077,040</u>	<u>(73,981)</u>
Cash Receipts	\$		1,738,408	
Cash Receipts - Bond Sale Proceeds			4,250,000	
Cash Disbursements		4,077,600		
Cash Receipts - Accrued Interest on Bonds			14,632	
Budget Revenue			74,000	
Cash Disbursements - Note Interest		291,266		
Budget Appropriation - Principal on Notes		<u>687,142</u>		
		<u>\$ 5,056,008</u>	<u>6,077,040</u>	

TOWNSHIP OF SADDLE BROOK

Schedule of Grants Receivable

General Capital Fund

Year Ended December 31, 2020

	Grant Amount	Year	Ordinance	Balance Dec. 31, 2019	2020 Grants Authorized	Decreased by:	Balance Dec. 31, 2020
<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		150,000	50,000
Improvement of Fair Lawn Parkway, Phase II and Hubert Terrace	192,000	2019	1668-19	192,000		144,000	48,000
Mayhill Street, Phase I	182,653	2020	1681-20		182,653		182,653
<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	
2018 - Road Imps. - Leswig Road	192,000	2019	1668-19	110,000			110,000
<u>Bergen County Open Space Preservation Trust Fund:</u>							
Construction of the Tri-Centennial Park	49,100	2018	1641-18	49,100			49,100
				\$ 979,622	182,653	519,598	642,677
					Cancelled	225,598	
					Cash Receipts	294,000	
					\$	519,598	

TOWNSHIP OF SADDLE BROOK

Schedule of New Jersey Infrastructure Loans Receivable

General Capital Fund

Year Ended December 31, 2020

Balance - December 31, 2019	\$ <u>56,846</u>
Balance - December 31, 2020	\$ <u><u>56,846</u></u>

TOWNSHIP OF SADDLE BROOK

Schedule of Serial Bonds

General Capital Fund

Year Ended December 31, 2020

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance, Dec. 31, 2019	Issued	Decreased	Balance, Dec. 31, 2020
			Date	Amount					
General Improvement Bonds 2010	August 31, 2010	3,705,000	Sept. 1, 2020	505,000	2.500% \$	505,000		505,000	
			Sept. 1, 2021	911,400	5.000%				
BCIA Refunding Bond 2015	March 1, 2015	14,907,900	Sept. 1, 2022	962,550	5.000%	12,248,100		878,850	11,369,250
			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%				
			Feb. 15, 2021	600,000	2.00%		14,600,000		14,600,000
General Improvement Bonds	May 15, 2020	14,600,000	Feb. 15, 2022	610,000	2.00%				
			Feb. 15, 2023	600,000	2.125%				
			Feb. 15, 2024	875,000	2.125%				
			Feb. 15, 2025	775,000	2.125%				
			Feb. 15, 2026	600,000	2.125%				
			Feb. 15, 2027	625,000	2.125%				
			Feb. 15, 2028	750,000	2.125%				
			Feb. 15, 2029	990,000	2.125%				
			Feb. 15, 2030	1,025,000	2.125%				
			Feb. 15, 2031	1,175,000	2.125%				
			Feb. 15, 2032	1,175,000	2.125%				
			Feb. 15, 2033	1,200,000	2.125%				
			Feb. 15, 2034	1,200,000	2.25%				
			Feb. 15, 2035	1,200,000	2.25%				
			Feb. 15, 2036	1,200,000	2.375%				

TOWNSHIP OF SADDLE BROOK

Schedule of Serial Bonds

General Capital Fund

Year Ended December 31, 2020

Purpose	Date of Issue	Original Issue	Maturities of Bonds		Interest Rate	Balance, Dec. 31, 2019	Issued	Decreased	Balance, Dec. 31, 2020
			Date	Amount					
Bergen County Improvement Authority County Guaranteed Lease Revenue Bonds	May 13, 2020	24,635,000	Aug. 1, 2022	350,000	5.000%		24,635,000		24,635,000
			Aug. 1, 2023	365,000	5.000%				
			Aug. 1, 2024	385,000	5.000%				
			Aug. 1, 2025	405,000	5.000%				
			Aug. 1, 2026	425,000	5.000%				
			Aug. 1, 2027	445,000	5.000%				
			Aug. 1, 2028	470,000	5.000%				
			Aug. 1, 2029	490,000	5.000%				
			Aug. 1, 2030	515,000	5.000%				
			Aug. 1, 2031	775,000	5.000%				
			Aug. 1, 2032	815,000	5.000%				
			Aug. 1, 2033	855,000	5.000%				
			Aug. 1, 2034	895,000	5.000%				
			Aug. 1, 2035	940,000	5.000%				
			Aug. 1, 2036	990,000	4.000%				
			Aug. 1, 2037	1,030,000	4.000%				
			Aug. 1, 2038	1,070,000	4.000%				
			Aug. 1, 2039	1,110,000	4.000%				
			Aug. 1, 2040	1,155,000	4.000%				
			Aug. 1, 2041	1,200,000	4.000%				
			Aug. 1, 2042	1,250,000	5.000%				
			Aug. 1, 2043	1,310,000	4.000%				
			Aug. 1, 2044	1,365,000	4.000%				
			Aug. 1, 2045	1,420,000	4.000%				
			Aug. 1, 2046	1,475,000	4.000%				
			Aug. 1, 2047	1,535,000	4.000%				
			Aug. 1, 2048	1,595,000	4.000%				
						\$ 12,753,100	39,235,000	1,383,850	50,604,250
						Budget Appropriations \$ 1,383,850			

TOWNSHIP OF SADDLE BROOK
Schedule of New Jersey Infrastructure Loans
General Capital Fund
Year Ended December 31, 2020

Purpose	Date of Issue	Original Issue	Maturities of Loans Outstanding		Interest Rate	Balance, Dec. 31, 2019	Decreased	Balance, Dec. 31, 2020
			Date	Amount				
NJ Environmental Infrastructure Trust Loan	November 8, 2007	1,040,000	August 1, 2021	52,000	5.000%	\$ 480,000	52,000	428,000
			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, 2021	51,461		413,552	52,965	360,587
			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				
						\$ 893,552	104,965	788,587
						Budget Appropriations 104,965		

TOWNSHIP OF SADDLE BROOK

Schedule of Bond Anticipation Notes Payable

General Capital Fund

Year Ended December 31, 2020

Ord. Number	Purpose	Date of Original Issue	Date Issued	Date of Maturity	Interest Rate	Balance, Dec. 31, 2019	Increased	Decreased	Balance, Dec. 31, 2020
1429-07	Renovation and Expansion of Library	Nov. 9, 2010	May 30, 2019	May 29, 2020	2.250% \$	375,000		375,000	
1518-11	Various Sanitary Sewer Imps.	Nov. 8, 2011	May 30, 2019	May 29, 2020	2.250%	83,000		83,000	
1519-11	Replace Water Mains	Nov. 8, 2011	May 30, 2019	May 29, 2020	2.250%	866,000		866,000	
1537-12	Acq. of Communication & Signal Equipment	Sept. 25, 2012	May 30, 2019	May 29, 2020	2.250%	83,200		83,200	
1542-12	Acq. of Equipment/Machinery/Vehicles	Sept. 25, 2012	May 30, 2019	May 29, 2020	2.250%	853,200		853,200	
1551-13	Township wide Drainage Imps.	Aug. 28, 2013	May 30, 2019	May 29, 2020	2.250%	131,000		131,000	
1552-13	Various Sanitary Sewer Imps.	Aug. 28, 2013	May 30, 2019	May 29, 2020	2.250%	91,370		91,370	
1559-13	Tax Appeal Refunding Bonds	Aug. 28, 2013	May 30, 2019	May 29, 2020	2.250%	337,142		337,142	
1560-13	Various Public Improvements	Aug. 28, 2013	May 30, 2019	May 29, 2020	2.250%	414,600		414,600	
1575-14	Various Public Improvements	Jun. 3, 2014	May 30, 2019	May 29, 2020	2.250%	876,020		876,020	
1579-14	Various Public Improvements	Jun. 3, 2015	May 30, 2019	May 29, 2020	2.250%	1,205,600		1,205,600	
1605-15	Flood Mitigation Improvements	Jun. 2, 2017	May 30, 2019	May 29, 2020	2.250%	809,523		809,523	
1606-15	Various Public Improvements	Jun. 2, 2017	May 30, 2019	May 29, 2020	2.250%	594,405		594,405	
1632-17	Tax Appeal Refunding Bonds	Dec. 20, 2017	May 30, 2019	May 29, 2020	2.250%	1,400,000	1,050,000	1,400,000	1,050,000
1613-16	Acq. Of Fire Truck and Fire Fighting Equipme	Jun. 1, 2018	May 30, 2019	May 29, 2020	2.250%	944,672		944,672	
1639-18	Acquisition of an Ambulance & Pagers	Oct. 11, 2018	May 30, 2019	May 29, 2020	2.250%	309,500		309,500	
1642-18	Acquisition of Fire Engine and Equipment	Oct. 11, 2018	May 30, 2019	May 29, 2020	2.250%	1,547,000		1,547,000	
1643-18	2018 Road Improvement Program	Oct. 11, 2018	May 30, 2019	May 29, 2020	2.250%	1,476,000		1,476,000	
1617-16	Sewer Improvements	May 30, 2019	May 30, 2019	May 29, 2020	2.250%	285,000		285,000	
1623-17	Various Sanitary Sewer Force Main Repairs	May 30, 2019	May 30, 2019	May 29, 2020	2.250%	304,595		304,595	
					\$	12,986,827	1,050,000	12,986,827	1,050,000

Renewed \$	1,050,000
Reserve for Payment of Notes	362,794
Re-establish Authorized not Issued	155,000
Cancelled via Resolution	775,000
General Improvement Bonds Issued	9,956,891
Budget Appropriation	687,142
\$	1,050,000
	12,986,827

TOWNSHIP OF SADDLE BROOK
Schedule of Capital Improvement Fund
General Capital Fund
Year Ended December 31, 2020

Balance - December 31, 2019		\$ (3,258)
Increased by:		
Deferred Charge - 2020 Budget Appropriation	\$ 3,258	
Budget Appropriation	<u>125,000</u>	
		<u>128,258</u>
		125,000
Decreased by:		
Appropriated to Finance		
Improvement Authorizations		<u>102,000</u>
Balance - December 31, 2020		<u>\$ 23,000</u>

Schedule of Reserve for Payment of Debt
General Capital Fund
Year Ended December 31, 2020

Balance - December 31, 2019		\$ 737,140
Increased by:		
Cash Receipts:		
Cash Receipts - Interest in Trustee account	\$ 1,627	
Cash Receipts - Trustee Account	34,671	
Cash Receipts	<u>51,228</u>	
		<u>87,526</u>
		824,666
Decreased by:		
Utilized as Paydown		
Bond and Notes Authorized not Issued	374,344	
Bond Anticipation Notes	362,794	
Cancelled to Fund Balance	<u>2</u>	
		<u>737,140</u>
Balance - December 31, 2020		<u>\$ 87,526</u>
<u>Analysis of Balance</u>		
	Payment of Debt	51,228
	Ord. 1672-19	<u>36,298</u>
		<u>\$ 87,526</u>

TOWNSHIP OF SADDLE BROOK

Schedule of Reserves

General Capital Fund

Year Ended December 31, 2020

	Balance Dec. 31, <u>2019</u>	Balance Dec. 31, <u>2020</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, 2020

Ordinance Number	Improvement Description	Ordinance Date	Amount	Balance, Dec. 31, 2019		Authorized	Expended	Canceled	Balance, Dec. 31, 2020	
				Funded	Unfunded				Funded	Unfunded
1429-07	Renovation & Expansion of Library	1/13/2008	2,000,000 \$		214,726			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		45,501			45,501		
1519-11	Replace Water Mains	8/11/2011	985,000		106,759		5,418	100,000	1,341	
1537-12	Acq. of Communication & Signal Equipment	7/12/2012	120,000		5,001			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	105,196				105,196		
1575-14	Various Public Improvements	Jul. 1, 2014	995,000		50,895			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		105,849		14,440		91,409	
1606-15	Various Public Improvements	Nov. 5, 2015	760,000		430,720			430,720		
1613-16	Acquisition of a Fire Truck & Firefighting Equipment	Oct. 6, 2016	995,200		63			63		
1623-17	Various Sanitary Sewer Force Main Repairs	Mar. 2, 2017	325,000		102,398		3,100		99,298	
1627-17	Road Resurfacing, Curb Replacement & Repair/Replacement of Sanitary Sewer Lines	Jun. 1, 2017	995,000		117,150		66,044		49,478	1,628
1631-17	Various Public Improvements	Oct. 5, 2017	310,000		236,990		24,336	200,000	12,654	
1632-17	Tax Appeal Refunding Ordinance	Nov. 2, 2017	2,100,000		21,581		107			21,474
1639-18	Acquisition of Ambulance and Pagers	Mar. 1, 2018	325,000		25,416		(2,513)		27,929	
1641-18	Construction of Tri-Centennial Park	Apr. 5, 2018	76,200	57,698			1,200		56,498	
1642-18	Acquisition of Fire Truck and Other Related Equipment for Fire Department	Apr. 5, 2018	1,625,000		701				701	
1643-18	2018 Road Improvement Program	Apr. 5, 2018	1,550,000		51,181		10,716			40,465
1647-18	Improvement to Fair Lawn Parkway, Phase I	Sept. 6, 2018	410,000		388,330		32,709		305,621	50,000
1651-19	2019 Road Improvement Program	Mar. 14, 2019	1,200,000		966,259		809,616		46,643	110,000
1659-19	Sanitary Sewer System Improvements	July 11, 2019	400,000		220,926		214,810		6,116	
1664-19	Various Public Improvements	Aug. 1, 2019	710,000	24,291	676,000		548,745		151,546	
1668-19	Improvement of Fair Lawn Parkway, Phase II and Hubert Terrace	Oct. 3, 2019	650,000	2,756	619,000		579,985			41,771
1672-19	Acquisition of Property and Construction of New Municipal Building - Lease/Purchase	Dec. 26, 2019	28,000,000		28,000,000		12,346,782		15,653,218	
1673-19	2020 Road Improvement Program	Dec. 26, 2019	1,400,000	67,000	1,333,000		622,106		774,894	3,000

TOWNSHIP OF SADDLE BROOK
Schedule of Improvement Authorizations

General Capital Fund

Year Ended December 31, 2020

Ordinance Number	Improvement Description	Ordinance Date	Amount	Balance, Dec. 31, 2019		Expended	Canceled	Balance, Dec. 31, 2020	
				Funded	Unfunded			Funded	Unfunded
1676-20	Acquisition of Fire Truck and related Equipment	Mar. 5, 2020	1,650,000			9,445		69,554	1,571,001
1677-20	Various Sanitary Sewer Improvements	Mar. 5, 2020	475,000			87,097			387,903
1681-20	Improvements to Mayhill Street, Phase I	Apr. 9, 2020	375,000			241,832			133,168
				<u>\$ 273,238</u>	<u>33,737,049</u>	<u>15,615,975</u>	<u>1,187,002</u>	<u>17,346,900</u>	<u>2,360,410</u>
				Capital Improvement Fund		102,000			
				Deferred Charges Unfunded		2,398,000			
				<u>\$ 2,500,000</u>					
				Paid via Trustee		12,346,782			
				Cash Disbursements		<u>3,269,193</u>			
				<u>\$ 15,615,975</u>					
				Deferred Charges - Unfunded			979,624		
				Grants Receivable			70,598		
				Capital Surplus			<u>136,780</u>		
							<u>\$ 1,187,002</u>		

TOWNSHIP OF SADDLE BROOK
Schedule of Reserve for Unappropriated State Grant
General Capital Fund
Year Ended December 31, 2020

Balance - December 31, 2019	\$ <u>81,426</u>
Balance - December 31, 2020	\$ <u><u>81,426</u></u>

Schedule of Reserve for Grants Receivable
General Capital Fund
Year Ended December 31, 2020

Balance - December 31, 2019	\$ 657,000
Increased by:	
Grants Receivable	
Ord. 1681-20 Dept. of Transportation	\$ 182,653
	<u>182,653</u>
Grants Awarded	<u>182,653</u>
	839,653
Decreased by:	
Grants Received - Applied to Authorized	
not Issued	294,000
Cancelled	<u>155,000</u>
	<u>449,000</u>
Balance - December 31, 2020	\$ <u><u>390,653</u></u>

<u>Analysis of Balance</u>	
Dept. of Transportation - Ord. 1681	182,653
Dept. of Transportation - Ord. 1647	50,000
Dept. of Transportation - Ord. 1668	48,000
Community Development Block Grant - Ord. 1651	<u>110,000</u>
	\$ <u><u>390,653</u></u>

TOWNSHIP OF SADDLE BROOK

Schedule of Bonds and Notes Authorized but not Issued

General Capital Fund

Year Ended December 31, 2020

<u>Ordinance Number</u>	<u>Improvement Description</u>	Balance, Dec. 31, 2019	<u>Authorized</u>	<u>Decreased</u>	Balance, Dec. 31, 2020
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	714		714	
1627-17	Road Resurfacing, Curb Replacement & Repair/Replacement of Sanitary Sewer Lines				1,628
1631-17	Various Public Improvements	869,081		867,453	
1643-18	2018 Road Program	295,000	155,000	295,000	155,000
1647-18	Improvement of Fair Lawn Parkway, Phase I	410,000		360,000	50,000
1651-19	2019 Road Improvement Program	1,142,000		1,032,000	110,000
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		571,000	48,000
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		1,330,000	3,000

TOWNSHIP OF SADDLE BROOK

Schedule of Bonds and Notes Authorized but not Issued

General Capital Fund

Year Ended December 31, 2020

<u>Ordinance Number</u>	<u>Improvement Description</u>	Balance, Dec. 31, 2019	Authorized	Decreased	Balance, Dec. 31, 2020
1676-20	Acquisition of Fire Truck and Related Equipment		1,571,000		1,571,000
1677-20	Various Sanitary Sewer Improvements		452,000		452,000
1681-20	Imps. To Mayhill Street, Phase I		375,000		375,000
		<u>\$ 33,728,705</u>	<u>2,553,000</u>	<u>33,516,077</u>	<u>2,765,628</u>
	Re-establish Authorized not Issued		155,000		
	Current Year Improvement Authorizations		2,398,000		
			<u>\$ 2,553,000</u>		
	Canceled Improvement Authorization \$		204,624		
	Reserve for Debt		374,344		
	Unappropriated Grants Received		294,000		
	Deferred Charges - Unfunded, Premium Utilized as Paydown		3,365,000		
	BCIA County Guaranteed Revenue Bonds Issued		24,635,000		
	Bonds Issued		4,643,109		
			<u>\$ 33,516,077</u>		

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TOWNSHIP OF SADDLE BROOK

Schedule of Cash - Treasurer

Water Utility Fund

Year ended December 31, 2020

	<u>Operating</u>	<u>Capital</u>
Balance, December 31, 2019	\$ <u>1,261,680</u>	<u>(26,103)</u>
Increased by receipts:		
Water Collector	2,864,505	
Interest on Investments	7,357	
Interest on Delinquents	22,476	
Miscellaneous	20,984	
Overpayments	10,223	
Interfunds	<u>230,606</u>	<u>1,254,776</u>
	<u>3,156,151</u>	<u>1,254,776</u>
	4,417,831	1,228,673
Decreased by disbursements:		
2020 Appropriations	2,702,139	
2019 Appropriation Reserves	36,308	
Accrued Interest on Bonds	38,000	
Accrued Interest on Notes	45,296	
Accrued Interest on Loans	12,469	
Improvement Authorizations		55,310
Interfunds	<u>52,072</u>	<u>230,000</u>
	<u>2,886,284</u>	<u>285,310</u>
Balance, December 31, 2020	\$ <u><u>1,531,547</u></u>	<u><u>943,363</u></u>

TOWNSHIP OF SADDLE BROOK

Schedule of Change Funds

Water Utility Operating Fund

Year ended December 31, 2020

Balance, December 31, 2019	\$ <u>20</u>
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Balance, December 31, 2020	\$ <u><u>20</u></u>
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TOWNSHIP OF SADDLE BROOK

Analysis of Cash

Water Utility Capital Fund

December 31, 2020

	Balance, Dec. 31, <u>2020</u>
Accounts Receivable	\$ (135,974)
Capital Improvement Fund	17,748
Interfund Payable	19
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	108,548
1645-18	Replacement of Water Mains	320,139
1652-19	Replacement of Water Mains-Sheelee Place	261,618
1674-19	Replacement of Water Mains-Bell Avenue	<u>349,126</u>
		<u>\$ 943,363</u>

TOWNSHIP OF SADDLE BROOK

Schedule of Consumers' Accounts Receivable

Water Utility Operating Fund

Year ended December 31, 2020

Balance, December 31, 2019	\$	287,596
Increased by:		
Water Utility Billings		<u>2,813,964</u>
		3,101,560
Decreased by:		
Cash Receipts	\$	2,864,505
Overpayments Applied		<u>7,585</u>
		<u>2,872,090</u>
Balance, December 31, 2020	\$	<u><u>229,470</u></u>

TOWNSHIP OF SADDLE BROOK

Schedule of Interfunds

Water Utility Operating Fund

Year ended December 31, 2020

	Due from/(to) Dec. 31, <u>2019</u>	<u>Increased</u>	<u>Decreased</u>	Due from/(to) Dec. 31, <u>2020</u>
Current Fund	\$ (11,600)	12,072	2,258	(1,786)
Water Utility Capital Fund	<u>190,000</u>	<u>40,000</u>	<u>230,000</u>	<u> </u>
	<u>\$ 178,400</u>	<u>52,072</u>	<u>232,258</u>	<u>(1,786)</u>
Reimbursement of Expenses Paid \$			1,652	
Cash Disbursements		52,072		
Cash Receipts		<u> </u>	<u>230,606</u>	
		<u>\$ 52,072</u>	<u>232,258</u>	

TOWNSHIP OF SADDLE BROOK

Schedule of Accounts Receivable - I-Bank

Water Utility Capital Fund

Year ended December 31, 2020

Balance, December 31, 2019	\$ <u>135,974</u>
Balance, December 31, 2020	\$ <u><u>135,974</u></u>

TOWNSHIP OF SADDLE BROOK

Schedule of Fixed Capital

Water Utility Capital Fund

Year ended December 31, 2020

<u>Account</u>	Balance, Dec. 31, <u>2019</u>	Transferred from Fixed Capital Authorized and <u>Uncompleted</u>	Balance, Dec. 31, <u>2020</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>1,500,000</u>	<u>2,009,425</u>
	<u>\$ 2,833,801</u>	<u>1,500,000</u>	<u>4,333,801</u>

TOWNSHIP OF SADDLE BROOK

Schedule of Fixed Capital Authorized and Uncompleted

Water Utility Capital Fund

Year ended December 31, 2020

Ordinance Number	Improvement Description	Ordinance		Balance, Dec. 31, 2019	Transferred to Fixed Capital	Balance, Dec. 31, 2020
		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-Sheele 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
				\$ 5,387,992	1,500,000	3,887,992

TOWNSHIP OF SADDLE BROOK

Schedule of 2019 Appropriation Reserves

Water Utility Operating Fund

Year ended December 31, 2020

	Balance, Dec. 31, <u>2019</u>	Balance after transfers and <u>encumbrances</u>	<u>Paid or charged</u>	Balance <u>Lapsed</u>
Operating:				
Salaries and Wages	\$ 22,357	22,357		22,357
Other Expenses	162,614	184,043	36,308	147,735
Capital Improvements:				
Capital Outlay	65,000	65,000		65,000
Statutory Expenditures - Contribution to:				
Social Security System (O.A.S.I.)	<u>22,324</u>	<u>22,324</u>		<u>22,324</u>
	<u>\$ 272,295</u>	<u>293,724</u>	<u>36,308</u>	<u>257,416</u>
Appropriation Reserves		272,295		
Encumbrances		<u>21,430</u>		
		<u>\$ 293,725</u>		

TOWNSHIP OF SADDLE BROOK

Schedule of Encumbrances Payable

Water Utility Operating Fund

Year ended December 31, 2020

Balance, December 31, 2019	\$	21,430
Increased by:		
Transferred from Current Year Budget		<u>35,763</u>
		57,193
Decreased by:		
Transferred to Appropriation Reserves		<u>21,430</u>
Balance, December 31, 2020	\$	<u><u>35,763</u></u>

TOWNSHIP OF SADDLE BROOK

Schedule of Overpayments

Water Utility Fund

Year ended December 31, 2020

Balance, December 31, 2019	\$ <u>7,585</u>
Increased by:	
Receipts	<u>10,223</u>
	17,808
Decreased by:	
Applied	<u>7,585</u>
Balance, December 31, 2020	\$ <u><u>10,223</u></u>

TOWNSHIP OF SADDLE BROOK
Schedule of Accrued Interest on Bonds
Water Utility Operating Fund
Year ended December 31, 2020

Balance, December 31, 2019	\$ 14,931
Increased by:	
Budget Appropriation	<u>38,000</u>
	52,931
Decreased by:	
Cash Disbursements	\$ 38,000
Due to Current Fund	<u>1,651</u>
	<u>39,651</u>
Balance, December 31, 2020	<u><u>\$ 13,280</u></u>

Principal Outstanding <u>Dec. 31, 2020</u>	Interest Rate	From	To	Required Amount
855,750	2.00% - 5.00%	09/01/20	12/31/20	\$ <u>12,335</u>
				<u><u>\$ 12,335</u></u>

TOWNSHIP OF SADDLE BROOK
Schedule of Accrued Interest on Notes
Water Utility Operating Fund
Year ended December 31, 2016

Balance, December 31, 2019	\$ 26,751
Increased by:	
Budget Appropriation	<u>20,000</u>
	46,751
Decreased by:	
Cash Disbursements	\$ 45,296
Cancelled	<u>1,455</u>
	<u>\$ 46,751</u>

Schedule of Accrued Interest on Loans
Water Utility Operating Fund
Year ended December 31, 2020

Balance, December 31, 2019	\$ 5,195
Increased by:	
Budget Appropriation	<u>12,469</u>
	17,664
Decreased by:	
Cash Disbursements	<u>12,469</u>
Balance, December 31, 2020	<u>\$ 5,195</u>

Principal Outstanding Dec. 31, 2020	Interest Rate	From	To	Required Amount
305,000	3.00% - 5.00%	8/1/20	12/31/20	\$ 4,987
				<u>\$ 4,987</u>

TOWNSHIP OF SADDLE BROOK

Schedule of Improvement Authorizations

Water Utility Capital Fund

Year ended December 31, 2020

Ordinance Number	Improvement Description	Ordinance		Balance, Dec. 31, 2019		Balance, Dec. 31, 2020	
		Date	Amount	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		114,201	108,548	15,653
1645-18	Replacement of Water Mains	May 3, 2018	825,000		330,157	320,138	
1652-19	Replacement of Water Mains-Sheelee Place	March 7, 2019	425,000		266,054	261,618	
1674-19	Replacement of Water Mains-Bell Avenue	Dec. 26, 2019	400,000		400,000	349,126	
				\$ 4,231	1,116,883	1,050,132	15,653

TOWNSHIP OF SADDLE BROOK

Schedule of Capital Improvement Fund

Water Utility Capital Fund

Year ended December 31, 2020

Balance, December 31, 2019	\$ <u>17,748</u>
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Balance, December 31, 2020	\$ <u><u>17,748</u></u>
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TOWNSHIP OF SADDLE BROOK

Schedule of Interfunds

Water Utility Capital Fund

Year ended December 31, 2020

	Due from/(to) Dec. 31, <u>2019</u>	<u>Increased</u>	<u>Decreased</u>	Due from/(to) Dec. 31, <u>2020</u>
General Capital Fund	(1,022,051)	4,260,000	3,237,968	(19)
Water Utility Operating Fund	<u>(190,000)</u>	<u>230,000</u>	<u>40,000</u>	<u> </u>
	<u>\$ (1,212,051)</u>	<u>4,490,000</u>	<u>3,277,968</u>	<u>(19)</u>
Cash Receipts \$			1,254,776	
Cash Disbursements		230,000		
Bond Sale Proceeds		4,250,000		
Prior Year Voided Check		10,000		
Bond Anticipation Notes Paid by General Capital			2,013,173	
Reimbursement for Expenses Paid			<u>10,019</u>	
		<u>\$ 4,490,000</u>	<u>3,277,968</u>	

TOWNSHIP OF SADDLE BROOK

Schedule of Reserve for Amortization

Water Utility Capital Fund

Year ended December 31, 2020

Balance, December 31, 2019		\$	1,701,462
Increased by:			
Serial Bond Principal	\$	66,150	
NJ Environmental Infrastructure Trust			
Loan Principal		<u>59,450</u>	
			<u>125,600</u>
Balance, December 31, 2020		\$	<u><u>1,827,062</u></u>

Schedule of Reserve for Deferred Amortization

Water Utility Capital Fund

Year ended December 31, 2020

Balance, December 31, 2019	\$	<u>127,676</u>
Balance, December 31, 2020	\$	<u><u>127,676</u></u>

TOWNSHIP OF SADDLE BROOK

Schedule of Water Utility Serial Bonds

Water Utility Capital Fund

Year ended December 31, 2020

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance, Dec. 31, 2019	Issued	Decreased	Balance, Dec. 31, 2020
			Date	Amount					
BCIA Refunding Bond	March 1, 2015	1,122,100	Sept. 1, 2021	68,600	5.000%	\$ 921,900		66,150	855,750
			Sept. 1, 2022	72,450	5.000%				
			Sept. 1, 2023	75,950	5.000%				
			Sept. 1, 2024	79,450	5.000%				
			Sept. 1, 2025	83,650	5.000%				
			Sept. 1, 2026	87,850	4.000%				
			Sept. 1, 2027	91,350	4.000%				
			Sept. 1, 2028	94,850	4.000%				
			Sept. 1, 2029	99,050	4.000%				
			Sept. 1, 2030	102,550	3.000%				
General Improvement Bonds	May 15, 2020	4,250,000	Feb. 15, 2021	225,000	2.000%		4,250,000		4,250,000
			Feb. 15, 2022	235,000	2.000%				
			Feb. 15, 2023	245,000	2.125%				
			Feb. 15, 2024	255,000	2.125%				
			Feb. 15, 2025	265,000	2.125%				
			Feb. 15, 2026	275,000	2.125%				
			Feb. 15, 2027	285,000	2.125%				
			Feb. 15, 2028	295,000	2.125%				
			Feb. 15, 2029	305,000	2.125%				
			Feb. 15, 2030	315,000	2.125%				
			Feb. 15, 2031	325,000	2.125%				
			Feb. 15, 2032	375,000	2.125%				
			Feb. 15, 2033	425,000	2.125%				
			Feb. 15, 2034	425,000	2.250%				
						\$ 921,900	4,250,000	66,150	5,105,750

TOWNSHIP OF SADDLE BROOK

Schedule of New Jersey Infrastructure Trust Loans Payable

Water Utility Capital Fund

Year ended December 31, 2020

Purpose	Date of Issue	Original Issue	Maturities of Bonds		Interest Rate	Balance, Dec. 31, 2019	Decreased	Balance, Dec. 31, 2020
			Date	Outstanding Amount				
NJ Environmental Infrastructure Trust Loan	May 22, 2018	325,000	August 1, 2021	10,000	5.000%	\$ 315,000	10,000	305,000
			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, 2020

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance, Dec. 31, 2019	Decreased	Balance, Dec. 31, 2020
			Date	Amount				
NJ Environmental Infrastructure Fund Loan	May 22, 2018	972,520	August 1, 2021	49,450	*	\$ 890,103	49,450	840,653
			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	*			
						\$ 1,205,103	59,450	1,145,653
						Budget Appropriations \$ 59,450		

* - Interest Free

* - Interest Free

TOWNSHIP OF SADDLE BROOK

Schedule of Bond Anticipation Notes

Water Utility Capital Fund

Year ended December 31, 2020

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Date of Original Issue</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance, Dec. 31, 2019</u>	<u>Decreased</u>
1514-11	Water Mains & Fire Hydrants	Nov. 8, 2011	May 30, 2019	May 29, 2020	2.25%	\$ 186,655	186,655
1576-14	Replacement of Water Mains - Cambridge Ave.	Aug. 28, 2014	May 30, 2019	May 29, 2020	2.25%	326,518	326,518
1603-15	Roadway and Water Main Improvement Project	June 2, 2017	May 30, 2019	May 29, 2020	2.25%	1,500,000	1,500,000
						<u>\$ 2,013,173</u>	<u>2,013,173</u>
General Improvement Bonds Issued						<u>2,013,173</u>	
						<u>\$ 2,013,173</u>	

TOWNSHIP OF SADDLE BROOK

Schedule of Bonds and Notes Authorized But Not Issued

Water Utility Capital Fund

December 31, 2020

<u>Ordinance Number</u>	<u>Improvement Description</u>	Balance, Dec. 31, <u>2019</u>	<u>Decreased</u>	Balance, Dec. 31, <u>2020</u>
1557-13	Replacement of Water Mains	\$ 602,480	586,827	15,653
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	<u>400,000</u>	<u>400,000</u>	
		\$ <u>2,252,480</u>	<u>2,236,827</u>	<u>15,653</u>

General Improvement Bonds Issued \$ 2,236,827

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, 2020

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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, 2020 and the related notes to the financial statements, and have issued our report thereon dated August 26, 2021 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. Wielkatz

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

Wielkatz & Company, LLC

WIELKOTZ & COMPANY, LLC
Certified Public Accountants
Pompton Lakes, New Jersey
-154-



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. On July 1, 2020, the amount was increased to \$44,000.

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:

- Recycling Contract
- Mayhill Street Roadway Improvement - Phase I
- HVAC System Improvements and Duct Work at the Public Building
- 2020 Road Program
- Recycling
- Solid Waste Collection

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 2, 2020, 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 November 10, 2020, 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>
2020	5
2019	5
2018	5

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.

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TOWNSHIP OF SADDLE BROOK
COMMENTS AND RECOMMENDATIONS
DECEMBER 31, 2020

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 various Trust Fund general ledgers are not in agreement with the client prepared bank reconciliations.
3. Dedication by Riders for the following Trust Funds have not been submitted and/or approved:
 - a. Mount Laurel Trust Fund
 - b. Health Benefits Claims Trust
 - c. Animal License Trust Fund
4. Goods and services are being ordered and/or paid for prior to encumbrance.
5. 1099's were not issued to all vendors and/or individuals that were paid in excess of IRS thresholds. There were also instances in which the 1099 was issued for an amount different than what was paid.

PAYROLL

1. There were instances in which enrolled employees' health benefit deductions were not being calculated in accordance with Chapter 78, P.L. 2011.

RECOMMENDATIONS:

FINANCE

1. *General Capital Fund subsidiary ledger be reviewed and adjusted accordingly to reflect the audited balances for Improvement Authorizations.
2. *The Trust Fund General Ledgers be updated to reflect audited balances and postings be reviewed to ensure agreement with client prepared bank reconciliations.
3. Dedication by Rider applications be submitted to the Division for the following accounts:
 - a. Mount Laurel Trust Fund
 - b. Health Benefits Claims Trust Fund
 - c. Animal License Trust Fund
4. *A purchase order is initiated and approved prior to the placement of an order for goods and services in accordance with Technical Accounting Directive 85-1.
5. 1099's be issued to individuals and/or vendors compensated in excess of \$600 in accordance with IRS guidelines.

PAYROLL

A review of all health benefits deductions be made to ensure they are calculated correctly.

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. Wielkatz

Steven D. Wielkatz
Registered Municipal Accountant
No. CR00413

Wielkatz & Company, LLC

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

August 26, 2021