

TOWNSHIP OF SADDLE BROOK

**Financial Statements with
Supplementary Information
December 31, 2022**

(With Independent Auditor's Reports Thereon)

TOWNSHIP OF SADDLE BROOK
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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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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, 2022 and 2021, 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 the statement of expenditures – regulatory basis of the various funds for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

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 accompanying financial statements referred to above do not present fairly the financial position of each fund of the Township of Saddle Brook as of December 31, 2022 and 2021, or changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") and Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Township of Saddle Brook, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit.



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

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.

Basis for Qualified Opinion on Regulatory Basis Accounting Principles

As described in Note 15 of the financial statement, the Township participates in a Length of Service Award Program for its volunteer fire and rescue personnel. The amount reflected in the trust fund statements of \$2,716,855 and \$3,502,170 for 2022 and 2021, respectively, were not audited and, therefore, we express no opinion on the LOSAP program.

Government Accounting Standards Board (GASB), Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* requires a State or Local Government to recognize and measure liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditures measured as of a date (measurement date) no earlier than the end of the employers' prior fiscal year, consistently applied from period to period. Since New Jersey municipalities and counties do not follow Generally Accepted Accounting Principles a liability is not recognized on the Balance Sheet. However, the State of New Jersey requires that municipalities and counties disclose GASB Statement No. 75 information in the Notes to the Financial Statements that meet the requirements of GASB Statement No. 75. The information that is disclosed in the Notes to the Financial is more than 18 months prior to the Townships' year end and therefore does not meet the requirements of GASB No. 75.

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 Accounting Principles*" 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, 2022, the regulatory basis statements of operations and changes in fund balance for the years then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2022 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.



Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township of Saddle Brook's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Township's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

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- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the schedule of expenditures of state financial assistance as required by NJ OMB 15-08 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 supplementary information listed in the table of contents and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulation Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 supplementary information listed in the table of contents and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulation Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) 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 any form of assurance thereon.

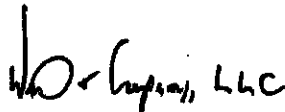
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Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 6, 2023 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, C.P.A.
Registered Municipal Accountant
No. CR00413



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

September 6, 2023



TOWNSHIP OF SADDLE BROOK
Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31, 2022 and 2021

	<u>Ref.</u>	<u>2022</u>	<u>2021</u>
<u>Assets</u>			
Current Fund:			
Cash	A-4	\$ 11,556,569	8,635,598
Change Fund	A-5	475	475
Due to State of New Jersey:			
Senior Citizens and Veterans Deductions	A-6	38,974	38,269
		11,596,018	8,674,342
Receivables and Other Assets with Full Reserves:			
Municipal Liens Receivable	A-7	109,822	107,223
Delinquent Taxes Receivable	A-8	419,816	338,676
Property Acquired for Taxes -			
Assessed Valuation	A-9	742,249	742,249
Revenue Accounts Receivable	A-10	10,608	9,184
Interfund Accounts Receivable	A-11	47,294	596,740
		1,329,789	1,794,072
Deferred Charges:			
Expenditures without Appropriations		29,528	
Special Emergency	A-12	161,204	201,505
		190,732	201,505
		13,116,539	10,669,919
Federal and State Grant Fund:			
Cash	A-4		288,058
Due from Current Fund	A-11	372,246	15,791
Over-expenditure of Appropriated Grants		4,749	4,749
		376,995	308,598
		\$ 13,493,534	10,978,517

TOWNSHIP OF SADDLE BROOK
Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31, 2022 and 2021

	<u>Ref.</u>	<u>2022</u>	<u>2021</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Current Fund:			
Appropriation Reserves	A-3/A-13	\$ 1,570,411	1,852,548
Encumbrances Payable	A-3/A-14	212,348	380,471
Interfund Accounts Payable	A-11	1,099,766	21,133
Due to Free Public Library	A-15	37,425	37,425
Due to State of New Jersey:			
Construction Training Fees	A-16	5,125	6,116
Marriage License Fees	A-16		425
Burial Permit Fees	A-16	400	495
Tax Overpayments	A-17	12,824	4,166
School Taxes Payable	A-18	1,238,635	
County Taxes Payable	A-19	3,208	
Prepaid Taxes	A-20	310,058	475,003
Reserve for Tax Appeals	A-21	335,928	335,928
Reserve for Municipal Relief Aid	A-22	75,125	
Reserve for Police Salaries & Wages	A-23	216,162	57,023
Accounts Payable	A-24	56,145	
		<u>5,173,560</u>	<u>3,170,733</u>
Reserve for Receivables	Contra	1,329,789	1,794,072
Fund Balance	A-1	<u>6,613,190</u>	<u>5,705,114</u>
		<u>13,116,539</u>	<u>10,669,919</u>
Federal and State Grant Fund:			
Appropriated Reserve for Grants	A-26	301,149	282,555
Unappropriated Reserve for Grants	A-27	75,846	26,043
		<u>376,995</u>	<u>308,598</u>
		<u>\$ 13,493,534</u>	<u>10,978,517</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, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Revenues and Other Income:		
Fund Balance Utilized	\$ 2,300,000	2,000,000
Miscellaneous Revenue Anticipated	4,430,519	3,709,536
Receipts from Delinquent Taxes	381,922	356,597
Receipts from Current Taxes	63,337,029	61,976,015
Non-Budget Revenue	543,267	142,554
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	1,416,595	1,549,769
Interfunds Returned	176,740	23,876
Liabilities Cancelled	341	
	<hr/>	<hr/>
Total Revenues and Other Income	72,586,413	69,758,347
	<hr/>	<hr/>
Expenditures:		
Budget and Emergency Appropriations:		
Operations:		
Salaries and Wages	8,370,093	8,744,555
Other Expenses	11,385,707	10,434,729
Capital Improvement Fund	150,000	150,000
Municipal Debt Service	4,292,513	3,810,776
Deferred Charges and Statutory Expenditures -		
Municipal	2,439,466	2,601,694
Local District School Tax	35,987,037	35,373,440
County Taxes Including Added Taxes	6,753,187	6,435,459
Refunds	334	2,658
Expenditures without Appropriations	29,528	
Interfunds Advanced		453,411
	<hr/>	<hr/>
Total Expenditures	69,407,865	68,006,722
	<hr/>	<hr/>
Excess (Deficit) Revenue Over Expenditures	3,178,548	1,751,625
	<hr/>	<hr/>
Adjustments to Income before Surplus:		
Expenditures Included Above Which are by Statute Deferred		
Charges to Budget of Succeeding Year:		
Expenditures without Appropriations	29,528	
	<hr/>	<hr/>
Statutory Excess to Surplus	3,208,076	1,751,625

TOWNSHIP OF SADDLE BROOK
Comparative Statement of Operations and Changes in
Fund Balance - Regulatory Basis

Current Fund

Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Fund Balance, January 1,	<u>5,705,114</u>	<u>5,953,489</u>
	8,913,190	7,705,114
Decreased by:		
Fund Balance Utilized as Budget Revenue	<u>2,300,000</u>	<u>2,000,000</u>
Fund Balance, December 31,	<u>\$ 6,613,190</u>	<u>5,705,114</u>

See accompanying notes to the financial statements.

TOWNSHIP OF SADDLE BROOK

Statement of Revenues - Regulatory Basis

Current Fund

Year Ended December 31, 2022

	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance Anticipated	\$ 2,300,000	2,300,000	
Miscellaneous Revenues:			
Licenses:			
Alcoholic Beverages	20,000	22,400	2,400
Other	25,000	47,615	22,615
Fees and Permits	250,000	369,885	119,885
Fines and Costs:			
Municipal Court	107,000	191,696	84,696
Interest and Costs on Taxes	93,000	115,246	22,246
Interest on Investments and Deposits	25,000	88,165	63,165
Energy Receipts Tax	1,440,167	1,440,167	
Uniform Construction Code Fees	145,000	228,635	83,635
Body Armor Replacement Program	2,464	2,464	
Recycling Tonnage Grant	22,079	22,079	
Uniform Fire Safety Act	39,000	39,711	711
Cable TV Franchise Fee - Cablevision	115,000	118,713	3,713
Cable TV Franchise Fee - Verizon	72,000	79,237	7,237
Hotel Fees	184,000	292,787	108,787
Pension Reimbursement - Water Utility	90,000	90,000	
Health Insurance Reimbursement - Water Utility	95,000	95,000	
Capital Surplus	56,962	56,962	
Due from Water Utility Operating	420,000	420,000	
American Rescue Plan - Revenue Loss	709,757	709,757	
Total Miscellaneous Revenues	3,911,429	4,430,519	519,090
Receipts from Delinquent Taxes	338,000	381,922	43,922
Subtotal General Revenues	6,549,429	7,112,441	563,012
Amount to be Raised by Taxes for Support of Municipal Budget - Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes	21,090,360	21,596,805	506,445
Budget Totals	27,639,789	28,709,246	1,069,457
Non-Budget Revenue		543,267	543,267
	\$ 27,639,789	29,252,513	1,612,724

TOWNSHIP OF SADDLE BROOK
Statement of Revenues - Regulatory Basis
Current Fund
Year Ended December 31, 2022

Analysis of Realized Revenues

Revenue from Current Tax Collections	\$	63,337,029
Allocated to County and Local and Regional School Taxes		42,740,224
Balance for Support of Municipal Budget Appropriations		20,596,805
Add : Appropriation - Reserve for Uncollected Taxes		1,000,000
Amount for Support of Municipal Budget Appropriations	\$	21,596,805
Receipts from Delinquent Taxes:		
Delinquent Taxes - Cash Receipts		381,922
Delinquent Taxes	\$	381,922

Analysis of Non-budget Revenues

Police	\$	2,471
Sale of Property		25,000
Misc		24,964
FEMA Reimbursement		179,182
Fuel Reimbursement		103,235
Insurance Reimbursements		152,795
Sewer Connections		41,000
Kessler-Parking		14,400
Polling Place		220
	\$	543,267

See accompanying notes to the financial statements.

TOWNSHIP OF SADDLE BROOK

Statement of Expenditures-Regulatory Basis

Current Fund

Year Ended December 31, 2022

Description	Budget	Budget after Modifications	Paid or Charged	Reserved	Unexpended Balance Canceled
Operations-within "CAPS"					
Administrative and Executive:					
Salaries and Wages	\$ 118,000	173,000	172,066	934	
Other expenses	15,000	15,000	15,000		
Other expenses - Postage	30,000	30,000	24,157	5,843	
Other expenses - Contractual Services	20,000	20,000	19,016	984	
Other expenses - Computer Service Contract	85,000	85,000	79,453	5,547	
Other expenses - SBCTV	35,000	35,000	8,973	26,027	
Other expenses - Grants	35,000	35,000	34,837	163	
Office of the Mayor:					
Salaries and Wages	4,750	4,750	4,750		
Other Expenses	6,000	6,000	5,546	454	
Council:					
Salaries and Wages	23,750	23,750	21,557	2,193	
Other Expenses	3,000	3,000	2,372	628	
Municipal Clerk:					
Salaries and Wages	194,000	194,000	191,206	2,794	
Other Expenses	8,500	8,500	6,487	2,013	
Other Expenses - Land Use	1,000	1,000		1,000	
Other Expenses - Codification of Ord.	12,000	12,000		12,000	
Other Expenses - Elections	27,500	27,500	1,050	26,450	

TOWNSHIP OF SADDLE BROOK

Statement of Expenditures-Regulatory Basis

Current Fund

Year Ended December 31, 2022

Description	Budget	Budget after Modifications	Paid or Charged	Reserved	Unexpended Balance Canceled
Financial Administration:					
Salaries and Wages	158,000	158,000	156,248	1,752	
Other Expenses	35,000	35,000	25,757	9,243	
Other Expenses - Statements	20,250	20,250	20,250		
Other Expenses - Special Financial Services	1,000	1,000	975	25	
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	83,500	83,500	82,741	759	
Other Expenses	20,000	20,000	13,991	6,009	
Assessment of Taxes:					
Salaries and Wages	62,000	62,000	60,217	1,783	
Other Expenses	5,000	5,000	2,302	2,698	
Other Expenses - Tax Appeal Attorney	35,000	35,000	19,158	15,842	
Other Expenses - Appraisals	45,000	45,000	45,000		
Assessments	75,000	75,000	75,000		
Legal Services and Costs:					
Other Expenses	130,000	130,000	101,681	28,319	
Engineering:					
Other Expenses	120,000	111,440	55,567	55,873	

TOWNSHIP OF SADDLE BROOK

Statement of Expenditures-Regulatory Basis

Current Fund

Year Ended December 31, 2022

Description	Budget	Budget after Modifications	Paid or Charged	Reserved	Unexpended Balance Canceled
Municipal Land Use Law (NJSA 40:55D-1):					
Planning Board:					
Salaries and Wages	5,200	5,200	5,200		
Other Expenses	1,500	1,500	304	1,196	
Zoning Board of Adjustment:					
Salaries and Wages	4,800	4,800		4,800	
Other Expenses	3,000	3,000	24	2,976	
Self Insurance Program:					
Liability	345,000	345,000	276,124	68,876	
Liability - Deductible	10,000	10,000		10,000	
Workers Compensation	295,000	295,000	219,912	75,088	
Employee Group Insurance	3,820,000	3,774,353	3,301,797	472,556	
Unemployment Compensation	1,000	1,000		1,000	
PUBLIC SAFETY:					
Police:					
Salaries and Wages	3,594,502	3,597,934	3,597,934		
Salaries and Wages - Retirements	143,343	143,343	143,343		
Salaries and Wages - Overtime	90,000	106,688	106,688		
Salaries and Wages - Clothing Allowance	42,000	42,000	42,000		
Other Expenses	105,000	120,000	103,991	16,009	
Other Expenses - Purchase of Vehicles	120,000	120,000	102,018	17,982	
Salaries and wages - School Law Enforcement	105,000	105,000	105,000		
Salaries and wages - ARP Revenue Loss	709,757	709,757	709,757		

TOWNSHIP OF SADDLE BROOK

Statement of Expenditures-Regulatory Basis

Current Fund

Year Ended December 31, 2022

<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	150,000	154,054	154,054		
School Marshalls: Salaries and Wages	645,000	630,000	610,839	19,161	
Other Expenses	5,000	5,000	149	4,851	
Police Clerical: Salaries and Wages	37,500	37,500	37,500		
Emergency Management: Salaries and Wages	12,500	12,500	12,500		
Other Expenses	10,000	10,000	8,793	1,207	
Fire: Other Expenses	140,000	155,000	152,918	2,082	
Other Expenses - Clothing Allowance	80,000	81,500	80,750	750	
Uniform Fire Safety: Salaries and Wages	179,000	179,000	132,615	46,385	
Other Expenses	9,000	9,000	8,360	640	
Aid to Volunteer Ambulance Companies: Other Expenses	65,000	65,000	65,000		
Municipal Prosecutor: Salaries and Wages	9,000	9,000	9,000		

TOWNSHIP OF SADDLE BROOK

Statement of Expenditures-Regulatory Basis

Current Fund

Year Ended December 31, 2022

Description	Budget	Budget after Modifications	Paid or Charged	Reserved	Unexpended Balance Canceled
Division of Sewers:					
Salaries and Wages	115,000	47,000	47,000		
Salaries and Wages - Overtime	10,000	10,000	6,500	3,500	
Other Expenses	10,000	62,000	59,206	2,794	
Other Expenses - Repairs	100,000	100,000	99,915	85	
Sanitation:					
Solid Waste Collection					
Other Expenses - Type 10 Contractual	1,100,000	1,140,000	1,138,254	1,746	
Other Expenses - Recycling Contract	300,000	300,000	300,000		
Recycling:					
Other Expenses	5,000	5,000	1,690	3,310	
Buildings and Property:					
Salaries and Wages	41,000	6,000	1,686	4,314	
Other Expenses	115,000	115,000	110,810	4,190	
Purchase of Equipment	115,000	115,000	90,262	24,738	
Streets and Road Maintenance:					
Salaries and Wages	1,124,000	1,124,000	1,122,035	1,965	
Salaries and Wages - Overtime	40,000	45,000	42,735	2,265	
Other Expenses	170,000	170,000	157,588	12,412	

TOWNSHIP OF SADDLE BROOK

Statement of Expenditures-Regulatory Basis

Current Fund

Year Ended December 31, 2022

Description	Budget	Budget after Modifications	Paid or Charged	Reserved	Unexpended Balance Canceled
Snow Removal:					
Salaries and Wages	30,000	30,000	30,000		
Other Expenses	15,000	15,000	14,894	106	
Health and Welfare:					
Public Health Services:					
Salaries and Wages	5,000	5,000		5,000	
Other Expenses	25,000	20,000	17,483	2,517	
Other Expenses - Wallington	2,000	2,000		2,000	
Other Expenses - Contract	48,000	48,000	35,200	12,800	
Animal Control:					
Salaries and Wages	5,000	5,000		5,000	
Other Expenses - Contract	20,000	20,000	20,000		
Recreation:					
Salaries and wages	52,000	52,000	17,475	34,525	
Other Expenses	115,000	115,000	93,502	21,498	
Other Expenses - Project Graduation	1,500	1,500	1,500		
Other Expenses - Memorial Day	5,000	5,000	5,000		
Salaries and wages	79,000	79,000	78,472	528	
Other Expenses - Senior Citizens Center	6,000	6,000	5,181	819	
Other Expenses - Seniors Annual Dinner	8,000	8,000	8,000		
Other Expenses -Community Projects	55,000	55,000	42,776	12,224	
Other Expenses - Summer Program	7,500	7,500	7,500		
Other Expenses - Special Events	10,000	10,000	5,150	4,850	
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, 2022

<u>Description</u>	<u>Budget</u>	<u>Budget after Modifications</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Other Common Unclassified:					
Municipal Court:					
Salaries and Wages	170,000	171,724	171,724		
Salaries and Wages - Special Court Sessions	7,000	7,000	7,000		
Salaries and Wages - Overtime	15,000	19,003	19,003		
Salaries and wages - Retirements	5,845	5,845	5,845		
Other Expenses	25,000	25,000	20,767	4,233	
Uniform Construction Code-Appropriations Offset by					
Dedicated Revenues (N.J.A.C. 5:23-4.17)					
Code Enforcement and Administration:					
Salaries and Wages	302,000	320,745	320,745		
Other Expenses	5,000	5,000	4,733	267	
UNCLASSIFIED:					
Utilities:					
Electricity	400,000	345,000	252,903	92,097	
Street lighting	275,000	275,000	210,723	64,277	
Telephone	110,000	110,000	104,788	5,212	
Gasoline	150,000	150,000	132,273	17,727	
Landfill/Solid Waste Disposal Cost:					
Dump Fees	90,000	90,000	84,157	5,843	
Sick Time Payments	50,000	50,000	50,000	50,000	
Salary and Wage Adjustment	36,000	36,000	31,773	4,227	
	17,559,697	17,559,636	16,187,575	1,372,061	
Total Operations within "CAPS"					

TOWNSHIP OF SADDLE BROOK

Statement of Expenditures-Regulatory Basis

Current Fund

Year Ended December 31, 2022

Description	Budget	Budget after Modifications	Paid or Charged	Reserved	Unexpended Balance Canceled
Detail:					
Salaries & Wages	8,379,447	8,370,093	8,178,736	191,357	
Other Expenses (Including Contingent)	9,180,250	9,189,543	8,008,839	1,180,704	
	17,559,697	17,559,636	16,187,575	1,372,061	
Deferred Charges and Statutory Expenditures-Municipal within "CAPS"					
DEFERRED CHARGES:					
Overexpenditure of Ordinance	4,201	4,201	4,201		
STATUTORY EXPENDITURES:					
Contribution to:					
Social Security System (O.A.S.I.)	435,000	435,000	380,950	54,050	
Local Firemen's Pension Fund	5,000	5,000	5,000		
Public Employees Retirement System	504,964	504,964	504,964		
Police and Firemans Retirement System of N.J.	1,450,000	1,450,000	1,450,000		
Total Deferred Charged and Statutory Expenditures-Municipal within "CAPS"	2,399,165	2,399,165	2,345,115	54,050	
Total General Appropriations for Municipal Purposes within "CAPS"	19,958,862	19,958,801	18,532,690	1,426,111	

TOWNSHIP OF SADDLE BROOK

Statement of Expenditures-Regulatory Basis

Current Fund

Year Ended December 31, 2022

<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-Excluded from "CAPS":					
Sewer Processing and Disposal:					
Other Expenses - PVSC	1,032,248	1,032,248	1,032,248		
Other Expenses - Lodi Boro	20,000	20,000	15,000	5,000	
Maintenance of Free Public Library:					
Other Expenses	974,373	974,373	974,373		
Garbage & Trash Removal Tonnage Tax	15,000	15,000		15,000	
LOSAP - Ambulance	40,000	40,000		40,000	
LOSAP - Fire	90,000	90,000	5,700	84,300	
	<u>2,171,621</u>	<u>2,171,621</u>	<u>2,027,321</u>	<u>144,300</u>	
Total Other Operations - Excluded from "CAPS"					
Public and Private Programs Offset by Revenues:					
Clean Communities	22,079	22,079	22,079		
Body Armor Replacement Grant	2,464	2,464	2,464		
	<u>24,543</u>	<u>24,543</u>	<u>24,543</u>		
Total Public and Private Programs Offset by Revenues					

TOWNSHIP OF SADDLE BROOK

Statement of Expenditures-Regulatory Basis

Current Fund

Year Ended December 31, 2022

Description	Budget	Budget after Modifications	Paid or Charged	Reserved	Unexpended Balance Canceled
Total Operations - Excluded from "CAPS"	2,196,164	2,196,164	2,051,864	144,300	
Detail:					
Salaries and Wages	2,196,164	2,196,164	2,051,864	144,300	
Other Expenses	2,196,164	2,196,164	2,051,864	144,300	
Capital Improvements - Excluded from CAPS	150,000	150,000	150,000		
Capital Improvement Fund	150,000	150,000	150,000		
Total Capital Improvements - Excluded from CAPS	150,000	150,000	150,000		
Municipal Debt Service-Excluded from "CAPS"					
Payment of Bond Principal	1,922,550	1,922,550	1,922,550		
Payment of Bond Anticipation Notes	350,000	350,000	350,000		
Interest on Bonds	1,821,912	1,821,912	1,820,381		1,531
Interest on Notes	71,000	71,000	70,529		471
NJEIT Trust Loan Principal	110,000	110,060	110,053		7
NJEIT Trust Loan Interest	19,000	19,000	19,000		
Total Municipal Debt Service-Excluded from "CAPS"	4,294,462	4,294,522	4,292,513		2,009
Deferred Charges- Municipal Excluded from "CAPS"					
Special Emergency Authorizations - 5 years (N.J.S. 40A:4-55)	40,301	40,301	40,301		
Total Deferred Charges-Municipal-Excluded from "CAPS"	40,301	40,301	40,301		

TOWNSHIP OF SADDLE BROOK

Statement of Expenditures-Regulatory Basis

Current Fund

Year Ended December 31, 2022

Description	Budget		Paid or Charged	Reserved	Unexpended Balance Canceled
	Budget	Budget after Modifications			
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	6,680,927	6,680,987	6,534,678	144,300	2,009
Subtotal General Appropriations	26,639,789	26,639,788	25,067,368	1,570,411	2,009
Reserve for Uncollected Taxes	1,000,000	1,000,000	1,000,000		
Total General Appropriations	\$ 27,639,789	27,639,788	26,067,368	1,570,411	2,009

Analysis of Paid or Charged	
Reserve for Uncollected Taxes	1,000,000
Federal and State Grant Fund	24,543
Deferred Charges	40,301
Due from Payroll Agency	41,000
Reserve for Encumbrances	212,348
Cash	24,749,176

\$ 26,067,368

TOWNSHIP OF SADDLE BROOK
Comparative Balance Sheet - Regulatory Basis

Trust Funds

December 31, 2022 and 2021

<u>Assets</u>	<u>Ref.</u>	<u>2022</u>	<u>2021</u>
Animal License Fund:			
Cash	B-1	\$ <u>12,539</u>	<u>13,156</u>
Other Trust Funds:			
Cash	B-1	2,166,160	2,499,758
Interfunds	B-3	<u>3,601</u>	<u>5,342</u>
		<u>2,169,761</u>	<u>2,505,100</u>
Length of Service Award Program: (Unaudited)			
Investments	B-1	2,716,855	3,304,270
Contributions Receivable	B-6	<u> </u>	<u>197,900</u>
		<u>2,716,855</u>	<u>3,502,170</u>
		<u>\$ 4,899,155</u>	<u>6,020,426</u>
<u>Liabilities and Reserves</u>			
Animal License Fund:			
Due to Current Fund	B-3	\$ 4,489	4,522
Due to State of New Jersey	B-4	312	157
Reserve for Animal License Fund expenditures	B-5	<u>7,738</u>	<u>8,477</u>
		<u>12,539</u>	<u>13,156</u>
Other Trust Funds:			
Due to Current Fund	B-3	1,805	136,990
Reserve for Other Trust Fund Deposits	B-2	<u>2,167,956</u>	<u>2,368,110</u>
		<u>2,169,761</u>	<u>2,505,100</u>
Length of Service Award Program: (Unaudited)			
Net Assets Available for Benefits	B-7	<u>2,716,855</u>	<u>3,502,170</u>
		<u>\$ 4,899,155</u>	<u>6,020,426</u>

See accompanying notes to financial statements.

TOWNSHIP OF SADDLE BROOK
Comparative Balance Sheet-Regulatory Basis
General Capital Fund
December 31, 2022 and 2021

<u>Assets</u>	<u>Ref.</u>	<u>2022</u>	<u>2021</u>
Cash:			
Checking	C-2,C-3	\$ 748,041	15,491,411
Grants Receivable	C-7	618,687	1,003,677
NJ Environmental Infrastructure Loan Receivable	C-8	56,846	56,846
Deferred charges to future taxation:			
Funded	C-4	47,745,711	49,777,976
Unfunded	C-5	9,538,528	7,168,628
Deferred Charges	C-9		4,201
Interfund Receivable	C-6	258,319	
		<u>58,966,132</u>	<u>73,502,739</u>
		\$	
		<u>58,966,132</u>	<u>73,502,739</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Serial Bonds	C-10	47,170,300	49,092,850
NJ Environmental Infrastructure Trust Loan	C-11	575,411	685,126
Bond Anticipation Notes	C-12	5,849,000	4,715,000
Capital Improvement Fund	C-13	48,900	41,000
Reserve for:			
Payment of Debt	C-14	339,838	52,848
Various Reserves	C-15	105,962	105,962
Contracts Payable	C-16	869,932	1,874,122
Unappropriated State Grant	C-17	81,426	81,426
Grants Receivable	C-18	306,663	691,653
Interfund Payable	C-6		101,816
Improvement authorizations:			
Funded	C-16	1,010,273	13,096,567
Unfunded	C-16	2,608,427	2,907,404
Fund Balance	C-1		56,965
		<u>58,966,132</u>	<u>73,502,739</u>
		\$	
		<u>58,966,132</u>	<u>73,502,739</u>

There were bonds and notes authorized but not issued at December 31, 2022 and 2021 of \$3,689,528 and \$2,453,628 respectively. See Exhibit C-19.

See accompanying notes to financial statements.

TOWNSHIP OF SADDLE BROOK

Schedule of Fund Balance

General Capital Fund

Years Ended December 31,

	<u>2022</u>	<u>2021</u>
Balance - December 31,	\$ 56,965	137,208
Increased by:		
Premium Received from Note Sale	<u> </u>	<u>56,957</u>
	56,965	194,165
Decreased by:		
Budgeted Revenue	<u>56,965</u>	<u>137,200</u>
Balance - December 31,	<u>\$ <u> </u></u>	<u>56,965</u>

See Accompanying Notes to Financial Statements

TOWNSHIP OF SADDLE BROOK
Comparative Balance Sheet - Regulatory Basis

Water Utility Operating Fund

December 31, 2022 and 2021

<u>Assets</u>	<u>Ref.</u>	<u>2022</u>	<u>2021</u>
Water Utility Operating Fund:			
Cash - Treasurer	D-5	\$ 777,533	1,476,444
Interfunds Receivable	D-8	<u>465,600</u>	<u> </u>
		<u>1,243,133</u>	<u>1,476,444</u>
Receivables with Full Reserves:			
Consumers' Accounts Receivable	D-7	<u>194,360</u>	<u>251,645</u>
Total Water Utility Operating Fund		<u>1,437,493</u>	<u>1,728,089</u>
Capital Fund:			
Cash - Treasurer	D-5, D-6	215,129	612,864
Accounts Receivable	D-9	116,040	116,040
Fixed Capital	D-10	4,333,801	4,333,801
Fixed Capital Authorized and Uncompleted	D-11	4,667,992	4,667,992
Interfunds Receivable	D-19	<u>421,281</u>	<u>100,000</u>
Total Capital Fund		<u>9,754,243</u>	<u>9,830,697</u>
		<u>\$ 11,191,736</u>	<u>11,558,786</u>

TOWNSHIP OF SADDLE BROOK
Comparative Balance Sheet - Regulatory Basis

Water Utility Operating Fund

December 31, 2022 and 2021

<u>Liabilities, Reserves and Fund Balance</u>	<u>Ref.</u>	<u>2022</u>	<u>2021</u>
Water Utility Operating Fund:			
Appropriation Reserves	D-4, D-12	165,846	175,780
Reserve for Encumbrances	D-4, D-13	25,837	31,154
Interfunds Payable	D-8	421,281	421,281
Overpayments	D-14	7,086	9,798
Accrued Interest on Bonds	D-15	40,960	43,929
Accrued Interest on Loans	D-16	4,258	4,570
		<u>665,268</u>	<u>686,512</u>
Reserve for Receivables	Contra	194,360	251,645
Fund Balance	D-1	<u>577,865</u>	<u>789,932</u>
Total Water Utility Operating Fund		<u>1,437,493</u>	<u>1,728,089</u>
Capital Fund:			
Improvement Authorization:			
Funded	D-17	743,980	800,210
Unfunded	D-17	794,871	815,095
Capital Improvement Fund	D-18	17,748	17,748
Reserve for:			
Amortization	D-20	2,552,012	2,180,112
Deferred Amortization	D-21	127,676	127,676
Serial Bonds Payable	D-22	4,504,700	4,812,150
NJ Environmental Infrastructure Trust Loans	D-23	1,001,819	1,066,269
Fund Balance	D-2	<u>11,437</u>	<u>11,437</u>
Total Capital Fund		<u>9,754,243</u>	<u>9,830,697</u>
		<u>\$ 11,191,736</u>	<u>11,558,786</u>

There were bonds and notes authorized but not issued at December 31, 2022 and December 31, 2021 of \$815,587 and \$815,587 (Exhibit D-24).

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, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Revenue and other income:		
Fund Balance Anticipated	\$ 611,450	551,400
Rents	3,070,711	2,855,189
Interest on Delinquencies	19,255	17,838
Interest on Investments	5,214	5,115
Miscellaneous Revenues not Anticipated	4,383	19,208
Liabilities cancelled	9,756	14,294
Unexpended Balance of Appropriation Reserves	<u>168,064</u>	<u>137,866</u>
Total Revenue and Other Income	<u>3,888,833</u>	<u>3,600,910</u>
Expenditures:		
Operating	2,775,000	2,725,000
Capital Improvements	65,000	65,000
Debt Service	509,450	541,100
Deferred Charges and Statutory Expenditures	140,000	135,000
Return of Change Fund	<u>19</u>	<u>19</u>
Total Expenditures	<u>3,489,450</u>	<u>3,466,119</u>
Excess (Deficit) in Revenues	399,383	134,791
Fund Balance, January 1	<u>789,932</u>	<u>1,206,541</u>
	1,189,315	1,341,332
Decreased by Utilization by Water Operating Budget	<u>611,450</u>	<u>551,400</u>
Balance, December 31	<u><u>\$ 577,865</u></u>	<u><u>789,932</u></u>

See accompanying notes to financial statements.

TOWNSHIP OF SADDLE BROOK

Schedule of Fund Balance

Water Utility Capital Fund

Year ended December 31, 2022

	<u>2022</u>	<u>2021</u>
Balance, December 31, 2021	\$ <u>11,437</u>	<u>11,437</u>
Balance, December 31, 2022	\$ <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, 2022

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess (deficit)</u>
Surplus	\$ 611,450	611,450	
Rents	2,850,000	3,070,711	220,711
Interest on Investments	23,000	5,214	(17,786)
Interest on Delinquent Billings	5,000	19,255	14,255
Miscellaneous	<u> </u>	<u>4,383</u>	<u>4,383</u>
	<u>\$ 3,489,450</u>	<u>3,711,013</u>	<u>221,563</u>

Analysis of Realized Revenue

Rents	\$ 3,060,913
Overpayments Applied	<u>9,798</u>
	<u>\$ 3,070,711</u>
<u>Miscellaneous</u>	
Miscellaneous	<u>4,383</u>
	<u>\$ 4,383</u>

See accompanying notes to financial statements.

TOWNSHIP OF SADDLE BROOK
Statement of Expenditures - Regulatory Basis
Water Utility Operating Fund
Year ended December 31, 2022

	<u>Appropriations</u>		<u>Expended</u>	
	<u>Budget</u>	<u>Budget after Modifi- cation</u>	<u>Paid or Charged</u>	<u>Reserved</u>
Operating:				
Salaries and Wages	\$ 380,000	382,044	382,044	
Other Expenses	<u>2,395,000</u>	<u>2,392,956</u>	<u>2,315,675</u>	<u>77,281</u>
Total Operating	<u>2,775,000</u>	<u>2,775,000</u>	<u>2,697,719</u>	<u>77,281</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	26,435	23,565
Public Employees' Retirement System	<u>90,000</u>	<u>90,000</u>	<u>90,000</u>	
Total Deferred Charges and Statutory Expenditures	<u>140,000</u>	<u>140,000</u>	<u>116,435</u>	<u>23,565</u>
Debt Service:				
Payment of Bond Principal	307,450	307,450	307,450	
Interest on Bonds	125,000	125,000	125,000	
EIT Debt Service	<u>77,000</u>	<u>77,000</u>	<u>77,000</u>	
	<u>509,450</u>	<u>509,450</u>	<u>509,450</u>	
	<u>\$ 3,489,450</u>	<u>3,489,450</u>	<u>3,323,604</u>	<u>165,846</u>

Cash Disbursed	\$ 3,160,217
Reserve for Encumbrances	25,837
Accrued Interest on Bonds	125,000
Accrued Interest on Loans	<u>12,550</u>
	<u>\$ 3,323,604</u>

See accompanying notes to financial statements.

TOWNSHIP OF SADDLE BROOK

Comparative Statement of General Fixed Assets - Regulatory Basis

December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<u>General Fixed Assets:</u>		
Land and Land Improvements	\$ 15,921,387	15,921,387
Buildings	17,869,600	17,869,600
Machinery and Equipment	<u>12,057,964</u>	<u>12,007,586</u>
	<u>\$ 45,848,951</u>	<u>45,798,573</u>
Investment in Fixed Assets	<u>\$ 45,848,951</u>	<u>45,798,573</u>

See accompanying notes to financial statements.

TOWNSHIP OF SADDLE BROOK

Comparative Balance Sheets-Regulatory Basis

Payroll Account

December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<u>Assets</u>		
Cash	\$ <u>86,942</u>	<u>360,022</u>
<u>Liabilities</u>		
Interfund - Current Fund	\$ 41,000	32,131
Withholdings Payable	<u>45,942</u>	<u>327,891</u>
	<u>\$ 86,942</u>	<u>360,022</u>

See accompanying notes to the financial statements.

**TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

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, 2022 AND 2021
(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 the processing of all payroll transactions including federal and state tax withholdings, employee deductions and net payroll distributed to employees.

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(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, 2022 AND 2021
(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 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, 2022 AND 2021
(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, 2022 and 2021, 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 2022 and 2021.

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, 2022 AND 2021
(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, 2022 AND 2021
(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, 2022 AND 2021
(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

The Township did not adopt any new accounting pronouncements during 2022.

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.

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TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(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, 2022 and 2021, \$-0- of the Township's bank balance of \$20,066,489 and \$31,556,328, 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, 2022 AND 2021
(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, 2022 and 2021 amounted to \$2,716,855 and \$3,304,270, respectively.

The following investments represent 5% or more of the total invested with Lincoln Financial Group on December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
American Funds Growth Fund	\$344,758	\$495,033
Fidelity VIP Growth	162,928	218,144
Fixed	326,402	310,477
LVIP SSGA S&P 500 Index Fund	814,383	1,000,243
All Others	<u>1,068,384</u>	<u>1,280,373</u>
Total	<u>\$2,716,855</u>	<u>\$3,304,270</u>

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(continued)

NOTE 3. MUNICIPAL DEBT

Long-term debt as of December 31, 2022 and 2021 consisted of the following:

	<u>Balance</u> <u>Dec. 31, 2021</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>Dec. 31, 2022</u>	<u>Amounts Due</u> <u>Within</u> <u>One Year</u>
Bonds Payable:					
General Obligation Debt	\$49,092,850	\$	\$1,922,550	\$47,170,300	\$1,974,050
Water Utility Obligation Debt	<u>4,812,150</u>	<u> </u>	<u>307,450</u>	<u>4,504,700</u>	<u>320,950</u>
Total Bonds Payable	<u>53,905,000</u>	<u>0</u>	<u>2,230,000</u>	<u>51,675,000</u>	<u>2,295,000</u>
Other Liabilities:					
Pension Deferral	162,427		60,900	101,527	63,553
General Capital:					
NJEIT Loans Payable	685,126		109,715	575,411	107,677
Water Capital:					
NJEIT Loans Payable	1,066,269		64,450	1,001,819	64,450
Compensated Absences Payable	<u>3,544,282</u>	<u> </u>	<u> </u>	<u>3,544,282</u>	<u> </u>
Total Other Liabilities	<u>5,458,104</u>	<u>0</u>	<u>235,065</u>	<u>5,223,039</u>	<u>235,680</u>
	<u>\$59,363,104</u>	<u>\$0</u>	<u>\$2,465,065</u>	<u>\$56,898,039</u>	<u>\$2,530,680</u>
	<u>Balance</u> <u>Dec. 31, 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>Dec. 31, 2021</u>	<u>Amounts Due</u> <u>Within</u> <u>One Year</u>
Bonds Payable:					
General Obligation Debt	\$50,604,250	\$	\$1,511,400	\$49,092,850	\$1,922,550
Water Utility Obligation Debt	<u>5,105,750</u>	<u> </u>	<u>293,600</u>	<u>4,812,150</u>	<u>307,450</u>
Total Bonds Payable	<u>55,710,000</u>	<u>0</u>	<u>1,805,000</u>	<u>53,905,000</u>	<u>2,230,000</u>
Other Liabilities:					
Pension Deferral	218,127		55,700	162,427	60,900
General Capital:					
NJEIT Loans Payable	788,587		103,461	685,126	109,715
Water Capital:					
NJEIT Loans Payable	1,145,653		79,384	1,066,269	64,450
Compensated Absences Payable	<u>4,001,129</u>	<u> </u>	<u>456,847</u>	<u>3,544,282</u>	<u> </u>
Total Other Liabilities	<u>6,153,496</u>	<u>0</u>	<u>695,392</u>	<u>5,458,104</u>	<u>235,065</u>
	<u>\$61,863,496</u>	<u>\$0</u>	<u>\$2,500,392</u>	<u>\$59,363,104</u>	<u>\$2,465,065</u>

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(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 2022</u>	<u>Year 2021</u>	<u>Year 2020</u>
<u>Issued:</u>			
General - Bonds, Notes and Loans	\$53,594,711	\$54,492,976	\$52,442,837
Water Utility - Bonds, Notes and Loans	<u>5,506,519</u>	<u>5,878,419</u>	<u>6,251,403</u>
	<u>59,101,230</u>	<u>60,371,395</u>	<u>58,694,240</u>
<u>Authorized But Not Issued</u>			
General - Bonds and Notes	3,689,528	2,453,628	2,765,628
Water Utility - Bonds and Notes	<u>815,587</u>	<u>815,587</u>	<u>15,653</u>
	<u>4,505,115</u>	<u>3,269,215</u>	<u>2,781,281</u>
Total Bonds, Notes and Loans Issued and Authorized But Not Issued	63,606,345	63,640,610	61,475,521
Less: Deductions	<u>6,661,944</u>	<u>6,746,854</u>	<u>6,354,582</u>
Net Debt	<u>\$56,944,401</u>	<u>\$56,893,756</u>	<u>\$55,120,939</u>

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 1.980% for 2022.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
School District Debt	\$4,874,000	\$4,874,000	\$0
Water Utility	6,322,106	6,322,106	0
General Debt	<u>57,284,239</u>	<u>339,838</u>	<u>56,944,401</u>
	<u>\$68,480,345</u>	<u>\$11,535,944</u>	<u>\$56,944,401</u>

Net debt of \$56,944,401 divided by equalized valuation basis per N.J.S.A. 40A:2-2 as amended of \$2,876,467,453 equals 1.980%.

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(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 2.095% for 2021.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
School District Debt	\$6,614,000	\$6,614,000	\$0
Water Utility	6,694,006	6,694,006	0
General Debt	<u>56,946,604</u>	<u>52,848</u>	<u>56,893,756</u>
	<u>\$70,254,610</u>	<u>\$13,360,854</u>	<u>\$56,893,756</u>

Net debt of \$56,893,756 divided by equalized valuation basis per N.J.S.A. 40A:2-2 as amended of \$2,715,208 equals 2.095%.

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

	<u>2022</u>	<u>2021</u>
3 ½% of Equalized Valuation Basis (Municipal)	\$100,676,361	\$95,032,286
Net Debt	<u>56,944,401</u>	<u>56,893,756</u>
Remaining Borrowing Power	<u>\$43,731,960</u>	<u>\$38,138,530</u>

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

	<u>2022</u>	<u>2021</u>
Cash receipts from fees, rents or other charges for year	\$3,711,013	\$3,448,750
Deductions:		
Operating and Maintenance Cost	2,915,000	2,860,000
Debt Service per Water Account	<u>509,450</u>	<u>541,100</u>
Total Deductions	<u>3,424,450</u>	<u>3,401,100</u>
Excess in Revenue - Self-Liquidating	<u>\$286,563</u>	<u>\$47,650</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, 2022 AND 2021
(continued)

NOTE 3. MUNICIPAL DEBT, (continued)

The Township's long-term debt consisted of the following at December 31, 2022:

Paid by Current Fund:

<u>General Serial Bonds:</u>	<u>2022</u>	<u>2021</u>
\$14,907,900 Refunding Bonds - with an interest rate of 2.00% to 5.00% issued December 23, 2014, due through September 1, 2030	\$9,495,300	\$10,457,850
\$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	13,390,000	14,000,000
\$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>24,285,000</u>	<u>24,635,000</u>
Total General Serial Bonds	<u>\$47,170,300</u>	<u>\$49,092,850</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>2022</u>	<u>2021</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%	\$319,000	\$376,000
\$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>256,411</u>	<u>309,126</u>
Total Infrastructure Loans	<u>\$575,411</u>	<u>\$685,126</u>

**TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(continued)**

NOTE 3. MUNICIPAL DEBT, (continued)

Paid by Water Utility Fund:	<u>2022</u>	<u>2021</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	\$714,700	\$787,150
\$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>3,790,000</u>	<u>4,025,000</u>
Total Water Utility Serial Bonds	<u>\$4,504,700</u>	<u>\$4,812,150</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>2022</u>	<u>2021</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%	\$280,000	\$295,000
\$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>721,819</u>	<u>771,269</u>
Total Infrastructure Loans	<u>\$1,001,819</u>	<u>\$1,066,269</u>

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

Year	General Capital					Water Utility				
	Bonds		Loans		Total	Bonds		Loans		Total
	Principal	Interest	Principal	Interest		Principal	Interest	Principal	Interest	
2023	\$1,974,050	\$1,821,912	\$107,677	\$15,950	\$3,919,589	\$320,950	\$109,950	\$64,450	\$10,219	\$505,569
2024	2,315,550	1,743,810	114,080	13,100	4,186,540	334,450	100,840	64,450	9,469	509,209
2025	2,291,350	1,659,435	112,105	10,000	4,072,890	348,650	91,342	64,450	8,719	513,161
2026	2,192,150	1,479,450	118,265	6,900	3,796,765	362,850	81,422	64,450	7,969	516,691
2027	2,283,650	1,398,498	123,284	3,550	3,808,982	376,350	71,958	64,450	7,219	519,977
2028-2032	12,118,350	5,656,531			17,775,081	1,911,450	210,960	347,251	26,344	2,496,005
2033-2037	9,510,000	3,817,650			13,327,650	850,000	19,922	332,317	10,794	1,213,033
2038-2042	5,785,000	2,514,700			8,299,700					
2043-2047	7,105,000	1,194,000			8,299,000					
2048	1,595,000	63,800			1,658,800					
	<u>\$47,170,300</u>	<u>\$21,349,786</u>	<u>\$575,411</u>	<u>\$49,500</u>	<u>\$69,144,997</u>	<u>\$4,504,700</u>	<u>\$686,394</u>	<u>\$1,001,818</u>	<u>\$80,733</u>	<u>\$6,273,645</u>

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(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, 2022 and 2021, the Township had authorized but not issued debt as follows:

	<u>2022</u>	<u>2021</u>
General Capital Fund	\$3,689,528	\$2,453,628
Water Utility Capital Fund	815,587	815,587

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, 2022 and 2021, the Township had \$5,849,000 and \$4,715,000, respectively, in outstanding General Capital Bond Anticipation Notes. The Township also had \$-0- and \$-0-, respectively, in outstanding Water Utility Capital Bond Anticipation Notes for the years ended December 31, 2022 and 2021.

The following activity related to bond anticipation notes occurred during the calendar years ended December 31, 2022 and 2021:

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	Ending <u>Balance</u>
<u>General Capital Notes Payable</u>				
Piper Sandler & Co.	\$4,715,000	\$	\$4,715,000	\$0
Spencer Savings Bank, SLA		<u>5,849,000</u>		<u>5,849,000</u>
	<u>4,715,000</u>	<u>5,849,000</u>	<u>4,715,000</u>	<u>5,849,000</u>

**TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(continued)**

NOTE 4. BOND ANTICIPATION NOTES, (continued)

<u>2021</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
<u>General Capital Notes Payable</u>				
Piper Sandler & Co.	\$	\$4,715,000	\$	\$4,715,000
Columbia Bank	<u>1,050,000</u>		<u>1,050,000</u>	<u>0</u>
	<u>1,050,000</u>	<u>4,715,000</u>	<u>1,050,000</u>	<u>4,715,000</u>
<u>Water Utility Capital Notes Payable</u>				
TD Securities (USA) LLC	_____	_____	_____	-0-
	<u>\$1,050,000</u>	<u>\$4,715,000</u>	<u>\$1,050,000</u>	<u>\$4,715,000</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 Annual Comprehensive Financial Report (ACFR) 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, 2022 AND 2021
(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:

Tier	Definition
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, 2022 AND 2021
(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 Annual Comprehensive Financial Report (ACFR) 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, 2022 AND 2021
(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, 2022 was \$101,527.

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(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>
2022	\$444,501	\$1,381,699	\$5,277
2021	426,723	1,374,965	12,411
2020	401,416	1,180,156	14,832

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, 2022 AND 2021
(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, 2022, the Township had a liability of \$6,278,192 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2022, 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, 2022, the Township's proportion was .0416011913 percent, which was an increase of .0036458637 percent from its proportion measured as of June 30, 2022.

For the year ended December 31, 2022, the Township recognized pension expense of \$444,501. At December 31, 2022, 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	\$45,313	\$39,960
Changes of assumptions	19,452	940,094
Net difference between projected and actual earnings on pension plan investments	259,849	
Changes in proportion and differences between Township contributions and proportionate share of contributions	<u>705,809</u>	<u>353,029</u>
Total	<u>\$1,030,423</u>	<u>\$1,333,083</u>

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(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, 2022) 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:	
2023	\$(538,537)
2024	(274,367)
2025	(133,803)
2026	291,908
2027	(641)

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 5.04, 5.13, 5.16, 5.21, 5.63 and 5.48 years for 2022, 2021, 2020, 2019, 2018 and 2017 amounts, respectively.

Additional Information

Local Group Collective balances net of nonemployer (State of New Jersey) balances at June 30, 2022 and June 30, 2021 are as follows:

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Collective deferred outflows of resources	\$1,660,772,008	\$1,164,738,169
Collective deferred inflows of resources	3,236,303,935	8,339,123,762
Collective net pension liability	15,219,184,920	11,972,782,878
Township's Proportion	.0416011913%	.0379553276%

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(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, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which rolled forward to June 30, 2022. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases	2.75-6.55% based on years of service
Investment Rate of Return	7.00 Percent

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

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-2021.

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(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, 2022) 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, 2022 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%	8.12%
Non-U.S. Developed Market Equity	13.50%	8.38%
Emerging Market Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%

**TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(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, 2022. 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 100% 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, 2022, 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, 2022		
	1% Decrease	At Current Discount Rate	1% Increase
	<u>6.00%</u>	<u>7.00%</u>	<u>8.00%</u>
Township's proportionate share of the pension liability	\$8,080,776	\$6,278,192	\$4,744,121

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, 2022 AND 2021
(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, 2022, the Township had a liability of \$12,272,182 for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2022, 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, 2022, the Township's proportion was .1072147500 percent, which was a decrease of .011338773 percent from its proportion measured as of June 30, 2021.

For the year ended December 31, 2022, the Township recognized pension expense of \$1,381,699. At December 31, 2022, 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	\$555,472	\$751,838
Changes of assumptions	33,633	1,544,825
Net difference between projected and actual earnings on pension plan investments	1,123,771	
Changes in proportion and differences between Township contributions and proportionate share of contributions	<u>738,420</u>	<u>1,818,385</u>
Total	<u>\$2,451,296</u>	<u>\$4,115,048</u>

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(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, 2022) 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:	
2023	\$(613,805)
2024	(392,260)
2025	(373,671)
2026	780,540
2027	7,522
Thereafter	7,886

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 6.22, 6.17, 5.90, 5.92, 5.73 and 5.59 years for 2022, 2021, 2020, 2019, 2018 and 2017 amounts, respectively.

Additional Information

Local Group Collective balances net of nonemployer (State of New Jersey) balances at June 30, 2022 and June 30, 2021 are as follows:

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Collective deferred outflows of resources	\$2,163,793,985	\$817,271,932
Collective deferred inflows of resources	2,805,919,493	6,875,738,520
Collective net pension liability	13,483,472,009	9,364,849,587
Township's Proportion	.1072147500%	.1185535227%

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(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, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which rolled forward to June 30, 2022. This actuarial valuation used the following actuarial assumptions:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through all Future Years	3.25-16.25% (based on years of service)
Thereafter	Not Applicable
Investment Rate of Return	7.00%

Mortality Rates

Employee mortality rates were based on the PubS-2010 amount-weighted mortality table with a 105.6% adjustment for males and 102.5% adjustment for females. For healthy annuitants, mortality rates were based on the PubS-2010 amount-weighted mortality table with a 96.7% adjustment for males and a 96.0% adjustment for females. Disability rates were based on the PubS-2010 amount-weighted mortality table with a 152.0% adjustment for males and 109.3% adjustment for females. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(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, 2022) 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, 2022 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%	8.12%
Non-U.S. Developed Market Equity	13.50%	8.38%
Emerging Market Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High Yield	2.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	8.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	5.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%

**TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(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, 2022. 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 100% 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, 2022, 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, 2022		
	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	\$17,651,476	\$12,272,182	\$7,793,894

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(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, 2022 and 2021, the State proportionate share of the net pension liability attributable to the Township for the PFRS special funding situation is \$2,184,089 and \$2,437,102, respectively. For the years ended December 31, 2022 and 2021, 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 \$251,986 and \$271,422, respectively, which is more than the actual contributions the State made on behalf of the Township of \$271,908 and \$211,709, 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, 2022 AND 2021
(continued)**

NOTE 7. FUND BALANCE APPROPRIATED

The fund balance at December 31, 2022 which has been appropriated as revenue in the 2023 budget is as follows:

Current Fund	\$3,200,000
Water Utility Operating Fund	498,950

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 \$3,544,282 as of December 31, 2022 and \$3,544,282 as of December 31, 2021. 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, 2022 consist of the following:

\$372,246	Due to the Federal and State Grant Fund from the Current Fund for grant receipts less expenditures made.
4,489	Due to the Current Fund from the Animal License Trust Fund for accumulated statutory excess.
276	Due to the Current Fund from the Escrow Trust Fund for the Township's share of interest earned.
1,529	Due to the Current Fund from the Redemption Trust Fund for interest earnings.
431	Due to the Other Trust Fund from the Current Fund to reimburse expenses paid less interest earnings.
41,000	Due to the Current Fund from the Payroll Agency fund to return funds advanced.
258,319	Due to the Current Fund from the General Capital Fund for interest earnings and funds transferred in error less grant proceeds received in current.
3,170	Due to the Unemployment Trust Fund from the Current Fund for employee payroll deductions.
465,600	Due to the Water Utility Operating Fund from the Current Fund for funds transferred in error.
<u>421,281</u>	Due to the Water Utility Capital Fund from the Water Utility Operating Fund for interfunds liquidated through the incorrect fund.
<u>\$1,568,341</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, 2022 AND 2021
(continued)

NOTE 10. DEFERRED CHARGES

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2022 and 2021 the following deferred charges are shown on the balance sheet of the various funds:

	Balance December 31, <u>2022</u>	Subsequent Budget <u>Appropriation</u>	Balance to Succeeding Year's <u>Budget</u>
Current Fund:			
Special Emergency - NJSA 40A:4-53			
COVID Revenue Losses	\$161,204	\$40,301	\$120,903
Expenditures without Appropriation	29,528	29,528	-
Federal and State Grant Fund:			
Over-expenditure of Appropriated Grant Reserves	<u>4,749</u>	<u>4,749</u>	<u>-</u>
Total Deferred Charges	<u>\$195,481</u>	<u>\$74,578</u>	<u>\$120,903</u>

	Balance December 31, <u>2021</u>	Subsequent Budget <u>Appropriation</u>	Balance to Succeeding Year's <u>Budget</u>
Current Fund:			
Special Emergency - NJSA 40A:4-53			
COVID Revenue Losses	\$201,505	\$40,301	\$161,204
Federal and State Grant Fund:			
Over-expenditure of Appropriated Grant Reserves	4,749		4,749
General Capital Fund:			
Over-expenditure of Improvement Authorization	<u>4,201</u>	<u>4,201</u>	<u>-</u>
Total Deferred Charges	<u>\$201,505</u>	<u>\$44,502</u>	<u>\$165,953</u>

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(continued)

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.

We have reviewed the plan for the year ended December 31, 2022 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 2022 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 South Bergen Municipal 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.

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(continued)

NOTE 12. RISK MANAGEMENT, (continued)

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.

The Township has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the Township is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Township is billed quarterly for amounts due to the State. The following is a summary of Township contributions, reimbursements to the State for benefits paid and the ending balance of the Township's unemployment compensation trust fund for the current and previous two years:

<u>Year Ended</u> <u>December 31</u>	<u>Interest</u> <u>Earnings</u>	<u>Employee</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2022	\$463	\$12,711	\$-0-	\$163,988
2021	329	10,889	-0-	150,814
2020	744	10,458	-0-	139,596
2019	1,135	10,901	-0-	128,394

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(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, 2022</u>	<u>Balance</u> <u>Dec 31, 2021</u>
Prepaid Taxes	<u>\$310,058</u>	<u>\$475,003</u>
Cash Liability for Taxes Collected in Advance	<u>\$310,058</u>	<u>\$475,003</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, 2022. 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, 2022 AND 2021
(continued)

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

General Information about the OPEB Plan, (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>

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**TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(continued)**

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

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, 2022 AND 2021
(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, 2022 AND 2021
(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, 2022 AND 2021
(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, 2022 AND 2021
(continued)

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

22. Payroll Information
- Payroll information was supplied by the Township and reflected in the valuation for use in determining retiree contribution rates as well as the actuarial cost method. Contribution rates for future retirees with less than (20) years of service prior to implementation of Chapter 78 on June 28, 2011 will have their contribution for healthcare benefits based on base salary at retirement with a minimum of 1.5% of base salary. Average salary increase used in the valuation for the Entry Age Normal (EAN) actuarial cost method is assumed to be 3.0%.
23. Retirement System
- Valuation is based on the New Jersey Public Employees' Retirement System (PERS), and the New Jersey Police and Firemen's Retirement System (PFRS). Decrement tables used in this valuation are from July 1, 2018 Annual Report of the Actuary for both PERS and PFRS.
24. Retirement Eligibility Assumptions
- Eligibility for retirement is based on a minimum of age and/or years of service (YOS). Subsidized benefits are available for employees in PERS and PFRS that attain a minimum of twenty five (25) years of service.
25. Retiree Contribution Rates
- Contribution rates for future retirees will be based on the State of New Jersey's new contribution formula per implementation of Chapter 78. Contributions are calculated using a varying formula based on the retirees' base salary at retirement with a minimum contribution of 1.5% of base salary. Active employees hired prior to implementation of Chapter 78 (June 28, 2011) with less than twenty years of service at implementation had their contribution phased in over a four-year period. Employees hired on or after June 28, 2011 will have their contribution set at the highest year four contribution level. As the four-year phase in period has expired, all active employees' contribution level is set at the highest level.
- Contributions for current retirees and future retirees with twenty or more years of service at June 28, 2011 are 0% (non-contributory). The Township pays 100% of the benefit cost.
26. Mortality
- Society of Actuaries Pub-2010 Public Retirement Plans Health Male and Female Total Dataset Headcount-Weighted Mortality tables based on Employee and Healthy Annuitant Tables for both pre and post retirement projected with mortality improvements using the most current Society of Actuaries Mortality Improvement Scale MP-2019.

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(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, 2022 AND 2021
(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, 2021, the Township recognized OPEB expense of \$3,182,513 based on actuarial estimates at December 31, 2021.

Changes in Net OPEB Liability FYE 2021

Discount Rate (Proj.) 2.92% FYE 12/31/2021
Investment Return Rate (Proj.) N/A; Index will apply

Changes in Total OPEB Liability During the Year

Total OPEB Liability at beginning of year	\$66,183,937
Service Cost	1,387,897
Interest Cost	1,794,616
Benefit Payments	<u>(992,939)</u>
Total OPEB Liability at end of year	<u>\$68,373,511</u>

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

TOTAL GASB #75 Expense for FYE 2021

1. Service Cost with Interest - Period January 1, 2021 to December 31, 2021	\$1,387,897
2. Interest Cost - Period January 1, 2021 to December 31, 2021	
(a) Discount Rate	2.92%
(b) Total OPEB Liability as of January 1, 2021	66,183,937
(c) Actual Benefit Payments - Illustrated as Project for Period January 1, 2021 to December 31, 2021	992,939
(d) Interest Cost: (2a)x[(2b)-(2c)/2]	1,794,616
3. Investment Return - Period January 1, 2021 to December 31, 2021	
4. Employee Contributions - Period January 1, 2021 to December 31, 2021 (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, 2022 AND 2021
(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	\$
(b) Asset (Gain)/Loss: Page 4, Section B, Line 4	_____
© Net (Gain)/Loss: (7a)-(7b)	_____
8. Total Expense - Period January 1, 2021 to December 31, 2021	
(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	\$68,373,511	\$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	\$68,373,511	\$80,497,875

The Township did not have an updated actuarial calculation performed as required by GASB 75 and Local Finance Notice 2007-15.

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(continued)

NOTE 16. FIXED ASSETS

The following is a summary of General Fixed Assets Account Group as of December 31, 2022 and 2021:

	<u>Balance</u> <u>Dec. 31, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>Dec. 31, 2022</u>
Land	\$15,921,387	\$	\$	\$15,921,387
Buildings	17,869,600			17,869,600
Machinery and Equipment	<u>12,007,586</u>	<u>50,378</u>	_____	<u>12,057,964</u>
	<u>\$45,798,573</u>	<u>\$50,378</u>	<u>\$0</u>	<u>\$45,848,951</u>

	<u>Balance</u> <u>Dec. 31, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>Dec. 31, 2021</u>
Land	\$15,921,387	\$	\$	\$15,921,387
Buildings	17,847,425	22,175		17,869,600
Machinery and Equipment	<u>11,689,255</u>	<u>318,331</u>	_____	<u>12,007,586</u>
	<u>\$45,458,067</u>	<u>\$340,506</u>	<u>\$0</u>	<u>\$45,798,573</u>

NOTE 17. OTHER MATTERS

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 amount of federal aid available to the Township of Saddle Brook is \$1,419,515 which will be available for use until December 31, 2024.

NOTE 18. SUBSEQUENT EVENTS

The Township has evaluated subsequent events through September 6, 2023, the date which the financial statements were available to be issued and the following item was noted for disclosure.

SUPPLEMENTARY DATA

TOWNSHIP OF SADDLE BROOK

Supplementary data

Comparative Schedule of Tax Rate Information

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Tax rate	<u>2.402</u>	<u>2.604</u>	<u>2.575</u>
Apportionment of tax rate:			
Municipal	0.756	0.820	0.847
Library	0.037	0.037	
School	1.354	1.478	1.472
County	<u>0.255</u>	<u>0.269</u>	<u>0.256</u>

Assessed Value

2022	\$ 2,658,193,300
2021	2,394,914,000
2020	2,360,922,500

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>Currently</u>	
		<u>Collections</u>	<u>Percentage of Collection</u>
2022	\$ 63,880,023	63,337,029	99.15%
2021	62,370,700	61,976,015	99.37%
2020	60,889,619	60,285,063	99.01%

Delinquent Taxes and Tax Title Liens

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

<u>Dec. 31</u>	<u>Amount of delinquent taxes</u>	<u>Tax title liens</u>	<u>Total delinquent</u>	<u>Percentage of tax levy</u>
2022	\$ 419,816	109,822	529,638	0.83%
2021	338,676	107,223	445,899	0.71%
2020	357,872	104,405	462,277	0.76%

TOWNSHIP OF SADDLE BROOK

Supplementary data

Property Acquired by Tax Title Lien Liquidation

No properties have been acquired in 2022 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>
2022	\$ 742,249
2021	742,249
2020	742,249

Comparative Schedule of Fund Balance

	<u>Year</u>		<u>Dec. 31</u>	<u>Utilized in budget of succeeding year</u>
Current Fund	2022	\$	6,613,190	3,200,000
	2021		5,705,114	2,300,000
	2020		5,953,489	2,000,000
	2019		4,692,368	1,550,000
	2018		3,390,489	800,000
Water Utility Operating Fund	2022		577,865	498,950
	2021		789,932	611,450
	2020		1,206,541	551,400
	2019		1,091,913	228,150
	2018		1,129,759	457,725

TOWNSHIP OF SADDLE BROOK

Supplementary Data

Officials in Office and Surety Bonds

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

<u>Name</u>	<u>Title</u>	<u>Amount of bond</u>
Robert D. White	Mayor	
Florence Mazzer	Council President	
Karen D'Arminio	Councilmember	
David Gierek	Councilmember	
Todd J. Accomando	Councilmember	
Andrew Cimiluca	Councilmember	
Maureen Ruane	Township Administrator - from 10/6/22	
Peter Lo Dico	Township Administrator - to 10/6/22	(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
James Galbo	Officer in Charge - from September 2021	(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
Schedule of Cash - Collector-Treasurer
Current Fund
Year Ended December 31, 2022

	<u>Current Fund</u>	<u>Federal and State Grant Fund</u>
Balance - December 31, 2021	\$ 8,635,598	288,058
Increased by Receipts:		
Taxes Receivable	63,149,199	
Miscellaneous Revenue Not Anticipated	543,267	
Tax Overpayments	53,365	
Prepaid Taxes	310,058	
Due from State - Senior Citizen and Veteran Deductions	94,045	
Revenue Accounts Receivable	4,379,735	
Reserve for Municipal Relief Fund	75,125	
Due to State of New Jersey	29,088	
Interfunds	1,050,500	
Reclass from Federal and State Grant Fund	288,058	
Unappropriated Reserves for Grants	74,346	
	70,046,786	
	78,682,384	288,058
Decreased by Disbursements:		
Current Year Budget Appropriations	24,749,176	
Interfunds	166,342	
Due to State of New Jersey	30,599	
Appropriation Reserves	601,140	
Tax Overpayment Refunds	44,366	
Local District School Taxes	34,748,402	
County Taxes Payable	6,749,979	
Refunds	334	
Reclass to Current Fund		288,058
Expenditures without Appropriations	29,528	
Appropriated Reserves for Grants	5,949	
	67,125,815	288,058
Balance - December 31, 2022	\$ 11,556,569	

TOWNSHIP OF SADDLE BROOK

Schedule of Cash - Change Fund

Current Fund

Year Ended December 31, 2022

Balance - December 31, 2021	\$ <u>475</u>
Balance - December 31, 2022	\$ <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, 2022

Balance - December 31, 2021		\$	38,269
Increased by:			
Senior Citizens' Deductions Per Tax Billing	\$	16,250	
Veterans' Deductions Per Tax Billing		76,000	
Senior Citizen's and Veteran's Allowed - 2022		<u>2,500</u>	
			<u>94,750</u>
			133,019
Decreased by:			
State Share of Senior Citizens and Veteran			
Deductions Received in Cash			<u>94,045</u>
Balance - December 31, 2022		\$	<u><u>38,974</u></u>

TOWNSHIP OF SADDLE BROOK

Schedule of Municipal Liens

Current Fund

Year Ended December 31, 2022

Balance - December 31, 2021	\$ 107,223
Increased by:	
Transferred from Delinquent Taxes	<u>2,599</u>
Balance - December 31, 2022	<u><u>\$ 109,822</u></u>

TOWNSHIP OF SADDLE BROOK

Schedule of Taxes Receivable and Analysis of Property Tax Levy

Current Fund

Year Ended December 31, 2022

Year	Balance, Dec. 31, 2021	Levy	Collected 2021	Collected 2022	Senior Citizen and Veteran Deductions	Transferred to Tax Title Liens	Canceled	Balance, Dec. 31, 2022
2020	8,325			8,325				
2021	330,351	43,246		373,597				
	338,676	43,246		381,922				
2022		63,880,023	475,002	62,767,277	94,750	2,599	120,579	419,816
	\$ 338,676	63,923,269	475,002	63,149,199	94,750	2,599	120,579	419,816

Cash Receipts 63,149,199

\$ 63,149,199

Analysis of Tax Levy

Tax yield:	
General Purpose Tax	\$ 63,849,803
Added Tax (R.S. 54:4-63.1 et seq.)	30,220
	\$ 63,880,023

Tax Levy:	
Local District School Tax	\$ 35,987,037
County Open Space Taxes	268,088
County Tax	6,481,891
County Added and Omitted Taxes	3,208
	6,753,187

Local Tax for Municipal Purposes	\$ 21,090,360
Add: Additional Taxes Levied	49,439

Local Tax for Municipal Purposes	21,139,799
----------------------------------	------------

\$ 63,880,023

TOWNSHIP OF SADDLE BROOK

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

Current Fund

Year Ended December 31, 2022

Balance - December 31, 2021	\$ <u>742,249</u>
Balance - December 31, 2022	\$ <u><u>742,249</u></u>

TOWNSHIP OF SADDLE BROOK
Schedule of Revenue Accounts Receivable

Current Fund

Year Ended December 31, 2022

	<u>Balance</u> <u>Dec. 31, 2021</u>	<u>Accrued</u>	<u>Collected</u>	<u>Balance</u> <u>Dec. 31, 2022</u>
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	\$	22,400	22,400	
Other		47,615	47,615	
Fees and Permits		369,885	369,885	
Fines and Costs:				
Municipal Court	9,184	193,120	191,696	10,608
Interest and Costs on Taxes		115,246	115,246	
Interest on Investments and Deposits		88,165	88,165	
Energy Receipts Tax		1,440,167	1,440,167	
Uniform Construction Code Fees		228,635	228,635	
Uniform Fire Safety Act		39,711	39,711	
Cable TV Franchise Fee - Cablevision		118,713	118,713	
Cable TV Franchise Fee - Verizon		79,237	79,237	
Hotel Fees		292,787	292,787	
Pension Reimbursement - Water Utility		90,000	90,000	
Health Insurance Reimbursement - Water Utility		95,000	95,000	
General Capital Surplus		56,962	56,962	
Due from Water Utility Operating		420,000	420,000	
American Rescue Plan		709,757	709,757	
	<u>\$ 9,184</u>	<u>4,407,400</u>	<u>4,405,976</u>	<u>10,608</u>
			Interest on Investments 26,241	
			Cash <u>4,379,735</u>	
			<u>\$ 4,405,976</u>	

TOWNSHIP OF SADDLE BROOK

Schedule of Interfunds

Current Fund

Year Ended December 31, 2022

Fund	Due from/(to) Balance <u>Dec. 31, 2021</u>	<u>Increased</u>	<u>Decreased</u>	Due from/(to) Balance <u>Dec. 31, 2022</u>
Water Utility				
Water Operating Fund	\$ 421,281		886,881	(465,600)
Federal and State Grant Fund	(15,791)	5,949	362,404	(372,246)
Trust				
Escrow Trust	64	508	296	276
Redemption Trust Fund	136,926	1,529	136,926	1,529
Unemployment Trust Fund	(1,003)	1,003	3,170	(3,170)
Other Trust Fund	(4,339)	4,844	936	(431)
Animal Trust	4,522	4,489	4,522	4,489
General Capital Fund	1,816	133,126	393,261	(258,319)
Net Payroll	32,131	20,000	52,131	
Payroll Agency		41,000		41,000
	<u>\$ 575,607</u>	<u>212,448</u>	<u>1,840,527</u>	<u>(1,052,472)</u>
Due from Current Fund	(21,133)	11,796	1,090,429	(1,099,766)
Due to Current Fund	<u>596,740</u>	<u>200,652</u>	<u>750,098</u>	<u>47,294</u>
	<u>\$ 575,607</u>	<u>212,448</u>	<u>1,840,527</u>	<u>(1,052,472)</u>

Cash Receipts \$	873,760
Cash Receipts - Interfunds Returned	176,740
Anticipated Revenue - Due from Water Operating	420,000
Cash Disbursements	166,342
Statutory Excess	4,489
Unappropriated Grant Receipts	74,346
Interest on Investments	35,668
Appropriated Grant Reserve	5,949
Reclass cash from Grant Fund to Interfund	288,058
Reimbursement for Expenses Paid	936
	<u>\$ 212,448</u>
	<u>1,840,527</u>

TOWNSHIP OF SADDLE BROOK

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

Current Fund

Year Ended December 31, 2022

<u>Date Authorized</u>	<u>Purpose</u>	<u>Amount Authorized</u>	<u>1/5 of Net Amount Authorized</u>	<u>Balance, Dec. 31, 2021</u>	<u>Reduced in 2022</u>	<u>Balance, Dec. 31, 2022</u>
Dec. 3, 2020	COVID-19 Revenue Losses	\$ 466,505	93,301	201,505	40,301	161,204

TOWNSHIP OF SADDLE BROOK

Schedule of Appropriation Reserves

Current Fund

Year Ended December 31, 2022

	Balance, Dec. 31, <u>2021</u>	Balance after <u>Transfers and</u> <u>Encumbrances</u>	<u>Paid or</u> <u>Charged</u>	Balance <u>Lapsed</u>
Salaries and Wages Within "CAPS":				
Administrative and Executive	\$ 77	77		77
Municipal Clerk	1,656	1,656		1,656
Financial Administration	248	248		248
Revenue Administration	820	820		820
Tax Assessment Administration	341	341		341
Police	77,878	78,247	78,247	
Police - Overtime	10	10		10
School Marshals	90,410	90,410	81,669	8,741
Police Clerical	24,239	24,239		24,239
Uniform Fire Safety Act	43,931	43,981	50	43,931
Buildings & Property	717	717		717
Streets & Road Maintenance	20,512	20,512		20,512
Streets & Road Maintenance - Overtime	32	32		32
Recreational Services & Programs	45,037	45,037		45,037
Sewer System	4,752	4,752		4,752
Animal Control	4,320	4,320		4,320
Municipal Court Administration	12,970	12,970		12,970
Municipal Court - Overtime	18	18		18
Code Enforcement & Administration	989	1,356	367	989
Salary and Wage Adjustment	30,000	30,000		30,000
Total Salaries and Wages Within "CAPS"	<u>358,957</u>	<u>359,743</u>	<u>160,333</u>	<u>199,410</u>

TOWNSHIP OF SADDLE BROOK

Schedule of Appropriation Reserves

Current Fund

Year Ended December 31, 2022

	Balance, Dec. 31, <u>2021</u>	Balance after Transfers and <u>Encumbrances</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Other Expenses Within "CAPS":				
Administrative and Executive				
Other Expenses	858	3,447	956	2,491
Postage	5,092	5,092		5,092
Contractual Services	6,118	8,674	6,506	2,168
Computer Svc. Contract	2,745	2,745		2,745
SBCTV	15,008	16,674	14,994	1,680
Flood Plan Manager	4,668	4,668		4,668
Office of the Mayor	1,178	1,178		1,178
Council	817	1,107	143	964
Municipal Clerk				
Other Expenses	3,051	5,183	2,078	3,105
Land Use	1,000	1,000		1,000
Codification Code	12,000	12,000		12,000
Elections	13,736	13,736		13,736
Financial Administration				
Other Expenses	6,549	8,801	7,466	1,335
Statements	275	275		275
Supplemental Disclosure	3,000	3,000		3,000
Revenue Administration	9,763	9,813	50	9,763
Tax Assessment Administration	2,962	2,962		2,962
Tax Appeal Attorney	310	9,092	7,077	2,015
Appraisals	31,850	31,850		31,850
Legal Services	51,084	65,378	47,252	18,126
Engineering Services	3,800	4,490	689	3,801
Planning Board	859	1,252	466	786
Zoning Board of Adjustment	2,598	2,615	56	2,559
Insurance:				
Liability	86,868	106,368	104,976	1,392
Workers Compensation	74,125	74,125	73,000	1,125
Employee Group Health	655,607	657,494	67,789	589,705
Unemployment Compensation	70,000	70,000		70,000
Police	2,461	28,138	22,371	5,767
Police - Purchase of Vehicles	14,968	151,971	60,592	91,379
School Marshalls	3,073	4,826	1,754	3,072
Office of Emergency Mangement	2,423	2,423		2,423

TOWNSHIP OF SADDLE BROOK

Schedule of Appropriation Reserves

Current Fund

Year Ended December 31, 2022

	Balance, Dec. 31, <u>2021</u>	Balance after Transfers and <u>Encumbrances</u>	<u>Paid or Charged</u>	Balance <u>Lapsed</u>
Fire Department	475	50,619	44,665	5,954
Fire Department - Clothing Allowance	2,750	2,750		2,750
Uniform Fire Safety Act	243	418		418
Division of Sewers	782	782		782
Division of Sewers - Repairs	12,534	21,413	8,879	12,534
Solid Waste Collection - Type 10 (Contract)	279	279		279
Solid Waste Collection - Recycling (Contract)	5,150	5,150		5,150
Recycling	3,410	3,410		3,410
Streets & Road Maintenance	4,764	13,441	10,811	2,630
Building & Property	1,878	14,202	12,207	1,995
Purchase of Equipment	1,296	22,420	22,416	4
Snow Removal	879	879		879
Health & Welfare	22,540	22,540	266	22,274
Health & Welfare - Wallington	2,000	2,000		2,000
Recreational Services & Programs				
Other Expenses	32,571	61,844	30,308	31,536
Senior Citizens Center	1,013	1,013	100	913
Summer Program	7,500	7,500		7,500
Community Projects	65	106	67	39
Special Events	7,323	7,323		7,323
Veteran's Field	5,000	5,000	4,800	200
Municipal Court Administration	6,913	9,075	2,032	7,043
Code Enforcement & Administration	584	730	84	646
Utility Expenses				
Electricity	37,157	37,157	35,908	1,249
Street Lighting	15,720	30,317	12,000	18,317
Telephone	11,532	19,174	19,107	67
Gasoline	45,024	40,868	8,749	32,119
Dump Fees	275	7,401	7,148	253
Social Security (O.A.S.I)	98,309	98,309		98,309
Total Other expenses Within "CAPS"	<u>1,416,812</u>	<u>1,796,497</u>	<u>637,762</u>	<u>1,158,735</u>

TOWNSHIP OF SADDLE BROOK

Schedule of Appropriation Reserves

Current Fund

Year Ended December 31, 2022

	Balance, Dec. 31, <u>2021</u>	Balance after Transfers and <u>Encumbrances</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Other Expenses Excluded From "CAPS":				
Maintenance of Free Public Library	18,329	18,329	18,329	
Sewer				
Lodi Boro	8,450	8,450		8,450
Garbage & Trash Removal Tonnage Tax	15,000	15,000		15,000
Matching Funds	<u>35,000</u>	<u>35,000</u>		<u>35,000</u>
Total Other Expenses Excluded from "CAPS"	<u>76,779</u>	<u>76,779</u>	<u>18,329</u>	<u>58,450</u>
 Total Reserves	 <u>\$ 1,852,548</u>	 <u>2,233,019</u>	 <u>816,424</u>	 <u>1,416,595</u>
		Appropriation Reserves Encumbrances		
		1,852,548 <u>380,471</u>		
		<u>\$ 2,233,019</u>		
			Transfer to Reserve for Police Salaries & Wages Accounts Payable Cash Disbursements	159,139 56,145 <u>601,140</u>
			<u>\$ 816,424</u>	

TOWNSHIP OF SADDLE BROOK

Schedule of Encumbrances Payable

Current Fund

Year Ended December 31, 2022

Balance - December 31, 2021	\$	380,471
Increased by:		
Transferred from Current Year Budget		<u>212,348</u>
		592,819
Decreased by:		
Transferred to Appropriation Reserves		<u>380,471</u>
Balance - December 31, 2022	\$	<u><u>212,348</u></u>

Schedule of Reserve for Due to Free Public Library

Current Fund

Year Ended December 31, 2022

Balance - December 31, 2021	\$	<u>37,425</u>
Balance - December 31, 2022	\$	<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, 2022

	<u>Marriage License Fee</u>	<u>Burial Permit Fee</u>	<u>Construction Training Fee</u>	<u>Total</u>
Balance - December 31, 2021	\$ 425	495	6,116	7,036
Increased by:				
Cash Receipts	<u>1,125</u>	<u>1,215</u>	<u>26,748</u>	<u>29,088</u>
	1,550	1,710	32,864	36,124
Decreased by:				
Cash Disbursements	<u>1,550</u>	<u>1,310</u>	<u>27,739</u>	<u>30,599</u>
Balance - December 31, 2022	<u>\$</u>	<u>400</u>	<u>5,125</u>	<u>5,525</u>

TOWNSHIP OF SADDLE BROOK

Schedule of Tax Overpayments

Current Fund

Year Ended December 31, 2022

Balance - December 31, 2021		\$	4,166
Increased by:			
Cash Receipts			<u>53,365</u>
			57,531
Decreased by:			
Cash Disbursements	\$	44,366	
Cancelled		<u>341</u>	
			<u>44,707</u>
Balance - December 31, 2022		\$	<u><u>12,824</u></u>

Schedule of Local School District Tax Payable

Current Fund

Year Ended December 31, 2022

Increased by:			
2022 Levy	\$	35,987,037	
Decreased by:			
Payments			<u>34,748,402</u>
Balance - December 31, 2022	\$	<u><u>1,238,635</u></u>	

TOWNSHIP OF SADDLE BROOK

Schedule of County Taxes Payable

Current Fund

Year Ended December 31, 2022

Increased by:		
2022 Levy	\$	6,481,891
2022 Open Space		268,088
2022 Added Assessments		<u>3,208</u>
		6,753,187
Decreased by:		
Payments		<u>6,749,979</u>
Balance - December 31, 2022	\$	<u><u>3,208</u></u>

Schedule of Prepaid Taxes

Current Fund

Year Ended December 31, 2022

Balance - December 31, 2021	\$	475,003
Increased by:		
Collections		<u>310,058</u>
		785,061
Decreased by:		
Applied to 2022 Taxes Receivable		<u>475,003</u>
Balance - December 31, 2022	\$	<u><u>310,058</u></u>

Exhibit A-21

TOWNSHIP OF SADDLE BROOK

Schedule of Reserve for Tax Appeals

Current Fund

Year Ended December 31, 2022

Balance - December 31, 2021	\$ <u>335,928</u>
Balance - December 31, 2022	\$ <u><u>335,928</u></u>

Exhibit A-22

Schedule of Reserve for Municipal Relief Fund

Current Fund

Year Ended December 31, 2022

Increased by:	
Cash Receipts	\$ <u>75,125</u>
Balance - December 31, 2022	\$ <u><u>75,125</u></u>

TOWNSHIP OF SADDLE BROOK

Schedule of Reserve for Police Salaries and Wages

Current Fund

Year Ended December 31, 2022

Balance - December 31, 2021	\$	57,023
Increased by:		
Transferred from 2021 Budget		<u>159,139</u>
Balance - December 31, 2022	\$	<u><u>216,162</u></u>

Schedule of Accounts Payable

Current Fund

Year Ended December 31, 2022

Increased by:		
Transferred from 2021 Budget	\$	<u>56,145</u>
Balance - December 31, 2022	\$	<u><u>56,145</u></u>

TOWNSHIP OF SADDLE BROOK

Schedule of Grants Receivable

Federal and State Grant Fund

Year Ended December 31, 2022

<u>Grant</u>	<u>Revenue</u>	<u>Received</u>
Body Armor Replacement Program	\$ 2,464	2,464
Recycling Tonnage Grant	<u>22,079</u>	<u>22,079</u>
	\$ <u>24,543</u>	<u>24,543</u>
	Unappropriated Grants \$	<u>24,543</u>

TOWNSHIP OF SADDLE BROOK

Schedule of Appropriated Reserves for Grants

Federal and State Grant Fund

Year Ended December 31, 2022

<u>Grant</u>	Balance, Dec. 31, 2021	Transfer From 2022 Budget	<u>Expended</u>	Balance, Dec. 31, 2022
Alcohol Education Rehabilitation - 2009	\$ 677			677
Alcohol Education Rehabilitation - 2017	965			965
Body Armor Replacement Program - 2022		2,464		2,464
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	8,193			8,193
Clean Communities Program - 2020	29,310			29,310
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 - 2022		22,079	5,949	16,130
Firehouse Subs Grant	2,291			2,291
	<u>\$ 282,555</u>	<u>24,543</u>	<u>5,949</u>	<u>301,149</u>
		Adopted Budget \$ <u>25,543</u>		
		Cash Disbursements <u>5,949</u>		

TOWNSHIP OF SADDLE BROOK

Schedule of Unappropriated Reserves for Grants

Federal and State Grant Fund

Year Ended December 31, 2022

<u>Grant</u>	Balance, Dec. 31, <u>2021</u>	Transfer To 2022 <u>Budget</u>	<u>Received</u>	Balance, Dec. 31, <u>2022</u>
Census Grant	\$ 1,500			1,500
Opioid Settlement Funds			8,028	8,028
Drunk Driving Enforcement Fund			26,000	26,000
Body Armor Replacement Grant	2,464	2,464	1,771	1,771
Body Armor Replacement Grant			2,380	2,380
Clean Communities Program			25,612	25,612
Recycling Tonnage Grant	<u>22,079</u>	<u>22,079</u>	<u>10,555</u>	<u>10,555</u>
	<u>\$ 26,043</u>	<u>24,543</u>	<u>74,346</u>	<u>75,846</u>
		Cash Receipts	<u>74,346</u>	

TOWNSHIP OF SADDLE BROOK

Schedule of Cash - Treasurer

Trust Funds

Year Ended December 31, 2022

	Animal License <u>Fund</u>	Other Trust <u>Funds</u>	Length of Service Award <u>Program</u>
Balance, December 31, 2021	\$ 13,156	2,499,758	3,304,270
Increased by:			
Animal License Fees	3,750		
Due to State of New Jersey - Dog License Fees	591		
Miscellaneous Reserves		1,347,729	
Interfunds		7,884	
Township Contribution			134,550
	<u>4,341</u>	<u>1,355,613</u>	<u>134,550</u>
	17,497	3,855,371	3,438,820
Decreased by:			
Due to State of New Jersey	436		
Interfunds	4,522	138,158	
Miscellaneous Reserves		1,551,053	
Account Charges/Tax			3,545
Investment Depreciation			616,377
Benefit Distributions			102,043
	<u>4,958</u>	<u>1,689,211</u>	<u>721,965</u>
Balance, December 31, 2022	\$ <u>12,539</u>	<u>2,166,160</u>	<u>2,716,855</u>

TOWNSHIP OF SADDLE BROOK

Schedule of Miscellaneous Reserves

Trust Funds

Year Ended December 31, 2022

	Balance, December 31 <u>2021</u>	<u>Increased</u>	<u>Decreased</u>	Balance, December 31, <u>2022</u>
Reserve for:				
Tax Title Liens	\$ 44,359	143,421	143,421	44,359
Tax Title Lien Premiums	240,800	207,150	119,300	328,650
Recreation Trust	4,812	727		5,539
Community Activities Fund	88,112	27,169	27,117	88,164
Senior Center Donations	1,138	503	993	648
Police Dept. Trust	59,087	8,938	19,954	48,071
Police Outside Duty	23,735	607,786	578,755	52,766
Treasurer's Trust	138,194	20,000	20,000	138,194
Escrow	1,078,842	158,168	418,980	818,030
Public Defender	53,230	2,270	2,250	53,250
Unemployment	150,814	13,174		163,988
POAA	6,132	315		6,447
Mount Laurel Trust	386,156	1,285	11,569	375,872
Citizens Against Substance Abuse		29,893		29,893
Health Benefits Claims Trust	92,699	130,100	208,714	14,085
	<u>\$ 2,368,110</u>	<u>1,350,899</u>	<u>1,551,053</u>	<u>2,167,956</u>
		Cash \$ 1,347,729	1,551,053	
		Interfunds <u>3,170</u>		
		<u>\$ 1,350,899</u>	<u>1,551,053</u>	

TOWNSHIP OF SADDLE BROOK

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

Year Ended December 31, 2022

<u>Fund</u>	Balance December 31, <u>2021</u>	<u>Increased</u>	<u>Decreased</u>	Balance December 31, <u>2022</u>
Current Fund:				
Escrow	\$ (64)	296	508	(276)
Unemployment	1,003	3,170	1,003	3,170
Redemption Trust	(136,926)	136,926	1,529	(1,529)
Public Defender				
Other Trust	4,339	936	4,844	431
Animal Trust	(4,522)	4,522	4,489	(4,489)
	<u>(136,170)</u>	<u>145,850</u>	<u>12,373</u>	<u>(2,693)</u>
Due to Trust Funds	5,342	4,106	5,847	3,601
Due from Trust Funds	<u>(141,512)</u>	<u>141,744</u>	<u>6,526</u>	<u>(6,294)</u>
	<u>\$ (136,170)</u>	<u>145,850</u>	<u>12,373</u>	<u>(2,693)</u>
		Receipts \$	7,884	
		Disbursements	142,680	
		ADS Refunds - Deposit Error	3,170	
		Statutory Excess	<u>4,489</u>	
		<u>\$</u>	<u>145,850</u>	<u>12,373</u>

TOWNSHIP OF SADDLE BROOK

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

Trust Funds

Year Ended December 31, 2022

Balance, December 31, 2021	\$	157
Increased by:		
2021 Fees Collected		<u>591</u>
		748
Decreased by:		
Cash Disbursements		<u>436</u>
Balance, December 31, 2022	\$	<u><u>312</u></u>

TOWNSHIP OF SADDLE BROOK

Schedule of Reserve for Expenditures -
Animal License Fund

Trust Funds

Year Ended December 31, 2022

Balance, December 31, 2021		\$	8,477
Increased by:			
Dog License Fees	\$	3,450	
Cat License Fees		155	
Late Fees		85	
Miscellaneous		5	
Interest on Investments		<u>55</u>	
			<u>3,750</u>
			12,227
Decreased by:			
Statutory Excess			<u>4,489</u>
Balance, December 31, 2022		\$	<u><u>7,738</u></u>

License Fees Collected

2020	3,769
2021	<u>3,969</u>
\$	<u><u>7,738</u></u>

TOWNSHIP OF SADDLE BROOK

Schedule of Service Award Contributions Receivable

Emergency Services Volunteer - Length of Service Award Program

Year Ended December 31 2022

Balance, December 31, 2021		\$	197,900
Decreased by:			
Contributions Cancelled	\$	63,350	
Contributions Received		<u>134,550</u>	
		\$	<u><u>197,900</u></u>

Schedule of Net Assets Available for Benefits

Emergency Services Volunteer - Length of Service Award Program

Year Ended December 31 2022

Balance, December 31, 2021		\$	3,502,170
Decreased by:			
Account Charges/Tax	\$	3,545	
Contributions Cancelled		63,350	
Investment Depreciation		616,377	
Distributions		<u>102,043</u>	
			<u>785,315</u>
Balance, December 31, 2022		\$	<u><u>2,716,855</u></u>

TOWNSHIP OF SADDLE BROOK

Schedule of Cash - Treasurer

General Capital Fund

Year Ended December 31, 2022

Balance - December 31, 2021		\$ 15,491,411
Increased by receipts:		
Interfunds	\$ 133,126	
Bond Anticipation Note	5,849,000	
Deferred Charge - Over-Expenditures	4,201	
Principal on Notes	350,000	
Capital Improvement Fund	<u>150,000</u>	
		<u>6,486,327</u>
		21,977,738
Decreased by Disbursements:		
Interfunds	108,271	
Improvement Authorizations	16,349,461	
Capital Surplus - Budget Revenue	56,965	
Bond Anticipation Note	<u>4,715,000</u>	
		<u>21,229,697</u>
Balance - December 31, 2022		\$ <u><u>748,041</u></u>

TOWNSHIP OF SADDLE BROOK
Schedule of General Capital Fund Cash
General Capital Fund
Year Ended December 31, 2022

Capital Improvement Fund	\$ 48,900	
Grant Receivable	(618,687)	
NJ Environmental Infrastructure Trust Loan	(56,846)	
Interfunds Receivable	(258,319)	
Reserve for Payment of Debt/Notes	339,838	
Various Reserves	105,962	
Contracts Payable	869,932	
Reserve for Unappropriated State Grant	81,426	
Reserve for Grants Receivable	306,663	
<u>Improvement description</u>		
1519-11	Replace Water Mains	1,341
1605-15	Flood Mitigation Improvements	91,409
1606-15	Various Public Improvements	(106,394)
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	(200,000)
1632-17	Tax Appeal Refunding Ordinance	20,551
1639-18	Acquisition of Ambulance and Pagers	27,929
1641-18	Construction of Tri-Centennial Park	46,939
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	100,185
1651-19	2019 Road Improvement Program	(100,912)
1659-19	Sanitary Sewer System Improvements	6,116
1664-19	Various Public Improvements	63,608
1668-19	Improvement of Fair Lawn Parkway, Phase II and Hubert Terrace	41,131
1672-19	Acquisition of Property and Construction of New Municipal Building - Lease/Purchase	234,215
1673-19	2020 Road Improvement Program	140,823
1676-20	Acquisition of Fire Truck and related Equipment	58,666
1677-20	Various Sanitary Sewer Improvements	96
1681-20	Improvements to Mayhill Street, Phase I	82,565
1697-21	2021 Road Improvement Program	162,361
1698-21	Improvement of Mayhill Street, Phase II	130,451
1700-21	Improvements to Mayhill Park	60,000
1712-21	Various Sanitary Sewer Improvements	64,565
1713-21	Acquisition of New Communications System	4,662
1719-22	2022 Road Improvement Program	(751,337)
1720-22	Improvements to Municipal Buildings/Property	(331,840)
1727-22	Various Public Improvements	47,100
		<u>748,041</u>
		\$ <u>748,041</u>

TOWNSHIP OF SADDLE BROOK

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

General Capital Fund

Year Ended December 31, 2022

Balance - December 31, 2021		\$	49,777,976
Decreased by:			
Budget appropriations:			
Bond Principal	\$	1,922,550	
NJ Environmental Infrastructure Trust Loan		<u>109,715</u>	
			<u>2,032,265</u>
Balance - December 31, 2022		\$	<u><u>47,745,711</u></u>

TOWNSHIP OF SADDLE BROOK

Schedule of Deferred Charges to Future Taxation - Unfunded

General Capital Fund

Year Ended December 31, 2022

Ordinance Number	Brief Description	Balance, Dec. 31, 2021	2022 Authorizations	Decreased by	Balance, Dec. 31, 2022	Analysis of Balance - December 31, 2022		
						Funded by Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorization
		\$						
1606-15	Various Public Improvements	400,000			400,000		106,394	293,606
1627-17	Road Resurfacing, Curb Replacement & Repair/Replacement of Sanitary Sewer Lines	1,628			1,628			1,628
1631-17	Various Public Improvements	200,000			200,000		200,000	
1632-17	Tax Appeal Refunding Ordinance	700,000		350,000	350,000	350,000		
1643-18	2018 Road Improvement Program	155,000			155,000		114,535	40,465
1647-18	Improvement of Fair Lawn Parkway, Phase I	50,000		50,000				
1651-19	2019 Road Improvement Program	110,000			110,000		100,912	9,088
1668-19	Improvement of Fair Lawn Parkway, Phase II and Hubert Terrace	48,000		48,000				
1673-19	2020 Road Improvement Program	3,000			3,000			3,000
1676-20	Acquisition of Fire Truck and Other Related	1,571,000			1,571,000	1,571,000		
1677-20	Various Sanitary Sewer Improvements	452,000			452,000	452,000		
1681-20	Imps. To Mayhill Street, Phase I	375,000			375,000	373,000		2,000
1697-21	2021 Road Improvement Program	1,619,000			1,619,000	1,619,000		
1698-21	Improvement of Mayhill Street, Phase II	480,000			480,000	480,000		
1712-21	Various Sanitary Sewer Improvements	452,000			452,000	452,000		
1713-21	Acquisition of New Police Communications System	552,000			552,000	552,000		

TOWNSHIP OF SADDLE BROOK

Schedule of Deferred Charges to Future Taxation - Unfunded

General Capital Fund

Year Ended December 31, 2022

Ordinance Number	Description	Balance, Dec. 31, 2021	2022 Authorizations	Decreased by	Balance, Dec. 31, 2022	Analysis of Balance - December 31, 2022		
						Funded by Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorization
1719-22	2022 Road Improvement Program		1,523,000		1,523,000		751,337	771,663
1720-22	Various Improvements to Municipal Buildings/Property		357,000		357,000		331,840	25,160
1727-22	Various Public Improvements		937,900		937,900			937,900
		\$ 7,168,628	2,817,900	448,000	9,538,528	5,849,000	1,605,018	2,084,510

Re-establish Authorized not Issued Improvement Authorizations

\$ 2,817,900

Grant Proceeds Applied 98,000
 Budget Appropriation 350,000
\$ 448,000

Improv. Authorizations - Unfunded \$ 2,608,427
 Less: Unexpended Note Proceeds:
 Ord. 1632-17 20,551
 Ord. 1676-20 58,666
 Ord. 1677-20 96
 Ord. 1681-20 82,565
 Ord. 1697-21 162,361
 Ord. 1698-21 130,451
 Ord. 1712-21 64,565
 Ord. 1713-21 4,662
523,917

\$ 2,084,510

TOWNSHIP OF SADDLE BROOK

Schedule of Interfunds

General Capital Fund

Year Ended December 31, 2022

	Balance due from/(to) Dec. 31, <u>2021</u>	<u>Increased</u>	<u>Decreased</u>	Balance, from/(to) Dec. 31, <u>2022</u>
Water Utility Capital Fund	\$ (100,000)	100,000		
Current Fund	<u>(1,816)</u>	<u>393,261</u>	<u>133,126</u>	<u>258,319</u>
	<u>\$ (101,816)</u>	<u>493,261</u>	<u>133,126</u>	<u>258,319</u>
Due from General Capital Fund	\$ (101,816)	101,816		
Due to General Capital Fund	<u>(101,816)</u>	<u>391,445</u>	<u>133,126</u>	<u>258,319</u>
	<u>\$ (101,816)</u>	<u>493,261</u>	<u>133,126</u>	<u>258,319</u>
Cash Receipts			\$ 133,126	
Cash Disbursements		108,271		
Grant Proceeds - Deposit Errors		<u>384,990</u>		
		<u>\$ 493,261</u>	<u>133,126</u>	

TOWNSHIP OF SADDLE BROOK

Schedule of Grants and Contributions Receivable

General Capital Fund

Year Ended December 31, 2022

	Grant Amount	Year	Ordinance	Balance Dec. 31, 2021	Decreased by:	Balance Dec. 31, 2022
<u>New Jersey Department of Transportation</u>						
Improv. of Fair Lawn Parkway, Phase I	200,000	2018	1647-18	\$ 50,000	50,000	
Improvement of Fair Lawn Parkway, Phase II and Hubert Terrace	192,000	2019	1668-19	48,000	48,000	
Mayhill Street, Phase I	182,653	2020	1681-20	182,653	136,990	45,663
Mayhill Street, Phase II	200,000	2021	1698-21	200,000	150,000	50,000
<u>Community Development Block Grant</u>						
Senior Citizen ADA Improvements	316,814	2009	1471-09	202,924		202,924
2018 - Road Imps. - Leswig Road	192,000	2019	1668-19	110,000		110,000
Imps. to Albany Street, from Congress to the end	101,000	2021	1697-21	101,000		101,000
<u>Bergen County Open Space Preservation Trust Fund:</u>						
Construction of the Tri-Centennial Park	49,100	2018	1641-18	49,100		49,100
Imps. to Mayhill Park	30,000	2021	1700-21	30,000		30,000
<u>Contributions - Columbia Bank</u>						
Imps. to Mayhill Park	30,000	2021	1700-21	30,000		30,000
				\$ 1,003,677	384,990	618,687

TOWNSHIP OF SADDLE BROOK

Schedule of New Jersey Infrastructure Loans Receivable

General Capital Fund

Year Ended December 31, 2022

Balance - December 31, 2021 \$ 56,846

Balance - December 31, 2022 \$ 56,846

Schedule of Deferred Charges

General Capital Fund

Year Ended December 31, 2022

Balance - December 31, 2021 \$ 4,201

Decreased by:

Cash Receipt - Budget Appropriation \$ 4,201

TOWNSHIP OF SADDLE BROOK

Schedule of Serial Bonds

General Capital Fund

Year Ended December 31, 2022

Purpose	Date of Issue	Original Issue	Maturities of Bonds		Interest Rate	Balance, Dec. 31, 2021	Decreased	Balance, Dec. 31, 2022
			Date	Outstanding Amount				
BCIA Refunding Bond 2015	March 1, 2015	14,907,900	Sept. 1, 2023	1,009,050	5.000%	10,457,850	962,550	9,495,300
			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%			
General Improvement Bonds	May 15, 2020	14,600,000	Feb. 15, 2023	600,000	2.125%	14,000,000	610,000	13,390,000
			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, 2022

Purpose	Date of Issue	Original Issue	Maturities of Bonds		Interest Rate	Balance, Dec. 31, 2021	Decreased	Balance, Dec. 31, 2022
			Date	Amount				
Bergen County Improvement Authority County Guaranteed Lease Revenue Bonds	May 13, 2020	24,635,000	Aug. 1, 2023	365,000	5.000%	24,635,000	350,000	24,285,000
			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%				
						\$ 49,092,850	1,922,550	47,170,300

Budget Appropriations \$ 1,922,550

TOWNSHIP OF SADDLE BROOK
Schedule of New Jersey Infrastructure Loans

General Capital Fund

Year Ended December 31, 2022

Purpose	Date of Issue	Original Issue	Maturities of Loans Outstanding		Interest Rate	Balance, Dec. 31, 2021	Decreased	Balance, Dec. 31, 2022
			Date	Amount				
NJ Environmental Infrastructure Trust Loan	November 8, 2007	952,000	August 1, 2023	57,000	4.250% \$	376,000	57,000	319,000
			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, 2023	50,677		309,126	52,715	256,411
			August 1, 2024	52,080				
			August 1, 2025	50,105				
			August 1, 2026	51,265				
			August 1, 2027	52,284				
						\$ 685,126	109,715	575,411

Budget Appropriations 109,715

TOWNSHIP OF SADDLE BROOK

Schedule of Bond Anticipation Notes Payable

General Capital Fund

Year Ended December 31, 2022

Ord. Number	Purpose	Date of Original Issue	Date Issued	Date of Maturity	Interest Rate	Balance, Dec. 31, 2021	Increased	Decreased	Balance, Dec. 31, 2022
1632-17	Tax Appeal Refunding Bonds	Dec. 20, 2017	May 13, 2022	May 12, 2023	2.30%	700,000	350,000	700,000	350,000
1676-20	Acq. Of Fire Truck and Fire Fighting Equipment	May 13, 2021	May 13, 2022	May 12, 2023	2.30%	1,571,000	1,571,000	1,571,000	1,571,000
1677-20	Various Sanitary Sewer Improvements	May 13, 2021	May 13, 2022	May 12, 2023	2.30%	452,000	452,000	452,000	452,000
1681-20	Imps. To Mayhill Street, Phase 1	May 13, 2021	May 13, 2022	May 12, 2023	2.30%	373,000	373,000	373,000	373,000
1697-21	2021 Road Improvement Program	May 13, 2021	May 13, 2022	May 12, 2023	2.30%	1,619,000	1,619,000	1,619,000	1,619,000
1698-21	Imps. To Mayhill Street, Phase 2	May 13, 2022	May 13, 2022	May 12, 2023	2.30%	480,000	480,000	480,000	480,000
1712-21	Various Sanitary Sewer Improvements	May 13, 2022	May 13, 2022	May 12, 2023	2.30%	452,000	452,000	452,000	452,000
1713-21	Acq. of New Police Communications System	May 13, 2022	May 13, 2022	May 12, 2023	2.30%	552,000	552,000	552,000	552,000
						<u>\$ 4,715,000</u>	<u>5,849,000</u>	<u>4,715,000</u>	<u>5,849,000</u>
							Cash \$ 1,484,000		
							Renewed 4,365,000	4,365,000	
							Budget Appropriation	<u>350,000</u>	
							\$ 5,849,000	<u>4,715,000</u>	

TOWNSHIP OF SADDLE BROOK
Schedule of Capital Improvement Fund
General Capital Fund
Year Ended December 31, 2022

Balance - December 31, 2021	\$	41,000
Increased by:		
Budget Appropriation		150,000
		191,000
Decreased by:		
Appropriated to Finance Improvement Authorizations		142,100
Balance - December 31, 2022	\$	48,900

Schedule of Reserve for Payment of Debt/Notes
General Capital Fund
Year Ended December 31, 2022

Balance - December 31, 2021	\$	52,848
Increased by:		
Grant Proceeds Received - Transferred from Reserve for Receivables		286,990
Balance - December 31, 2022	\$	339,838

<u>Analysis of Balance</u>	
Notes - Ord. 1681-20	136,990
Notes - Ord. 1698-21	150,000
Payment of Debt	51,228
Ord. 1672-19	1,620
	\$ 339,838

TOWNSHIP OF SADDLE BROOK

Schedule of Reserves

General Capital Fund

Year Ended December 31, 2022

	Balance Dec. 31, <u>2021</u>	Balance Dec. 31, <u>2022</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, 2022

Ordinance Number	Improvement Description	Ordinance Date	Amount	Balance, Dec. 31, 2021		Authorized	Expended	Balance, Dec. 31, 2022		
				Funded	Unfunded			Funded	Unfunded	
1519-11	Replace Water Mains	8/11/2011	985,000 \$	1,341				1,341		
1605-15	Flood Mitigation Improvements	Nov. 5, 2015	850,000	91,409				91,409		
1606-15	Various Public Improvements	Nov. 5, 2015	760,000		281,246		(12,360)		293,606	
1623-17	Various Sanitary Sewer Force Main Repairs	Mar. 2, 2017	325,000	99,298				99,298		
1627-17	Road Resurfacing, Curb Replacement & Repair/Replacement of Sanitary Sewer Lines	Jun. 1, 2017	995,000	49,478	1,628			49,478	1,628	
1631-17	Various Public Improvements	Oct. 5, 2017	310,000							
1632-17	Tax Appeal Refunding Ordinance	Nov. 2, 2017	2,100,000		20,953		402		20,551	
1639-18	Acquisition of Ambulance and Pagers	Mar. 1, 2018	325,000	27,929				27,929		
1641-18	Construction of Tri-Centennial Park	Apr. 5, 2018	76,200	46,939				46,939		
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		40,137		(328)		40,465	
1647-18	Improvement to Fair Lawn Parkway, Phase I	Sept. 6, 2018	410,000	50,185	50,000			100,185		
1651-19	2019 Road Improvement Program	Mar. 14, 2019	1,200,000		9,088				9,088	
1659-19	Sanitary Sewer System Improvements	July 11, 2019	400,000	6,116				6,116		
1664-19	Various Public Improvements	Aug. 1, 2019	710,000	38,750			(24,858)	63,608		
1668-19	Improvement of Fair Lawn Parkway, Phase II and Hubert Terrace	Oct. 3, 2019	650,000		41,131			41,131		
1672-19	Acquisition of Property and Construction of New Municipal Building - Lease/Purchase	Dec. 26, 2019	28,000,000	12,395,652			12,161,437	234,215	3,000	
1673-20	2020 Road Improvement Program	Dec. 26, 2019	1,400,000	187,187	3,000		46,364	140,823	58,666	
1676-20	Acquisition of Fire Truck and related Equipment	Mar. 5, 2020	1,650,000		98,591		39,925		96	
1677-20	Various Sanitary Sewer Improvements	Mar. 5, 2020	475,000		498		402		84,565	
1681-20	Improvements to Mayhill Street, Phase I	Apr. 9, 2020	375,000		96,125		11,560		162,361	
1697-21	2021 Road Improvement Program	Apr. 1, 2021	1,700,000		796,132		633,771		130,451	
1698-21	Improvements to Mayhill Street, Phase II	Apr. 1, 2021	480,000		464,875		334,424			
1700-21	Improvements to Mayhill Street Park	Jun. 3, 2021	60,000	60,000				60,000		
1712-21	Various Sanitary Sewer Improvements	Dec. 2, 2021	475,000	13,582	452,000		401,017		64,565	
1713-21	Acquisition of new Police Communications System	Dec. 2, 2021	580,000	28,000	552,000		575,338		4,662	
1719-22	2022 Road Improvement Program	Apr. 7, 2022	1,600,000			1,600,000			771,663	
1720-22	Improvements to Municipal Buildings/Property	Apr. 7, 2022	375,000			375,000			25,160	
1727-22	Various Public Improvements	Dec. 27, 2022	985,000			985,000		47,100	937,900	
				\$ 13,096,567	2,907,404	2,960,000	15,345,271	1,010,273	2,608,427	
				Capital Improvement Fund	142,100					
				Deferred Charges Unfunded	2,817,900					
				\$ 2,960,000						
				Contracts Payable	869,932					
				Prior Year Contracts Payable Reversed	(1,874,122)					
				Cash Disbursements	16,349,461					
				\$ 15,345,271						

TOWNSHIP OF SADDLE BROOK
Schedule of Reserve for Unappropriated State Grant
General Capital Fund
Year Ended December 31, 2022

Balance - December 31, 2021	\$	<u>81,426</u>
Balance - December 31, 2022	\$	<u><u>81,426</u></u>

Schedule of Reserve for Grants Receivable
General Capital Fund
Year Ended December 31, 2022

Balance - December 31, 2021	\$	691,653
Decreased by:		
Grants Received - Applied to Authorized not Issued	\$	98,000
Reserve for Payment of Notes		<u>286,990</u>
		<u>384,990</u>
Balance - December 31, 2022	\$	<u><u>306,663</u></u>

<u>Analysis of Balance</u>		
Dept. of Transportation - Ord. 1698		50,000
Community Development Block Grant - Ord. 1697		101,000
Dept. of Transportation - Ord. 1681		45,663
Community Development Block Grant - Ord. 1651		<u>110,000</u>
	\$	<u><u>306,663</u></u>

TOWNSHIP OF SADDLE BROOK

Schedule of Bonds and Notes Authorized but not Issued

General Capital Fund

Year Ended December 31, 2022

Ordinance Number	Improvement Description	Balance, Dec. 31, 2021	Authorized	Decreased	Balance, Dec. 31, 2022
		\$			
1606-15	Various Capital Improvements	400,000			400,000
1631-17	Various Public Improvements	200,000			200,000
1627-17	Road Resurfacing, Curb Replacement & Repair/Replacement of Sanitary Sewer Lines	1,628			1,628
1643-18	2018 Road Program	155,000			155,000
1647-18	Improvement of Fair Lawn Parkway, Phase I	50,000		50,000	
1651-19	2019 Road Improvement Program	110,000			110,000
1668-19	Improvement of Fair Lawn Parkway, Phase II and Hubert Terrace	48,000		48,000	
1673-19	2020 Road Improvement Program	3,000			3,000
1681-20	Imps. To Mayhill Street, Phase I	2,000			2,000
1698-21	Improvement of Mayhill Street, Phase 2	480,000		480,000	
1712-21	Various Sanitary Sewer Improvements	452,000		452,000	
1713-21	Acquisition of a new Police Communications System	552,000	1,523,000	552,000	1,523,000
1719-22	2022 Road Improvement Program		357,000		357,000
1720-22	Various Improvements to Municipal Buildings/Property		937,900		937,900
1727-22	Various Public Improvements				
		\$ 2,453,628	2,817,900	1,582,000	3,689,528

Re-establish Authorized not Issued 600,000
 Current Year Improvement Authorizations \$ 3,103,000
 \$ 3,703,000

Grant Proceeds Applied 98,000
 Bond Anticipation Notes Issued 1,484,000
 \$ 1,582,000

TOWNSHIP OF SADDLE BROOK

Schedule of Cash - Treasurer

Water Utility Fund

Year ended December 31, 2022

	<u>Operating</u>	<u>Capital</u>
Balance, December 31, 2021	\$ <u>1,476,444</u>	<u>612,864</u>
Increased by receipts:		
Water Collector	3,060,913	
Interest on Investments	5,214	
Interest on Delinquents	19,255	
Miscellaneous	4,383	
Overpayments	<u>7,086</u>	
	<u>3,096,851</u>	<u>101,902</u>
	4,573,295	714,766
Decreased by disbursements:		
2022 Appropriations	3,160,217	
2021 Appropriation Reserves	38,870	
Accrued Interest on Bonds	118,525	
Accrued Interest on Loans	12,550	
Improvement Authorizations		76,454
Interfunds	<u>465,600</u>	<u>423,183</u>
	<u>3,795,762</u>	<u>499,637</u>
Balance, December 31, 2022	\$ <u><u>777,533</u></u>	<u><u>215,129</u></u>

TOWNSHIP OF SADDLE BROOK

Analysis of Cash

Water Utility Capital Fund

December 31, 2022

	Balance, Dec. 31, <u>2022</u>
Accounts Receivable	\$ (116,040)
Capital Improvement Fund	17,748
Interfund Receivable	(421,281)
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	88,614
1645-18	Replacement of Water Mains	320,138
1652-19	Replacement of Water Mains-Sheelee Place	261,618
1674-19	Replacement of Water Mains-Bell Avenue	62,908
1711-21	Various Public Improvements & Acquisition of new, additional or replacement equipment/machinery	<u>(20,715)</u>
		<u>\$ 215,129</u>

TOWNSHIP OF SADDLE BROOK

Schedule of Consumers' Accounts Receivable

Water Utility Operating Fund

Year ended December 31, 2022

Balance, December 31, 2021		\$	251,645
Increased by:			
Water Utility Billings			<u>3,013,426</u>
			3,265,071
Decreased by:			
Cash Receipts	\$	3,060,913	
Overpayments Applied		<u>9,798</u>	
			<u>3,070,711</u>
Balance, December 31, 2022		\$	<u><u>194,360</u></u>

TOWNSHIP OF SADDLE BROOK

Schedule of Interfunds

Water Utility Operating Fund

Year ended December 31, 2022

	Due from/(to) Dec. 31, <u>2021</u>	<u>Increased</u>	<u>Decreased</u>	Due from/(to) Dec. 31, <u>2022</u>
Current Fund	\$ (421,281)	886,881		465,600
Water Utility Capital Fund	<u> </u>	<u> </u>	<u>421,281</u>	<u>(421,281)</u>
	<u>\$ (421,281)</u>	<u>886,881</u>	<u>421,281</u>	<u>44,319</u>
Reclass Interfund between Funds	\$	421,281	421,281	
Cash Disbursements		<u>465,600</u>	<u> </u>	
	\$	<u>886,881</u>	<u>421,281</u>	

TOWNSHIP OF SADDLE BROOK
Schedule of Accounts Receivable - I-Bank
Water Utility Capital Fund
Year ended December 31, 2022

Balance, December 31, 2021	\$ <u>116,040</u>
Balance, December 31, 2022	\$ <u><u>116,040</u></u>

TOWNSHIP OF SADDLE BROOK

Schedule of Fixed Capital

Water Utility Capital Fund

Year ended December 31, 2022

<u>Account</u>	Balance, Dec. 31, <u>2021</u>	Balance, Dec. 31, <u>2022</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>2,009,425</u>	<u>2,009,425</u>
	<u>\$ 4,333,801</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, 2022

Ordinance Number	Improvement Description	Ordinance		Balance, Dec. 31, 2021	Balance, Dec. 31, 2022
		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
1645-18	Replacement of Water Mains	May 3, 2018	825,000	825,000	825,000
1652-19	Replacement of Water Mains-Sheelee 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
1711-21	Various Public Improvements & Acquisition of new, additional or replacement equipment/machine	Dec. 2, 2021	780,000	780,000	780,000
				\$ 4,667,992	4,667,992

TOWNSHIP OF SADDLE BROOK

Schedule of 2021 Appropriation Reserves

Water Utility Operating Fund

Year ended December 31, 2022

	Balance, Dec. 31, <u>2021</u>	Balance after transfers and <u>encumbrances</u>	<u>Paid or charged</u>	Balance <u>Lapsed</u>
Operating:				
Salaries and Wages	\$ 39,378	39,378		39,378
Other Expenses	49,524	80,678	38,870	41,808
Capital Improvements:				
Capital Outlay	65,000	65,000		65,000
Statutory Expenditures - Contribution to:				
Social Security System (O.A.S.I.)	<u>21,878</u>	<u>21,878</u>		<u>21,878</u>
	<u>\$ 175,780</u>	<u>206,934</u>	<u>38,870</u>	<u>168,064</u>
Appropriation Reserves		175,780		
Encumbrances		<u>31,154</u>		
		<u>\$ 206,934</u>		

TOWNSHIP OF SADDLE BROOK

Schedule of Encumbrances Payable

Water Utility Operating Fund

Year ended December 31, 2022

Balance, December 31, 2021	\$	31,154
Increased by:		
Transferred from Current Year Budget		<u>25,837</u>
		56,991
Decreased by:		
Transferred to Appropriation Reserves		<u>31,154</u>
Balance, December 31, 2022	\$	<u><u>25,837</u></u>

TOWNSHIP OF SADDLE BROOK

Schedule of Overpayments

Water Utility Fund

Year ended December 31, 2022

Balance, December 31, 2021	\$	9,798
Increased by:		
Receipts		<u>7,086</u>
		16,884
Decreased by:		
Applied		<u>9,798</u>
Balance, December 31, 2022	\$	<u><u>7,086</u></u>

TOWNSHIP OF SADDLE BROOK

Schedule of Accrued Interest on Bonds

Water Utility Operating Fund

Year ended December 31, 2022

Balance, December 31, 2021		\$ 43,929
Increased by:		
Budget Appropriation		<u>125,000</u>
		168,929
Decreased by:		
Liabilities Cancelled	\$ 9,444	
Cash Disbursements	<u>118,525</u>	
		<u>127,969</u>
Balance, December 31, 2022		<u><u>\$ 40,960</u></u>

<u>Principal</u> <u>Outstanding</u> <u>Dec. 31, 2022</u>	<u>Interest</u> <u>Rate</u>	<u>From</u>	<u>To</u>	<u>Required</u> <u>Amount</u>
3,790,000	2.00 - 2.375%	8/16/22	12/31/22	\$ 30,975
783,300	2.00 - 5.00%	9/1/22	12/31/22	<u>9,985</u>
				<u><u>\$ 40,960</u></u>

TOWNSHIP OF SADDLE BROOK

Schedule of Accrued Interest on Loans

Water Utility Operating Fund

Year ended December 31, 2022

Balance, December 31, 2021		\$	4,570
Increased by:			
Budget Appropriation			<u>12,550</u>
			17,120
Decreased by:			
Liabilities cancelled	\$	312	
Cash Disbursements		<u>12,550</u>	
			<u>12,862</u>
Balance, December 31, 2022		\$	<u><u>4,258</u></u>

<u>Principal Outstanding Dec. 31, 2022</u>	<u>Interest Rate</u>	<u>From</u>	<u>To</u>	<u>Required Amount</u>
280,000	3.00% - 5.00%	8/1/22	12/31/22	\$ <u>4,258</u>
				\$ <u><u>4,258</u></u>

TOWNSHIP OF SADDLE BROOK
Schedule of Improvement Authorizations

Water Utility Capital Fund

Year ended December 31, 2022

Ordinance Number	Improvement Description	Date	Ordinance	Amount	Balance, Dec. 31, 2021		Balance, Dec. 31, 2022		
					Funded	Unfunded	Funded	Unfunded	
					Expended	Unfunded	Expended	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	88,614		88,614	35,587	
1645-18	Replacement of Water Mains	May 3, 2018		825,000	320,138		320,138		
1652-19	Replacement of Water Mains-Sheele Place	March 7, 2019		425,000	261,618		261,618		
1674-19	Replacement of Water Mains-Bell Avenue	Dec. 26, 2019		400,000	119,138		62,908		
1711-21	Various Public Improvements & Acquisition of new, additional or replacement equipment/mact	Dec. 2, 2021		780,000		779,508		759,284	
					\$	800,210	815,095	743,980	794,871

Cash Disbursements \$ 76,454

TOWNSHIP OF SADDLE BROOK

Schedule of Capital Improvement Fund

Water Utility Capital Fund

Year ended December 31, 2022

Balance, December 31, 2021	\$ <u>17,748</u>
Balance, December 31, 2022	\$ <u><u>17,748</u></u>

TOWNSHIP OF SADDLE BROOK

Schedule of Interfunds

Water Utility Capital Fund

Year ended December 31, 2022

	Due from/(to) Dec. 31, <u>2021</u>	<u>Increased</u>	<u>Decreased</u>	Due from/(to) Dec. 31, <u>2022</u>
General Capital Fund	100,000		100,000	
Water Utility Operating Fund	<u> </u>	423,183	<u>1,902</u>	<u>421,281</u>
	<u>\$ 100,000</u>	<u>423,183</u>	<u>101,902</u>	<u>421,281</u>
			Cash Receipts \$ 101,902	
		<u>423,183</u>	<u> </u>	
		<u>\$ 423,183</u>	<u>101,902</u>	

TOWNSHIP OF SADDLE BROOK

Schedule of Reserve for Amortization

Water Utility Capital Fund

Year ended December 31, 2022

Balance, December 31, 2021		\$ 2,180,112
Increased by:		
Serial Bond Principal	\$ 307,450	
NJ Environmental Infrastructure Trust Loan Principal	<u>64,450</u>	
		<u>371,900</u>
Balance, December 31, 2022		<u><u>\$ 2,552,012</u></u>

Schedule of Reserve for Deferred Amortization

Water Utility Capital Fund

Year ended December 31, 2022

Balance, December 31, 2021		<u>\$ 127,676</u>
Balance, December 31, 2022		<u><u>\$ 127,676</u></u>

TOWNSHIP OF SADDLE BROOK

Schedule of Water Utility Serial Bonds

Water Utility Capital Fund

Year ended December 31, 2022

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance, Dec. 31, 2021	Decreased	Balance, Dec. 31, 2022						
			Date	Amount										
BCIA Refunding Bond	March 1, 2015	1,122,100	Sept. 1, 2023	75,950	5.000%	787,150	72,450	714,700						
			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, 2023	245,000	2.125%	4,025,000	235,000	3,790,000
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%												

\$ 4,812,150 307,450 4,504,700

TOWNSHIP OF SADDLE BROOK

Schedule of New Jersey Infrastructure Trust Loans Payable

Water Utility Capital Fund

Year ended December 31, 2022

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance, Dec. 31, 2021	Decreased	Balance, Dec. 31, 2022
			Date	Amount				
NJ Environmental Infrastructure Trust Loan Ord. 1557-13	May 22, 2018	325,000	August 1, 2023	15,000	5.000%	\$ 295,000	15,000	280,000
			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, 2022

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance, Dec. 31, 2021	Decreased	Balance, Dec. 31, 2022
			Date	Amount				
NJ Environmental Infrastructure Fund Loan Ord. 1557-13	May 22, 2018	972,520	August 1, 2023	49,450	*	771,269	49,450	721,819
			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	29,517	*						

\$ 1,066,269 64,450 1,001,819

* - Interest Free

Budget Appropriations \$ 64,450
64,450

TOWNSHIP OF SADDLE BROOK

Schedule of Bonds and Notes Authorized But Not Issued

Water Utility Capital Fund

December 31, 2022

<u>Ordinance Number</u>	<u>Improvement Description</u>	Balance, Dec. 31, <u>2021</u>	Balance, Dec. 31, <u>2022</u>
1557-13	Replacement of Water Mains	\$ 35,587	35,587
1771-21	Various Public Improvments & Acquisition of new, additional or replacement equipment/machinery	<u>780,000</u>	<u>780,000</u>
		<u>\$ 815,587</u>	<u>815,587</u>

TOWNSHIP OF SADDLE BROOK

PART II

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

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2022



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, 2022 and the related notes to the financial statements, and have issued our report thereon dated September 6, 2023, which was adverse due to being presented in accordance with New Jersey regulatory basis of accounting. Our opinion of the regulatory basis of accounting was qualified due to noncompliance with GASB 75.

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



Honorable Mayor and
Members of the Township Council
Page 2.

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 described in the accompanying schedule of findings and questioned costs as item 2022-001, that we consider to be a significant deficiency.

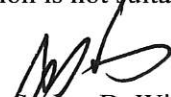
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township of Saddle Brook's financial statements-regulatory basis are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

Purpose of this Report

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



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



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

September 6, 2023





WIELKOTZ & COMPANY LLC
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Honorable Mayor and
Members of the Township Council
Township of Saddle Brook
Saddle Brook, NJ 07663

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Township of Saddle Brook's compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of Township of Saddle Brook's major federal programs for the year ended December 31, 2022. Township of Saddle Brook's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Township of Saddle Brook complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.



Honorable Mayor and
Members of the Township Council
Page 2.

We are required to be independent of Township of Saddle Brook and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Township of Saddle Brook's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Township of Saddle Brook's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Township of Saddle Brook's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards, the Uniform Guidance, will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Township of Saddle Brook's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Township of Saddle Brook's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.



- Obtain an understanding of Township of Saddle Brook's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Township of Saddle Brook's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance which are required to be reported in accordance with the Uniform Guidance.

Government Auditing Standards requires the auditor to perform limited procedures on Township of Saddle Brook's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Township of Saddle Brook's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.



Honorable Mayor and
Members of the Township Council
Page 4.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



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



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

September 6, 2023



TOWNSHIP OF SADDLE BROOK, N.J.

Schedule of Expenditures of Federal Awards

Year ended December 31, 2022

Program	Assistance Listing number	Grant Number	Grant period	Award Amount	Cash Received	Expenditures	Cancellations	MEMO Cumulative Total Expenditures
<u>Current Fund:</u>								
(2) U.S. Department of the Treasury Coronavirus State and Local Fiscal Recovery Funds	21.027		2021-2024	1,419,515 \$	709,758	709,758	*	1,419,515
(2) U.S. Department of Homeland Security Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036		2022	60,304	60,304	60,304	*	60,304
Tropical Storm Isaias - DR4574			2022	118,878	118,878	118,878	*	118,878
Hurricane Ida - DR4614							*	
Total Current Fund				888,940	888,940	888,940	*	1,598,697
<u>Federal and State Grant Fund</u>							*	
U.S. Department of Health and Human Services Centers for Disease Control & Prevention	93.788	National Opioid Settlement	1/1/2022	12/31/22	8,028		*	
Total Federal and State Grant Fund					8,028		*	
<u>General Capital Fund:</u>							*	
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
Leswing Avenue Road Imps. - Ord. 1643-18			2018	110,000		33,656	*	110,000
2019 Road Improvement Program - Leswing Avenue Road Imps. - Ord. 1651		21-213-74-915-532-54	2019	110,000			*	192,000
Rochelle Parkway Road Resurfacing - Ord. 1651		21-213-75-015-532-92	2019	227,169			*	203,665
Albany Street to Congress - Ord. 1697-21		21-213-751-155-32-92	2021	101,000			*	101,000
Total General Capital Fund						33,656	*	868,179
Total Federal Awards				\$	896,968	888,940	*	2,466,876

Note: This schedule was subject to an audit in accordance with the Uniform Guidance.

TOWNSHIP OF SADDLE BROOK, N.J.

Schedule of Expenditures of State and Local Financial Assistance

Year ended December 31, 2022

	<u>Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Cash Received</u>	<u>Budgetary Expenditures</u>	<u>MEMO Cumulative Total Expenditures</u>
Federal and State Grant Fund:						
Department of Law and Public Safety						
Body Armor Replacement Fund	98-718-066-1020-001	2021	2,464			*
Body Armor Replacement Fund	98-718-066-1020-001	2021	1,771	1,771		*
Body Armor Replacement Fund	98-718-066-1020-001	2022	2,380	2,380		*
Drunk Driving Enforcement Fund	6400-100-078-6400	2009	10,783			*
Drunk Driving Enforcement Fund	6400-100-078-6400	2010	28,332			*
Drunk Driving Enforcement Fund	6400-100-078-6400	2022	26,000	26,000		*
Alcohol Education and Rehabilitation	9735-760-0600000-60	2009	1,310			*
Alcohol Education and Rehabilitation	9735-760-0600000-60	2017	965			*
				30,151		6,020
Department of Environmental Protection						
Clean Communities Act	765-042-4900-004-6020	2013	41,224			*
Clean Communities Act	765-042-4900-004-6020	2014	20,876			*
Clean Communities Act	765-042-4900-004-6020	2015	25,397			*
Clean Communities Act	765-042-4900-004-6020	2016	29,033			*
Clean Communities Act	765-042-4900-004-6020	2018	23,605			*
Clean Communities Act	765-042-4900-004-6020	2019	26,343			*
Clean Communities Act	765-042-4900-004-6020	2020	23,753			*
Clean Communities Act	765-042-4900-004-6020	2021	25,286			*
Clean Communities Act	765-042-4900-004-6020	2022	25,612	25,612		*
Recycling Grant	765-042-4900-004-6020	2013	37,199			*
Recycling Grant	765-042-4900-001-6020	2014	62,945			*
Recycling Grant	765-042-4900-001-6020	2015	37,251			*
Recycling Grant	765-042-4900-001-6020	2016	21,442			*
Recycling Grant	765-042-4900-001-6020	2017	15,959			*
Recycling Grant	765-042-4900-001-6020	2018	15,959			*
Recycling Grant	765-042-4900-001-6020	2021	22,079		5,949	*
Recycling Grant	765-042-4900-001-6020	2022	10,555	10,555		*
				36,167	5,949	168,818
Department of State Census Grant		2020	1,500			*
Total Federal and State Grant Fund				66,318	5,949	174,838

TOWNSHIP OF SADDLE BROOK, N.J.

Schedule of Expenditures of State and Local Financial Assistance

Year ended December 31, 2022

	<u>Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Cash Received</u>	<u>Budgetary Expenditures</u>	<u>MEMO Cumulative Total Expenditures</u>
General Capital Fund:						
Department of Transportation						
Passed through the NJ Department of Transportation -						
Imprs. To Fair Lawn Parkway, Phase I	FY18 Municipal Aid	2018	200,000	50,000		200,000
FY2016 Municipal Aid	16-480-078-6320-AMF-6010	2016	155,500			155,500
Imp. of Fair Lawn Parkway, Phase II and Hubert Terrace		2019	192,000	48,000		192,000
Mayhill Street - Phase I	20-480-078-6320-10-AN8-6010	2020	182,653	136,990		182,653
Mayhill Street - Phase II		2021	200,000	150,000	200,000	200,000
				384,990	200,000	930,153
Department of Environmental Protection						
Water Supply Flood Plan Management		2018				
Total General Capital Fund						
Total State Financial Assistance			\$ 451,308	205,949		1,104,991
Other Financial Assistance						
Federal and State Grant Fund:						
Firehouse Subs		2018	11,070			8,779
Total Current and Federal and State Grant Fund						8,779
General Capital Fund:						
Bergen County Open Space Preservation Trust Fund						
Construction of the Tri-Centennial Park	03-200-56-130-910	2018	49,100			17,660
Basketball/Tennis Court Upgrades - Mayhill St. Par	2100073	2021	30,000			
Total General Capital Fund						17,660
Total Other Financial Assistance			\$			26,439
			\$ 451,308	205,949		1,131,430

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

**TOWNSHIP OF SADDLE BROOK
NOTES TO THE SCHEDULES OF EXPENDITURES
OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2022**

NOTE 1. GENERAL

The accompanying schedules of expenditures of awards present the activity of all federal and state financial assistance programs of the Township of Saddle Brook, County of Bergen. The Township is defined in Note 1A to the Township's financial statements. All federal financial assistance received directly from federal agencies, as well as federal financial assistance passed through other government agencies is included on the schedule of expenditures of awards.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards are presented using the modified accrual basis of accounting as prescribed for counties by the Division of Local Government Services, Department of Community Affairs, State of New Jersey which differ in certain respects from generally accepted accounting principles (GAAP) applicable to local government units. This basis of accounting is described in Note 1(B) to the Township's financial statements.

NOTE 3. RELATIONSHIP TO FINANCIAL STATEMENTS

Amounts reported in the accompanying schedules do not agree with amounts reported in the Township's financial statements because encumbrances are not reported in the accompanying schedules. Financial assistance awards are reported in the Township's financial statements on a basis of accounting described above as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
Current Fund	\$888,940	\$	\$888,940
Federal and State Grant Fund		5,949	5,949
General Capital Fund	_____	<u>200,000</u>	<u>200,000</u>
Total Current Fund	<u>\$888,940</u>	<u>\$205,949</u>	<u>\$1,094,889</u>

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree, in all material respect, with the amounts reported in the related federal and state financial reports. However, we noted certain differences which are reported in the accompanying schedule of findings of noncompliance and questioned costs.

**TOWNSHIP OF SADDLE BROOK
NOTES TO THE SCHEDULES OF EXPENDITURES
OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2022
(continued)**

NOTE 5. INDIRECT COST RATE

The Township of Saddle Brook has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**TOWNSHIP OF SADDLE BROOK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: adverse - USGAAP
modified - regulatory

Internal control over financial reporting:

1. Significant deficiencies identified that are not considered to be material weaknesses? X yes no

2. Material weakness(es) identified? yes X no

Noncompliance material to financial statements noted? yes X no

Federal Awards Section

Dollar threshold used to determine type A programs: \$750,000

Auditee qualified as low-risk auditee? X yes no

Type of auditors' report on compliance for major programs: unmodified

Internal Control over compliance:

1. Significant deficiencies identified that are not considered to be material weaknesses? yes X none

2. Material weakness(es) identified? yes X no

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance? yes X no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program</u>
<u>21.027</u>	<u>Coronavirus State and Local Fiscal Recovery Funds</u>

**TOWNSHIP OF SADDLE BROOK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2022
(continued)**

Section I - Summary of Auditor's Results

State Awards

Not Applicable

**TOWNSHIP OF SADDLE BROOK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Section II – Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements and abuse related to the financial statements in accordance with Government Auditing Standards.

Finding 2022-001

The Township did not provide an updated actuarial report as required by Government Accounting Standards Board (GASB), Statement No. 75.

Criteria or Specific Requirement:

Government Accounting Standards Board (GASB), Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* requires a State or Local Government to recognize and measure liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditures measured as of a date (measurement date) no earlier than the end of the employers' prior fiscal year, consistently applied from period to period.

Condition:

The Township has not updated its actuarial calculation since the initial valuation of January 1, 2019.

Questioned Costs:

None

Context:

The information that is disclosed in the Notes to the Financial Statements has not been updated for the required period.

Effect:

The information that is disclosed in the Notes to the Financial Statements does not meet the requirements of GASB No. 75.

Cause:

The Township did not provide an updated actuarial report at the time of audit.

**TOWNSHIP OF SADDLE BROOK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Section II – Financial Statement Findings

Finding 2022-001 (continued)

Recommendation:

The Township contract with an actuarial services provider to obtain the necessary other post-employment benefits calculations for disclosure as required by GASB 75.

Management's Response:

The Township will contract with an actuarial services provider to obtain the other post-employment benefits calculations as required.

**TOWNSHIP OF SADDLE BROOK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(continued)**

Section III - Federal Awards and State Financial Assistance Findings and Questioned Costs

NONE

STATUS OF PRIOR YEAR FINDINGS

This section identifies the status of prior year findings related to the general purpose financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. OMB Circular A-133 (Section .315 (a)(b)) and New Jersey OMB's Circular 15-08, as amended.

NONE

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:

- Solid Waste Disposal
- 2021 Road Improvement Program - Phase 3
- Mayhill Street Resurfacing Program Phase 2
- Valve Exerciser
- 2022 Road Program, Phase 1
- 2022 Road Program, Phase 2
- Washington Street and Blanch St Road Program

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 4, 2022, adopted the following amended resolution authorizing interest to be charged on delinquent taxes:

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

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

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

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

Delinquent Taxes and Tax Title Liens

A tax sale was held on October 27, 2022, 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>
2022	5
2021	5
2020	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.

**TOWNSHIP OF SADDLE BROOK
COMMENTS AND RECOMMENDATIONS
DECEMBER 31, 2022**

COMMENTS:

FINANCE

1. *The subsidiary ledger in the General Capital Fund does not agree to audited balances for the Schedule of Improvement Authorizations.
2. *There are instances in which cash balances per the general ledger 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. Animal License Trust Fund
4. *Contracts awarded via resolution are not being encumbered against the designated budget appropriation and/or approved improvement authorization; bills are processed ratably as received in violation of Technical Accounting Directive No. 1.
5. *Goods and services are being ordered and/or paid for prior to encumbrance.
6. *Approved transfer resolutions are not always in agreement with transfers actually processed in the subsidiary ledgers.
7. *There are various old outstanding grant receivables in the general capital fund.
8. *There are numerous old and inactive escrow accounts.
9. *Debt service payments are not being charged ratably to the applicable budget; auditor adjustments are necessary to reflect the proper allocation between the funds.
10. A review of Township purchase orders revealed the following:
 - a. Not all purchase orders were available for review.
 - b. Approval signatories were not evident on some purchase orders.
 - c. There were instances in which expenses were charged to the incorrect budget year.
11. Not all fixed asset purchases were reported as additions to the fixed asset report.
12. An analysis of accrued sick and vacation liabilities could not be provided for review.
13. The actuarial calculation necessary to reflect information regarding the Township's post-employment health benefits liability in accordance with GASB 75 was not updated as required. (See Financial Statement Finding – 2022-001)
14. Expenditures without appropriations were incurred in the amount of \$29,528.
15. There are Capital Fund Improvement Authorizations greater than five years old that have unfunded portions outstanding.

**TOWNSHIP OF SADDLE BROOK
COMMENTS AND RECOMMENDATIONS
DECEMBER 31, 2022**

COMMENTS, cont.

PAYROLL

1. Supporting documentation for police overtime hours and outside duty pay was not provided for review at the time of audit.
2. A review of payroll processes revealed the following:
 - a. W-4's could not be provided for some employees
 - b. Not all salary adjustments were approved by resolution of the governing body.
 - c. There were some instances in which employees were not paid in accordance with approved salary ordinances and longevity calculations were not always correct.
 - d. Not all employees were enrolled in the appropriate pension system in a timely manner.

ADMINISTRATOR/CLERK

1. *Detailed 2022 health benefits rosters for all employees was not made available for review; employee health benefits deductions could not be verified.
2. *Supporting documentation for the 2020, 2021 and 2022 LOSAP contributions was not made available for review.

DEPARTMENTS –

Municipal Court -

1. A review of the monthly management reports indicated substantial case volumes:
 - a. Tickets assigned not issued over 180 days
 - b. Tickets with other case statuses
 - c. Complaints eligible for warrant

**TOWNSHIP OF SADDLE BROOK
COMMENTS AND RECOMMENDATIONS
DECEMBER 31, 2022**

RECOMMENDATIONS:

FINANCE

1. *The General Capital Fund subsidiary ledger be reviewed and adjusted accordingly to reflect the audited balances for Improvement Authorizations.
2. *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. Animal License Trust Fund
4. *All contracts awarded via resolution be encumbered for the contract amount against the designated budget appropriation and/or approved improvement authorization in accordance with Technical Accounting Directive No. 1.
5. *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.
6. *All budgetary transfers be made in accordance with approved transfer resolutions.
7. *Outstanding grant receivables in the general capital fund need to be investigated and the appropriate paperwork be filed for reimbursement.
8. *Old, inactive escrow accounts be investigated and balances be refunded or cancelled.
9. *Debt service payments be charged to the correct budget appropriation and fund.
10. All purchase orders be provided for auditor review, all approval signatures be obtained prior to payment and a more thorough review of budget charges be made to ensure correct budget years are charged for the expenditure.
11. Not all fixed asset purchases were included in the yearly fixed asset report.
12. A detailed analysis of accrued sick and vacation liabilities be maintained and provided for auditor review.
13. An updated actuarial valuation of the Township's post-employment health benefits liability be obtained as required in accordance with GASB 75.
14. More oversight of expenditures and available budget balances be taken to ensure that all disbursements are appropriately charged to the budget.
15. Unfunded improvement authorizations that are over five years old, where projects have been completed, be funded through either a budget appropriation or through the issuance of temporary or permanent debt.

**TOWNSHIP OF SADDLE BROOK
COMMENTS AND RECOMMENDATIONS
DECEMBER 31, 2022**

RECOMMENDATIONS, cont.

PAYROLL

1. Timesheets and other related documentation to support police overtime and outside duty pay be provided for auditor review.
2. Greater oversight of the payroll department be maintained to ensure all proper payroll documents are maintained, that all salary adjustments be approved by resolution of the governing body and employees be enrolled or terminated from the pension and health benefits system as necessary in a timely manner.

ADMINISTRATOR/CLERK

1. *Health benefit rosters that correspond with monthly premium payments be made available for auditor review.
2. *Documentation to support the annual LOSAP contribution be made available for auditor review.

DEPARTMENTS –

Municipal Court –

1. Greater effort be made to address the substantial number of tickets/complaints that need follow up.

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. Wielkocz, C.P.A.
Registered Municipal Accountant
No. CR00413



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

September 6, 2023