

THE TOWNSHIP OF SOUTH ORANGE VILLAGE
ESSEX COUNTY, NEW JERSEY
REPORT OF AUDIT
YEARS ENDED DECEMBER 31, 2016 AND 2015

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TOWNSHIP OF SOUTH ORANGE VILLAGE

PART I

INDEPENDENT AUDITORS' REPORT, REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE, FINANCIAL STATEMENTS AND
SUPPLEMENTARY SCHEDULE

YEAR ENDED DECEMBER 31, 2016

Independent Auditors' Report

**The Honorable Mayor and Members
of the Township Board of Trustees
Township of South Orange Village
South Orange, New Jersey**

Report on the Financial Statements

We have audited the accompanying regulatory basis financial statements of the various funds and account group of the Township of South Orange Village, Essex County, State of New Jersey (the "Township") which comprise the balance sheets as of and for the years ended December 31, 2016 and 2015, and the related statements of revenues, expenditures and changes in fund balances for the years ended, statements of revenues, statements of expenditures and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller of the United States and the requirements prescribed by the Division. Those standards and requirements prescribed by the Division require that we plan and perform the audit to obtain reasonable assurance about whether the regulatory basis financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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

As described in Note 1, the financial statements are prepared by the Township on the basis of the financial reporting provisions of the Division to demonstrate compliance with Division's regulatory-basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles paragraph, the financial statements referred to above do not present fairly in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2016 and 2015, or the results of its operations and changes in fund balances for the years then ended.

Basis for Disclaimer of Opinion on Length of Service Award Program Fund ("LOSAP")

As described in Note 11, the financial statements of the Length of Service Award Program Fund ("LOSAP") have not been audited and were not required by the Division to be audited nor were we engaged to audit the LOSAP financial statements as part of our audit of the Township's financial statements. The LOSAP's financial activities are included in the Township's Trust Fund, and represent 8.39% and 8.66% of the assets and liabilities, respectively, of the Township's Trust Funds as of December 31, 2016 and 2015, respectively.

Disclaimer of Opinion on Length of Service Award Program Fund ("LOSAP")

Due to the fact that we were not required by the Division to audit nor were we engaged to audit the LOSAP financial statements as part of our audit of the Township's financial statements, we do not express an opinion on the LOSAP financial statements.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the LOSAP financial statements been audited, the financial statements referred to above present fairly, in all material respects the financial position of the various funds and account group of the Township as of December 31, 2016 and 2015, and the results of its operations and changes in fund balances of such funds for the years then ended, and the statement of revenues and statement of expenditures of the various funds for the year ended December 31, 2016 in accordance with the financial reporting provisions of the Division as described in Note 1 to the financial statements.

Report on Supplementary Information as Required by the Division in Accordance with the Regulatory-Basis

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information, identified in the table of contents as Schedules A-4 through F-4 and the comments section, is presented for purposes of additional analysis as required by the Division and is not a required part of the 2016 regulatory – basis financial statements of the Township.

**The Honorable Mayor and Members
of the Township Board of Trustees
Township of South Orange Village
Page 3**

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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2017 on our consideration of the Township'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's internal control over financial reporting and compliance.

June 29, 2017
Livingston, New Jersey

A handwritten signature in cursive script, reading "Francis M. McEnerney". The signature is written in black ink and is positioned above the printed name and title.

Francis McEnerney CPA, RMA
Licensed Registered Municipal Accountant # 539



**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***

Independent Auditors' Report

**The Honorable Mayor and Members
of the Township Board of Trustees
Township of South Orange Village
County of Essex
South Orange, New Jersey**

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), the regulatory basis financial statements of the various funds and account group of the Township of South Orange Village, Essex County, New Jersey (the "Township"), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated June 29, 2017, in which we expressed an adverse opinion on the conformity of the statements with accounting principles generally accepted in the United States of America due to the differences between those principles and the financial reporting provisions of the Division and a disclaimer opinion since we did not audit and the Division does not require the Length of Services Award Program to be audited.

Internal Control Over Financial Reporting

In planning and performing our audit of the regulatory basis financial statements, we considered the Township's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the regulatory basis financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township'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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

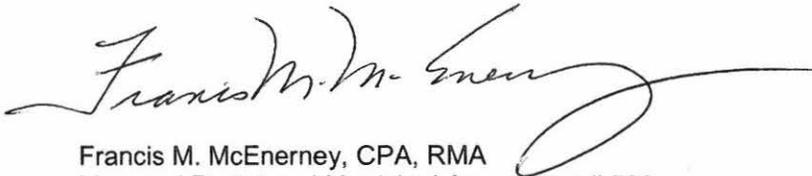
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's regulatory basis financial statements are free from 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*.

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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Livingston, New Jersey
June 29, 2017

A handwritten signature in black ink, appearing to read "Francis M. McEnerney", with a long, sweeping underline that extends to the right.

Francis M. McEnerney, CPA, RMA
Licensed Registered Municipal Accountant # 539

TOWNSHIP OF SOUTH ORANGE VILLAGE
CURRENT FUND

BALANCE SHEETS
REGULATORY BASIS
DECEMBER 31, 2016 AND 2015

A
Sheet #1

<u>ASSETS AND DEFERRED CHARGES</u>	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
Cash	A-4	\$ 3,133,790.91	\$ 1,553,741.45
Change Funds	A-5	325.00	225.00
Due from State of New Jersey: Ch. 129, P.L. 1976	A-6	16,325.34	14,624.15
		<u>3,150,441.25</u>	<u>1,568,590.60</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Taxes Receivable	A-7	869,132.47	965,658.52
Tax Title Liens	A-8	139,546.14	127,004.50
Other Accounts Receivable	A-9		60.00
Property Acquired for Taxes at Assessed Valuation	A-10	282,900.00	282,900.00
Improvement District Tax Receivable	A-11	1,345.80	1,500.17
Revenue Accounts Receivable	A-12	264,643.83	490,250.30
Interfunds Receivable	A-13		8,406.76
		<u>1,557,568.24</u>	<u>1,875,780.25</u>
Deferred Charges	A-14	567,739.96	350,000.00
		<u>5,275,749.45</u>	<u>3,794,370.85</u>
Federal and State Grant Fund:			
Cash	A-4	65,651.24	234,484.40
Federal and State Grants Receivable	A-27	3,250,897.39	3,486,766.59
		<u>3,314,686.39</u>	<u>3,721,250.99</u>
		<u>\$ 8,590,435.84</u>	<u>\$ 7,515,621.84</u>

See accompanying notes to financial statements.

TOWNSHIP OF SOUTH ORANGE VILLAGE
CURRENT FUND

BALANCE SHEETS
REGULATORY BASIS
DECEMBER 31, 2016 AND 2015

A
Sheet #2

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
Expenditure Reserves:			
Appropriation Reserves:			
Encumbered	A-3, A-15	\$ 486,932.55	\$ 235,624.21
Unencumbered	A-3, A-15	244,207.49	214,115.36
Interfunds Payable	A-13		221,667.00
Due to State of New Jersey:			
Other Fees	A-19		475.00
Tax Overpayments	A-17	150,557.08	113,686.14
Sewer Rent Overpayments	A-20	6.07	2,882.17
Accounts Payable	A-16	6,510.00	6,510.00
Emergency Note Payable	A-18	567,739.00	300,000.00
School Taxes Payable	A-22	33,821.00	33,820.50
Open Space Levy	A-23		1,118.66
County Taxes Payable	A-21	12,491.61	
Various Reserves	A-24	152,056.26	83,000.00
Prepaid Taxes and Sewer Rents	A-25	426,561.20	355,068.28
Improvement District Tax Payable	A-26	2.13	2.13
		<u>2,080,884.39</u>	<u>1,567,969.45</u>
Reserve for Receivables and Other Assets		1,557,568.24	1,875,780.25
Fund Balance	A-1	<u>1,637,296.82</u>	<u>350,621.15</u>
		<u>5,275,749.45</u>	<u>3,794,370.85</u>
Federal and State Grant Fund:			
Interfund Payable	A-28	1,862.24	5,127.13
Appropriated Reserves	A-29	3,309,969.39	3,706,406.86
Unappropriated Reserves	A-30	4,717.00	9,717.00
		<u>3,316,548.63</u>	<u>3,721,250.99</u>
		<u>\$ 8,592,298.08</u>	<u>\$ 7,515,621.84</u>

See accompanying notes to financial statements.

TOWNSHIP OF SOUTH ORANGE VILLAGE
CURRENT FUND

STATEMENTS OF OPERATIONS AND CHANGE IN FUND BALANCE
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2016 AND 2015

A-1

	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
<u>Revenue and Other Income</u>			
Fund Balance Utilized	A-2	\$ 250,000.00	\$ 850,000.00
Miscellaneous Revenue Anticipated	A-2	11,045,495.24	9,371,819.42
Receipts from Delinquent Taxes	A-2a	965,942.96	775,584.60
Receipts from Current Taxes	A-2a	84,606,069.90	82,559,312.99
Nonbudget Revenue	A-2b	640,436.25	194,007.92
Other Credits to Income:			
Special Improvement District Receivable Liquidated	A-11	154.37	898.04
Appropriation Reserves Lapsed	A-15	141,903.46	424,558.09
Tax Overpayments Canceled	A-17	5,743.94	250.59
Other Accounts Receivable Liquidated			1,245.20
Cancellation of Grant Appropriated Reserve Balance	A-13	399,340.70	
Prior Year Interfunds Returned	A-13	8,406.76	
Accounts Payable Cancelled			39,818.71
		<u>98,063,493.58</u>	<u>94,217,495.56</u>
Total Revenue and Other Income			
<u>Expenditures</u>			
Budget and Emergency Appropriations	A-3	34,186,138.52	32,803,372.81
Prior Year Senior Citizen Deduction Disallowed			615.75
Interfunds Established			8,176.64
State Tax Court Judgments			192,219.78
Local Open Space Tax	A-23	223,493.15	224,013.89
County Taxes	A-21	13,635,669.49	13,288,576.86
Regional District School Tax	A-22	48,937,633.00	47,832,664.00
Cancellation of Grant Receivable Balances	A-13	111,563.71	
Cancellation of Other Accounts Receivable	A-9	60.00	
		<u>97,094,557.87</u>	<u>94,349,639.73</u>
Total Expenditures			
Excess (Deficit) of Revenue		968,935.71	(132,144.17)
Add: Adjustments to Income before Fund Balance:			
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Year	A-14	567,739.96	300,000.00
		<u>1,536,675.67</u>	167,855.83
Statutory Excess to Fund Balance			
<u>Fund Balance</u>			
Balance, Beginning of Year	A	350,621.15	1,032,765.32
		<u>1,887,296.82</u>	<u>1,200,621.15</u>
Decreased by:			
Utilized as Anticipated Revenue	Above	250,000.00	850,000.00
		<u>250,000.00</u>	<u>850,000.00</u>
Balance, End of Year	A	<u>\$ 1,637,296.82</u>	<u>\$ 350,621.15</u>

See accompanying notes to financial statements.

TOWNSHIP OF SOUTH ORANGE VILLAGE
CURRENT FUND

STATEMENT OF REVENUES
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016

A-2
Sheet #1

	Ref.	Anticipated Budget	Realized	Excess or (Deficit)
Fund Balance Appropriated	A-1	\$ 250,000.00	\$ 250,000.00	\$
<u>Miscellaneous Revenues</u>				
Alcoholic Beverage Licenses	A-12	30,950.00	30,550.00	(400.00)
Other Licenses	A-12	25,696.00	21,534.00	(4,162.00)
Fees and Permits	A-12	72,631.00	90,189.13	17,558.13
Municipal Court Fines and Costs	A-12	710,780.00	775,236.60	64,456.60
Interest and Cost on Taxes	A-12	229,589.00	254,127.13	24,538.13
Interest on Investments and Deposits	A-12	20,822.00	28,365.94	7,543.94
Recreation Receipts	A-12	945,258.00	951,770.98	6,512.98
Sewer User Fees	A-12	2,238,901.00	2,324,035.87	85,134.87
Cable TV Franchise Fee	A-12	218,659.00	218,659.58	0.58
Payment in Lieu of Taxes	A-12	2,115,000.00	2,005,187.74	(109,812.26)
Cell Tower Rental Fee	A-12	140,664.00	139,719.95	(944.05)
Energy Receipts Tax	A-12	1,456,861.00	1,456,861.00	
Uniform Construction Code Fees	A-12	740,000.00	811,152.00	71,152.00
Uniform Fire Safety Act	A-12	20,751.00	19,776.90	(974.10)
Utility Operating Surplus - Water	A-12	30,000.00	30,000.00	
General Capital Fund Balance	A-12	460,000.00	460,000.00	
Rent - Walton Ave	A-12	15,000.00	20,000.00	5,000.00
General Capital Reserve for Payment of Debt Service:				
2015 Note Sale Premium	A-12	39,540.00	39,540.00	
2015 SEN Principal Raised	A-12	221,667.00	221,667.00	
Seton Hall Debt Service Payment	A-12	71,970.00	75,000.00	3,030.00
FEMA	A-12	320,000.00	304,647.79	(15,352.21)
Police Side Job Fees	A-12	94,303.00	87,870.00	(6,433.00)
Shared IT Services	A-12	57,290.00	44,120.00	(13,170.00)
Joint Meeting Refund of Surplus	A-12	121,000.00	121,798.64	798.64
Reserve for Revaluation	A-12	82,000.00	82,000.00	-
		<u>10,479,332.00</u>	<u>10,613,810.25</u>	<u>134,478.25</u>
<u>Federal and State Grants:</u>				
Municipal Alliance on Alcohol and Drug Abuse		26,750.00	26,750.00	
Essex County Regional Health				
Body Armor Replacement Program		11,430.63	11,430.63	
Council of the Arts		4,716.00	4,716.00	
Drive Sober or Get Pulled Over		3,850.00	3,850.00	
Recycling Tonnage Grants		25,571.29	25,571.29	
Cops in Shops		5,400.00	5,400.00	
Alcohol Rehabilitation		423.02	423.02	
Drunk Driving Enforcement		8,050.31	8,050.31	
Clean Communities		33,493.74	33,493.74	
Grotta Fund Planning Grant		60,000.00	60,000.00	
Green Communities		3,000.00	3,000.00	
NJ DOT - Academy Street		242,000.00	242,000.00	
NJ OEM Grant		7,000.00	7,000.00	
	A-27	<u>431,684.99</u>	<u>431,684.99</u>	

See accompanying notes to financial statements.

TOWNSHIP OF SOUTH ORANGE VILLAGE
CURRENT FUND

STATEMENT OF REVENUES
ANALYSIS OF REALIZED REVENUES
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016

A-2a

<u>Allocation of Tax Collections</u>	<u>Ref.</u>	<u>Total</u>	<u>Receipts from Delinquent Taxes</u>	<u>Current Tax Collections</u>
Taxes Receivable Cash Receipts	A-7	\$ 85,177,444.48	\$ 965,942.96	\$ 84,211,501.52
Exemptions Granted	A-7	39,500.00		39,500.00
Prepaid Taxes Applied	A-7	355,068.38		355,068.38
Total Revenue	A-1	85,572,012.86	965,942.96	84,606,069.90
Allocated to:				
County Levy and Added Taxes	A-21	(13,635,669.49)		(13,635,669.49)
Regional District School Taxes	A-22	(48,937,633.00)		(48,937,633.00)
Local Open Space	A-23	(223,493.15)		(223,493.15)
Plus: Reserve for Uncollected Taxes	A-3	1,209,847.46		1,209,847.46
Realized Revenue	A-2	\$ 23,985,064.68	\$ 965,942.96	\$ 23,019,121.72

See accompanying notes to financial statements.

TOWNSHIP OF SOUTH ORANGE VILLAGE
CURRENT FUND

STATEMENT OF REVENUES
ANALYSIS OF NONBUDGET REVENUES
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016

A-2b

Ref.

Miscellaneous Revenue Not Anticipated

Cash Receipts:

Bid Specs		\$ 4,950.00
Administrative Fee- State of New Jersey		1,090.78
Gas Light Ads		5,900.00
PILOT		576,481.97
Restitution		305.11
Prior Year Reimbursements		12,189.65
Bounced Check Fee		1,350.00
Other		38,168.74
		38,168.74

A-4

\$ 640,436.25

Sewer User Fees

Revenue Accounts Receivable	A-12	\$ 2,324,595.87
Less: Transferred to Lien	A-12	560.00
Amount Realized as Revenue	A-2	\$ 2,324,035.87

See accompanying notes to financial statements.

TOWNSHIP OF SOUTH ORANGE VILLAGE
CURRENT FUND

STATEMENT OF EXPENDITURES
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016

Appropriation	Appropriations		Expended	Encumbered	Unencumbered	Canceled
	Budget	Modified Budget				
APPROPRIATIONS WITHIN "CAPS"						
GENERAL GOVERNMENT						
Administrative and Executive:						
Salaries and Wages	\$ 298,000.00	\$ 303,844.31	\$ 303,844.31	\$	\$	\$
Other Expenses	330,000.00	356,000.00	317,636.46	36,659.79	1,703.75	
Mayor and Council:						
Other Expenses	2,000.00	2,500.00	2,431.00		69.00	
Village Committee:						
Other Expenses	45,000.00	36,000.00	35,374.96		625.04	
Office of Village Clerk:						
Salaries and Wages	125,000.00	125,321.74	125,321.74			
Other Expenses	26,000.00	19,000.00	13,388.91	120.00	5,491.09	
Financial Administration:						
Salaries and Wages	37,500.00	4,691.74	4,691.74			
Other Expenses	335,000.00	255,000.00	226,063.62	28,835.77	100.61	
Annual Audit	36,000.00	41,500.00	37,500.00		4,000.00	
Assessment of Taxes:						
Salaries and Wages	107,500.00	129,688.82	129,688.82			
Other Expenses	9,000.00	9,000.00	2,726.44	887.56	5,386.00	
Tax Appeals	82,000.00	382,000.00	382,000.00			
Collection of Taxes:						
Salaries and Wages	155,000.00	155,945.95	155,945.95			
Other Expenses	13,500.00	13,500.00	12,168.77	1,331.23		
Legal Services and Costs:						
Other Expenses	245,000.00	195,000.00	175,844.40	1,056.83	18,098.77	
Engineering Services and Costs:						
Salaries and Wages	200,000.00	91,491.82	91,491.82			
Other Expenses	15,000.00	33,000.00	31,806.03	671.10	522.87	
Computer Information Technology						
Salaries and Wages	162,000.00	162,000.00	161,657.35		342.65	
Other Expenses	80,000.00	120,000.00	113,009.47	2,075.62	4,914.91	
LAND USE ADMINISTRATION						
Planning Board:						
Salaries and Wages	3,000.00					
Other Expenses	5,000.00	5,000.00	3,145.15	844.93	1,009.92	
Board of Adjustment:						
Salaries and Wages	3,000.00					
Other Expenses	4,000.00	4,000.00	2,329.65	239.48	1,430.87	
Historic Preservation Commission:						
Salaries and Wages	2,500.00					
Other Expenses	4,000.00	4,775.00	4,096.50	675.66	2.84	
INSURANCE						
Unemployment	10,000.00					
Health Waiver	40,000.00	40,000.00	40,000.00			
General Liability	940,000.00	1,207,739.96	1,207,739.96			
Employee Group Health	2,128,473.00	1,995,773.00	1,995,383.92	319.30	69.78	

TOWNSHIP OF SOUTH ORANGE VILLAGE
CURRENT FUND

STATEMENT OF EXPENDITURES
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016

<u>Appropriation</u>	<u>Appropriations</u>		<u>Expended</u>	<u>Encumbered</u>	<u>Unencumbered</u>	<u>Canceled</u>
	<u>Budget</u>	<u>Modified Budget</u>				
<u>APPROPRIATIONS WITHIN "CAPS"</u>						
<u>MUNICIPAL COURT</u>						
Municipal Court:						
Salaries and Wages	\$ 118,000.00	\$ 120,467.97	\$ 120,467.97	\$	\$	\$
Public Defender:						
Salaries and Wages	29,000.00	15,000.00	14,652.51		347.49	
<u>PUBLIC SAFETY</u>						
Police:						
Salaries and Wages	6,580,000.00	6,683,702.92	6,683,687.57		15.35	
Other Expenses	230,000.00	155,000.00	120,922.44	18,794.09	15,283.47	
Emergency Management Service:						
Other Expenses	5,000.00	5,500.00	3,207.98	2,149.06	142.96	
Fire:						
Salaries and Wages	3,950,000.00	4,092,802.74	4,082,965.45		9,837.29	
Other Expenses	72,000.00	132,000.00	98,349.39	32,800.51	850.10	
<u>PUBLIC WORKS FUNCTIONS</u>						
Other Public Works Functions:						
Salaries and Wages	1,695,000.00	1,725,000.00	1,722,657.64		2,342.36	
Other Expenses	600,000.00	582,200.00	376,710.50	185,821.95	19,667.55	
<u>HEALTH AND WELFARE</u>						
Board of Health:						
Salaries and Wages	146,000.00	148,428.79	148,428.79			
Other Expenses	20,000.00	20,000.00	14,494.91	5,240.46	264.63	

TOWNSHIP OF SOUTH ORANGE VILLAGE
CURRENT FUND

STATEMENT OF EXPENDITURES
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016

Appropriation	Appropriations		Expended	Encumbered	Unencumbered	Canceled
	Budget	Modified Budget				
APPROPRIATIONS WITHIN "CAPS"						
RECREATION AND EDUCATION						
Public Recreation Programs:						
Salaries and Wages	\$ 830,000.00	\$ 924,104.27	\$ 924,104.27	\$ 59,380.40	\$ 303.30	\$
Other Expenses	730,000.00	730,000.00	670,316.30			
Celebration of Public Events:						
Other Expenses	5,000.00	10,000.00	7,668.01		2,331.99	
UNIFORM CONSTRUCTION CODE						
Construction Code Officials:						
Inspection of Buildings:						
Salaries and Wages	310,000.00	322,537.23	322,537.23		-	
Other Expenses	8,000.00	5,000.00	2,762.45	902.83	1,334.72	
UNCLASSIFIED						
Electricity	195,000.00	220,000.00	190,498.64	25,867.20	3,634.16	
Gasoline, Diesel Fuel and Lubricants	140,000.00	140,000.00	95,221.62	22,485.29	22,293.09	
Telephone and Telegraph	65,000.00	65,000.00	56,759.19	4,691.86	3,548.95	
Street Lighting	725,000.00	650,774.44	589,838.24	55,081.63	5,854.57	
Rent	15,000.00	15,000.00	14,500.00		500.00	
CONTINGENT	5,000.00	5,000.00			5,000.00	
Total Operations Within "CAPS"	21,916,473.00	22,460,290.70	21,836,038.07	486,932.55	137,320.08	
Detail:						
Salaries and Wages	14,751,500.00	15,005,028.30	14,992,143.16		12,885.14	
Other Expenses	7,164,973.00	7,455,262.40	6,843,894.91	486,932.55	124,434.94	
STATUTORY EXPENDITURES						
Contributions to:						
Public Employees' Retirement System	537,966.95	544,216.17	544,216.17			
Social Security System (OASI)	584,850.11	606,850.11	606,583.47		266.64	
Disability Insurance	15,000.00	250.00	250.00			
Defined Contribution Retirement Program	1,000.00	1,000.00			1,000.00	
Police and Firemen's Retirement System	2,315,768.72	2,326,191.76	2,326,191.76			
	3,454,585.78	3,478,508.04	3,477,241.40		1,266.64	
Total Appropriations Within "CAPS"	25,371,058.78	25,938,798.74	25,313,279.47	486,932.55	138,586.72	

TOWNSHIP OF SOUTH ORANGE VILLAGE
CURRENT FUND

STATEMENT OF EXPENDITURES
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016

Appropriation	Appropriations		Expended	Encumbered	Unencumbered	Canceled
	Budget	Modified Budget				
<u>APPROPRIATIONS EXCLUDED FROM "CAPS"</u>						
<u>OTHER OPERATIONS</u>						
Municipal Library	\$ 1,006,000.00	\$ 1,006,000.00	\$ 991,683.30	\$	\$ 14,316.70	\$
Employee Group Health	78,321.00	78,321.00	78,321.00		-	
Length of Service Awards Program	20,000.00	20,000.00	11,750.00		8,250.00	
Joint Trunk Sewer Maintenance	1,105,751.60	1,105,751.60	1,105,751.60		-	
	<u>2,210,072.60</u>	<u>2,210,072.60</u>	<u>2,187,505.90</u>		<u>22,566.70</u>	
<u>Interlocal Municipal Service Agreements</u>						
Municipal Court - Township of Maplewood	405,000.00	405,000.00	333,549.12		71,450.88	
Code Enforcement - Township of Maplewood	106,000.00	106,000.00	94,396.81		11,603.19	
<u>Public and Private Programs</u>						
Body Armor - Chap - 159	4,108.94	4,108.94	4,108.94			
Body Armor	7,321.69	7,321.69	7,321.69			
Council of the Arts	2,358.00	2,358.00	2,358.00			
Council of the Arts - Chap-159	2,358.00	2,358.00	2,358.00			
Drive Sober or Get Pulled Over - Chap - 159	3,850.00	3,850.00	3,850.00			
Recycling Tonnage Grants	25,571.29	25,571.29	25,571.29			
Cops in Shops - Chap - 159	5,400.00	5,400.00	5,400.00			
Drunk Driving Enforcement	8,050.31	8,050.31	8,050.31			
Municipal Alliance Grant	26,750.00	26,750.00	26,750.00			
Municipal Alliance Grant Match	6,688.00	6,688.00	6,688.00			
Clean Communities	33,493.74	33,493.74	33,493.74			
Municipal Alcohol Education/Rehabilitation Program - Chap - 159	423.02	423.02	423.02			
Grotta Fund Planning Grant	35,000.00	35,000.00	35,000.00			
Grotta Fund Planning Grant - Chap - 159	25,000.00	25,000.00	25,000.00			
Green Communities	3,000.00	3,000.00	3,000.00			
NJ OEM Grant	7,000.00	7,000.00	7,000.00			
New Jersey Transportation Trust Fund Authority Act - Academy Street	242,000.00	242,000.00	242,000.00			
Total Public and Private Programs	<u>438,372.99</u>	<u>438,372.99</u>	<u>438,372.99</u>			
Total Operations Excluded from "CAPS"	<u>3,159,445.59</u>	<u>3,159,445.59</u>	<u>3,053,824.82</u>		<u>105,620.77</u>	
Detail:						
Other Expenses	<u>3,159,445.59</u>	<u>3,159,445.59</u>	<u>3,053,824.82</u>		<u>105,620.77</u>	
<u>CAPITAL IMPROVEMENTS</u>						
Capital Improvement Fund	<u>50,000.00</u>	<u>50,000.00</u>	<u>50,000.00</u>			

TOWNSHIP OF SOUTH ORANGE VILLAGE
CURRENT FUND

STATEMENT OF EXPENDITURES
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016

Appropriation	Appropriations		Expended	Encumbered	Unencumbered	Canceled
	Budget	Modified Budget				
APPROPRIATIONS EXCLUDED FROM "CAPS"						
DEBT SERVICE						
Payment of Bond	\$ 3,040,000.00	\$ 3,040,000.00	\$ 3,040,000.00	\$	\$	\$
Payment of Bond Anticipation Notes and Capital Notes	443,334.00	443,334.00	443,334.00			
Interest on Bonds	1,075,000.00	1,075,000.00	1,074,929.44			70.56
Interest on Notes	81,540.00	81,540.00	81,421.93			118.07
Loan Repayment for Principal and Interest	8,540.00	8,540.00	8,534.64			5.36
2010 NJEIT Principal and Interest	14,460.00	14,460.00	14,454.18			5.82
2015 NJEIT Principal and Interest	25,220.00	25,220.00	25,220.00			
	<u>4,688,094.00</u>	<u>4,688,094.00</u>	<u>4,687,894.19</u>			<u>199.81</u>
Deferred Charges:						
Emergency Authorization	300,000.00	300,000.00	300,000.00			
Special Emergency Authorizations 5 Years	50,000.00	50,000.00	50,000.00			
	<u>350,000.00</u>	<u>350,000.00</u>	<u>350,000.00</u>			
Total Appropriations Excluded from "CAPS"	<u>8,247,539.59</u>	<u>8,247,539.59</u>	<u>8,141,719.01</u>		<u>105,620.77</u>	<u>199.81</u>
Sub-Total Appropriations	33,618,598.37	34,186,338.33	33,454,998.48	486,932.55	244,207.49	199.81
Reserve for Uncollected Taxes	1,209,847.46	1,209,847.46	1,209,847.46			
Total General Appropriations	<u>\$ 34,828,445.83</u>	<u>\$ 35,396,185.79</u>	<u>\$ 34,664,845.94</u>	<u>\$ 486,932.55</u>	<u>\$ 244,207.49</u>	<u>\$ 199.81</u>
Ref.		Below	Below	A	A	Below
	Ref.					
Budget	A-2	\$ 34,828,445.83	\$			
Reserve for Uncollected Taxes	A-2a	(1,209,847.46)	1,209,847.46			
Emergency Appropriation	A-14	567,739.96	350,000.00			
Cash Disbursements	A-4		32,234,625.49			
Interfunds (Net)	A-13		6,688.00			
Capital Improvement Fund	A-13		50,000.00			
Reserve for Tax Appeals	A-24		382,000.00			
Reserve for Federal/State Grants	A-29		431,684.99			
Canceled	Above	(199.81)				
	A-1	<u>\$ 34,186,138.52</u>	<u>\$ 34,664,845.94</u>			

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See accompanying notes to financial statements.

TOWNSHIP OF SOUTH ORANGE VILLAGE
TRUST FUND

BALANCE SHEETS
REGULATORY BASIS
DECEMBER 31, 2016 AND 2015

B

<u>ASSETS</u>	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
<u>Animal Control Fund</u>			
Cash	B-1	\$ 7,105.15	\$ 7,959.55
<u>General Trust Fund</u>			
Cash	B-1	\$ 2,951,102.80	\$ 2,603,554.43
Interfunds Receivable	B-2	1,862.24	
		<u>\$ 2,952,965.04</u>	<u>\$ 2,603,554.43</u>
<u>Payroll Trust Fund</u>			
Cash	B-1	\$ 219,008.85	\$ 175,088.32
<u>Length of Service Award Program</u>			
Funds held in trust - unaudited	B	\$ 291,263.45	\$ 264,256.54
 <u>LIABILITIES AND RESERVES</u>			
<u>Animal Control Fund</u>			
Interfunds Payable	B-2	\$	\$ 1.50
Prepaid Revenue	B-4		680.00
Reserve for Expenditures	B-6	7,105.15	7,278.05
		<u>\$ 7,105.15</u>	<u>\$ 7,959.55</u>
<u>General Trust Fund</u>			
Interfunds Payable	B-2	\$	\$ 1,802.51
Reserves for:			
Special Deposits	B-7	2,357,779.10	2,053,757.29
Open Space	B-8	595,185.94	547,994.63
		<u>\$ 2,952,965.04</u>	<u>\$ 2,603,554.43</u>
<u>Payroll Trust Fund</u>			
Interfunds Payable	B-2	\$	\$ 1,475.62
Payroll Deductions Payable	B-5	219,008.85	173,612.70
		<u>\$ 219,008.85</u>	<u>\$ 175,088.32</u>
<u>Length of Service Award Program</u>			
Reserve for funds held in trust - unaudited	B	\$ 291,263.45	\$ 264,256.54

See accompanying notes to financial statements.

TOWNSHIP OF SOUTH ORANGE VILLAGE
GENERAL CAPITAL FUND

BALANCE SHEETS
REGULATORY BASIS
DECEMBER 31, 2016 AND 2015

C

<u>ASSETS AND DEFERRED CHARGES</u>	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
Cash	C-2	\$ 2,586,342.92	\$ 1,501,893.29
Interfunds Receivable	C-6	250,000.00	221,667.00
Due from Seton Hall University	C-4	450,000.00	500,000.00
Deferred Charges to Future Taxation:			
Funded	C-7	38,433,676.94	41,509,721.45
Unfunded	C-8	10,246,868.00	10,405,202.00
		<u>\$ 51,966,887.86</u>	<u>\$ 54,138,483.74</u>
 <u>LIABILITIES AND FUND BALANCE</u>			
Serial Bonds	C-10	\$ 37,850,000.00	\$ 40,890,000.00
Environmental Infrastructure Loan	C-14	506,670.75	535,824.28
Green Acres Trust Loan Payable	C-13	77,006.19	83,897.17
Improvement Authorizations:			
Funded	C-12	1,167,014.00	2,937,593.04
Unfunded	C-12	2,092,876.07	3,962,197.40
Bond Anticipation Notes Payable	C-11	9,480,368.00	4,195,202.00
Capital Improvement Fund	C-9	35,025.53	25.53
Reserve for Payment Debt Service	C-15	-	221,667.00
Reserve for Preliminary Engineering Expenses	C-16	30.00	4,640.00
Reserve for Seton Hall University	C-5	450,000.00	500,000.00
Fund Balance	C-1	307,897.32	807,437.32
		<u>\$ 51,966,887.86</u>	<u>\$ 54,138,483.74</u>
 Bonds and Notes Authorized but not Issued	 C-17	 <u>\$ 766,500.00</u>	 <u>\$ 6,210,000.00</u>

See accompanying notes to financial statements.

TOWNSHIP OF SOUTH ORANGE VILLAGE
GENERAL CAPITAL FUND

FUND BALANCE
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016

C-1

	<u>Ref.</u>	
Balance, December 31, 2015	C	\$ 807,437.32
Decreased by:		
Due to Current Fund as Anticipated Revenue	C-6	<u>499,540.00</u>
Balance, December 31, 2016	C	<u><u>\$ 307,897.32</u></u>

See accompanying notes to financial statements.

TOWNSHIP OF SOUTH ORANGE VILLAGE
WATER UTILITY

BALANCE SHEETS
REGULATORY BASIS
DECEMBER 31, 2016 AND 2015

D

<u>ASSETS AND DEFERRED CHARGES</u>	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
<u>Operating Fund</u>			
Cash	D-5	\$ 52,418.98	\$ 63,165.23
Due from Water Capital Fund	D-13		27.26
		<u>52,418.98</u>	<u>63,192.49</u>
 <u>Capital Fund</u>			
Cash	D-5, D-6	107,828.23	10,766.83
Fixed Capital	D-11	8,460,893.09	8,460,893.09
Fixed Capital - Authorized and Uncompleted	D-12	5,800,000.00	
		<u>14,368,721.32</u>	<u>8,471,659.92</u>
		<u>\$ 14,421,140.30</u>	<u>\$ 8,534,852.41</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
<u>Operating Fund</u>			
Liabilities:			
Appropriation Reserves - Encumbered	D-4, D-15	\$ 365.00	\$ 16,780.40
Appropriation Reserves	D-4, D-15	19,969.70	9,468.18
Accrued Interest Payable	D-10	4,908.33	5,233.33
Fund Balance	D-1	27,175.95	31,710.58
		<u>52,418.98</u>	<u>63,192.49</u>
 <u>Capital Fund</u>			
Improvement Authorizations:			
Unfunded	D-16	5,647,088.66	
Serial Bond Payable	D-14	860,000.00	925,000.00
Reserve for Amortization	D-8	7,600,893.09	7,535,893.09
Due to Water Operating Fund	D-13		27.26
Due to General Capital Fund	D-9	250,000.00	
Fund Balance	D-2	10,739.57	10,739.57
		<u>14,368,721.32</u>	<u>8,471,659.92</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 14,421,140.30</u>	<u>\$ 8,534,852.41</u>
Bonds and Notes Authorized but Not Issued	D-17	<u>\$ 5,800,000.00</u>	<u>\$ -</u>

See accompanying notes to financial statements.

TOWNSHIP OF SOUTH ORANGE VILLAGE
WATER UTILITY

STATEMENT OF OPERATIONS
AND CHANGES IN FUND BALANCE - OPERATING FUND
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2016 AND 2015

D-1

	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
<u>Revenue and Other Income</u>			
Miscellaneous Revenues	D-3	\$ 548.97	\$ 342.98
East Orange Water Commission Lease Fees	D-3	568,667.82	572,295.01
Appropriation Reserves Lapsed	D-15	26,248.58	664.21
Total Income		<u>595,465.37</u>	<u>573,302.20</u>
<u>Expenditures</u>			
Budget Appropriations:			
Operations		426,868.45	371,488.00
Debt Service		96,075.00	98,960.33
Statutory Expenditures		47,056.55	43,037.00
Statutory Expenditures- Deferred Charges		30,000.00	30,000.00
	D-4	<u>570,000.00</u>	<u>543,485.33</u>
Excess Revenue		25,465.37	29,816.87
<u>Fund Balance</u>			
Balance, Beginning of Year	D	<u>31,710.58</u>	<u>61,893.71</u>
		57,175.95	91,710.58
Decreased by:			
Amount Utilized as Current Fund Revenue	D-5	30,000.00	60,000.00
Balance, End of Year	D	<u>\$ 27,175.95</u>	<u>\$ 31,710.58</u>

See accompanying notes to financial statements.

TOWNSHIP OF SOUTH ORANGE VILLGAE
WATER UTILITY CAPITAL FUND

STATEMENT OF FUND BALANCE
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016

D-2

	<u>Ref.</u>	
Balance, December 31, 2016 and 2015	D	<u>\$ 10,739.57</u>

See accompanying notes to financial statements.

TOWNSHIP OF SOUTH ORANGE VILLAGE
WATER UTILITY

STATEMENT OF REVENUE - OPERATING FUND
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016

D-3

<u>Source</u>	<u>Ref.</u>	<u>Budget Revenue</u>	<u>Realized</u>	<u>(Deficit) Excess</u>
East Orange Lease Fees	D-1, D-5	\$ 570,000.00	\$ 568,667.82	\$ (1,332.18)
Miscellaneous	D-1, D-5	-	548.97	548.97
	D-4	<u>\$ 570,000.00</u>	<u>\$ 569,216.79</u>	<u>\$ (783.21)</u>

See accompanying notes to financial statements.

TOWNSHIP OF SOUTH ORANGE VILLAGE
PUBLIC ASSISTANCE FUND

BALANCE SHEETS
REGULATORY BASIS
DECEMBER 31, 2016 AND 2015

E

<u>ASSETS</u>	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
Cash	E-2	\$ 583.93	\$ 582.42
		<u>\$ 583.93</u>	<u>\$ 582.42</u>
 <u>LIABILITIES AND FUND BALANCE</u>			
Due to Current Fund	E-3	\$ -	\$ 1.50
Fund Balance	E-1	583.93	580.92
		<u>\$ 583.93</u>	<u>\$ 582.42</u>

See accompanying notes to financial statements.

TOWNSHIP OF SOUTH ORANGE VILLAGE
TRUSTEES OF FREE PUBLIC LIBRARY

BALANCE SHEETS
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2016 AND 2015

E

<u>ASSETS</u>	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
<u>Unrestricted</u>			
Cash	F-2	\$ 44,929.38	\$ 66,374.60
Cash - Money Market	F-3	88,959.48	88,689.38
		<u>133,888.86</u>	<u>155,063.98</u>
<u>Restricted</u>			
Cash	F-2	199,736.90	199,550.69
Total Assets		<u>\$ 333,625.76</u>	<u>\$ 354,614.67</u>
 <u>FUND BALANCE</u>			
Restricted for Computer Technology		\$ 199,736.90	\$ 199,550.69
Unrestricted		133,888.86	155,063.98
Total Fund Balance	F-1	<u>333,625.76</u>	<u>354,614.67</u>
Total Liabilities and Fund Balance		<u>\$ 333,625.76</u>	<u>\$ 354,614.67</u>

See accompanying notes to financial statements.

TOWNSHIP OF SOUTH ORANGE VILLAGE
TRUSTEES OF FREE PUBLIC LIBRARY

STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCE
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016

F-1

	<u>Ref.</u>	<u>Unrestricted</u>	<u>Restricted</u>	<u>Balance December 31, 2016</u>	<u>Balance December 31, 2015</u>
Revenue:					
Gifts	F-2	\$ 29,904.36	\$ -	\$ 29,904.36	\$ 30,228.06
Copier Fees	F-2	16,043.66		16,043.66	14,333.35
Fines and Lost Books	F-2	11,706.56		11,706.56	12,199.93
Miscellaneous	F-2	12,238.18		12,238.18	11,267.50
Interest on Deposits and Investments	F-2, F-3	272.64	186.21	458.85	505.13
State Library Aid	F-2	8,457.00		8,457.00	8,500.00
Current Fund Budget Appropriation	F-4	991,683.30		991,683.30	986,279.01
		<u>1,070,305.70</u>	<u>186.21</u>	<u>1,070,491.91</u>	<u>1,063,312.98</u>
Expenditures:					
Paid Directly by Township	F-4	825,201.30		825,201.30	819,797.01
Books and Subscriptions and Other Expenses	F-2	266,279.52		266,279.52	245,430.27
Basic Account Fee		-		-	5.00
		<u>1,091,480.82</u>		<u>1,091,480.82</u>	<u>1,065,232.28</u>
(Deficit) Excess Revenue		(21,175.12)	186.21	(20,988.91)	(1,919.30)
Fund Balance, Beginning of Year	F	<u>155,063.98</u>	<u>199,550.69</u>	<u>354,614.67</u>	<u>395,333.99</u>
Fund Balance, End of Year	F	<u>\$ 133,888.86</u>	<u>\$ 199,736.90</u>	<u>\$ 333,625.76</u>	<u>\$ 354,614.67</u>

See accompanying notes to financial statements.

TOWNSHIP OF SOUTH ORANGE VILLAGE

STATEMENT OF GOVERNMENTAL FIXED ASSETS - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016 AND 2015

	<u>December 31, 2016</u>	<u>December 31, 2015</u>
<u>Governmental Fixed Assets</u>		
Land and Improvements	\$ 33,982,929.00	\$ 33,982,929.00
Building and Improvements	41,932,726.00	41,052,784.00
Equipment	<u>8,511,477.00</u>	<u>8,370,209.00</u>
	<u>\$ 84,427,132.00</u>	<u>\$ 83,405,922.00</u>
Investment in Fixed Assets	<u>\$ 84,427,132.00</u>	<u>\$ 83,405,922.00</u>

See accompanying notes to financial statements.

TOWNSHIP OF SOUTH ORANGE VILLAGE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

1. Reporting Entity and Summary of Significant Accounting Policies

Reporting Entity

The financial statements of the Township of South Orange Village, County of Essex, New Jersey ("Township") include every board, body, officer or commission maintained wholly or in part by funds appropriated by the Township, as required by the provision of N.J.S.A. 40A:5-5. The financial statements, however, do not include the operation of School Boards, Volunteer Fire Departments and First Aid Squads, which are subject to separate audit and are considered component units under generally accepted accounting principles in the United States. Included within the financial statements are taxes levied, collected and turned over to School Boards and appropriations for contributions to Volunteer Fire Departments and First Aid Squads. Complete financial statements of these component units can be obtained by contacting the Treasurer of the respective entity.

The Governmental Accounting Standards Board and subsequent Codification (collectively, "GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB statement No. 14 as amended by GASB Statement No. 61 establishes certain standards for defining and reporting on the financial reporting entity. In accordance with these standards, the reporting entity should include the primary government and those component units which are fiscally accountable to the primary government. The municipalities in the State of New Jersey do not prepare financial statements in accordance with accounting principles generally accepted in the United States of America ("US GAAP") and thus do not comply with all of the GASB pronouncements.

The financial statements of the Township have been prepared on a basis of accounting in conformity with accounting principles and practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), which is a regulatory basis of accounting other than US GAAP. 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 separate funds, which differ from the fund structure required by US GAAP.

GASB requires the financial reporting entity to include both the primary government and component units. Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Township is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Township in that the Township approves the budget, the issuance of debt or the levying of taxes. The Township is not includable in any other reporting entity as a component unit.

Description of Funds

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 groups:

Current Fund - This fund is used to account for the revenues and expenditures for governmental operations of a general nature and the assets and liabilities related to such activities, including Federal and State grants not accounted for in another fund.

TOWNSHIP OF SOUTH ORANGE VILLAGE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

1. Reporting Entity and Summary of Significant Accounting Policies (continued)

Trust Fund – This fund is used to record receipts, disbursements and custodianship of monies in accordance with the purpose for which each reserve was created are maintained in Trust Funds. These include the Animal Control Trust Fund, General Trust Funds, Payroll Trust Fund and Length of Service Award Program Trust.

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

Water Utility Operating and Capital Fund – This fund is treated as a separate entity and maintains its own Operating and Capital Funds, which reflect revenue, expenditures, stewardship, acquisitions of utility infrastructure and other capital facilities, debt service, long-term debt and other related activity.

Public Assistance Trust Fund - This fund is used to account for the receipts and disbursements of funds that provide assistance to certain residents of the Township pursuant to Title 44 of New Jersey Statutes.

Free Public Library Fund - This Fund is used to record Library-related revenues and expenditures of the Free Public Library, except for Library Payroll and related expenditures, which are already charged to the Township's Current Budget.

General Fixed Assets Account Group - This account group is used to account for all general fixed assets of the Township, other than those accounted for in the Water Utility Fund. The Township's infrastructure is not reported in the account group.

Basis of Accounting

The Township follows the regulatory basis of accounting. Under this method of accounting, revenues, except for Federal and State Aid, are recognized when received and expenditures are recorded when incurred. The accounting principles and practices prescribed or permitted for municipalities by the Division ("regulatory basis of accounting") differ in certain respects from US GAAP applicable to local government units:

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. 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 April 1 in the year following the calendar year levy when the same became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing the property on a standard tax sale. The Township also has the option when unpaid taxes or any municipal lien, or part thereof, on real property remains in arrears on the 11th day of the 11th month in the fiscal year when the taxes or lien became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing property on an accelerated tax sale, provided that the sale is conducted and completed no earlier than in the last month of the fiscal year.

TOWNSHIP OF SOUTH ORANGE VILLAGE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

1. Reporting Entity and Summary of Significant Accounting Policies (continued)

The Township may institute annual in rem tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property. 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 tax receivable and tax title liens that are uncollectible. US GAAP requires property tax revenues to be recognized in the accounting period when they become susceptible to accrual (i.e., when they are both levied and available), reduced by an allowance for doubtful accounts.

Miscellaneous Revenues - Miscellaneous revenues are recognized on a cash basis. Receivables for miscellaneous items that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Township's Current Fund. US GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual (i.e., when they are both measurable and available).

Sewer Rents - Sewer charges are levied quarterly based upon a consumption or usage charge. Revenues from these sources are recognized on a cash basis. Receivables that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Township's Current Fund. US GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual (i.e. when they are both levied and available)

Grant and Similar Award 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. US GAAP requires such revenues to be recognized as soon as all eligibility requirements imposed by the grantor or provider have been met.

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. Budget amounts presented in the accompanying financial statements represent amounts adopted by the Township and approved by the Division per N.J.S.A. 40A:4 et seq.

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

Trust Funds
General Capital Fund
Water Utility Capital Fund
Public Assistance Fund
Trustees of Free Public Library

The governing body is required to introduce and approve the annual budget no later than the last day in February of the fiscal year. The budget is required to be adopted no later than April 20, and prior to adoption, must be certified by the Division. The Director of the Division, 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. The governing body of the municipality may authorize emergency appropriations and the inclusion of certain special items of revenue to the budget after its adoption and determination of the tax rate. 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. In addition, the governing body approved several budget transfers during 2016.

TOWNSHIP OF SOUTH ORANGE VILLAGE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

1. Reporting Entity and Summary of Significant Accounting Policies (continued)

Expenditures - Expenditures are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with 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 cancelled by the governing body.

US 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, as well as expenditures related to compensated absences and claims and judgments, which are recognized when due.

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

Appropriation Reserves - Appropriation reserves are recorded as liabilities and 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 US GAAP.

Compensated Absences - Expenditures relating to obligations for unused vested accumulated vacation and sick leave are not recorded until paid; however, municipalities may establish and budget reserve funds subject to N.J.S.A. 40A:4-39 for the future payment of compensated absences. US 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 are recorded as a long-term obligation in the government-wide financial statements.

Property Acquired for Taxes - Property acquired for taxes is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. US GAAP requires such property to be recorded as a capital asset in the government-wide financial statements at fair value on the date of acquisition.

Interfund Receivables - 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. US GAAP does not require the establishment of an offsetting reserve for interfunds and, therefore, does not recognize income in the year liquidated.

Inventories - The cost 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. US GAAP requires inventories to be recorded as assets in proprietary-type funds.

Cash and Investments - Cash includes amounts in demand deposits, as well as short-term investments with a maturity date within three months of the date acquired by the government. Investments are reported at cost and are limited by N.J.S.A. 40A:5-15.1 et seq. US GAAP requires that all investments be reported at fair value.

TOWNSHIP OF SOUTH ORANGE VILLAGE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

1. Reporting Entity and Summary of Significant Accounting Policies (continued)

Tax Appeals and Other Contingent Losses - Losses arising from tax appeals and other contingent losses are recognized at the time a decision is rendered by an administrative or judicial body; however, municipalities may establish reserves transferred from tax collections or by budget appropriation for future payments of tax appeal losses. US GAAP requires such amounts to be recorded when it is probable that a loss has been incurred and the amount of such loss can be reasonably estimated.

General Fixed Assets - In accordance with N.J.A.C. 5:30-5.6, Accounting for Governmental Fixed Assets, the Township has developed a fixed assets accounting and reporting system. Fixed assets are defined by the Township as assets with an initial, individual cost of \$2,000 and an estimated useful life in excess of two years. 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 are not capitalized.

Fixed Assets purchased after December 31, 1999 are stated at cost. Donated fixed assets are recorded at estimated fair market value at the date of donation.

Fixed Assets purchased prior to December 31, 1999 are stated as follows:

Land and Buildings	Assessed Value
Machinery and Equipment	Replacement Costs

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.

Accounting for Utility Fund "fixed capital" remains unchanged under N.J.A.C. 5:30-5.6.

Property and equipment purchased by the Water Utility fund is recorded in the capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not purport to represent replacement cost or current value. Contributions in aid of construction are not capitalized. The balance in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the Utility Capital Fund represents charges to operations for the costs of acquisitions of property, equipment and improvements. The Utility Capital Fund does not record depreciation on fixed assets.

US GAAP requires that capital assets be recorded in proprietary-type funds, as well as the government-wide financial statement at historical or estimated historical cost if actual historical cost is not available. In addition, US GAAP requires depreciation on capital assets to be recorded in proprietary-type funds as well as in the government-wide financial statements.

Recent Pronouncements - The GASB issued Statement 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions in June 2015. This Statement replaces the requirements of Statement 45 and the primary objective of this Statement is to improve accounting and reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local government employers about financial support for OPEB that is provided by other entities. The requirements of this Statement are effective for financial statements for reporting periods beginning after June 15, 2017. Management has not yet determined the impact of the Statement on the financial statements.

TOWNSHIP OF SOUTH ORANGE VILLAGE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

1. Reporting Entity and Summary of Significant Accounting Policies (continued)

The GASB issued Statement 77, Tax Abatement Disclosures in August 2015. This Statement is intended to improve financial reporting by requiring disclosure of tax abatement information about a reporting government's own tax abatement agreements and those that are entered into by other governments and that reduce the reporting government's tax revenues. The requirements of this Statement are effective for financial statements for reporting periods beginning after December 15, 2015. The Township has implemented this standard in the current year. The detail is reflected in footnote 19.

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 accrued revenues and expenditures during the reporting period. Accordingly, actual results could differ from those estimates.

Comparative Data – Comparative data for the prior year has been presented in the accompanying financial statements 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.

GASB also requires the financial statements of a governmental unit to be presented in the basic financial statements in accordance with US GAAP. The Township presents the financial statements listed in the table of contents, which are required by the Division, to be referenced to the supplementary schedules. This practice differs from reporting requirements under US GAAP.

2. Deposits and Investments

The Township considers petty cash, change funds, cash in banks, certificates of deposit and deposits with the New Jersey Cash Management Fund as cash and cash equivalents.

Deposits:

The Township's deposits are insured through either the Federal Deposit Insurance Corporation ("FDIC") or New Jersey's Governmental Unit Deposit Protection Act ("GUDPA"). The Township is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. GUDPA requires all banks doing business in the State of New Jersey to maintain additional collateral in the amount of 5% of the average public deposits and to deposit these amounts with the Federal Reserve Bank for all deposits not covered by the FDIC.

Custodial Credit Risk – the custodial credit risk for deposits is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. Although the Township does not have a formal deposit policy for custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in a public depositories protected from loss under the provisions of GUDPA. Public funds owned by the municipality in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds, or funds that may pass to the municipality relative to the happening of a future condition. As of December 31, 2016 and 2015 the Township's bank balances were exposed to custodial credit risk.

TOWNSHIP OF SOUTH ORANGE VILLAGE
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2016 AND 2015

2. Deposits and Investments (continued)

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank for periods ending December 31, 2016 and 2015. At December 31, 2016 and 2015, the book value of the Township's deposits were \$9,459,265 and \$6,505,851, respectively. The Township's deposits, which are displayed on the various fund Balance Sheet as "cash and cash equivalents", are categorized as:

<u>Depository Account</u>	<u>December 31, 2016</u>	<u>December 31, 2015</u>
Insured	\$ 995,190	\$ 1,000,000
Uninsured and Collateralize	<u>\$ 8,749,344</u>	<u>\$ 5,398,659</u>
	<u>\$ 9,744,534</u>	<u>\$ 6,398,659</u>

Investments:

The Township is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 40A:515.1. Investments include bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, bonds or other obligations of the Township or bonds or other obligations of the School Districts which are a part of the Township or School Districts located within the Township, Local Government investment pools, and agreements for the repurchase of fully collateralized securities, if transacted in accordance with N.J.S.A. 40A:5-15.1 (8a-8e).

As of December 31, 2016 and 2015, the Township had no investments.

Interest earned in the General Capital Fund, Animal Control Fund and certain Other Trust Funds are assigned to the Current Fund in accordance with the regulatory basis of accounting. Interest earned in the Utility Capital Fund is assigned to the Utility Operating Fund in accordance with the regulatory basis of accounting.

3. MUNICIPAL DEBT

The Local Bond law governs the issuance of bonds and notes to finance general capital expenditures. 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 refunded by the issuance of bonds.

TOWNSHIP OF SOUTH ORANGE VILLAGE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

3. MUNICIPAL DEBT (continued)

The Township's debt as of December 31, is summarized as follows:

	<u>2016</u>	<u>2015</u>
<u>Issued</u>		
General:		
Bonds and Notes	\$ 47,330,368	\$ 45,085,202
Green Acres Trust Loan	77,006	83,897
Environmental Infrastructure	506,671	535,824
Water:		
Bonds and Notes	860,000	925,000
Total Debt Issued	48,774,045	46,629,923
 <u>Authorized but Not Issued</u>		
General and Water:		
Bonds and Notes	6,566,500	6,210,000
 Net Bonds and Notes Issued and Authorized but Not Issued		
	\$ 55,340,545	\$ 52,839,923

The statement of debt condition that follows is extracted from the Township's Annual Debt Statement and indicates a statutory net debt of 1.854% at December 31, 2016.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Regional School District	\$ 38,963,000	\$ 38,963,000	\$
Water Utility Debt	6,660,000	6,644,336	15,664
General Debt	48,680,545		48,680,545
Total	\$ 94,303,545	\$ 45,607,336	\$ 48,696,209

The Township's remaining borrowing power under N.J.S.A. 40A:2-6, as amended, at December 31, 2016 as follows:

3-1/2% of Equalized Valuation Basis (Municipal)	\$ 91,916,760
Net Debt	(48,696,209)
Remaining Statutory Borrowing Power	\$ 43,220,551

School Debt Deductions

School debt is deductible up to the extent of 4.0% of the Average Equalized Assessed Valuations of real property for the Local District.

TOWNSHIP OF SOUTH ORANGE VILLAGE
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2016 AND 2015

3. MUNICIPAL DEBT (continued)

Calculation of "Self-Liquidating Purposes" Water Utility per N.J.S.A. 40A:2-45

Surplus and Cash Receipts from Fees, Rent or Other Charges for Year		\$ 569,217
Deductions:		
Operating and Maintenance Costs	\$ 473,925	
Debt Service per Water/Sewer Utility	<u>96,075</u>	
		<u>570,000</u>
Deficit in Revenue		<u>(783)</u>
Gross System Debt	6,660,000	
Less: Deficit (Capitalized at 5%)	<u>15,664</u>	
Total Allowable Deduction		<u><u>\$ 6,644,336</u></u>

As there is a deficit in revenue, not all Water Utility Debt is deductible for Debt Statement purposes.

The foregoing debt information is in agreement with the Annual Debt Statement, as amended, as filed by the Chief Financial Officer.

TOWNSHIP OF SOUTH ORANGE VILLAGE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

3. MUNICIPAL DEBT (continued)

General Obligation Bonds

The Township levies ad valorem taxes to pay debt service on general obligation bonds. General obligation bonds outstanding at December 31, 2016 and 2015 are as follows:

Serial Bonds Payable

	2016	2015
\$2,200,000 Taxable Refunding Bonds; Annual maturities of \$300,000 to \$335,000 through December 2021, at interest rates ranging from 1.618% to 2.946%	\$ 1,585,000.00	\$ 1,885,000.00
\$9,990,000 Refunding General Improvement Bonds; Annual maturities of \$590,000 to \$635,000 through November 2029, at interest rates ranging from 2.50% to 5.00%	7,945,000.00	8,560,000.00
\$34,445,000 General Improvement Bonds; Annual maturities of \$1,900,000 to \$2,610,000 through January, 2028 at interest rates ranging from 2.00% to 3.00%	28,320,000.00	30,445,000.00
	\$ 37,850,000.00	\$ 40,890,000.00

Water Utility Bonds

\$1,075,000 Refunding Water Improvement Bonds; Annual maturities from \$60,000 to \$70,000 through November 2029, at interest rates ranging from 2.50% to 5.00%	\$ 860,000.00	\$ 925,000.00
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The Township's principal and interest for general obligation bonds issued and outstanding as of December 31, 2016 is as follows:

Year	General		Water Utility		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 3,115,000	\$1,030,329	\$ 65,000	\$ 29,450	\$ 3,180,000	\$1,059,779
2018	3,200,000	951,867	65,000	27,500	3,265,000	979,367
2019	2,815,000	879,131	65,000	25,550	2,880,000	904,681
2020	2,890,000	806,373	60,000	22,950	2,950,000	829,323
2021	2,970,000	733,521	60,000	21,150	3,030,000	754,671
2022-2026	15,840,000	1,955,172	340,000	67,075	16,180,000	2,022,247
2027-2029	7,020,000	243,825	205,000	12,812	7,225,000	256,637
	\$ 37,850,000	\$6,600,218	\$860,000	\$206,487	\$38,710,000	\$6,806,705

TOWNSHIP OF SOUTH ORANGE VILLAGE
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2016 AND 2015

3. MUNICIPAL DEBT (continued)

Environmental Infrastructure Loan

An Environmental Infrastructure Loan was obtained by the Joint Sewer Authority of Union and Essex County, of which the Township is a member. Each member town was required to adopt an ordinance for their share of the cost. Total cost for the Township was \$435,444. The Township obtained ARRA funding in the sum of \$206,962, which reduced its debt payments to \$228,481. The following is the remaining debt on the loan in the sum of \$506,671.

The Township's principal and interest for New Jersey Environmental Trust and Fund Loans outstanding as of December 31, 2016 is as follows:

Calendar Year	<u>General</u>	
	<u>Principal</u>	<u>Interest</u>
2017	\$ 29,154	\$ 8,175
2018	29,154	7,675
2019	29,154	7,175
2020	29,154	6,725
2021	29,153	6,225
2022-2026	145,767	24,625
2027-2031	144,530	12,400
2032-2034	70,605	2,400
	<u>\$ 506,671</u>	<u>\$ 75,400</u>

Green Acres Trust Loan

The New Jersey Green Acres Trust Loan obtained in 2007 for \$137,250 requiring semi-annual installments of \$4,267, including interest at the rate of 2% and has a remaining balance of \$77,006 at December 31, 2016.

The Township's principal and interest for the Green Acres Trust Loan outstanding as of December 31, 2016 is as follows:

Calendar Year	<u>General</u>	
	<u>Principal</u>	<u>Interest</u>
2017	\$ 7,029	\$ 1,505
2018	7,171	1,364
2019	7,315	1,220
2020	7,462	1,073
2021	7,612	923
2022-2026	40,417	2,256
	<u>\$ 77,006</u>	<u>\$ 8,341</u>

**TOWNSHIP OF SOUTH ORANGE VILLAGE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

3. MUNICIPAL DEBT (continued)

Changes in Long-Term Municipal Debt

The Township's long-term capital debt activity for 2016 and 2015 is as follows:

	Balance December 31, 2015	Increases	Reductions	Balance December 31, 2016	Due Within One Year
General Capital Fund					
Bonds Payable	\$ 40,890,000	\$	\$ 3,040,000	\$ 37,850,000	\$ 3,115,000
Environmental					
Infrastructure Loan	535,824		29,153	506,671	29,154
Green Acres Loan	83,897		6,891	77,006	6,891
	<u>41,509,721</u>		<u>3,076,044</u>	<u>38,433,677</u>	<u>3,151,045</u>
Water Utility Fund					
Bonds Payable	925,000		65,000	860,000	65,000
Total	<u>\$ 42,434,721</u>	<u>\$ -</u>	<u>\$ 3,141,044</u>	<u>\$ 39,293,677</u>	<u>\$ 3,216,045</u>
	Balance December 31, 2014	Increases	Reductions	Balance December 31, 2015	Due Within One Year
General Capital Fund					
Bonds Payable	\$ 44,025,000	\$	\$ 3,135,000	\$ 40,890,000	\$ 3,040,000
Environmental					
Infrastructure Loan	196,797	381,186	42,159	535,824	29,154
Green Acres Loan	88,742	1,910	6,755	83,897	6,891
	<u>44,310,539</u>	<u>383,096</u>	<u>3,183,914</u>	<u>41,509,721</u>	<u>3,076,045</u>
Water Utility Fund					
Bonds Payable	990,000		65,000	925,000	65,000
Total	<u>\$ 45,300,539</u>	<u>\$ 383,096</u>	<u>\$ 3,248,914</u>	<u>\$ 42,434,721</u>	<u>\$ 3,141,045</u>

Short-Term Debt

The Township's short-term capital debt activity for 2016 and 2015 is as follows:

	Balance, December 31, 2015	Additions	Reductions	Balance, December 31, 2016
Bond Anticipation Notes	\$ 4,195,202	\$ 9,480,368	\$ 4,195,202	\$ 9,480,368
Emergency Note	300,000	567,739	300,000	567,739
Total	<u>\$ 4,495,202</u>	<u>\$10,048,107</u>	<u>\$ 4,495,202</u>	<u>\$ 10,048,107</u>
	Balance, December 31, 2014	Additions	Reductions	Balance, December 31, 2015
Bond Anticipation Notes	\$	\$ 4,195,202	\$	\$ 4,195,202
Emergency Note		300,000		300,000
Total	<u>\$</u>	<u>\$ 4,495,202</u>	<u>\$</u>	<u>\$ 4,495,202</u>

TOWNSHIP OF SOUTH ORANGE VILLAGE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

4. FIXED ASSETS

General Fixed Assets

The following is a summary of changes in the General Fixed Assets account group as of December 31, 2016 and 2015:

	Balance December 31, <u>2015</u>	<u>Additions</u>	<u>Retirements</u>	Balance December 31, <u>2016</u>
Land and Land Improvements	\$ 33,982,929	\$	\$	\$ 33,982,929
Buildings and Building Improvements	41,052,784	879,942		41,932,726
Machinery and Equipment	8,370,209	141,268		8,511,477
	<u>\$ 83,405,922</u>	<u>\$ 1,021,210</u>	<u>\$</u>	<u>\$ 84,427,132</u>
	Balance December 31, <u>2014</u>	<u>Additions</u>	<u>Retirements</u>	Balance December 31, <u>2015</u>
Land and Land Improvements	\$ 33,963,729	\$ 19,200	\$	\$ 33,982,929
Buildings and Building Improvements	41,052,784			41,052,784
Machinery and Equipment	7,934,264	435,945		8,370,209
	<u>\$ 82,950,777</u>	<u>\$ 455,145</u>	<u>\$</u>	<u>\$ 83,405,922</u>

Utility Fund Fixed Assets

The following is a summary of changes in the Utility Fund fixed assets as of December 31, 2016 and 2015:

	Balance December 31, <u>2015</u>	<u>Increases</u>	<u>Decreases</u>	Balance December 31, <u>2016</u>
Water Utility Fund				
Fixed Capital				
Land and Land Improvements	\$ 3,048,937	\$	\$	\$ 3,048,937
Buildings and Building Improvements	1,371,781			1,371,781
Machinery and Equipment	4,040,175			4,040,175
	<u>\$ 8,460,893</u>	<u>\$</u>	<u>\$</u>	<u>\$ 8,460,893</u>
	Balance December 31, <u>2014</u>	<u>Increases</u>	<u>Decreases</u>	Balance December 31, <u>2015</u>
Water Utility Fund				
Fixed Capital				
Land and Land Improvements	\$ 3,048,937	\$	\$	\$ 3,048,937
Buildings and Building Improvements	1,371,781			1,371,781
Machinery and Equipment	4,040,175			4,040,175
	<u>\$ 8,460,893</u>	<u>\$</u>	<u>\$</u>	<u>\$ 8,460,893</u>

TOWNSHIP OF SOUTH ORANGE VILLAGE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

5. DUE TO/FROM OTHER FUNDS

As of December 31, 2016 and 2015, interfund receivables and payables that resulted from various interfund transactions are as follows:

	2016		2015	
	Due From Other Funds	Due To Other Funds	Due From Other Funds	Due To Other Funds
Current Fund	\$	\$	\$ 8,407	\$ 221,667
Federal/State Grant Fund	1,862			5,127
General Trust Fund		1,862		1,803
Payroll Trust Fund				1,476
Animal Control Fund				1
General Capital Fund	250,000		221,667	
Water Utility Operating Fund		250,000		
Water Utility Capital Fund			27	27
Total	\$ 251,862	\$ 251,862	\$ 230,101	\$ 230,101

The above balances are the result of expenditures being paid by one fund on behalf of another. The Township expects all interfund balances to be liquidated within one year.

6. FUND BALANCES APPROPRIATED

Under the regulatory basis of accounting, fund balances in the Current Fund and Utility Operating Fund are comprised of cash surplus (fund balance) and non-cash surplus (fund balance). All or part of cash surplus as of December 31 may be anticipated in the subsequent year's budget. The non-cash surplus portion of fund balance may be utilized in the subsequent year's budget with the prior written consent of the Director of the Division of Local Government Services, if certain guidelines are met as to its availability. Fund balances at December 31, which were appropriated and included as anticipated revenue in their own respective fund's budget for the succeeding year, were as follows:

	2016		2015	
	Fund Balance <u>December 31,</u>	Utilized in Subsequent <u>Year's Budget</u>	Fund Balance <u>December 31</u>	Utilized in Subsequent <u>Year's Budget</u>
Current Fund				
Cash Surplus	\$ 1,637,297	\$ 920,000	\$ 350,621	\$ 250,000
Water Utility Operating Fund				
Cash Surplus	\$ 27,176	\$	\$ 31,711	\$

The above fund balance amounts utilized represents the surplus anticipated in the 2017 and 2016 municipal budgets.

TOWNSHIP OF SOUTH ORANGE VILLAGE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

7. DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

As noted in Note 1, certain expenditures are required to be deferred to budgets of succeeding years.

The following deferred charges are shown of the December 31, 2016 and 2015 balance sheet of the Township's Current Fund.

	2016	2015
Special Emergency Authorization (40A:4-53)	\$	\$ 50,000
Emergency Authorization	567,740	300,000
	567,740	\$ 350,000

The special emergency authorizations consist of \$300,000 of appropriations to pay the costs associated with tax appeals and \$267,740 for general liability insurance. Of these balances, \$397,200 of the deferred charges will be raised in the Township's 2017 Current Fund budget.

8. COMPENSATED ABSENCES

Under the existing policies and labor agreements of the Township, employees are allowed to accumulate, with certain restrictions, unused vacation benefits, sick leave and compensation time in lieu of overtime over the life of their working careers and to redeem such unused leave time in cash upon death, retirement or by extended absence immediately preceding retirement. The Township's total liability for sick time as of December 31, 2016 and 2015, based on contractual limits, is unknown. This amount is not an immediate liability of the Township and the likelihood of this amount becoming due and payable at any time within the next twelve months is remote.

9. EMPLOYEE RETIREMENT SYSTEMS

Substantially, all Township employees participate in the Public Employees' Retirement System or the Police and Firemen's Retirement System. The Division of Pensions within the Treasury Department of the State of New Jersey is the administrator of the funds and charges municipalities annually for their respective contributions. The plans provide retirement and disability benefits, annual cost sharing multiple-employer defined benefit plans and as such do not maintain separate records for each municipality in the state and, therefore, the actuarial data for the Township if not available. The Division of Pensions issues publicly available financial reports for each of the plans that include financial statements and required supplementary information. The reports may be obtained by writing the State of New Jersey, Division of Pensions.

Covered employees are required by State statute to contribute a certain percentage of their salary to the plan. Each member's percentage is based on age determined at the effective date of enrollment. In addition, the PERS and PFRS bill the Township annually at an actuarially determined rate for its required contribution. The current rate is 7.20% and 10.00%, respectively, of annual covered payroll. The contribution requirements of plan members and the Township are established and may be amended by the Board of Trustees of the respective plan. The Township's contributions to the PERS for the years ended December 31, 2016, 2015 and 2014 were \$498,382, \$442,228 and \$411,372, respectively, equal to the required contributions for the year. The Township's contributions to the PFRS for the years ended December 31, 2016, 2015 and 2014 were \$2,168,053, \$2,019,158 and \$1,944,864, respectively, equal to the required contributions for each year.

TOWNSHIP OF SOUTH ORANGE VILLAGE
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2016 AND 2015

9. EMPLOYEE RETIREMENT SYSTEMS (continued)

**Other Post-Retirement Benefits Other Than Pension
 State Health Benefits Program (SHBP)**

Plan Description – The Township contributes to the State Health Benefits Program (SHBP) a cost-sharing, multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pension and Benefits. SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq. to provide health benefits to State employees, retirees, and their dependents.

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents. The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295.

The Township does not pay retirement benefits for any retired employees.

Public Employee Retirement System

The Public Employee Retirement System is a cost-sharing, multiple employer defined benefit pension plan as defined in GASB Statement No. 68. The Plan is administered by The New Jersey Division of Pensions and Benefits (Division). The more significant aspects of the PERS Plan are as follows:

Plan Membership and Contributing Employers- Substantially all full-time employees of the State of New Jersey or any county, municipality, school district or public agency are enrolled in PERS, provided the employee is not required to be a member of another state-administered retirement system or other state pension fund or other jurisdiction's pension fund. Membership and contributing employers of the defined benefit pension plans consisted of the following at June 30, 2016 and 2015:

	2016	2015
Inactive plan members or beneficiaries currently receiving benefits	170,685	166,637
Inactive plan members entitled to but not yet receiving benefits	650	703
Active plan members	<u>254,685</u>	<u>259,161</u>
 Total	 <u>426,020</u>	 <u>426,501</u>

Contributing Employers – 1,710

Significant Legislation – For State of New Jersey contributions to PERS, Chapter 1, P.L. 2010, effective May 21, 2010, required the State to resume making actuarially recommended contributions to the pension plan on a phased-in basis over a seven year period beginning in the fiscal year ended June 30, 2012. For State fiscal year 2016, the State was required to make a minimum contribution representing 5/7th of the actuarially determined contribution amount based on the July 1, 2014 actuarial valuation.

Chapter 19, P.L. 2009, effective March 17, 2009, provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State Fiscal Year 2009. Such an employer will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded

TOWNSHIP OF SOUTH ORANGE VILLAGE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

9. EMPLOYEE RETIREMENT SYSTEMS (continued)

liability of PERS, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

Pursuant to the provision of Chapter 78, P.L. 2011, COLA increases were suspended for all current and future retirees of PERS.

For the year ended December 31, 2016 and 2015 the Township's total payroll for all employees was \$15,225,404 and \$14,595,297. Total PERS covered payroll was \$4,438,737 and \$4,432,984. Due to payroll system limitations, covered payroll refers to pensionable compensation, rather than total compensation, paid by the Township to active employees covered by the Plan.

Specific Contribution Requirements and benefit provisions – The contribution policy is set by N.J.S.A. 43:15 and requires contributions by active members and contributing employers. Members contribute at a uniform rate. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 6.92% in State fiscal year 2015 and increased to 7.06 for State fiscal year 2016, commencing July 1, 2016. The phase-in of the additional incremental member contribution rate will take place in July of each subsequent State fiscal year. Employers' contribution amounts are based on an actuarially determined rate. The annual employer contributions include funding for basic retirement allowances and noncontributory death benefits. The Township's cash basis contributions to the Plan for the years ended December 2016 and 2015 were \$498,382 and \$442,228, respectively. Township contributions are due and payable on April 1st in the second fiscal period subsequent to plan year for which the contributions requirements were calculated.

The Township recognizes liabilities to PERS and records expenditures for same in the fiscal period that bills become due.

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

The following represents the membership tiers for PERS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007.
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 8, 2008
3	Members who were eligible 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

A service retirement benefit of 1/55th of final average salary for each year of service credit is available to tier 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 tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, to tier 3 and 4 members before age 62 and tier 5 members 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 retirement age of his/her respective tier. 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 SOUTH ORANGE VILLAGE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

9. EMPLOYEE RETIREMENT SYSTEMS (continued)

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – The regulatory basis of accounting which is basis for the preparation of the Township's basic financial statements does not require or permit the inclusion of entity-wide, full accrual basis financial statements. Accordingly, the Township does not recognize pension liabilities for any current or prior period until the fiscal period in which such payments will become due and payable. At June 30, 2016, the PERS reported a net pension liability of \$29,617,131,759 for its Non-State Employer Member Group. The Township's proportionate share of the net pension liability for the Non-State Employer Member Group that is attributable to the Township was \$18,629,355 or 0.0629006060%. At June 30, 2015, the PERS reported a net pension liability of \$22,447,996,119 for its Non-State Employer Member Group. The proportionate share of the State of New Jersey's the net pension liability for the Non-State Employer Member Group that is attributable to the Township was \$13,012,985 or 0.0579694735%.

At December 31, 2016, the Township's deferred outflows of resources and deferred inflows of resources related to PERS were from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,056,804	\$
Changes of assumptions	3,859,007	
Net difference between projected and actual investment earnings on pension plan investments		
Changes in proportion	1,345,202	97,287
Township contributions subsequent to the measurement date	558,800	

\$558,800 shown as deferred outflows of resources related to PERS resulting from Township contributions subsequent to the measurement date. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS should have been recognized in pension expense as follows, if GASB #68 was recognized:

<u>Year ended December 31,</u>	<u>Amount</u>
2017	\$ 1,405,525
2018	1,433,807
2019	1,433,807
2020	1,322,856
2021	<u>567,731</u>
Total	<u>\$6,163,726</u>

TOWNSHIP OF SOUTH ORANGE VILLAGE
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2016 AND 2015

9. EMPLOYEE RETIREMENT SYSTEMS (continued)

Actuarial Assumptions- The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	June 30, 2016	June 30, 2015
Inflation	3.08%	3.04%
Salary Increases (2012-2021)	1.65-4.15% Based on age	2.15-4.40% Based on age
Thereafter	2.65-5.15% Based on age	3.15-5.40% Based on age
Investment rate of return	7.65%	7.90%

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans 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 the pension plans' target asset allocation as of June 30, 2016 and 2015 are summarized in the following table:

TOWNSHIP OF SOUTH ORANGE VILLAGE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

9. EMPLOYEE RETIREMENT SYSTEMS (continued)

Asset Class	June 30, 2016		June 30, 2015	
	Target	Long-Term	Target	Long-Term
	Allocation	Expected Real Rate of Return	Allocation	Expected Real Rate of Return
Cash	5.00%	0.87%	5.00%	1.04%
Mortgages	2.00%	1.67%	2.10%	1.62%
High Yield Bonds	2.00%	4.56%	2.00%	4.03%
Inflation Indexed Bonds	1.50%	3.44%	1.50%	3.25%
Broad U.S. Equities	26.00%	8.53%	27.25%	8.52%
Developed Foreign Markets	13.25%	6.83%	12.00%	6.88%
Emerging Market Equities	6.50%	9.95%	6.40%	10.00%
Private Equity	9.00%	12.40%	9.25%	12.41%
Hedge Funds/Absolute Returns	12.50%	4.68%	12.00%	4.72%
Real Estate (Property)	2.00%	6.91%	2.00%	6.83%
Commodities	0.50%	5.45%	1.00%	5.32%
U.S. Treasuries	1.50%	1.64%	1.75%	1.64%
Investment Grade Credit	8.00%	1.79%	10.00%	1.79%
Global Debt ex US	5.00%	-0.25%	3.50%	-0.40%
REIT	5.25%	5.63%	4.25%	5.12%
	100.00%		100.00%	

Discount Rate – The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of Net Pension Liability – the following presents the net pension liability of PERS calculated using the discount rates as disclosed above as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage rate higher than the current rate:

	At 1% Decrease	At Current Discount Rate	At 1% Increase
Township's proportionate share	\$22,828,100	\$18,629,355	\$15,162,927

TOWNSHIP OF SOUTH ORANGE VILLAGE
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2016 AND 2015

9. EMPLOYEE RETIREMENT SYSTEMS (continued)

Plan Fiduciary Net Position – The plan fiduciary net position for PERS, including the State of New Jersey, at June 30, 2016 and 2015 were \$26,762,070,610 and \$28,553,566,906, respectively. The portion of the Plan Fiduciary Net Position that was allocable to the Local (Non-State) Group at June 30, 2016 and 2015 was \$19,857,566,387 and \$20,661,583,919, respectively.

Additional information

Collective Local Group balances at June 30, 2016 are as follows:

Collective deferred outflows of resources	\$	8,685,338,380
Collective deferred inflows of resources		870,133,595
Collective net pension liability		29,617,131,759
 Township's Proportion		 0.0629006060%

Collective pension expense for the Local Group for the measurement period ended June 30, 2016 and 2015 \$2,830,763,540 and \$1,481,308,816, respectively.

The average of the expected remaining service lives of all plan members is 5.57, 5.72 and 6.44 years for 2016, 2015 and 2014, respectively.

Police and Firemen's Retirement System

The Police and Firemen's Retirement System is a cost-sharing, multiple employer defined benefit pension plan as defined in GASB Statement No. 68. The Plan is administered by The New Jersey Division of Pensions and Benefits (Division). The more significant aspects of the PFRS Plan are as follows:

Plan Membership and Contributing Employers- Substantially all full-time county and municipal police and firemen and state firemen or officer employees with police powers appointed after June 30, 1944 are enrolled in PFRS Membership and contributing employers of the defined benefit pension plans consisted of the following at June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Inactive plan members or beneficiaries currently receiving benefits	40,789	44,252
Inactive plan members entitled to but not yet receiving benefits	47	51
Active plan members	<u>45,625</u>	<u>40,359</u>
 Total	 <u>86,461</u>	 <u>84,662</u>

Contributing Employers – 585

In addition to the State, who is the sole payer of regular employer contributions to the fund, PFRS's contributing employers include boards of education who elected to participate in the Early Retirement Incentive Program (ERIP) and are legally responsible to continue to pay towards their incurred liability. The current number of ERIP Contributing Employers is 26.

Significant Legislation – For State of New Jersey contributions to PFRS, Chapter 1, P.L. 2010, effective May 21, 2010, required the State to resume making actuarially recommended contributions to the pension plan on a phased-in basis over a seven year period beginning in the fiscal year ended June 30, 2012. For State fiscal year 2016, the State was required to make a minimum contribution representing 5/7th of the actuarially determined contribution amount based on the July 1, 2014 actuarial valuation.

TOWNSHIP OF SOUTH ORANGE VILLAGE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

9. EMPLOYEE RETIREMENT SYSTEMS (continued)

Pursuant to the provision of Chapter 78, P.L. 2011, COLA increases were suspended for all current and future retirees of PFRS.

For the years ended December 31, 2016 and 2015 the Township's total payroll for all employees were \$15,225,404 and \$14,595,297, respectively. Total PFRS covered payroll was \$7,796,894 and \$8,144,905. Due to payroll system limitations, covered payroll refers to pensionable compensation, rather than total compensation, paid by the Township to active employees covered by the Plan.

Specific Contribution Requirements and benefit provisions – The contribution policy is set by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contributions rate increased from 8.5% of annual compensation to 10.0% in October 2011. Employer contribution amounts are based on an actuarially determined rate. The annual employer contributions include funding for basic retirement allowances and noncontributory death benefits. The Township's cash basis contributions to the Plan for the years ended December 31, 2016 and 2015 were \$2,168,053 and \$2,019,158, respectively. Township contributions are due and payable on April 1st in the second fiscal period subsequent to plan year for which the contributions requirements were calculated.

The Township recognizes liabilities to PFRS and records expenditures for same in the fiscal period that bills become due.

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 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.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – The regulatory basis of accounting which is basis for the preparation of the Township's basic financial statements does not require or permit the inclusion of entity-wide, full accrual basis financial statements. Accordingly, the Township does not recognize pension liabilities for any current or prior period until the fiscal period in which such payments will become due and payable.

At June 30, 2016, the PFRS reported a net pension liability of \$20,706,699,056 for its Non-State, Non-Special Funding Situation Employer Member Group. The Township's proportionate share of the net pension liability for the Non-State Non-Special Funding Situation Employer Member Group was \$48,567,212, or 0.2542445473%. At June 30, 2015, the PFRS reported a net pension liability of \$18,117,234,618 for its Non-State, Non-Special Funding Situation Employer Member Group. The Township's proportionate share of the net pension liability for the Non-State Non-Special Funding Situation Employer Member Group was \$44,426,608, or 0.2667221196%.

TOWNSHIP OF SOUTH ORANGE VILLAGE
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2016 AND 2015

9. EMPLOYEE RETIREMENT SYSTEMS (continued)

At December 31, 2016, the Township's deferred outflows of resources and deferred inflows of resources related to PERS were from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$	\$ 318,365
Changes of assumptions	6,726,958	
Net difference between projected and actual investment earnings on pension plan investments	3,403,007	
Changes in proportion	327,764	1,687,113
Township contributions subsequent to the measurement date	2,072,959	

\$2,072,959 is reflected above as deferred outflows of resources related to pensions resulting from Township contributions subsequent to the measurement date. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions would be recognized in pension expense on the GAAP basis as follows:

<u>Year ended December 31,</u>	<u>Amount</u>
2017	\$ 2,191,938
2018	2,191,938
2019	2,191,940
2020	1,507,683
2021	368,752
 Total	 <u>\$ 8,452,251</u>

Actuarial Assumptions- The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Inflation	3.08%	3.04%
Salary Increases (2012-2021)	2.10-8.98% based on age	2.60-9.48% based on age
Thereafter	3.10-9.98% based on age	3.60-10.48% based on age
Investment rate of return	7.65%	7.90%

Pre-retirement mortality rates were based on the RP-2000 Pre-Retirement mortality tables projected thirteen years using Projection Scale BB and then projected on a generational basis using the plan actuary's modified 2014 projection scales. Post-retirement mortality rates for male service retirements and beneficiaries are based the RP-2000 Combined Healthy Mortality Tables projected one year using Projection Scale AA and two years using the plan actuary's modified 2014 projection scales, which was further projected on a generational basis using the plan actuary's 2014 projection scales. Post-retirement mortality rates for female service retirements and beneficiaries were based the RP-2000 Combined Healthy Mortality Tables projected thirteen years using Projection Scale BB and then two years using the plan actuary's modified 2014 projection scales, which was further projected on a generational basis using the plan actuary's modified 2014 projection scales. Disability mortality tables were based on special mortality tables used for the period after disability retirement.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

TOWNSHIP OF SOUTH ORANGE VILLAGE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

9. EMPLOYEE RETIREMENT SYSTEMS (continued)

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans 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 the pension plans' target asset allocation as of June 30, 2016 and 2015 are summarized in the following table:

<u>Asset Class</u>	<u>June 30, 2016</u>		<u>June 30, 2015</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.87%	5.00%	1.04%
Mortgages	2.00%	1.67%	2.10%	1.62%
High Yield Bonds	2.00%	4.56%	2.00%	4.03%
Inflation Indexed Bonds	1.50%	3.44%	1.50%	3.25%
Broad U.S. Equities	26.00%	8.53%	27.25%	8.52%
Developed Foreign Equities	13.25%	6.83%	12.00%	6.88%
Emerging Market Equities	6.50%	9.95%	6.40%	10.00%
Private Equity	9.00%	12.40%	9.25%	12.41%
Hedge Funds/Absolute Returns	12.50%	4.68%	12.00%	4.72%
Real Estate (Property)	2.00%	6.91%	2.00%	6.83%
Commodities	0.50%	5.45%	1.00%	5.32%
U.S. Treasuries	1.50%	1.74%	1.75%	1.64%
Investment Grade Credit	8.00%	1.79%	10.00%	1.79%
Global Debt ex US	5.00%	-0.25%	3.50%	-0.40%
REIT	5.25%	5.63%	4.25%	5.12%
	<u>100.00%</u>		<u>100.00%</u>	

Discount Rate – The discount rate used to measure the total pension liability was 5.55% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the non-employer contributing entity will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2050. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2050, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

TOWNSHIP OF SOUTH ORANGE VILLAGE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

9. EMPLOYEE RETIREMENT SYSTEMS (continued)

Sensitivity of Net Pension Liability – the following presents the net pension liability of PFRS calculated using the discount rates as disclosed above as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage rate higher than the current rate:

	<u>At 1% Decrease</u>	<u>At current discount rate</u>	<u>At 1% increase</u>
PFRS	\$62,623,859	\$48,567,212	\$37,104,862

Plan Fiduciary Net Position – The plan fiduciary net position for PFRS at June 30, 2016 and 2015 was \$23,984,726,664 and \$25,106,858,921, respectively.

Additional information

Collective Local Group balances at June 30, 2016 are as follows:

Collective deferred outflows of resources	\$ 4,547,316,543
Collective deferred inflows of resources	688,197,590
Collective net pension liability	20,706,699,056
Township's Proportion	0.2542445473%

Collective pension expense for the Local Group for the measurement period ended June 30, 2016 and 2015 \$2,255,296,958 and \$1,645,612,699, respectively. The average of the expected remaining service lives of all plan members is 5.58, 5.53 and 6.17 years for 2016, 2015 and 2014, respectively.

Special Funding Situation

Under N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The amounts contributed on behalf of the local participating employers under this legislation is considered to be a special funding situation and the State is treated as a non-employer contributing entity. The non-employer contributing entities' total proportionate share of the collective net pension liability that is associated with the Township as of June 30, 2016 and 2015 are 0.2542445473% and 0.2667221196% and the non-employer contributing entities' contribution for the year ended June 30, 2016 and 2015 was \$156,274 and \$202,810. The State's proportionate share of the net pension liability attributable to the Township for the years ended December 31, 2016 and 2015 was \$4,078,441 and \$3,896,064, respectively.

10. HEALTH BENEFITS

The State of New Jersey adopted P.L. 2011 Chapter 78 which requires all municipalities to increase the share of health benefit coverage paid by public employees and retirees who receive employer paid health benefits. The law changes the health care contributions standards set in Chapter 2 of 2010, by increasing the amounts contributed. The contribution rates are increased over a four year period and are based on an employee's contractual salary. The law became effective for non-union contract agreements on July 1, 2011, which was then extended to October 1 and for all union contracts after they expire. In the Township, all union contracts expired December 31, 2011. The new contribution rates began on January 1, 2012.

TOWNSHIP OF SOUTH ORANGE VILLAGE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

11. LENGTH OF SERVICE AWARD PROGRAM (LOSAP) - UNAUDITED

The Township has established a LOSAP in accordance with N.J.A.C. 5:30-14. Annually, the Township appropriates funds and makes contributions into the LOSAP on behalf of its active emergency service volunteers that are tax-deferred income benefits. In accordance with N.J.A.C. 5:30-14, the funds held in the LOSAP remain the assets of the Township until they are distributed and as such are subject to the claims of the Township's general creditors. As of December 31, 2016 and 2015, there was \$291,263 and \$264,257, respectively, held in the LOSAP and is recorded in the Trust Fund of the Township as funds held in trust. The plan is administered by The Lincoln Financial Group.

12. TAX APPEALS

There are several tax appeals pending before the State Tax Court of New Jersey requesting a reduction of assessments for the year 2016 and prior. Any reduction in assessed valuation will result in a refund of prior years' taxes in the year of settlement, which may be funded from tax revenues, through the establishment of a reserve or by the issuance of refunding bonds per N.J.S. 40A:2-51. The Township has made a provision from tax revenues, in the amount of \$31,056 for these appeals in the event that the tax reductions are granted. In accordance with the National Council on Governmental Accounting Statement 4, Accounting and Financial Reporting Principles for Claims and Judgments and Compensated Absences, the Township charges to current fund operations or a reduction of current tax collections, all state board judgments rendered during the year which will be paid from expendable available resources. The Township's share of the County taxes paid on any successful tax appeal would result in appropriate reductions applied against the County tax levy of the following year.

13. RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; error and omission, injuries to employees; and natural disaster. The Township is a member of the Suburban Essex County Municipal Joint Insurance Fund ("JIF"), is a public entity risk pool currently operating as a common risk management and insurance program for 19 municipalities and one school district established for the purpose of insuring against property damage, general liability, motor vehicles and equipment liability and workers' compensation. While additional assessments or premiums can be levied by the Fund to ensure payment of the JIF obligations, no such additional premiums have been necessary as of December 31, 2016.

The JIF is self-sustaining through member premiums, reported as an expenditure in the Township's financial statements. The JIF contracts for excess liability insurance for property, general liability, auto liability, public official liability, law enforcement liability and workers' compensation. The Township continues to carry commercial insurance for other risks of loss, principally employee health insurance.

14. COMMITMENTS AND CONTINGENCIES

The Township receives financial assistance from the State of New Jersey and U.S. Government in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of the funds for eligible purposes.

Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by the grantors. As a result of these audits, costs previously reimbursed could be disallowed and require repayment to the grantor agency. As of December 31, 2016, the Township estimates that no material liabilities will result from such audits.

TOWNSHIP OF SOUTH ORANGE VILLAGE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

14. COMMITMENTS AND CONTINGENCIES (continued)

The Township is involved in certain legal proceedings, the resolution and impact on the financial statements of which, individually or in the aggregate, in the opinion of management as advised by legal counsel, would not be significant to the accompanying financial statements.

15. AGREEMENT WITH THE EAST ORANGE BOARD OF WATER COMMISSIONERS

The East Orange Board of Water Commissioners (the "Commission") provides water supply for the Township and operates, maintains and manages and is governed by an agreement between the Commission and the Township (the "Agreement") the Municipal Water Company System, (the "System") currently owned by the Township. The Agreement with the Township covers a period of 20 years commencing April 1, 1996 and it may be extended for an additional 10 years. Under the Agreement, the Commission is entitled to receive the revenues generated from the user charges to water customers and is also responsible for the billing and collection of such user charges. User charges are based on annual base rates established in the agreement over the 20-year period, subject to certain specific adjustments. The Commission is required to pay the Township \$50,000 annually, (increased by CPI for customer service, \$50,000 annually for water drawn from the Township's Well 17, and all of the Township's Water Utility debt service. For each year during the term of this Agreement, the Commission shall prepare a Capital Improvement budget. Commencing on April 1, 2001, the Commission shall make a payment to the Township, to be allocated to the Capital Improvement budget for the System, in the amount of \$200,000.00 per year. Unexpended funds in any given year shall be placed in a segregated interest-bearing account under the Township's control; however, the authorized signatures on this account are Commission representatives. The Commission is required to have contributed a total of \$3,000,000.00 for System capital improvements no later than April 1, 2016. This Agreement may be terminated for cause by the Township or by the Commission. Such termination entitles the Commission to be reimbursed for costs as computed in accordance with the provisions of the Agreement. The agreement was terminated as of December 31, 2016. The Township entered into an agreement with New Jersey American Water commencing on January 1, 2017.

16. SOUTH ORANGE PERFORMING ARTS CENTER

As an example of public-private partnership, the South Orange Performing Arts Center (the "SOPAC") opened in October of 2006. This is a partnership between the Township, SOPAC, a 501(c)(3) Corporation, and Seton Hall University ("SHU"). The SOPAC, as a nonprofit organization independent of the Township, is managing the day-to-day affairs of the SOPAC and both the Township and Seton Hall provided funding for construction of the project. A substantial portion the funding from the Township comes from an Essex County Improvement Authority loan and the Community Development Block Grant ("CDBG"). The Township has acted as a pass-through agency between CDBG and SOPAC. In addition, SHU is providing private funding for construction and design through the Township. The result will be a shared-use facility between the SOPAC and SHU. The Township supported the SOPAC's operations in 2006 with \$300,000.00 from its Current Fund. Construction loans in the amount of \$14,295,373 have been provided to SOPAC since the creation of the 501(c)(3) corporation.

On June 1, 2005, the Township executed a term loan mortgage on in the amount of \$10,600,000 to finance the construction of the SOPAC facility. The Township financed this mortgage with the proceeds from the sale of general obligation bonds. Repayments from the SOPAC on this loan commenced in July 2009 through June 2045.

On July 24, 2006, the Township financed an additional \$3,695,373 to the SOPAC evidenced by a term loan note.

On February 24, 2009, the Township financed an additional \$275,000 to the SOPAC evidenced by a term loan note.

TOWNSHIP OF SOUTH ORANGE VILLAGE
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2016 AND 2015

16. SOUTH ORANGE PERFORMING ARTS CENTER (continued)

On June 17, 2014, the Township passed an ordinance whereby the Agreement with the South Orange Performing Arts Center (the "Arts Center") was amended. The Township will take over ownership of the Arts Center in exchange for release of all outstanding debt. A new nominal rent lease with SOPAC was entered into whereby SOPAC will continue to be responsible for operations and maintenance of the Arts Center. In four years the rent from the movie theater located at the Arts Center will be turned over to the Township.

17. SETON HALL UNIVERSITY

The Township has funded \$1,000,000.00 for certain construction costs, which is being repaid by SHU 2006-2025, at \$50,000.00 per year plus interest ranging from 4 – 5%. At December 31, 2016, the outstanding balance due from SHU is \$450,000.00.

18. FEDERAL ARBITRAGE REGULATIONS

The Township is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on a tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service ("IRS") required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At December 31, 2016, the Township had no estimated arbitrage earnings due to the IRS.

19. GASB 77 TAX ABATEMENTS

The Township has entered into several property tax abatement agreements in order to provide incentives to redevelop areas that are in need for improvement or to create economic growth. These agreements are authorized under various New Jersey state statutes. The following represent the Township's most significant tax abatement agreements:

Entity Name	Pilot Billing	Taxes If Billed In Full	Abated Taxes
Gaslight Commons	\$ 784,165	\$ 1,050,174	\$ 266,009
The Avenue	338,617	595,886	257,268
Ashley/Above	120,761	135,848	15,087
Gateway	183,137	800,052	616,915
3rd and Valley	30,239	2,119,016	2,088,778
Total	<u>\$ 1,456,919</u>	<u>\$ 4,700,975</u>	<u>\$ 3,244,057</u>

20. SUBSEQUENT EVENTS

The Township has evaluated subsequent events occurring after December 31, 2016 through June 29, 2017, which is the date the financial statements were available to be issued. Based on this evaluation, management has determined that no events require disclosure.

TOWNSHIP OF SOUTH ORANGE VILLAGE
CURRENT FUND

CASH RECEIPTS AND DISBURSEMENTS - TREASURER
YEAR ENDED DECEMBER 31, 2016

A-4

	Ref.	<u>Current Fund</u>	<u>Federal and State Grant Fund</u>
Balance, December 31, 2015	A	\$ 1,553,741.45	\$ 234,484.40
Increased by Cash Receipts:			
Nonbudget Revenue	A-2b	\$ 640,436.25	
Change Fund	A-5	400.00	
Tax Exemptions Due from State	A-6	37,798.81	
Taxes Receivable	A-7	85,177,444.48	
Special Improvement District	A-11	82,531.64	
Revenue Accounts Receivable	A-12	9,807,840.35	
Interfund Settlements	A-13	4,964,629.41	
Tax Overpayments	A-17	180,476.63	
Various Reserves	A-24	120,000.00	
Prepaid Taxes	A-25	426,561.30	
Emergency Note Payable	A-18	567,739.00	
Other Receipts		10.67	
Interfunds	A-28		684.39
Unappropriated Grant Revenue	A-30		4,717.00
Federal and State Grants			
Receivable	A-27		546,273.48
		<u>102,005,868.54</u>	<u>551,674.87</u>
		103,559,609.99	786,159.27
Decreased by Cash Disbursed:			
Budget Appropriations	A-3	32,234,625.49	
Change Fund	A-5	500.00	
Interfund Settlements	A-13	4,225,593.66	
Appropriation Reserves	A-15	307,906.78	
Due to State of New Jersey	A-19	475.00	
Refund of Tax Overpayments	A-17	137,861.75	
Emergency Note Payable	A-18	300,000.00	
Sewer Rent Overpayments Refunded	A-20	113.20	
County Taxes Payable	A-21	13,623,177.88	
Regional School District Tax	A-22	48,937,632.50	
Open Space	A-23	224,611.81	
Other Reserves	A-24	350,943.74	
Special Improvement District	A-26	82,377.27	
Interfunds	A-28		291,500.51
Federal and State Grant			
Expenditures	A-29		429,007.52
		<u>100,425,819.08</u>	<u>720,508.03</u>
Balance, December 31, 2016	A	<u>\$ 3,133,790.91</u>	<u>\$ 65,651.24</u>

See Independent Auditors' Report

TOWNSHIP OF SOUTH ORANGE VILLAGE
CURRENT FUND

CHANGE FUNDS
YEAR ENDED DECEMBER 31, 2016

A-5

	<u>Ref.</u>	
Balance, December 31, 2015	A	\$ 225.00
Increased by:		
Cash Disbursements	A-4	<u>500.00</u>
		725.00
Decreased by:		
Cash Receipts	A-4	<u>400.00</u>
Balance, December 31, 2016	A	<u>\$ 325.00</u>

See Independent Auditors' Report

TOWNSHIP OF SOUTH ORANGE VILLAGE
CURRENT FUND

DUE TO/FROM STATE OF NEW JERSEY
PER CHAPTER 129, P.L. 1976
SENIOR CITIZENS AND VETERANS' DEDUCTIONS
YEAR ENDED DECEMBER 31, 2016

A-6

	<u>Ref.</u>		
Balance, December 31, 2015	A		\$ 14,624.15
Increased by:			
Deductions per Tax Duplicate			
Senior Citizens		\$ 2,250.00	
Veterans'		36,250.00	
Veteran/Senior Citizens Deduction			
Allowed by Tax Collector		<u>1,000.00</u>	
	A-7		<u>39,500.00</u>
			<u>54,124.15</u>
Decreased by:			
Cash Received	A-4	<u>37,798.81</u>	
			<u>37,798.81</u>
Balance, December 31, 2016	A		<u><u>\$ 16,325.34</u></u>

TOWNSHIP OF SOUTH ORANGE VILLAGE
CURRENT FUND

TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY
YEAR ENDED DECEMBER 31, 2016

A-7

Year	Balance,	2016 Levy	Added Taxes	Collected		Exemptions Granted	Canceled	Transferred to Tax Title Liens	Balance,
	Dec. 31, 2015			2015	2016				Dec. 31, 2016
2011	\$ 0.01								\$ 0.01
2012	3,114.78				\$ 3,114.78				
2013	14,624.71				14,624.71				
2014	15,065.02				15,065.02				
2015	932,854.00		\$ 507.49		933,138.45		\$ 223.04		
2016		\$ 85,700,221.53	73,975.47	\$ 355,068.38	84,211,501.52	\$ 39,500.00	287,013.00	\$ 11,981.64	869,132.46
	<u>\$ 965,658.52</u>	<u>\$ 85,700,221.53</u>	<u>\$ 74,482.96</u>	<u>\$ 355,068.38</u>	<u>\$ 85,177,444.48</u>	<u>\$ 39,500.00</u>	<u>\$ 287,236.04</u>	<u>\$ 11,981.64</u>	<u>\$ 869,132.47</u>

<u>Ref.</u>	A	Below	Reserve	A-25, Below	A-4, Below	A-6, Below	Reserve	A-8	A
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Collected in 2016	Above	\$ 84,211,501.52
Collected in 2015	Above	355,068.38
Senior citizens and veterans deductions (net)	Above	39,500.00
	A-2a	<u>\$ 84,606,069.90</u>

Ref.

<u>Tax Yield</u>	
General Purpose Tax	\$ 85,613,246.96
Added Taxes	12,491.61
	<u>85,625,738.57</u>
Added Taxes	74,482.96

Above \$ 85,700,221.53

<u>Tax Levy</u>	
Regional District School Tax (Abstract)	A-2a, A-22 \$ 48,937,633.00
County Taxes:	
Regular County Tax (Abstract)	A-21 \$ 13,228,005.65
Added Taxes	A-21 12,491.61
Open Space	A-21 <u>395,172.23</u>
	A-2a 13,635,669.49

Local Taxes:	
For Municipal Purposes	A-2 22,747,659.84
Local Open Space	A-23 223,493.15
Additional Tax Levied	<u>155,766.05</u>
	<u>23,126,919.04</u>

Above \$ 85,700,221.53

TOWNSHIP OF SOUTH ORANGE VILLAGE
CURRENT FUND

TAX TITLE LIENS
YEAR ENDED DECEMBER 31, 2016

A-8

	<u>Ref.</u>		
Balance, December 31, 2015	A		\$ 127,004.50
Increased by:			
Transferred from Taxes Receivable	A-7	\$ 11,981.64	
Transferred from Revenue Accounts Receivable	A-12	<u>560.00</u>	
			<u>12,541.64</u>
Balance, December 31, 2016	A		<u>\$ 139,546.14</u>

OTHER ACCOUNTS RECEIVABLE
YEAR ENDED DECEMBER 31, 2016

A-9

	<u>Ref.</u>		
Balance, December 31, 2015	A		\$ 60.00
Decreased by:			
Cancellations	A-1		<u>60.00</u>
Balance, December 31, 2016	A		<u>\$ -</u>

TOWNSHIP OF SOUTH ORANGE VILLAGE
CURRENT FUND

PROPERTY ACQUIRED FOR TAXES AT ASSESSED VALUATION
YEAR ENDED DECEMBER 31, 2016

A-10

	<u>Ref.</u>	
Balance, December 31, 2016 and 2015	A	<u>\$ 282,900.00</u>

SPECIAL IMPROVEMENT DISTRICT RECEIVABLE
YEAR ENDED DECEMBER 31, 2016

A-11

	<u>Ref.</u>	
Balance, December 31, 2015	A	\$ 1,500.17
Increased by:		
SID Levy	A-26	<u>82,377.27</u>
		83,877.44
Decreased by:		
Cash Collections	A-4	<u>82,531.64</u>
Balance, December 31, 2016	A	<u>\$ 1,345.80</u>
<u>Net Change to Operations</u>		
SID Levy	Above	\$ 82,377.27
Less: Collections	Above	<u>82,531.64</u>
Net Credit to Operations	A-1	<u>\$ (154.37)</u>

See Independent Auditors' Report

TOWNSHIP OF SOUTH ORANGE VILLAGE
CURRENT FUND

REVENUE ACCOUNTS RECEIVABLE
YEAR ENDED DECEMBER 31, 2016

A-12

	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2015</u>	<u>Accrued</u>	<u>Collected</u>	<u>Balance</u> <u>Dec. 31, 2016</u>
Township Clerk:					
Alcoholic Beverage Licenses	A-2	\$	\$ 30,550.00	\$ 30,550.00	\$
Other Licenses	A-2		21,534.00	21,534.00	
Other Fees and Permits	A-2		90,189.13	90,189.13	
Tax Collector:					
Interest and Cost on Taxes	A-2		254,127.13	254,127.13	
Construction Official:					
Building Permits	A-2		811,152.00	811,152.00	
Municipal Court	A-2	55,609.51	780,465.19	775,236.60	60,838.10
Recreation Receipts	A-2		951,770.98	951,770.98	
Shared IT Services	A-2		44,120.00	44,120.00	
Joint Meeting Refund	A-2		121,798.64	121,798.64	
Sewer User Charges	A-2	129,091.21	2,289,498.13	2,324,595.87	93,993.47
Cell Tower Fees	A-2		139,719.95	139,719.95	
Cable TV Franchise Fee	A-2		218,659.58	218,659.58	
Interest on Investments	A-2		28,365.94	28,365.94	
PILOT	A-2	305,549.58	1,809,450.42	2,005,187.74	109,812.26
State of New Jersey:					
Energy Receipts Tax	A-2		1,456,861.00	1,456,861.00	
Uniform Fire Safety Act	A-2		19,776.90	19,776.90	
Seton Hall Debt Service Payment	A-2		75,000.00	75,000.00	
FEMA	A-2		304,647.79	304,647.79	
Water Utility Operating Surplus	A-2		30,000.00	30,000.00	
Rent - Walton Ave.	A-2		20,000.00	20,000.00	
Police Side Job Fees	A-2		87,870.00	87,870.00	
Reserve for Revaluation	A-2		82,000.00	82,000.00	
General Capital Fund Balance	A-2		460,000.00	460,000.00	
General Capital Reserve for					
2015 Note Sale Premium	A-2		39,540.00	39,540.00	
2015 SEN Principal Raised	A-2		221,667.00	221,667.00	
		<u>\$ 490,250.30</u>	<u>\$ 10,388,763.78</u>	<u>\$ 10,614,370.25</u>	<u>\$ 264,643.83</u>

<u>Ref.</u>	A	Reserve	Below	A
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	<u>Ref.</u>	
Cash Receipts	A-4	\$ 9,807,840.35
Reserve for Revaluation	A-24	82,000.00
Sewer Rents Applied	A-20	2,762.90
Transfer Sewer Charges to Lien	A-8	560.00
Interfunds	A-13	721,207.00
		<u>\$ 10,614,370.25</u>
	Above	

See Independent Auditors' Report

TOWNSHIP OF SOUTH ORANGE VILLAGE
CURRENT FUND

INTERFUND ACCOUNTS
YEAR ENDED DECEMBER 31, 2016

A-13

	Ref.	Total	Federal and State Grant Fund	Payroll Trust Fund	General Trust Fund	Animal Control /Public Assistance	General Capital Fund	Water Utility Operating Fund
Balance, December 31, 2015								
From	A	\$ 8,406.76	\$ 5,127.13	\$ 1,475.62	\$ 1,802.51	\$ 1.50		\$
(To)	A	\$ (221,667.00)					\$ (221,667.00)	
Increased by:								
Revenue Accounts Receivable	A-12	721,207.00					721,207.00	
Cash Disbursements	A-4	3,473,131.42	684.39	500.00	56,375.29	275.00	3,287,573.97	127,722.77
Cancellation of Appropriated Grant Reserves	A-1	399,340.70	399,340.70					
Expenditures Paid Through Current	A-4	4,600.00	4,600.00					
Employee Health Deductions	A-4	746,000.00		746,000.00				
Special Deposits	A-4	1,862.24			1,862.24			
		<u>5,346,141.36</u>	<u>404,625.09</u>	<u>746,500.00</u>	<u>58,237.53</u>	<u>275.00</u>	<u>4,008,780.97</u>	<u>127,722.77</u>
Decreased by:								
Capital Improvement Fund	A-3	50,000.00					50,000.00	
Cancellation of Grants Receivable	A-1	111,563.71	111,563.71					
Grant Match	A-3	6,688.00	6,688.00					
Cash Receipts	A-4	4,964,629.41	291,500.51	747,975.62	60,040.04	276.50	3,737,113.97	127,722.77
		<u>5,132,881.12</u>	<u>409,752.22</u>	<u>747,975.62</u>	<u>60,040.04</u>	<u>276.50</u>	<u>3,787,113.97</u>	<u>127,722.77</u>
Balance, December 31, 2016								
From	A	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -
(To)	A	\$ -					\$ -	
<u>Analysis of Net Credit to Fund Balance</u>								
Interfunds Receivable:								
December 31, 2016	Above	\$ -						
December 31, 2015	Above	8,406.76						
Net Credit	A-1	\$ (8,406.76)						

TOWNSHIP OF SOUTH ORANGE VILLAGE
CURRENT FUND

DEFERRED CHARGES
YEAR ENDED DECEMBER 31, 2016

A-14

	<u>Ref.</u>	
Balance, December 31, 2015	A	\$ 350,000.00
Increased by:		
Budget Appropriation	A-1, A-3	<u>567,739.96</u> 917,739.96
Decreased by:		
Budget Appropriation	A-3	<u>350,000.00</u>
Balance, December 31, 2016	A	<u><u>\$ 567,739.96</u></u>
 <u>Analysis of Balance</u>		
Emergency - General Liability Insurance		\$ 267,739.96
Emergency - Tax Appeals		<u>300,000.00</u>
		<u><u>\$ 567,739.96</u></u>

TOWNSHIP OF SOUTH ORANGE VILLAGE
CURRENT FUND

A-15
Sheet # 1

2015 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2016

Appropriations	Balance Dec. 31, 2015		Balance After Transfers	Expended	Balance Lapsed
	Encumbered	Unencumbered			
<u>GENERAL GOVERNMENT</u>					
Administrative and Executive:					
Salaries and Wages	\$	\$	\$	\$	\$
Other Expenses	16,259.28	428.92	428.92	34,732.24	428.92
Village Committee:					
Other Expenses		445.87	36,705.15		1,972.91
Office of Village Clerk:					
Salaries and Wages		230.50	230.50		230.50
Other Expenses		258.96	258.96		258.96
Mayor and Council:					
Other Expenses	485.89	43.84	529.73	262.39	267.34
Financial Administration:					
Other Expenses		521.15	521.15		521.15
Assessment of Taxes:					
Salaries and Wages		109.97	109.97		109.97
Other Expenses	883.23		883.23	555.74	327.49
Collection of Taxes:					
Salaries and Wages		119.92	119.92		119.92
Other Expenses	1,000.00	441.60	1,441.60	875.32	566.28
Legal Services and Costs:					
Other Expenses		42.88	42.88		42.88
Engineering Services and Costs:					
Other Expenses		464.09	464.09		464.09
Computer Information Technology:					
Other Expenses		370.85	30,370.85	370.85	30,000.00
Salaries and Wages		9,732.10	9,732.10	9,700.00	32.10
Other Expenses		12.40	12.40		12.40
Salaries and Wages		192.71	2,108.18	307.97	1,800.21
Other Expenses	1,915.47				
<u>LAND USE ADMINISTRATION</u>					
Planning Board:					
Other Expenses	10.80	468.35	479.15	305.80	173.35
Board of Adjustment:					
Other Expenses		358.25	358.25		358.25
Historic Preservation Commission:					
Other Expenses	525.00	365.01	890.01		890.01
<u>MUNICIPAL COURT</u>					
Municipal Court:					
Salaries and Wages		2,764.67	2,764.67		2,764.67
Public Defender:					
Salaries and Wages		5.41	5.41		5.41
<u>PUBLIC SAFETY</u>					
Police:					
Salaries and Wages		28,023.94			
Other Expenses	10,945.38	8,132.63	19,078.01	10,557.92	8,520.09
Emergency Management:					
Other Expenses	665.00	78.37	814.04	70.67	743.37
Fire:					
Salaries and Wages		22,163.46			
Other Expenses	5,582.01	5,260.09	10,842.10	3,853.95	6,988.15
<u>PUBLIC WORKS FUNCTIONS</u>					
Road Repair and Maintenance:					
Salaries and Wages		10,203.21	10,203.21	10,203.21	-
Other Expenses	131,020.43	39,286.45	170,306.88	126,561.40	43,745.48

See Independent Auditors' Report

TOWNSHIP OF SOUTH ORANGE VILLAGE
CURRENT FUND

A-15
Sheet # 2

2015 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2016

Appropriations	Balance Dec. 31, 2015		Balance After Transfers	Expended	Balance Lapsed
	Encumbered	Unencumbered			
HEALTH AND WELFARE					
Board of Health:					
Salaries and Wages	\$ 490.00	\$ 506.21	\$ 506.21	\$ 490.00	\$ 506.21
Other Expenses		108.67	598.67		108.67
RECREATION AND EDUCATION					
Public Recreation Programs:					
Salaries and Wages		22.15	22.15		22.15
Other Expenses	45,438.00	65.21	45,503.21	30,066.07	15,437.14
Celebration of Public Events					
Other Expenses		554.41	554.41		554.41
UNIFORM CONSTRUCTION CODE					
Construction Code Officials:					
Inspection of Buildings:					
Salaries and Wages		2,548.47	2,548.47		2,548.47
Other Expenses	197.22	240.64	437.86	219.95	217.91
UNCLASSIFIED					
Electricity	2,541.96	288.34	2,830.30	2,830.30	
Gasoline, Diesel Fuel and Lubricants	13,103.87	5,622.16	18,726.03	1,886.97	16,839.06
Telephone and Telegraph		409.69	809.69	780.97	28.72
Street Lighting	3,137.67	37,542.90	40,467.97	40,467.97	
STATUTORY EXPENDITURES					
Contributions to:					
Social Security System		910.31	910.31		910.31
OTHER OPERATIONS:					
Municipal Library		160.99	160.99		160.99
Joint Trunk Sewer Maintenance		1,802.52	1,802.52		1,802.52
Agreements:					
Municipal Court - Maplewood	1,423.00	32,807.09	34,230.09	32,807.09	1,423.00
	<u>\$ 235,624.21</u>	<u>\$ 214,115.36</u>	<u>\$ 449,810.24</u>	<u>\$ 307,906.78</u>	<u>\$ 141,903.46</u>
Ref.	A	A		A-4	A-1

See Independent Auditors' Report

TOWNSHIP OF SOUTH ORANGE VILLAGE
CURRENT FUND

ACCOUNTS PAYABLE
YEAR ENDED DECEMBER 31, 2016

A-16

	<u>Ref.</u>	
Balance, December 31, 2016 and 2015	A	<u>\$ 6,510.00</u>

TAX OVERPAYMENTS
YEAR ENDED DECEMBER 31, 2016

A-17

	<u>Ref.</u>	
Balance, December 31, 2015	A	\$ 113,686.14
Increased by:		
Cash Receipts	A-4	<u>180,476.63</u>
		294,162.77
Decreased by:		
Refunds	A-4	\$ 137,861.75
Cancelled	A-1	<u>5,743.94</u>
		<u>143,605.69</u>
Balance, December 31, 2016	A	<u>\$ 150,557.08</u>

EMERGENCY NOTE PAYABLE
YEAR ENDED DECEMBER 31, 2016

A-18

	<u>Ref.</u>	
Balance, December 31, 2015	A	\$ 300,000.00
Increased by:		
Cash Receipts	A-4	<u>\$ 567,739.00</u>
		867,739.00
Decreased by:		
Cash Disbursements	A-4	<u>300,000.00</u>
Balance, December 31, 2016	A	<u>\$ 567,739.00</u>

See Independent Auditors' Report

TOWNSHIP OF SOUTH ORANGE VILLAGE
CURRENT FUND

DUE TO STATE OF NEW JERSEY (OTHER FEES)
YEAR ENDED DECEMBER 31, 2016

A-19

	<u>Ref.</u>	<u>Marriage/Burial License Fees</u>
Balance, December 31, 2015	A	\$ 475.00
Decreased by:		
Paid to State	A-4	<u>475.00</u>
Balance, December 31, 2016	A	<u>\$ -</u>

See Independent Auditors' Report

TOWNSHIP OF SOUTH ORANGE VLLAGE
CURRENT FUND

SEWER RENT OVERPAYMENTS
YEAR ENDED DECEMBER 31, 2016

A-20

	<u>Ref.</u>		
Balance, December 31, 2015	A		\$ 2,882.17
Decreased by:			
Refunds	A-4	\$ 113.20	
Overpayments applied	A-12	<u>2,762.90</u>	
			<u>2,876.10</u>
Balance, December 31, 2016	A		<u>\$ 6.07</u>

COUNTY TAXES PAYABLE
YEAR ENDED DECEMBER 31, 2016

A-21

	<u>Ref.</u>		
Balance, December 31, 2015	A		\$ -
Increased by:			
2016 Levy:			
General County	A-7	\$ 13,228,005.65	
Open Space Preservation	A-7	395,172.23	
Due County for Added Taxes	A-7	<u>12,491.61</u>	
	A-1, A-2a		<u>13,635,669.49</u>
			13,635,669.49
Decreased by:			
Payments	A-4		<u>13,623,177.88</u>
Balance, December 31, 2016			<u>\$ 12,491.61</u>

See Independent Auditors' Report

TOWNSHIP OF SOUTH ORANGE VILLAGE
CURRENT FUND

REGIONAL DISTRICT SCHOOL TAX
YEAR ENDED DECEMBER 31, 2016

A-22

	<u>Ref.</u>	
Balance, December 31, 2015	A	\$ 33,820.50
Increased by:		
School Tax Levy - Calendar Levy - 2016	A-2a, A-7	48,937,633.00
		<u>48,971,453.50</u>
Decreased by:		
Paid	A-1, A-4	48,937,632.50
		<u>48,937,632.50</u>
Balance, December 31, 2016	A	<u>\$ 33,821.00</u>

OPEN SPACE TAX LEVY
YEAR ENDED DECEMBER 31, 2016

A-23

	<u>Ref.</u>	
Balance, December 31, 2015	A	\$ 1,118.66
Increased by:		
Tax Levy	A-2a, A-7	223,493.15
		<u>224,611.81</u>
Decreased by:		
Cash Disbursements	A-1, A-4	224,611.81
		<u>224,611.81</u>
Balance, December 31, 2016	A	<u>\$ -</u>

See Independent Auditors' Report

TOWNSHIP OF SOUTH ORANGE VILLAGE
CURRENT FUND

VARIOUS RESERVES
YEAR ENDED DECEMBER 31, 2016

A-24

	<u>Ref.</u>	<u>Total</u>	<u>Reserve for Sale of Assets</u>	<u>Reserve for Tax Appeals</u>	<u>Reserve for Revaluation</u>
Balance, December 31, 2015	A	\$ 83,000.00	\$ 1,000.00	\$	\$ 82,000.00
Increased by:					
Cash Receipts	A-4	120,000.00	120,000.00		
Budget Appropriation	A-3	<u>382,000.00</u>		<u>382,000.00</u>	
		<u>502,000.00</u>	<u>120,000.00</u>	<u>382,000.00</u>	
Decreased by:					
Utilized as anticiapated surplus	A-2	82,000.00			82,000.00
Cash Disbursements	A-4	<u>350,943.74</u>		<u>350,943.74</u>	
		432,943.74		350,943.74	82,000.00
Balance, December 31, 2016	A	<u>\$ 152,056.26</u>	<u>\$ 121,000.00</u>	<u>\$ 31,056.26</u>	<u>\$ -</u>

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TOWNSHIP OF SOUTH ORANGE VILLAGE
CURRENT FUND

PREPAID TAXES
YEAR ENDED DECEMBER 31, 2016

A-25

	<u>Ref.</u>	
Balance, December 31, 2015	A	\$ 355,068.28
Increased by:		
Cash Collections	A-4	<u>426,561.30</u> 781,629.58
Decreased by:		
Applied to Current Taxes Receivable	A-7	<u>355,068.38</u>
Balance, December 31, 2016	A	<u>\$ 426,561.20</u>

SPECIAL IMPROVEMENT DISTRICT PAYABLE
YEAR ENDED DECEMBER 31, 2016

A-26

	<u>Ref.</u>	
Balance, December 31, 2015	A	\$ 2.13
Increased by:		
Levy	A-11	<u>82,377.27</u> 82,379.40
Decreased by:		
Cash Disbursements	A-4	<u>82,377.27</u>
Balance, December 31, 2016	A	<u>\$ 2.13</u>

TOWNSHIP OF SOUTH ORANGE VILLAGE
CURRENT FUND

FEDERAL AND STATE GRANTS RECEIVABLE
YEAR ENDED DECEMBER 31, 2016

<u>Program</u>	<u>Balance</u> <u>Dec. 31, 2015</u>	<u>2016 Budget</u> <u>Revenue Realized</u>	<u>Received</u>	<u>Canceled</u>	<u>Balance</u> <u>Dec. 31, 2016</u>
DOT:					
Ralston Ave.	\$ 65,989.48	\$	\$	\$ 65,989.48	\$
Safetea-LU	5,872.00			5,872.00	
Pedestrian Bridge	560,000.00				560,000.00
Turrell Avenue	225,000.00		225,000.00		
Academy Street		242,000.00			242,000.00
Police Security	819.00			819.00	
Body Armor		11,430.63	11,430.63		
Drunk Driving Enforcement		8,050.31	8,050.31		
Drive Sober or Get Pulled Over		3,850.00	3,850.00		
2006 Green Acres Acquisition	1,250,000.00				1,250,000.00
2008 Green Acres River Corridor	162,500.00				162,500.00
Council on the Arts		4,716.00	4,716.00		
Cops in Shops		5,400.00	5,400.00		
Municipal Alliance on Alcohol & Drug:					
2012	359.21			359.21	
2010	1,244.25			1,244.25	
2015	49.26				49.26
2016		26,750.00	25,055.49		1,694.51
Green Communities		3,000.00	3,000.00		
NJ OEM		7,000.00			7,000.00
Grotta Fund Planning Grant		60,000.00	60,000.00		
Over the Limit Under Arrest	100.00			100.00	
Essex County Regional Health	579.60			579.60	
Middle School Police Grant	10,000.00			10,000.00	
JAG Grant	1.99			1.99	
2004 JAG Grant	15,284.35			15,284.35	
Comprehensive Traffic Study	10,000.00			10,000.00	
Clean Communities	1,313.83			1,313.83	
Clean Communities - 2016		33,493.74	33,493.74		
Recycling Tonnage		25,571.29	25,571.29		
Essex County Open Space	150,000.00		150,000.00		
Greenway Recovery Project	400,000.00				400,000.00
NJ Historic Trust - 2011	627,653.62				627,653.62
Alcohol, Education, Rehabilitation and Enforcement Fund		423.02	423.02		
	<u>\$ 3,486,766.59</u>	<u>\$ 431,684.99</u>	<u>\$ 555,990.48</u>	<u>\$ 111,563.71</u>	<u>\$ 3,250,897.39</u>
Re	A	A-2	Below	A-1	A
		<u>Ref.</u>			
Cash Receipts		A-4	\$ 546,273.48		
Unappropriated Grants		A-30	9,717.00		
			<u>\$ 555,990.48</u>		

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TOWNSHIP OF SOUTH ORANGE VILLAGE
FEDERAL AND STATE GRANT FUND

INTERFUNDS
YEAR ENDED DECEMBER 31, 2016

A-28

	<u>Ref.</u>	<u>Total</u>	<u>General Trust Fund</u>	<u>Current Fund</u>
Balance, December 31, 2015				
Due To	A	\$ 5,127.13	\$ -	\$ 5,127.13
Increased by:				
Expenditures Paid Through Current Fund	A-29	\$ 4,600.00	\$ -	\$ 4,600.00
Expenditures Paid Through Trust Fund	A-29	1,862.24	1,862.24	-
Cancellation of Appropriated Grant Reserves	A-29	399,340.70	-	399,340.70
Cash Receipts	A-4	684.39	-	684.39
		<u>406,487.33</u>	<u>1,862.24</u>	<u>404,625.09</u>
		411,614.46	1,862.24	409,752.22
Decreased by:				
Cash Disbursements	A-4	291,500.51	-	291,500.51
Cancellation of Grants Receivable	A-27	111,563.71	-	111,563.71
Grant Match	A-29	6,688.00	-	6,688.00
		<u>409,752.22</u>	<u>-</u>	<u>409,752.22</u>
Balance, December 31, 2016				
Due To	A	<u>\$ 1,862.24</u>	<u>\$ 1,862.24</u>	<u>\$ -</u>

See Independent Auditors' Report

TOWNSHIP OF SOUTH ORANGE VILLAGE
CURRENT FUND

SCHEDULE OF APPROPRIATED RESERVES FOR
FEDERAL AND STATE GRANTS
YEAR ENDED DECEMBER 31, 2016

A-29
Sheet # 1

Program	Balance Dec. 31, 2015	Transferred from 2016 Budget Appropriations		Adjustments/ Match	Expended	Cancelled	Balance Dec. 31, 2016
		Budget	Appropriated by 40A: 4-87				
Alcohol Education, Rehabilitation and Enforcement Fund	\$ 17,837.53	\$	\$ 423.02		\$ 550.00	\$	\$ 17,710.55
Body Armor 2014	20,327.44	2,604.69	4,108.94		9,048.00		17,993.07
Clean Communities 2012	522.00				522.00		
Clean Communities 2013	21,711.21				11,993.66		9,717.55
Clean Communities 2014	24,102.76				13,382.71		10,720.05
Clean Communities 2015	29,296.05				22,220.21		7,075.84
Clean Communities 2016		33,493.74					33,493.74
Council of the Arts	18,679.60				8,030.00		10,649.60
Council of the Arts 2015	9,433.00	4,717.00					14,150.00
Council of the Arts 2016		2,358.00	2,358.00				4,716.00
DOT:							
Ralston Drive	37,889.91					37,889.91	
Safetea-LU	54,631.75					54,631.75	
Local Bikeway - ARRA	137,500.00					137,500.00	
Local Aid - Bikeway/Pedestrian Path	76,564.77					76,564.77	
Academy Street		242,000.00			99,516.16		142,483.84
Turrell Avenue	130,338.38				14,038.99		116,299.39
Pedestrian Bridge	560,000.00						560,000.00
Drive Sober or Get Arrested	2,150.00				300.00		1,850.00
Drive Sober or Get Arrested 2016			3,850.00		3,850.00		
Drunk Driving Enforcement Program	2,542.85						2,542.85
Drunk Driving Enforcement Program 2016		8,050.31					8,050.31
Grotta Fund Planning Grant		35,000.00	25,000.00		42,261.37		17,738.63
2002 Environmental Grant Match	650.78					650.78	
Essex County Regional Health Grant	579.60					579.60	
2006 Green Acres Acquisition	944,465.38						944,465.38
2008 Green Acres River Corridor	122,040.10						122,040.10
Green Communities		3,000.00			3,000.00		-
Municipal Stormwater Grant - 2011	7,325.00						7,325.00
Municipal Stormwater Grant	12,029.00						12,029.00
Greenway Recovery Project	400,000.00						400,000.00
Comprehensive Traffic Study	565.17					565.17	
ANJEC Grant	600.00				300.00		300.00
New Jersey Jitney Grant	2,964.02					2,964.02	
EMPC Grant	5,550.00					5,550.00	

TOWNSHIP OF SOUTH ORANGE VILLAGE
CURRENT FUND

SCHEDULE OF APPROPRIATED RESERVES FOR
FEDERAL AND STATE GRANTS
YEAR ENDED DECEMBER 31, 2016

A-29
Sheet # 2

Program	Balance Dec. 31, 2015	Transferred from 2016 Budget Appropriations		Adjustments/ Match	Expended	Cancelled	Balance Dec. 31, 2016
		Budget	Appropriated by 40A: 4-87				
Bulletproof Vest Program	\$ 10,248.72	\$	\$	\$	\$ 5,288.76	\$	\$ 4,959.96
New Jersey Sustainable Grant	10,000.00				10,000.00		
2005 OEM	1,088.72					1,088.72	
NJ OEM - 2016		7,000.00					7,000.00
2004 Old Stone Church - Match	23,511.54					23,511.54	
Recycling Tonnage Grant	25,914.24						25,914.24
Recycling Tonnage Grant	93,419.10			(1,862.24)			91,556.86
Recycling Tonnage Grant - 2016		25,571.29					25,571.29
Safe and Secure Grant	20,000.00						20,000.00
Safe and Secure Grant	15,000.00						15,000.00
Smart Future Planning Grant	1,000.00					1,000.00	
Special Improvement District	9,775.00						9,775.00
Municipal Alliance on Alcoholism and Drugs	9,853.80						9,853.80
Municipal Alliance on Alcoholism and Drugs	37,762.43					37,762.43	
Municipal Alliance on Alcoholism and Drugs		33,438.00			32,505.66		932.34
NJ Historic Grant - 2011	638,055.00						638,055.00
Flu Planning Grant	16.66					16.66	
Flu Planning Grant 2014	2,169.89					2,169.89	
Essex County Open Space	1,739.26					1,739.26	
Essex County Open Space 2014	150,000.00				150,000.00		
Cops in Shops	5,800.00					5,800.00	
Cops in Shops - 2016			5,400.00		5,400.00		
Juvenile Assistance Grant	340.00					340.00	
Assistance to Firefighters Grant	9,016.20					9,016.20	
Pedestrian Safety	1,400.00				1,400.00		
	<u>\$ 3,706,406.86</u>	<u>\$ 397,233.03</u>	<u>\$ 41,139.96</u>	<u>\$ (1,862.24)</u>	<u>\$ 433,607.52</u>	<u>\$ 399,340.70</u>	<u>\$ 3,309,969.39</u>
Ref.	A	Below	A-3	A-28	Below	A-1	A
	Ref.						
Grant Awards	A-3	\$ 390,545.03					
Grant Match	A-28	6,688.00					
Cash Disbursement	A-4				\$ 429,007.52		
Interfunds	A-28				4,600.00		
		<u>\$ 397,233.03</u>			<u>\$ 433,607.52</u>		

TOWNSHIP OF SOUTH ORANGE VILLAGE
FEDERAL AND STATE GRANT FUND

RESERVE FOR GRANTS - UNAPPROPRIATED
YEAR ENDED DECEMBER 31, 2016

A-30

	<u>Ref.</u>	
Balance, December 31, 2015	A	\$ 9,717.00
Increased by:		
Cash Receipts	A-4	<u>4,717.00</u>
Decreased by:		
Realized	A-27	<u>9,717.00</u>
Balance, December 31, 2016	A	<u>\$ 4,717.00</u>
 <u>Analysis of Balance</u> Council on the Arts		 <u>\$ 4,717.00</u>

See Independent Auditors' Report

TOWNSHIP OF SOUTH ORANGE VILLAGE
TRUST FUND

CASH RECEIPTS AND DISBURSEMENTS
COLLECTOR-TREASURER
YEAR ENDED DECEMBER 31, 2016

B-1

	<u>Ref.</u>	<u>Animal Control Fund</u>	<u>Payroll Fund</u>	<u>General Trust Fund</u>
Balance, December 31, 2015	B	\$ 7,959.55	\$ 175,088.32	\$2,603,554.43
Increased by Receipts:				
Due to State of New Jersey	B-3	\$ 655.80		
Net Payroll and Deductions	B-5		\$ 20,493,644.77	
Animal Control Fees	B-6	9,003.07		
Interfunds	B-2	275.00	500.00	\$ 281,730.68
Special Deposits	B-7			2,860,617.65
		<u>9,933.87</u>	<u>20,494,144.77</u>	<u>3,142,348.33</u>
		17,893.42	20,669,233.09	5,745,902.76
Decreased by Disbursements:				
Due to State of New Jersey	B-3	655.80		
Net Payroll and Deductions	B-5		19,702,248.62	
Interfunds	B-2	276.50	747,975.62	60,040.04
Animal Control Fund Expenditures	B-6	9,855.97		
Special Deposits	B-7			2,558,458.08
Open Space Expenditures	B-8			176,301.84
		<u>10,788.27</u>	<u>20,450,224.24</u>	<u>2,794,799.96</u>
Balance, December 31, 2016	B	<u>\$ 7,105.15</u>	<u>\$ 219,008.85</u>	<u>\$2,951,102.80</u>

TOWNSHIP OF SOUTH ORANGE VILLAGE
TRUST FUNDS

INTERFUNDS
YEAR ENDED DECEMBER 31, 2016

B-2

	<u>Ref.</u>	<u>Total</u>	<u>General Trust Current Fund</u>	<u>Payroll Account Current Fund</u>	<u>Animal Control Current Fund</u>
Balance, December 31, 2015					
Due To	B	\$ 3,279.63	\$ 1,802.51	\$ 1,475.62	1.50
Increased by:					
Cash Receipts	B-1	282,505.68	281,730.68	500.00	275.00
Employee Health Deductions	B-5	746,000.00		746,000.00	
		<u>1,028,505.68</u>	<u>281,730.68</u>	<u>746,500.00</u>	<u>275.00</u>
		1,031,785.31	283,533.19	747,975.62	276.50
Decreased by:					
Cash Disbursements	B-1	808,292.16	60,040.04	747,975.62	276.50
Tax Tavy	B-8	223,493.15	223,493.15		
Special Deposits	B-7	1,862.24	1,862.24		
		<u>1,033,647.55</u>	<u>285,395.43</u>	<u>747,975.62</u>	<u>276.50</u>
Balance, December 31, 2016					
Due (From)	B	\$ (1,862.24)	\$ (1,862.24)	\$ -	\$ -

TOWNSHIP OF SOUTH ORANGE VILLAGE
TRUST FUND

DUE TO STATE OF NEW JERSEY
YEAR ENDED DECEMBER 31, 2016

B-3

	<u>Ref.</u>	<u>Animal Control Fund</u>
Balance, December 31, 2015	B	\$ -
Increased by:		
State Fees	B-1	<u>655.80</u>
Decreased by:		
Payments to State of New Jersey	B-1	<u>655.80</u>
Balance, December 31, 2016		<u><u>\$ -</u></u>

PREPAID REVENUE
ANIMAL CONTROL
YEAR ENDED DECEMBER 31, 2016

B-4

	<u>Ref.</u>	
Balance, December 31, 2015	B	\$ 680.00
Decreased by:		
Applied	B-6	<u>680.00</u>
Balance, December 31, 2016	B	<u><u>\$ -</u></u>

See Independent Auditors' Report

TOWNSHIP OF SOUTH ORANGE VILLAGE
TRUST FUND

PAYROLL DEDUCTIONS PAYABLE
YEAR ENDED DECEMBER 31, 2016

B-5

	<u>Ref.</u>		
Balance, December 31, 2015	B		\$ 173,612.70
Increased by:			
Gross Payroll and Employer Share of FICA		\$ 17,623,236.84	
Pension Contributions - Municipality		<u>2,870,407.93</u>	
	B-1		<u>20,493,644.77</u>
			<u>20,667,257.47</u>
Decreased by:			
Net Payroll and Agency Payments	B-1	19,702,248.62	
Due Current Fund	B-2	<u>746,000.00</u>	
			<u>20,448,248.62</u>
Balance, December 31, 2016	B		<u><u>\$ 219,008.85</u></u>
 <u>Analysis of Balance</u>			
Police and Firemen's Retirement System			\$ 93,221.89
Public Employees' Retirement System			36,661.76
Garnishments			3,423.59
AFLAC Insurance			3,027.52
Unallocated			<u>82,674.09</u>
			<u><u>\$ 219,008.85</u></u>

See Independent Auditors' Report

TOWNSHIP OF SOUTH ORANGE VILLAGE
TRUST FUND

RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES
YEAR ENDED DECEMBER 31, 2016

B-6

	<u>Ref.</u>		
Balance, December 31, 2015	B		\$ 7,278.05
Increased by:			
Dog License Fees:			
Dog Licenses Issued		\$ 7,015.20	
Interest Earned		31.87	
Cat Licenses		<u>1,956.00</u>	
	B-1	9,003.07	
Prepaid Applied	B-4	<u>680.00</u>	
			<u>9,683.07</u>
			16,961.12
Decreased by:			
Expenditures Under R.S. 41:19-15.11	B-1		<u>9,855.97</u>
Balance, December 31, 2016	B		<u><u>\$ 7,105.15</u></u>

See Independent Auditors' Report

TOWNSHIP OF SOUTH ORANGE VILLAGE
TRUST FUND

RESERVE FOR SPECIAL DEPOSITS
YEAR ENDED DECEMBER 31, 2016

B-7

	Balance Dec. 31, 2015	Increased	Decreased	Balance Dec. 31, 2016
Law Enforcement - Confiscated Funds	\$ 480.44	\$ 2,975.50		\$ 3,455.94
Confidential Fund	696.54	1.79		698.33
Municipal Court POAA	63,401.70	11,552.18	\$ 7,712.35	67,241.53
Municipal Drug Alliance Committee	149.75			149.75
Recycling	56,605.92	65,400.47	122,006.39	
Master Card	13,760.97			13,760.97
Pool Trust	169,410.01	126,589.13	125,009.98	170,989.16
Donations	25,511.61	92,484.14	49,899.17	68,096.58
LOSAP Reserve	1,068.90			1,068.90
Public Defender	3,494.50	3,043.00	4,250.00	2,287.50
Fire Department Fines	4,405.61			4,405.61
Developer's Escrow	257,517.22	229,864.43	264,656.21	222,725.44
Affordable Housing	404,015.02		22,271.13	381,743.89
Tree Maintenance & Removal		7,800.00		7,800.00
Pedestrian Safety Study		5,000.00		5,000.00
Recreation Field Use		15,809.02		15,809.02
Contracted Services - Special Duty	35,910.62	567,803.42	585,536.04	18,178.00
Storm Recovery/Snow Trust	54,000.00	10,000.00		64,000.00
Accumulated Absences	12,969.00	9,700.00		22,669.00
Third Party Tax Title Lien Redemption	832,143.48	1,714,456.81	1,377,116.81	1,169,483.48
Community Development Block Grant	118,216.00			118,216.00
	\$ 2,053,757.29	\$ 2,862,479.89	\$ 2,558,458.08	\$ 2,357,779.10

	Reference	B	Below	B-1	B
Cash Receipts	B-1		\$ 2,860,617.65		
Due From Grant Fund	B-2		1,862.24		
	Above		\$ 2,862,479.89		

See Independent Auditors' Report

TOWNSHIP OF SOUTH ORANGE VILLAGE
TRUST FUND

RESERVE FOR OPEN SPACE
YEAR ENDED DECEMBER 31, 2016

B-8

	<u>Ref.</u>	
Balance, December 31, 2015	B	\$ 547,994.63
Increased by:		
Tax Levy	B-2	<u>223,493.15</u>
		771,487.78
Decreased by:		
Cash Disbursements	B-1	<u>176,301.84</u>
Balance, December 31, 2016	B	<u><u>\$ 595,185.94</u></u>

See Independent Auditors' Report

TOWNSHIP OF SOUTH ORANGE VILLAGE
GENERAL CAPITAL FUND

CASH RECEIPTS AND DISBURSEMENTS
YEAR ENDED DECEMBER 31, 2016

C-2

	<u>Ref.</u>		
Balance, December 31, 2015	C		\$ 1,501,893.29
Increased by Receipts:			
Interfunds	C-6	\$ 3,287,573.97	
Bonds Anticipation Notes	C-11	<u>9,480,368.00</u>	
			<u>12,767,941.97</u>
			14,269,835.26
Decreased by Disbursements:			
Preliminary Engineering Expenses	C-16	4,610.00	
Improvement Authorizations	C-12	3,939,900.37	
Interfunds	C-6	3,987,113.97	
Bonds Anticipation Notes	C-11	<u>3,751,868.00</u>	
			<u>11,683,492.34</u>
Balance, December 31, 2016	C		<u>\$ 2,586,342.92</u>

See Independent Auditors' Report

TOWNSHIP OF SOUTH ORANGE VILLAGE
GENERAL CAPITAL FUND

ANALYSIS OF CAPITAL CASH
YEAR ENDED DECEMBER 31, 2016

C-3

	Balance	Receipts	Disbursements	Transfers		Balance
	Dec. 31, 2015			From	To	Dec. 31, 2016
Due From Current Fund Reserve to Pay Debt Service	\$ (221,667.00)	\$ 3,287,573.97	\$ 3,737,113.97	\$ 50,000.00	\$ 721,207.00	\$ -
Due From Water Utility Capital Fund Balance	221,667.00		250,000.00	221,667.00		(250,000.00)
Capital Improvement Fund	807,437.32			499,540.00		307,897.32
Due from Seton Hall University	25.53			15,000.00	50,000.00	35,025.53
Reserve for Seton Hall University	(500,000.00)				50,000.00	(450,000.00)
Reserve for Preliminary Engineering Expense	500,000.00			50,000.00		450,000.00
	4,640.00		4,610.00			30.00
Ordinance Number	Improvement Authorization					
11-14	Renovation/Reconstruction Town Hall	57,918.11	1,475.83			56,442.28
11-16	Various Capital Improvements	453,466.93	121,849.58			331,617.35
12-10	Various Capital Improvements	672,026.22	298,589.74			373,436.48
13-06/16-05	Various Capital Improvements	(1,699,080.62)	1,738,500.00			20,662.88
13-16	Various Capital Improvements	150,252.12	108,906.61			41,345.51
14-05	Various Capital Improvements	(1,182,250.30)	352,534.51			8,965.19
15-04	Various Capital Improvements	(188,750.02)	2,446,250.00			1,095,868.71
15-19	Streets and Roads	1,931,825.00	1,161,631.27			353,197.69
15-21	IT and Communications	494,383.00	1,578,627.31			425,756.68
16-11	Reassessment of Real Property		68,626.32			(213,902.70)
			228,902.70		15,000.00	
		<u>\$ 1,501,893.29</u>	<u>\$ 9,016,073.97</u>	<u>\$ 7,931,624.34</u>	<u>\$ 836,207.00</u>	<u>\$ 2,586,342.92</u>
Reference	C					C

TOWNSHIP OF SOUTH ORANGE VILLAGE
GENERAL CAPITAL FUND

ACCOUNTS RECEIVABLE
YEAR ENDED DECEMBER 31, 2016

C-4

Due from
Seton Hall
University

	<u>Ref</u>	
Balance, December 31, 2015	C	\$ 500,000.00
Decreased by:		
Payment of Redevelopment Loan	C-5	<u>50,000.00</u>
Balance, December 31, 2016	C	<u>\$ 450,000.00</u>

RESERVE FROM SETON HALL
YEAR ENDED DECEMBER 31, 2016

C-5

	<u>Ref</u>	
Balance, December 31, 2015	C	\$ 500,000.00
Decreased by:		
Payment of Redevelopment Loan	C-4	<u>50,000.00</u>
Balance, December 31, 2016	C	<u>\$ 450,000.00</u>

See Independent Auditors' Report

TOWNSHIP OF SOUTH ORANGE VILLAGE
GENERAL CAPITAL FUND

INTERFUNDS
YEAR ENDED DECEMBER 31, 2016

C-6

	Ref.	<u>Total</u>	<u>Water Utility Capital Fund</u>	<u>Current Fund</u>
Balance, December 31, 2015				
Due From	C	\$ 221,667.00	\$ -	\$ 221,667.00
Increased by:				
Budget Appropriation	C-9	50,000.00		50,000.00
Cash Disbursements	C-2	3,987,113.97	250,000.00	3,737,113.97
		<u>4,037,113.97</u>	<u>250,000.00</u>	<u>3,787,113.97</u>
		<u>4,258,780.97</u>	<u>250,000.00</u>	<u>4,008,780.97</u>
Decreased by:				
Reserve for Debt Service	C-15	221,667.00		221,667.00
Fund Balance	C-1	499,540.00		499,540.00
Cash Receipts	C-2	3,287,573.97		3,287,573.97
		<u>4,008,780.97</u>	<u>-</u>	<u>4,008,780.97</u>
Balance, December 31, 2016				
Due From	C	<u>\$ 250,000.00</u>	<u>\$ 250,000.00</u>	<u>\$ -</u>

See Independent Auditors' Report

TOWNSHIP OF SOUTH ORANGE VILLAGE
GENERAL CAPITAL FUND

DEFERRED CHARGES TO FUTURE TAXATION - FUNDED
YEAR ENDED DECEMBER 31, 2016

C-7

	<u>Ref.</u>		
Balance, December 31, 2015	C		\$ 41,509,721.45
Decreased by:			
Payment of Serial Bonds	C-10	\$ 3,040,000.00	
Payment of Green Trust Loan	C-13	6,890.98	
Payment of Environmental Infrastructure Loan	C-14	<u>29,153.53</u>	
			<u>3,076,044.51</u>
Balance, December 31, 2016	C		<u>\$ 38,433,676.94</u>

See Independent Auditors' Report

TOWNSHIP OF SOUTH ORANGE VILLAGE
GENERAL CAPITAL FUND

DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED
YEAR ENDED DECEMBER 31, 2016

C-8

Ordinance Number		Balance, December 31, 2015	2016 Authorizations	Payment of BAN Principal	Balance, December 31, 2016	Analysis of Balance		
						Bond Anticipation Notes	Unfinanced Expenditures	Unexpended Improvement Authorizations
12-10	Various Capital Improvements	\$ 2,546,952.00	\$	\$	\$ 2,546,952.00	\$2,546,952.00	\$ -	\$ -
13-06	Various Capital Improvements	1,738,500.00			1,738,500.00	1,738,500.00		
13-16	Various Capital Improvements	983,250.00			983,250.00	983,250.00		
14-05	Various Capital Improvements	1,543,750.00			1,543,750.00	1,543,750.00		
14-17	Improvements to Certain Sewer Facilities	481,500.00			481,500.00			481,500.00
14-23	Property Tax Appeals	665,000.00		443,334.00	221,666.00	221,666.00		
15-04	Various Capital Improvements	2,446,250.00			2,446,250.00	2,446,250.00		
16-11	Reassessment of Real Property		285,000.00		285,000.00		213,902.70	71,097.30
		<u>\$ 10,405,202.00</u>	<u>\$ 285,000.00</u>	<u>\$ 443,334.00</u>	<u>\$ 10,246,868.00</u>	<u>\$ 9,480,368.00</u>	<u>\$ 213,902.70</u>	<u>\$ 552,597.30</u>
	<u>Ref.</u>	C	C-12	C-11	C	C-11	C-3	C-12

TOWNSHIP OF SOUTH ORANGE VILLAGE
GENERAL CAPITAL FUND

CAPITAL IMPROVEMENT FUND
DECEMBER 31, 2016

C-9

	<u>Ref.</u>	
Balance, December 31, 2015	C	\$ 25.53
Increased by :		
Budget Appropriation	C-6	<u>50,000.00</u>
		50,025.53
Decreased by:		
Improvement Authorizations	C-12	<u>15,000.00</u>
Balance, December 31, 2016	C	<u><u>\$ 35,025.53</u></u>

See Independent Auditors' Report

TOWNSHIP OF SOUTH ORANGE VILLAGE
GENERAL CAPITAL FUND

SERIAL BONDS PAYABLE
YEAR ENDED DECEMBER 31, 2016

C-10

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding, December 31, 2016		Interest Rate	Balance December 31, 2015	Decreased	Balance December 31, 2016	
			Date	Amount					
Refunding Bonds	1/31/2012	\$ 9,990,000.00	11/1/2017-18	\$ 605,000.00	3.00%	\$ 8,560,000.00	\$ 615,000.00	\$ 7,945,000.00	
			11/1/2019	600,000.00	4.00%				
			11/1/2020	595,000.00	3.00%				
			11/1/2021	610,000.00	5.00%				
			11/1/2022	630,000.00	4.00%				
			11/1/2023	635,000.00	2.50%				
			11/1/2024	620,000.00	4.00%				
			11/1/2025	625,000.00	4.00%				
			11/1/2026	620,000.00	2.75%				
			11/1/2027	610,000.00	3.00%				
			11/1/2028	600,000.00	3.125%				
			11/1/2029	590,000.00	3.25%				
			General Improvements	01/15/2013	34,445,000.00				1/15/2017
1/15/2018	2,285,000.00	3.00%							
1/15/2019	1,900,000.00	3.00%							
1/15/2020	1,970,000.00	3.00%							
1/15/2021	2,025,000.00	3.00%							
1/15/2022	2,425,000.00	2.00%							
1/15/2023	2,500,000.00	2.00%							
1/15/2024	2,575,000.00	2.125%							
1/15/2025-26	2,605,000.00	2.25%							
1/15/2027-28	2,610,000.00	2.50%							
Taxable Refunding Bonds	11/20/2014	2,200,000.00	12/31/2017	300,000.00	1.618%	1,885,000.00	300,000.00	1,585,000.00	
			12/31/2018	310,000.00	2.134%				
			12/31/2019	315,000.00	2.434%				
			12/31/2020	325,000.00	2.696%				
			12/31/2021	335,000.00	2.946%				
						<u>\$ 40,890,000.00</u>	<u>\$ 3,040,000.00</u>	<u>\$ 37,850,000.00</u>	
						Ref.	C	C-7	C

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TOWNSHIP OF SOUTH ORANGE VILLAGE
GENERAL CAPITAL FUND

BOND ANTICIPATION NOTES PAYABLE
YEAR ENDED DECEMBER 31, 2016

C-11

Ordinance Number	Improvement Description	Original		Date of Issue	Date of Maturity	Interest Rate	Balance December 31, 2015	Increased	Decreased	Balance December 31, 2016	
		Amount	Date								
12-10	Various Capital Improvements	\$ 2,546,952.00	8/27/2015	8/27/2015	8/26/2016	2.00%	\$ 2,546,952.00		\$ 2,546,952.00		
12-10	Various Capital Improvements	2,546,952.00	8/27/2015	8/27/2015	4/27/2017	0.95%		\$ 2,546,952.00		\$ 2,546,952.00	
13-16	Various Capital Improvements	983,250.00	8/27/2015	8/27/2015	8/26/2016	2.00%	983,250.00		983,250.00	-	
13-16	Various Capital Improvements	983,250.00	8/27/2015	8/26/2016	4/27/2017	0.95%		983,250.00		983,250.00	
14-23	Refunding Tax Appeals	665,000.00	8/27/2015	8/27/2015	8/26/2016	1.05%	665,000.00		665,000.00	-	
14-23	Refunding Tax Appeals	665,000.00	8/27/2015	8/26/2016	4/27/2017	0.95%		221,666.00		221,666.00	
13-06/16-05	Various Capital Improvements	1,738,500.00	4/28/2016	4/28/2016	4/27/2017	1.05%		1,738,500.00		1,738,500.00	
14-05	Various Capital Improvements	1,543,750.00	4/28/2016	4/28/2016	4/27/2017	1.05%		1,543,750.00		1,543,750.00	
15-04	Various Capital Improvements	2,446,250.00	4/28/2016	4/28/2016	4/27/2017	1.05%		2,446,250.00		2,446,250.00	
							<u>\$ 4,195,202.00</u>	<u>\$ 9,480,368.00</u>	<u>\$ 4,195,202.00</u>	<u>\$ 9,480,368.00</u>	
							Ref.			C	
							Renewals	C-2	\$ 9,480,368.00	\$ 3,751,868.00	
							Paid by Current Fund Budget Appropriation	C-8		443,334.00	
								<u>\$ 9,480,368.00</u>	<u>\$ 4,195,202.00</u>		

TOWNSHIP OF SOUTH ORANGE VILLAGE
GENERAL CAPITAL FUND

GREEN ACRES LOAN PAYABLE
YEAR ENDED DECEMBER 31, 2016

C-13

	<u>Ref.</u>	
Balance, December 31, 2015	C	\$ 83,897.17
Decreased by:		
Budget Appropriation for Payment of Green Trust Loan	C-7	<u>6,890.98</u>
Balance, December 31, 2016	C	<u>\$ 77,006.19</u>

ENVIRONMENTAL INFRASTRUCTURE LOAN PAYABLE
YEAR ENDED DECEMBER 31, 2016

C-14

	<u>Ref.</u>	
Balance, December 31, 2015	C	\$ 535,824.28
Decreased by:		
Payment of Loan	C-7	<u>29,153.53</u>
Balance, December 31, 2016	C	<u>\$ 506,670.75</u>

See Independent Auditors' Report

TOWNSHIP OF SOUTH ORANGE VILLAGE
GENERAL CAPITAL FUND

RESERVE FOR PAYMENT OF DEBT SERVICE
YEAR ENDED DECEMBER 31, 2016

	<u>Ref</u>	<u>C-15</u>
Balance, December 31, 2015	C	\$ 221,667.00
Decreased by:		
Realized as Revenue in the Current Fund Budget	C-6	<u>221,667.00</u>
Balance, December 31, 2016		<u><u>\$ -</u></u>

RESERVE FOR PRELIMINARY ENGINEERING EXPENSES
YEAR ENDED DECEMBER 31, 2016

	<u>Ref</u>	<u>C-16</u>
Balance, December 31, 2015	C	\$ 4,640.00
Decreased by:		
Cash Disbursements	C-2	<u>4,610.00</u>
Balance, December 31, 2016	C	<u><u>\$ 30.00</u></u>

TOWNSHIP OF SOUTH ORANGE VILLAGE
GENERAL CAPITAL FUND

BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
YEAR ENDED DECEMBER 31, 2016

C-17

Ordinance Number	Improvement Description	Balance December 31, 2015	2016 Authorizations	Decreased	Balance December 31, 2016
13-06	Various Capital Improvements	\$ 1,738,500.00	\$ -	\$ 1,738,500.00	\$ -
14-05	Various Capital Improvements	1,543,750.00		1,543,750.00	-
14-17	Various Sewer Improvements	481,500.00			481,500.00
15-04	Various Capital Improvements	2,446,250.00		2,446,250.00	-
16-11	Reassessment of Real Property		285,000.00		285,000.00
		<u>\$ 6,210,000.00</u>	<u>\$ 285,000.00</u>	<u>\$ 5,728,500.00</u>	<u>\$ 766,500.00</u>
	<u>Ref.</u>	C	C-12	C-11	C

TOWNSHIP OF SOUTH ORANGE VILLAGE
WATER UTILITY

CASH RECEIPTS AND DISBURSEMENTS
COLLECTOR - TREASURER
YEAR ENDED DECEMBER 31, 2016

D-5

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance, December 31, 2015	D	\$ 63,165.23	\$ 10,766.83
Increased by Receipts:			
Interest on Investments	D-3	\$ 548.97	
Consumer Accounts Receivable	D-3, D-7	568,667.82	
Due from General Capital Fund	D-9		\$ 250,000.00
Due from Water Capital Fund	D-13	27.26	
Due from Current Fund	D-13	<u>127,722.77</u>	
		696,966.82	<u>250,000.00</u>
		<u>760,132.05</u>	<u>260,766.83</u>
Decreased by Disbursements:			
Budget Appropriations	D-4	518,590.30	
Current Fund Anticipated Revenue	D-1	30,000.00	
Improvement Authorizations	D-16		152,911.34
Due to Water Operating Fund	D-13		27.26
Due from Current Fund	D-13	127,722.77	
Accrued Interest on Bonds	D-10	<u>31,400.00</u>	
		707,713.07	<u>152,938.60</u>
Balance, December 31, 2016	D	<u>\$ 52,418.98</u>	<u>\$ 107,828.23</u>

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TOWNSHIP OF SOUTH ORANGE VILLAGE
WATER UTILITY

ANALYSIS OF CASH AND INVESTMENTS
WATER CAPITAL FUND
YEAR ENDED DECEMBER 31, 2016

D-6

	<u>Balance</u> <u>Dec. 31, 2015</u>	<u>Net</u> <u>Adjustments</u>	<u>Balance</u> <u>Dec. 31, 2016</u>
Fund Balance	\$ 10,739.57		\$ 10,739.57
Due To/(From) General Capital Fund		\$ 250,000.00	250,000.00
Improvement Authorizations:			
#2016-01 Crest Drive Standpipe		(136,046.68)	(136,046.68)
#2016-02 Newstead Sphere		(16,864.66)	(16,864.66)
Due To/(From) Water Operating Fund	<u>27.26</u>	<u>(27.26)</u>	
	<u>\$ 10,766.83</u>	<u>\$ 97,061.40</u>	<u>\$ 107,828.23</u>
<u>Ref.</u>	D	D-5	D

TOWNSHIP OF SOUTH ORANGE VILLAGE
WATER UTILITY

SCHEDULE OF EAST ORANGE WATER COMMISSION RECEIVABLE
YEAR ENDED DECEMBER 31, 2016

D-7

	<u>Ref.</u>	
Balance December 31, 2015	D	\$ -
Increased by: Rent Billings	Reserve	568,667.82
Decreased by: Collections	D-5	<u>568,667.82</u>
Balance, December 31, 2016		<u><u>\$ -</u></u>

See Independent Auditors' Report

TOWNSHIP OF SOUTH ORANGE VILLAGE
WATER UTILITY

RESERVE FOR AMORTIZATION
YEAR ENDED DECEMBER 31, 2016

D-8

	<u>Ref.</u>		
Balance, December 31, 2015	D	\$	7,535,893.09
Increase by:			
Payment of Serial Bonds	D-14		65,000.00
Balance, December 31, 2016	D	\$	7,600,893.09

SCHEDULE OF INTERFUND PAYABLE - WATER CAPITAL FUND
YEAR ENDED DECEMBER 31, 2016

D-9

	<u>Ref.</u>		<u>General Capital Fund</u>
Balance, December 31, 2015	D	\$	-
Increased by:			
Cash Receipts	D-5		250,000.00
Balance, December 31, 2016	D	\$	250,000.00

See Independent Auditors' Report

TOWNSHIP OF SOUTH ORANGE VILLAGE
WATER UTILITY

ACCRUED INTEREST
YEAR ENDED DECEMBER 31, 2016

D-10

	<u>Ref.</u>	
Balance, December 31, 2015	D	\$ 5,233.33
Increased by:		
Budget Appropriation	D-4	31,075.00
		<u>36,308.33</u>
Decreased by:		
Cash Disbursements	D-5	31,400.00
		<u>31,400.00</u>
Balance, December 31, 2016	D	<u>\$ 4,908.33</u>

Analysis of Accrued Interest at December 31, 2016

<u>Date of Issue</u>	<u>Balance Dec. 31, 2016</u>	<u>Interest Payable</u>	<u>Period</u>	<u>Amount</u>
01/31/12	\$130,000.00	3.00%	2 Months	\$ 649.74
	65,000.00	4.00		433.16
	60,000.00	3.00		299.88
	60,000.00	5.00		499.80
	65,000.00	4.00		433.16
	65,000.00	2.50		270.73
	140,000.00	4.00		932.96
	70,000.00	2.75		320.71
	70,000.00	3.00		349.86
	70,000.00	3.125		364.31
	65,000.00	3.25		354.05
	<u>\$860,000.00</u>			<u>\$ 4,908.33</u>

See Independent Auditors' Report

TOWNSHIP OF SOUTH ORANGE VILLAGE

WATER UTILITY

FIXED CAPITAL

YEAR ENDED DECEMBER 31, 2016

D-11

	<u>2016</u>	<u>2015</u>
Distribution System Land	\$ 3,271.00	\$ 3,271.00
Purification System	10,669.00	10,669.00
Pumping System	105,676.00	105,676.00
Storage Reservoir Land	4,500.00	4,500.00
Springs and Land	330,231.00	330,231.00
Connecting Reservoir	223,846.00	223,846.00
Intake and Supply Mains Plant	411.00	411.00
Softening and Iron Removal Plant	105,972.00	105,972.00
Ozone Sterilization and Aeration Plant	5,572.00	5,572.00
Pumping Station Structures	95,432.00	95,432.00
Steam Pumping Equipment	15,038.00	15,038.00
Other Pumping Equipment	8,006.00	8,006.00
Electric Pumping Equipment	428,591.00	428,591.00
Transmission Mains and Accessories	205,149.00	205,149.00
Storage Reservoirs, Tanks and Stand Pipes	293,390.00	293,390.00
Distribution Mains and Accessories	1,576,114.00	1,576,114.00
Service Pipes and Stops	79,418.00	79,418.00
Meters, Meter Boxes and Vaults	143,084.00	143,084.00
Fire Hydrants and Cisterns	25,188.00	25,188.00
Fountain, Troughs, etc.	173.00	173.00
General Structures	857.00	857.00
General Vehicles and Equipment	71,671.00	71,671.00
Backhoe	19,962.00	19,962.00
Engineering and Superintendence	134,811.00	134,811.00
Legal Expenses During Construction	8,418.00	8,418.00
Miscellaneous Construction Expense	12,526.00	12,526.00
Curb Connections Not Yet in Use	12,456.00	12,456.00
Repairs To Trestle and Side Track	7,254.00	7,254.00
Interest During Construction	40,401.00	40,401.00
Paving and Walks	32,737.00	32,737.00
Taxes During Construction	35.00	35.00
Wells	71,300.00	71,300.00
Study of 4" Main Installation	1,662.00	1,662.00
Cathodic Protection Equipment	2,994.00	2,994.00
Construction of Waterproofing Facility	34,230.00	34,230.00
Improvements to Water Infrastructure and System	2,383,051.60	2,383,051.60
Organic Chemical Treatment Facility	442,301.00	442,301.00
Various Improvements and Equipment	1,524,495.49	1,524,495.49
	<u>\$ 8,460,893.09</u>	<u>\$ 8,460,893.09</u>

Ref.

D

D

See Independent Auditors' Report

TOWNSHIP OF SOUTH ORANGE VILLAGE
WATER CAPITAL FUND

SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED
YEAR ENDED DECEMBER 31, 2016

Ordinance Number	Description	Ordinance		Balance December 31, 2015	Increased by 2016 Authorizations	Balance December 31, 2016
		Amount	Date			
16-01	Crest Drive Standpipe	3,500,000.00	2/22/16	\$	\$ 3,500,000.00	\$ 3,500,000.00
16-02	Newstead Sphere	2,300,000.00	2/22/16		2,300,000.00	2,300,000.00
				<u>\$ -</u>	<u>\$ 5,800,000.00</u>	<u>\$ 5,800,000.00</u>
				D	D-16	D

TOWNSHIP OF SOUTH ORANGE VILLAGE
WATER UTILITY

SCHEDULE OF INTERFUNDS
YEAR ENDED DECEMBER 31, 2016

D-13

	Ref.	Water Operating Fund		Water Capital Fund
		Current Fund	Water Capital Fund	Water Operating Fund
Balance December 31, 2015	D	\$	\$ 27.26	\$ (27.26)
Decreased by:				
Cash Disbursements	D-5	127,722.77		27.26
Decreased by:				
Cash Receipts	D-5	127,722.77	27.26	
Balance December 31, 2016				
Due From	D	\$	\$ -	
Due (To)	D			\$ -

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TOWNSHIP OF SOUTH ORANGE VILLAGE
WATER UTILITY CAPITAL FUND

SERIAL BONDS
YEAR ENDED DECEMBER 31, 2016

D-14

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding Dec. 31, 2016		Interest Rate	Balance Dec. 31, 2015	Bonds Redeemed	Balance Dec. 31, 2016
			Date	Amount				
Water Refunding Bonds	01/31/2012	\$ 1,075,000.00	11/1/2017-18	\$ 65,000.00	3.00%			
			11/1/2019	65,000.00	4.00%			
			11/1/2020	60,000.00	3.00%			
			11/1/2021	60,000.00	5.00%			
			11/1/2022	65,000.00	4.00%			
			11/1/2023	65,000.00	2.50%			
			11/1/2024-25	70,000.00	4.00%			
			11/1/2026	70,000.00	2.75%			
			11/1/2027	70,000.00	3.00%			
			11/1/2028	70,000.00	3.125%			
			11/1/2029	65,000.00	3.25%			
						\$ 925,000.00	\$ 65,000.00	\$ 860,000.00
						<u>\$ 925,000.00</u>	<u>\$ 65,000.00</u>	<u>\$ 860,000.00</u>
					<u>Ref.</u>	D	D-8	D

TOWNSHIP OF SOUTH ORANGE VILLAGE
WATER UTILITY CAPITAL FUND

2015 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2016

D-15

<u>Appropriation</u>	<u>Balance Dec. 31 2015</u>	<u>Reserve for Encumbrances Dec. 31 2015</u>	<u>Amount After Modification</u>	<u>Balance Lapsed Canceled</u>
<u>Operating</u>				
Other Expenses	\$ 957.11	\$ 16,780.40	\$ 17,737.51	\$ 17,737.51
<u>Statutory Expenditures</u>				
Social Security	8,511.07		8,511.07	8,511.07
	<u>\$ 9,468.18</u>	<u>\$ 16,780.40</u>	<u>\$ 26,248.58</u>	<u>\$ 26,248.58</u>
<u>Ref.</u>	D	D		D-1

TOWNSHIP OF SOUTH ORANGE VILLAGE
WATER CAPITAL FUND

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS
YEAR ENDED DECEMBER 31, 2016

Ordinance Number	Improvement Description	Original		Balance, December 31, 2015		2016 Authorizations	Paid or Charged	Balance December 31, 2016		
		Amount	Date	Funded	Unfunded			Funded	Unfunded	Encumbered
16-01	Crest Drive Standpipe	3,500,000.00	2/22/16	\$	\$	\$ 3,500,000.00	\$ 136,046.68	\$	\$ 3,363,953.32	\$
16-02	Newstead Sphere	2,300,000.00	2/22/16			2,300,000.00	16,864.66		2,283,135.34	
				<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,800,000.00</u>	<u>\$ 152,911.34</u>	<u>\$ -</u>	<u>\$ 5,647,088.66</u>	<u>\$ -</u>
				D	D	D-12	D-5	D	D	D

TOWNSHIP OF SOUTH ORANGE VILLAGE
WATER CAPITAL FUND

SCHEDULE OF BONDS AND NOTES
AUTHORIZED BUT NOT ISSUED
YEAR ENDED DECEMBER 31, 2016

D-17

	<u>Ref.</u>	
Balance, December 31, 2015	D	\$ -
Increased by:		
Authorizations	D-16	<u>5,800,000.00</u>
Balance, December 31, 2016	D	<u>\$ 5,800,000.00</u>

TOWNSHIP OF SOUTH ORANGE VILLAGE
PUBLIC ASSISTANCE FUND

STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE - TRUST I
YEARS ENDED DECEMBER 31, 2016 AND 2015

E-1

	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
REVENUE AND OTHER INCOME:			
Interest Earned	E-2	\$ 1.51	\$ 1.50
Transfer from Due to Current Fund	E-3	<u>1.50</u>	<u>1.50</u>
TOTAL REVENUE AND OTHER INCOME		<u>3.01</u>	<u>1.50</u>
EXPENDITURES:			
Due to Current Fund		<u> </u>	<u>1.50</u>
TOTAL EXPENDITURES		<u>-</u>	<u>1.50</u>
EXCESS OF REVENUE OVER EXPENDITURES		3.01	
FUND BALANCE, BEGINNING OF YEAR	E	<u>580.92</u>	<u>580.92</u>
FUND BALANCE, END OF YEAR	E	<u>\$ 583.93</u>	<u>\$ 580.92</u>

See Independent Auditors' Report

TOWNSHIP OF SOUTH ORANGE VILLAGE
PUBLIC ASSISTANCE FUND

SCHEDULE OF RECEIPTS AND DISBURSEMENTS
YEAR ENDED DECEMBER 31, 2016

E-2

	<u>Ref.</u>	
Balance, December 31, 2015	E	\$ 582.42
Increase by:		
Cash Receipt	E-1	1.51
Balance, December 31, 2016	E	\$ 583.93

DUE TO CURRENT FUND
YEAR ENDED DECEMBER 31, 2016

E-3

	<u>Ref.</u>	
Balance, December 31, 2015	E	\$ 1.50
Decrease by:		
Transfer to Fund Balance	E-1	1.50
Balance, December 31, 2016		\$ -

See Independent Auditors' Report

TOWNSHIP OF SOUTH ORANGE VILLAGE
TRUSTEES OF FREE PUBLIC LIBRARY

STATEMENT OF CASH
YEAR ENDED DECEMBER 31, 2016

F-2

	<u>Ref.</u>	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Balance, December 31, 2015	F	\$ 66,374.60	\$ 199,550.69	\$ 265,925.29
Increased By:				
State Library Aid	F-1	8,457.00		8,457.00
Gifts & Donations	F-1	29,904.36		29,904.36
Fines and Lost Books	F-1	11,706.56		
Copier Fees	F-1	16,043.66		
Miscellaneous	F-1	12,238.18		12,238.18
Interest on Deposits	F-1	2.54	186.21	188.75
Current Fund Budget Appropriations	F-4	166,482.00		166,482.00
		<u>244,834.30</u>	<u>186.21</u>	<u>217,270.29</u>
		<u>311,208.90</u>	<u>199,736.90</u>	<u>483,195.58</u>
Decreased By:				
Expenditures	F-1	266,279.52		266,279.52
		<u>266,279.52</u>	<u>-</u>	<u>266,279.52</u>
Balance, December 31, 2016	F	<u>\$ 44,929.38</u>	<u>\$ 199,736.90</u>	<u>\$ 216,916.06</u>

See Independent Auditors' Report

TOWNSHIP OF SOUTH ORANGE VILLAGE
TRUSTEES OF FREE PUBLIC LIBRARY

STATEMENT OF CASH - MONEY MARKET
YEAR ENDED DECEMBER 31, 2016

F-3

	<u>Ref.</u>	
Balance, December 31, 2015	F	\$ 88,689.38
Increased By:		
Interest on Deposits	F-1	270.10
Balance, December 31, 2016	F	\$ 88,959.48

DUE TO LIBRARY FROM TOWNSHIP OF SOUTH ORANGE VILLAGE
YEAR ENDED DECEMBER 31, 2016

F-4

	<u>Ref.</u>	
Balance, December 31, 2015	F	\$ -
Increased by:		
Budget Appropriation	F-1	991,683.30
		991,683.30
Decreased by:		
Payments made Directly by Township	F-1	\$ 825,201.30
Cash Receipts	F-2	166,482.00
		991,683.30
Balance, December 31, 2016		\$ -

See Independent Auditors' Report

TOWNSHIP OF SOUTH ORANGE VILLAGE
ROSTER OF OFFICIALS
DECEMBER 31, 2016

Village President

Sheena Collum

Trustees

Walter Clarke
Jeffrey DuBowy
Debra Davis Ford
Howard Levison
Mark Rosner
Steve Schnall

Business Administrator

Barry R. Lewis, Jr.

Chief Financial Officer

Christopher Battaglia

Acting Municipal Clerk

Shinell Smith

Tax Collector

Aderonke Zaccheus

Chief Judge – Municipal Court

Clarence Barry-Austin

Judge – Municipal Court

Jonathan Rosenbluth

Municipal Court Administrator

Ryan Bancroft

Tax Assessor

Ellen Foye Malgieri

TOWNSHIP OF SOUTH ORANGE VILLAGE

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2016

2016-1 Police - Outside Duty*

Finding: During our audit procedures, it was noted that the Township had not established police outside duty rates by ordinance.

Recommendation: The Township should adopt by ordinance the rates to be paid to police officers for outside duty activities.

2016-2 Municipal Court*

Finding: During our audit procedures over the municipal court, we identified the following:

- Multiple instances where the monthly remittance were not consistently disbursed by the 15th of the next month.
- Five hundred and fifty three tickets were assigned but not issued over 180 days as of December 31, 2016.

Recommendation: It is recommended that the Court continue to monitor activity of the aforementioned nature to ensure that activity is properly maintained.

2016-3 Recreation Department*

Finding: During our audit procedures, it was noted that the Township did not follow a competitive procurement process for the procurement of dedicated software used in the Recreation Department.

Recommendation: It is recommended that the Township follow the requirements of the Local Public Contracts Law.

2016-4 Local Public Contracts Law*

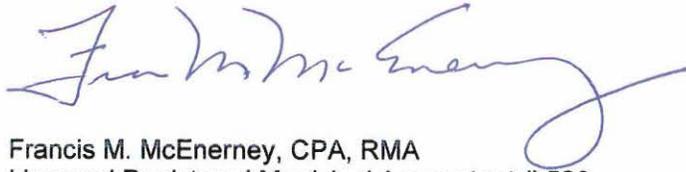
Finding: During our audit procedures, it was noted in two instances that the Township awarded contracts which exceeded the quotation threshold without soliciting competitive quotations for the performance of services.

Recommendation: It is recommended that the Township solicit at least two competitive quotations for all contracts that in the aggregate are fifteen percent or more of the bid threshold.

*- Repeat of prior year finding and recommendation.

We shall be pleased to confer on any questions that might arise with respect to any matters in this report and to assist in the implementation of recommendations.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Francis M. McEnerney". The signature is fluid and cursive, with a large loop at the end.

Francis M. McEnerney, CPA, RMA
Licensed Registered Municipal Accountant # 539

Livingston, New Jersey
June 29, 2017