

**THE TOWNSHIP OF SOUTH ORANGE VILLAGE**  
**ESSEX COUNTY, NEW JERSEY**  
**REPORT OF AUDIT**  
**YEAR ENDED DECEMBER 31, 2015**

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TOWNSHIP OF SOUTH ORANGE VILLAGE

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PART I

ROSTER OF OFFICIALS, INDEPENDENT AUDITORS' REPORT, FINANCIAL  
STATEMENTS AND SUPPLEMENTARY SCHEDULES

YEAR ENDED DECEMBER 31, 2015

TOWNSHIP OF SOUTH ORANGE VILLAGE  
ROSTER OF OFFICIALS  
DECEMBER 31, 2015

Village President

Sheena Collum

Trustees

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

Business Administrator

Barry R. Lewis, Jr.

Municipal Clerk

Susan Caljean

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

## 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 of the Township of South Orange Village, County of Essex, New Jersey (the "Township") as of and for the year ended December 31, 2015, the statements of revenues, expenditures and changes in fund balances for the year ended December 31, 2015 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 accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"); this includes 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.

### ***Auditor's Responsibility***

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

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

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

As described in Note 1, the financial statements are prepared by the Township on a basis of accounting practices prescribed or permitted by the Division to demonstrate compliance with the Division's regulatory basis of accounting and the budget laws of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the 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 the Adverse Opinion on U.S. Generally Accepted Accounting Principles paragraph, the financial statements referred to above do not present fairly in accordance with accounting principles generally accepted in the United States of America the financial position of each fund of the Township as of December 31, 2015, or the changes in financial position thereof for the years then ended.

***Unmodified Opinion***

In our opinion, the regulatory basis financial statements referred to above present fairly, in all material respects, the respective financial position of the various funds of the Township of South Orange Village, Essex County, New Jersey, as of December 31, 2015, and the respective changes in financial for the year then ended in accordance with accounting principles and practices prescribed by the Division, as described in Note 1 to the financial statements.

***Report on Summarized Comparative Information***

We have previously audited the Township's 2014 financial statements, and our report dated June 15, 2015, expressed an adverse opinion on a GAAP basis unmodified opinion on a regulatory basis on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year end ended December 31, 2014, is consistent, in all material respects, with the audited financial statements from which it had been derived.

***Other Matters***

***Other Information***

Our audit was conducted for the purpose of forming opinions on the regulatory basis financial statements that collectively comprise Township's basic financial statements. The accompanying supplementary schedules are presented for purposes of additional analysis and are not a required part of the financial statement. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental sections are fairly stated, in all material respects, in relation to the basic financial statements as whole.

**The Honorable Mayor and Members  
of the Township Board of Trustees  
Township of South Orange Village**  
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**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 29, 2016 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.

*PKF O'Connor Davies, LLP*

July 29, 2016  
Livingston, New Jersey



Francis McEnerney CPA, RMA  
Licensed Registered Municipal Accountant # 539

TOWNSHIP OF SOUTH ORANGE VILLAGE  
CURRENT FUND

BALANCE SHEETS  
REGULATORY BASIS  
DECEMBER 31, 2015 AND 2014

A  
Sheet #1

<u>ASSETS AND DEFERRED CHARGES</u>	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
Cash	A-4	\$ 1,553,741.45	\$ 3,636,193.78
Change Funds	A-5	225.00	175.00
Due from State of New Jersey: Ch. 129, P.L. 1976	A-6	14,624.15	15,124.15
		<u>1,568,590.60</u>	<u>3,651,492.93</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Taxes Receivable	A-7	965,658.52	811,169.79
Tax Title Liens	A-8	127,004.50	112,474.05
Other Accounts Receivable	A-9	60.00	1,215.20
Property Acquired for Taxes at Assessed Valuation	A-10	282,900.00	282,900.00
Improvement District Tax Receivable	A-11	1,500.17	2,398.21
Revenue Accounts Receivable	A-12	490,250.30	482,413.09
Interfunds Receivable	A-13	8,406.76	230.12
		<u>1,875,780.25</u>	<u>1,692,800.46</u>
Deferred Charges	A-14	350,000.00	765,000.00
		<u>3,794,370.85</u>	<u>6,109,293.39</u>
Federal and State Grant Fund:			
Cash	A-4	234,484.40	371,216.85
Federal and State Grants Receivable	A-27	3,486,766.59	3,486,717.33
		<u>3,721,250.99</u>	<u>3,857,934.18</u>
		<u>\$ 7,515,621.84</u>	<u>\$ 9,967,227.57</u>

See accompanying notes to financial statements.

TOWNSHIP OF SOUTH ORANGE VILLAGE  
CURRENT FUND

BALANCE SHEETS  
REGULATORY BASIS  
DECEMBER 31, 2015 AND 2014

A  
Sheet #2

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
Expenditure Reserves:			
Appropriation Reserves:			
Encumbered	A-3, A-15	\$ 235,624.21	\$ 1,197,624.04
Unencumbered	A-3, A-15	214,115.36	370,539.79
Interfunds Payable	A-13	221,667.00	
Due to State of New Jersey:			
Other Fees	A-19	475.00	26,016.00
Tax Overpayments	A-17	113,686.14	63,745.72
Sewer Rent Overpayments	A-20	2,882.17	3,376.63
Accounts Payable	A-16	6,510.00	46,328.71
Emergency Note Payable	A-18	300,000.00	
School Taxes Payable	A-22	33,820.50	
Open Space Levy	A-23	1,118.66	
County Taxes Payable	A-21		15,872.61
Various Reserves	A-24	83,000.00	1,280,670.44
Prepaid Taxes and Sewer Rents	A-25	355,068.28	379,551.56
Improvement District Tax Payable	A-26	2.13	2.11
		<u>1,567,969.45</u>	<u>3,383,727.61</u>
Reserve for Receivables and Other Assets		1,875,780.25	1,692,800.46
Fund Balance	A-1	<u>350,621.15</u>	<u>1,032,765.32</u>
		<u>3,794,370.85</u>	<u>6,109,293.39</u>
Federal and State Grant Fund:			
Interfund Payable	A-28	5,127.13	
Appropriated Reserves	A-29	3,706,406.86	3,754,994.36
Unappropriated Reserves	A-30	9,717.00	102,939.82
		<u>3,721,250.99</u>	<u>3,857,934.18</u>
		<u>\$ 7,515,621.84</u>	<u>\$ 9,967,227.57</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, 2015 AND 2014

A-1

	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
<u>Revenue and Other Income</u>			
Fund Balance Utilized	A-2	\$ 850,000.00	\$ 810,000.00
Miscellaneous Revenue Anticipated	A-2	9,371,819.42	10,467,693.69
Receipts from Delinquent Taxes	A-2a	775,584.60	729,951.57
Receipts from Current Taxes	A-2a	82,559,312.99	81,114,513.32
Nonbudget Revenue	A-2b	194,007.92	180,389.77
Other Credits to Income:			
Special Improvement District Receivable Liquidated	A-11	898.04	
Interfunds Liquidated			103,942.73
Appropriation Reserves Lapsed	A-15	424,558.09	231,307.06
Tax Overpayments Canceled	A-17	250.59	
Other Accounts Receivable Liquidated	A-9	1,245.20	9,552.01
Accounts Payable Cancelled	A-16	39,818.71	
		<u>94,217,495.56</u>	<u>93,647,350.15</u>
<u>Expenditures</u>			
Budget and Emergency Appropriations	A-3	32,803,372.81	33,535,482.58
Prior Year Revenue Refunded			1,039.00
Change in Petty Cash			600.00
Prior Year Senior Citizen Deduction Disallowed	A-6	615.75	
Adjustment to State Fees			100.00
Interfunds Established	A-13	8,176.64	
Special Improvement District Receivable Established			1,439.58
Other Accounts Receivable Established			34,282.58
State Tax Court Judgments	A-24	192,219.78	
Local Open Space Tax	A-23	224,013.89	224,729.54
County Taxes	A-21	13,288,576.86	13,058,099.94
Regional District School Tax	A-22	47,832,664.00	46,851,663.00
		<u>94,349,639.73</u>	<u>93,707,436.22</u>
Excess of Revenue		(132,144.17)	(60,086.07)
Add: Adjustments to Income before Fund Balance:			
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Year	A-14	300,000.00	665,000.00
Statutory Excess to Fund Balance		167,855.83	604,913.93
<u>Fund Balance</u>			
Balance, Beginning of Year	A	1,032,765.32	1,237,851.39
		<u>1,200,621.15</u>	<u>1,842,765.32</u>
Decreased by:			
Utilized as Anticipated Revenue	Above	850,000.00	810,000.00
Balance, End of Year	A	<u>\$ 350,621.15</u>	<u>\$ 1,032,765.32</u>

See accompanying notes to financial statements.

TOWNSHIP OF SOUTH ORANGE VILLAGE  
CURRENT FUND

STATEMENT OF REVENUES  
REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2015

A-2  
Sheet #1

	<u>Ref.</u>	<u>Anticipated Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance Appropriated	A-1	\$ 279,792.54	\$ 279,792.54	\$
Fund Balance Appropriated with Prior Written Consent of Local Gov't Services	A-1	570,207.46	570,207.46	
<u>Miscellaneous Revenues</u>				
Alcoholic Beverage Licenses	A-12	30,000.00	30,950.00	950.00
Other Licenses	A-12	21,000.00	25,696.00	4,696.00
Fees and Permits	A-12	88,000.00	72,631.93	(15,368.07)
Municipal Court Fines and Costs	A-12	670,000.00	710,780.25	40,780.25
Interest and Cost on Taxes	A-12	230,000.00	229,589.92	(410.08)
Interest on Investments and Deposits	A-12	14,000.00	20,822.16	6,822.16
Recreation Receipts	A-12	905,000.00	945,258.01	40,258.01
Sewer User Fees	A-2b	2,274,000.00	2,238,341.84	(35,658.16)
Cable TV Franchise Fee	A-12	203,000.00	213,756.72	10,756.72
Payment in Lieu of Taxes	A-12	1,910,000.00	1,823,407.58	(86,592.42)
Cell Tower Rental Fee	A-12	141,000.00	140,664.88	(335.12)
Energy Receipts Tax	A-12	1,456,861.00	1,456,861.00	
Uniform Construction Code Fees	A-12	825,000.00	748,522.00	(76,478.00)
Bureau of Fire Safety - Life Hazard Use Fees	A-12	19,000.00	20,751.90	1,751.90
Utility Operating Surplus - Water	A-12	60,000.00	60,000.00	
General Capital Fund Balance	A-12	180,000.00	180,000.00	
Seton Hall Debt Service Payment	A-12	80,000.00	71,970.00	(8,030.00)
FEMA		230,000.00		(230,000.00)
Police Side Job Fees	A-12	108,000.00	94,303.00	(13,697.00)
Shared IT Services	A-12	70,000.00	57,290.55	(12,709.45)
Joint Meeting Refund of Surplus	A-12	89,000.00	89,508.11	508.11
		<u>9,603,861.00</u>	<u>9,231,105.85</u>	<u>(372,755.15)</u>
 Federal and State Grants:				
Municipal Alliance on Alcohol and Drug Abuse		26,750.00	26,750.00	
Body Armor Replacement Program		11,794.50	11,794.50	
Safe and Secure Grant		10,248.72	10,248.72	
Body Armor		600.00	600.00	
Council of the Arts		9,522.00	9,522.00	
Drive Sober or Get Arrested		7,150.00	7,150.00	
Recycling Tonnage Grants		23,552.30	23,552.30	
Cops in Shops		10,800.00	10,800.00	
Pedestrian Safety Grant		11,000.00	11,000.00	
Clean Communities		29,296.05	29,296.05	
	A-27	<u>140,713.57</u>	<u>140,713.57</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, 2015

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	\$ 82,912,346.03	\$ 775,584.60	\$ 82,136,761.43
Exemptions Granted	A-7	43,000.00		43,000.00
Prepaid Taxes Applied	A-7	379,551.56		379,551.56
<b>Total Revenue</b>	<b>A-1</b>	<b>83,334,897.59</b>	<b>775,584.60</b>	<b>82,559,312.99</b>
Allocated to:				
County Levy and Added Taxes	A-21	(13,288,576.86)		(13,288,576.86)
Regional District School Taxes	A-22	(47,832,664.00)		(47,832,664.00)
Local Open Space	A-23	(224,013.89)		(224,013.89)
Plus: Reserve for Uncollected Taxes	A-3	1,092,486.33		1,092,486.33
<b>Realized Revenue</b>	<b>A-2</b>	<b>\$ 23,082,129.17</b>	<b>\$ 775,584.60</b>	<b>\$ 22,306,544.57</b>

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, 2015

A-2b

Ref.

Miscellaneous Revenue Not Anticipated

Cash Receipts:

Forfeit of Premiums		\$ 67,800.00
Administrative Fee- State of New Jersey		857.69
Gas Light Ads		7,150.00
Insurance Reimbursements- Pipe Break		47,500.00
JIF- RMC Fee		30,439.92
Prior Year Reimbursements		8,822.71
Bounced Check Fee		600.00
Other		30,837.60
		30,837.60

A-4

\$ 194,007.92

Sewer User Fees

Revenue Accounts Receivable	A-12	\$ 2,238,901.84
Less: Transferred to Lien	A-12	560.00
Amount Realized as Revenue	A-2	\$ 2,238,341.84

See accompanying notes to financial statements.

TOWNSHIP OF SOUTH ORANGE VILLAGE  
CURRENT FUND

STATEMENT OF EXPENDITURES  
REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2015

A-3  
Sheet # 1

Appropriation	Appropriations		Expended	Encumbered	Unencumbered	Canceled
	Budget	Modified Budget				
<u>APPROPRIATIONS WITHIN "CAPS"</u>						
<u>GENERAL GOVERNMENT</u>						
Administrative and Executive:						
Salaries and Wages	\$ 295,000.00	\$ 286,000.00	\$ 285,571.08	\$	\$ 428.92	\$
Other Expenses	345,000.00	395,000.00	378,294.85	16,259.28	445.87	
Mayor and Council:						
Other Expenses	4,000.00	2,000.00	1,478.85		521.15	
Village Committee:						
Other Expenses	40,000.00	49,300.00	49,069.50		230.50	
Office of Village Clerk:						
Salaries and Wages	165,000.00	161,000.00	160,741.04		258.96	
Other Expenses	38,000.00	37,000.00	36,470.27	485.89	43.84	
Financial Administration:						
Salaries and Wages	36,000.00	4,700.00	4,590.03		109.97	
Other Expenses	330,000.00	320,000.00	319,116.77	883.23		
Annual Audit	40,000.00	42,500.00	42,500.00			
Assessment of Taxes:						
Salaries and Wages	106,000.00	127,000.00	126,880.08		119.92	
Other Expenses	10,000.00	8,800.00	7,358.40	1,000.00	441.60	
Tax Appeals						
Collection of Taxes:						
Salaries and Wages	146,000.00	156,850.00	156,807.12		42.88	
Other Expenses	13,000.00	14,500.00	14,035.91		464.09	
Legal Services and Costs:						
Salaries and Wages						
Other Expenses	270,000.00	270,000.00	269,629.15		370.85	
Engineering Services and Costs:						
Salaries and Wages	200,000.00	101,760.09	92,027.99		9,732.10	
Other Expenses	50,000.00	19,405.73	19,405.73			
Computer Information Technology						
Salaries and Wages	152,000.00	158,500.00	158,487.60		12.40	
Other Expenses	80,000.00	77,500.00	75,391.82	1,915.47	192.71	
<u>LAND USE ADMINISTRATION</u>						
Planning Board:						
Salaries and Wages	3,000.00					
Other Expenses	6,000.00	3,000.00	2,520.85	10.80	468.35	
Board of Adjustment:						
Salaries and Wages	3,000.00					
Other Expenses	4,000.00	2,200.00	1,841.75		358.25	
Historic Preservation Commission:						
Salaries and Wages	2,500.00					
Other Expenses	4,000.00	11,000.00	10,109.99	525.00	365.01	
<u>INSURANCE</u>						
Unemployment	15,000.00					
Health Waiver	40,000.00	40,000.00	40,000.00			
General Liability	322,627.00	417,084.66	417,084.66			
Workers Compensation	668,011.00	668,011.00	668,011.00			
Employee Group Health	2,205,306.00	2,010,122.96	2,010,122.96			

TOWNSHIP OF SOUTH ORANGE VILLAGE  
CURRENT FUND

STATEMENT OF EXPENDITURES  
REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2015

<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	118,000.00	\$ 115,235.33	\$	\$ 2,764.67	\$
Public Defender:						
Salaries and Wages	26,500.00	28,300.00	28,294.59		5.41	
<u>PUBLIC SAFETY</u>						
Department of Public Safety:						
Salaries and Wages	6,450,000.00	6,470,808.80	6,442,784.86		28,023.94	
Other Expenses	270,000.00	270,000.00	250,921.99	10,945.38	8,132.63	
Emergency Management Service:						
Other Expenses	7,500.00	7,500.00	6,756.63	665.00	78.37	
Fire:						
Salaries and Wages	3,750,000.00	3,755,000.00	3,732,836.54		22,163.46	
Other Expenses	72,000.00	72,000.00	61,157.90	5,582.01	5,260.09	
<u>PUBLIC WORKS FUNCTIONS</u>						
Road Repair and Maintenance:						
Salaries and Wages	1,600,000.00	1,730,000.00	1,719,796.79		10,203.21	
Other Expenses	600,000.00	621,683.04	451,376.16	131,020.43	39,286.45	
<u>HEALTH AND WELFARE</u>						
Board of Health:						
Salaries and Wages	163,200.00	145,200.00	144,693.79		506.21	
Other Expenses	23,000.00	18,000.00	17,401.33	490.00	108.67	

TOWNSHIP OF SOUTH ORANGE VILLAGE  
CURRENT FUND

STATEMENT OF EXPENDITURES  
REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2015

Appropriation	Appropriations		Expended	Encumbered	Unencumbered	Canceled
	Budget	Modified Budget				
<b>APPROPRIATIONS WITHIN "CAPS"</b>						
<b>RECREATION AND EDUCATION</b>						
Public Recreation Programs:						
Salaries and Wages	\$ 810,900.00	\$ 850,900.00	\$ 850,877.85	\$	\$ 22.15	\$
Other Expenses	740,000.00	740,000.00	694,496.79	45,438.00	65.21	
Celebration of Public Events:						
Other Expenses	5,000.00	5,000.00	4,445.59		554.41	
<b>UNIFORM CONSTRUCTION CODE</b>						
Construction Code Officials:						
Inspection of Buildings:						
Salaries and Wages	280,000.00	344,000.00	341,451.53		2,548.47	
Other Expenses	8,000.00	5,500.00	5,062.14	197.22	240.64	
<b>UNCLASSIFIED</b>						
Electricity	190,000.00	195,500.00	192,669.70	2,541.96	288.34	
Gasoline, Diesel Fuel and Lubricants	200,000.00	140,000.00	121,273.97	13,103.87	5,622.16	
Telephone and Telegraph	90,000.00	65,000.00	64,590.31		409.69	
Street Lighting	750,000.00	750,000.00	709,319.43	3,137.67	37,542.90	
Rent	40,000.00	57,500.00	57,500.00			
<b>CONTINGENT</b>	<b>5,000.00</b>	<b>5,000.00</b>	<b>5,000.00</b>			
Total Operations Within "CAPS"	21,792,544.00	21,778,126.28	21,365,490.62	234,201.21	178,434.45	
Detail:						
Salaries and Wages	14,307,100.00	14,438,018.89	14,361,076.22		76,942.67	
Other Expenses	7,485,444.00	7,340,107.39	7,004,414.40	234,201.21	101,491.78	
<b>STATUTORY EXPENDITURES</b>						
Contributions to:						
Public Employees' Retirement System	483,398.00	483,398.00	483,398.00			
Social Security System (OASI)	558,912.31	598,912.31	598,002.00		910.31	
Disability Insurance	30,000.00					
Consolidated Police and Firemen's Pension	8,144.04					
Police and Firemen's Retirement System	2,162,896.00	2,162,896.00	2,162,896.00			
	<u>3,243,350.35</u>	<u>3,245,206.31</u>	<u>3,244,296.00</u>		<u>910.31</u>	
Total Appropriations Within "CAPS"	25,035,894.35	25,023,332.59	24,609,786.62	234,201.21	179,344.76	

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TOWNSHIP OF SOUTH ORANGE VILLAGE  
CURRENT FUND

STATEMENT OF EXPENDITURES  
REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2015

A-3  
Sheet # 4

Appropriation	Appropriations		Expended	Encumbered	Unencumbered	Canceled
	Budget	Modified Budget				
<u>APPROPRIATIONS EXCLUDED FROM "CAPS"</u>						
<u>OTHER OPERATIONS</u>						
Municipal Library	\$ 982,440.00	\$ 986,440.00	\$ 986,279.01	\$	\$ 160.99	\$
Employee Group Health	56,794.00	56,794.00	56,794.00			
Joint Trunk Sewer Maintenance	1,130,000.00	1,130,000.00	1,128,197.48		1,802.52	
	<u>2,169,234.00</u>	<u>2,173,234.00</u>	<u>2,171,270.49</u>		<u>1,963.51</u>	
<u>Interlocal Municipal Service Agreements</u>						
Municipal Court - Township of Maplewood	395,000.00	395,000.00	360,769.91	1,423.00	32,807.09	
Code Enforcement - Township of Maplewood	106,000.00	106,191.20	106,191.20			
<u>Public and Private Programs</u>						
Body Armor - Chap-159	4,457.13	4,457.13	4,457.13			
Body Armor	7,337.37	7,337.37	7,337.37			
Council of the Arts	89.00	89.00	89.00			
Council of the Arts 2015 - Chap-159	2,358.00	2,358.00	2,358.00			
Drive Sober or Get Arrested	7,150.00	7,150.00	7,150.00			
Recycling Tonnage Grants	23,552.30	23,552.30	23,552.30			
Cops in Shops	5,800.00	5,800.00	5,800.00			
Pedestrian Safety Grant	11,000.00	11,000.00	11,000.00			
Title Cops in Shops -Chap- 159	5,000.00	5,000.00	5,000.00			
Bullet Proof Vest Program	10,248.72	10,248.72	10,248.72			
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			
AMJEC Grant	600.00	600.00	600.00			
Clean Communities	29,296.05	29,296.05	29,296.05			
Council of the Arts	7,075.00	7,075.00	7,075.00			
Total Public and Private Programs	<u>147,401.57</u>	<u>147,401.57</u>	<u>147,401.57</u>			
Total Operations Excluded from "CAPS"	<u>2,817,635.57</u>	<u>2,821,826.77</u>	<u>2,785,633.17</u>	<u>1,423.00</u>	<u>34,770.60</u>	
<u>Detail:</u>						
Other Expenses	<u>2,817,635.57</u>	<u>2,821,826.77</u>	<u>2,785,633.17</u>	<u>1,423.00</u>	<u>34,770.60</u>	
<u>CAPITAL IMPROVEMENTS</u>						
Capital Improvement Fund	<u>75,000.00</u>	<u>75,000.00</u>	<u>75,000.00</u>			

TOWNSHIP OF SOUTH ORANGE VILLAGE  
CURRENT FUND

STATEMENT OF EXPENDITURES  
REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2015

Appropriation	Appropriations		Expended	Encumbered	Unencumbered	Canceled
	Budget	Modified Budget				
<u>APPROPRIATIONS EXCLUDED FROM "CAPS"</u>						
<u>DEBT SERVICE</u>						
Payment of Bond	\$ 3,135,000.00	\$ 3,135,000.00	\$ 3,135,000.00	\$	\$	\$
Payment of Bond Anticipation Notes and Capital Notes						
Interest on Bonds	1,218,471.04	1,218,471.04	1,140,408.02			78,063.02
Loan Repayment for Principal and Interest	10,309.49	10,309.49	10,309.49			
Environmental Infrastructure Loan	17,458.38	25,828.94	25,828.94			
	<u>4,381,238.91</u>	<u>4,389,609.47</u>	<u>4,311,546.45</u>			<u>78,063.02</u>
<u>Deferred Charges:</u>						
Special Emergency Authorizations 3 Years	221,667.00	221,667.00	221,667.00			
Emergency Authorization		300,000.00	300,000.00			
Special Emergency Authorizations 5 Years	50,000.00	50,000.00	50,000.00			
	<u>271,667.00</u>	<u>571,667.00</u>	<u>571,667.00</u>			
Total Appropriations Excluded from "CAPS"	<u>7,545,541.48</u>	<u>7,858,103.24</u>	<u>7,743,846.62</u>	<u>1,423.00</u>	<u>34,770.60</u>	<u>78,063.02</u>
Sub-Total Appropriations	32,581,435.83	32,881,435.83	32,353,633.24	235,624.21	214,115.36	78,063.02
Reserve for Uncollected Taxes	1,092,486.33	1,092,486.33	1,092,486.33			
Total General Appropriations	<u>\$ 33,673,922.16</u>	<u>\$ 33,973,922.16</u>	<u>\$ 33,446,119.57</u>	<u>\$ 235,624.21</u>	<u>\$ 214,115.36</u>	<u>\$ 78,063.02</u>
Ref.		Below	Below	A	A	Below
	Ref.					
Budget	A-2	\$ 33,673,922.16	\$			
Reserve for Uncollected Taxes	A-2a	(1,092,486.33)	1,092,486.33			
Emergency Appropriation	A-14	300,000.00	50,000.00			
Cash Disbursements	A-4		32,864,878.64			
Interfunds (Net)	A-13		(701,958.97)			
Reserve for Federal/State Grants	A-29		140,713.57			
Canceled	Above	(78,063.02)				
	A-1	<u>\$ 32,803,372.81</u>	<u>\$ 33,446,119.57</u>			

See accompanying notes to financial statements.

TOWNSHIP OF SOUTH ORANGE VILLAGE  
TRUST FUND

BALANCE SHEETS  
REGULATORY BASIS  
DECEMBER 31, 2015 AND 2014

B

<u>ASSETS</u>	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
<u>Animal Control Fund</u>			
Cash	B-1	\$ 7,959.55	\$ 8,470.78
<u>General Trust Fund</u>			
Cash	B-1	2,603,554.43	1,819,114.37
<u>Payroll Trust Fund</u>			
Cash	B-1	175,088.32	37,819.65
		<u>175,088.32</u>	<u>37,819.65</u>
		<u>\$ 2,786,602.30</u>	<u>\$ 1,865,404.80</u>
<u>LIABILITIES AND RESERVES</u>			
<u>Animal Control Fund</u>			
Interfunds Payable	B-2	\$ 1.50	\$ 60.60
Due to State of New Jersey	B-3		869.40
Prepaid Revenue	B-4	680.00	869.40
Reserve for Expenditures	B-6	7,278.05	7,540.78
		<u>7,959.55</u>	<u>8,470.78</u>
<u>General Trust Fund</u>			
Interfunds Payable	B-2	1,802.51	230.12
Reserves for:			
Special Deposits	B-7	2,053,757.29	1,160,170.12
Open Space	B-8	547,994.63	658,714.13
		<u>2,603,554.43</u>	<u>1,819,114.37</u>
<u>Payroll Trust Fund</u>			
Interfunds Payable	B-2	1,475.62	
Payroll Deductions Payable	B-5	173,612.70	37,819.65
		<u>175,088.32</u>	<u>37,819.65</u>
		<u>\$ 2,786,602.30</u>	<u>\$ 1,865,404.80</u>

See accompanying notes to financial statements.

TOWNSHIP OF SOUTH ORANGE VILLAGE  
GENERAL CAPITAL FUND

BALANCE SHEETS  
REGULATORY BASIS  
DECEMBER 31, 2015 AND 2014

C

<u>ASSETS AND DEFERRED CHARGES</u>	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
Cash	C-2	\$ 1,501,893.29	\$ 504,289.95
Interfunds Receivable	C-6	221,667.00	30,000.00
Due from Seton Hall University	C-4	500,000.00	550,000.00
Deferred Charges to Future Taxation:			
Funded	C-7	41,509,721.45	44,310,539.03
Unfunded	C-8	10,405,202.00	7,958,952.00
		<u>\$ 54,138,483.74</u>	<u>\$ 53,353,780.98</u>
 <u>LIABILITIES AND FUND BALANCE</u>			
Serial Bonds	C-10	\$ 40,890,000.00	\$ 44,025,000.00
Environmental Infrastructure Loan	C-14	535,824.28	196,796.73
Green Acres Trust Loan Payable	C-13	83,897.17	88,742.30
Improvement Authorizations:			
Funded	C-12	2,937,593.04	3,988,648.96
Unfunded	C-12	3,962,197.40	3,326,315.24
Encumbrances Payable	C-12		860,595.82
Bond Anticipation Notes Payable	C-11	4,195,202.00	
Capital Improvement Fund	C-9	25.53	71,775.53
Reserve for Bond Issuance Costs	C-15		59,691.42
Reserve for Payment Debt Service	C-16	221,667.00	
Reserve for Preliminary Engineering Expenses	C-17	4,640.00	
Reserve for Seton Hall University	C-5	500,000.00	550,000.00
Fund Balance	C-1	807,437.32	186,214.98
		<u>\$ 54,138,483.74</u>	<u>\$ 53,353,780.98</u>
 Bonds and Notes Authorized but not Issued	 C-18	 <u>\$ 6,210,000.00</u>	 <u>\$ 7,958,952.00</u>

See accompanying notes to financial statements.

TOWNSHIP OF SOUTH ORANGE VILLAGE  
GENERAL CAPITAL FUND

FUND BALANCE  
REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2015

C-1

	<u>Ref.</u>		
Balance, December 31, 2014	C		\$ 186,214.98
Increased by:			
Improvement Authorizations Canceled	C-12	\$ 3,244,154.37	
Premium on Sale of Notes	C-2	39,540.00	
Cancelation of Reserve to Pay Bond Sale Costs	C-15	<u>17,527.97</u>	
			<u>3,301,222.34</u>
			<u>3,487,437.32</u>
Decreased by:			
Improvement Authorizations	C-12	\$ 2,500,000.00	
Payment to Current Fund as Anticipated Revenue	C-6	<u>180,000.00</u>	
			<u>2,680,000.00</u>
Balance, December 31, 2015	C		<u><u>\$ 807,437.32</u></u>

See accompanying notes to financial statements.

TOWNSHIP OF SOUTH ORANGE VILLAGE  
WATER UTILITY

BALANCE SHEETS  
REGULATORY BASIS  
DECEMBER 31, 2015 AND 2014

D

<u>ASSETS AND DEFERRED CHARGES</u>	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
<u>Operating Fund</u>			
Cash	D-5	\$ 63,165.23	\$ 67,505.92
Interfunds Receivable	D-8	27.26	
		<u>63,192.49</u>	<u>67,505.92</u>
<u>Capital Fund</u>			
Cash	D-5	10,766.83	10,739.57
Fixed Capital	D-9	8,460,893.09	8,460,893.09
		<u>8,471,659.92</u>	<u>8,471,632.66</u>
		<u>\$ 8,534,852.41</u>	<u>\$ 8,539,138.58</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
<u>Operating Fund</u>			
Liabilities:			
Appropriation Reserves	D-4	\$ 26,248.58	\$ 664.21
Accrued Interest Payable	D-10	5,233.33	4,948.00
Fund Balance	D-1	31,710.58	61,893.71
		<u>63,192.49</u>	<u>67,505.92</u>
 <u>Capital Fund</u>			
Serial Bond Payable	D-11	925,000.00	990,000.00
Reserve for Amortization	D-12	7,535,893.09	7,440,893.09
Due to Water Operating Fund	D-8	27.26	
Due to General Capital Fund	D-13		30,000.00
Fund Balance	D-2	10,739.57	10,739.57
		<u>8,471,659.92</u>	<u>8,471,632.66</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 8,534,852.41</u>	<u>\$ 8,539,138.58</u>
Bonds and Notes Authorized but Not Issued	D-14	<u>\$</u>	<u>\$ 30,000.00</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, 2015 AND 2014

D-1

	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
<u>Revenue and Other Income</u>			
Miscellaneous Revenues	D-3	\$ 342.98	\$ 1,534.16
East Orange Water Commission Lease Fees	D-3	572,295.01	543,490.09
Appropriation Reserves Lapsed	D	664.21	
Total Income		<u>573,302.20</u>	<u>545,024.25</u>
<u>Expenditures</u>			
Budget Appropriations:			
Operations		371,488.00	408,716.80
Debt Service		98,960.33	99,039.69
Statutory Expenditures		43,037.00	32,458.20
Statutory Expenditures- Deferred Charges		30,000.00	
	D-4	<u>543,485.33</u>	<u>540,214.69</u>
Excess Revenue		29,816.87	4,809.56
<u>Fund Balance</u>			
Balance, Beginning of Year	D	61,893.71	282,084.15
		<u>91,710.58</u>	<u>286,893.71</u>
Decreased by:			
Amount Utilized as Current Fund Revenue	D-5	60,000.00	225,000.00
Balance, End of Year	D	<u>\$ 31,710.58</u>	<u>\$ 61,893.71</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, 2015

D-2

	<u>Ref.</u>	
Balance, December 31, 2014	D	<u>\$ 10,739.57</u>
Balance, December 31, 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, 2015

D-3

<u>Source</u>	<u>Ref.</u>	<u>Budget Revenue</u>	<u>Realized</u>	<u>Excess (Deficit)</u>
East Orange Lease Fees	D-1, D-5	\$ 543,000.00	\$ 572,295.01	\$ 29,295.01
Miscellaneous	D-1, D-5, D-8	<u>1,500.00</u>	<u>342.98</u>	<u>(1,157.02)</u>
	D-4	<u>\$ 544,500.00</u>	<u>\$ 572,637.99</u>	<u>\$ 28,137.99</u>

See accompanying notes to financial statements.

TOWNSHIP OF SOUTH ORANGE VILLAGE  
WATER UTILITY

STATEMENT OF EXPENDITURES  
REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2015

D-4

Appropriation	Appropriations		Expended		Reserve For Appropriations	Canceled
	Budget	Modified Budget	Paid or Charged	Encumbered		
<u>Operating</u>						
Salaries and Wages	\$ 230,000.00	\$ 234,221.23	\$ 234,221.23	\$	\$	\$
Other Expenses	141,488.00	137,266.77	119,529.26	16,780.40	957.11	
<u>Debt Service</u>						
Payment of Bond Principal	65,000.00	65,000.00	65,000.00			
Interest on Bonds	34,975.00	34,975.00	33,960.33			1,014.67
<u>Statutory Expenditures</u>						
Social Security	17,595.00	17,595.00	9,083.93		8,511.07	
Public Employees Retirement System	25,442.00	25,442.00	25,442.00			
<u>Statutory Expenditures- Deferred Charges</u>						
Deferred Charges	30,000.00	30,000.00	30,000.00			
	<u>\$ 544,500.00</u>	<u>\$ 544,500.00</u>	<u>\$ 517,236.75</u>	<u>\$ 16,780.40</u>	<u>\$ 9,468.18</u>	<u>\$ 1,014.67</u>
Ref.	D-3	Below	Below	D	D	Below
	<u>Ref.</u>					
Adopted Budget	Above	\$ 544,500.00	\$			
Cash Disbursements	D-5		483,276.42			
Accrued Interest on Bonds	D-10		33,960.33			
Canceled	Above	(1,014.67)				
	D-1	<u>\$ 543,485.33</u>	<u>\$ 517,236.75</u>			

TOWNSHIP OF SOUTH ORANGE VILLAGE  
PUBLIC ASSISTANCE FUND

BALANCE SHEETS  
REGULATORY BASIS  
DECEMBER 31, 2015 AND 2014

E

<u>ASSETS</u>	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
Cash	E-2	\$ 582.42	\$ 580.92
		<u>\$ 582.42</u>	<u>\$ 580.92</u>
 <u>LIABILITIES AND FUND BALANCE</u>			
Due to Current Fund	E-3	\$ 1.50	\$
Fund Balance	E-1	580.92	580.92
		<u>\$ 582.42</u>	<u>\$ 580.92</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, 2015 AND 2014

F

<u>ASSETS</u>	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
<u>Unrestricted</u>			
Cash	F-2	\$ 66,374.60	\$ 85,471.11
Cash - Money Market	F-3	88,689.38	88,426.14
Due from Township of South Orange	F-4		38,800.02
		<u>155,063.98</u>	<u>212,697.27</u>
<u>Restricted</u>			
Cash	F-2	<u>199,550.69</u>	<u>199,757.10</u>
Total Assets		<u>\$ 354,614.67</u>	<u>\$ 412,454.37</u>
 <u>LIABILITIES</u>			
Accounts Payable	F-5	<u>\$</u>	<u>\$ 17,120.38</u>
 <u>FUND BALANCE</u>			
Restricted for Computer Technology		199,550.69	199,757.10
Unrestricted		155,063.98	195,576.89
Total Fund Balance	F-1	<u>354,614.67</u>	<u>395,333.99</u>
Total Liabilities and Fund Balance		<u>\$ 354,614.67</u>	<u>\$ 412,454.37</u>

See accompanying notes to financial statements.

TOWNSHIP OF SOUTH ORANGE VILLAGE  
TRUSTEES OF FREE PUBLIC LIBRARY

STATEMENT OF REVENUES AND EXPENDITURES  
REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2015  
(with summarized information for 2014)

F-1

	<u>Ref.</u>	<u>Unrestricted</u>	<u>Restricted</u>	<u>Balance December 31, 2015</u>	<u>Balance December 31, 2014</u>
Revenue:					
Gifts	F-2	\$ 30,228.06	\$	\$ 30,228.06	\$ 37,811.25
Copier Fees	F-2	14,333.35		14,333.35	
Fines and Lost Books	F-2	12,199.93		12,199.93	
Miscellaneous	F-2	11,267.50		11,267.50	33,499.28
Interest on Deposits and Investments	F-2, F-5	271.51	233.62	505.13	433.92
State Library Aid	F-2	8,500.00		8,500.00	8,448.00
Current Fund Budget Appropriation	F-4	986,279.01		986,279.01	1,094,100.00
		<u>1,063,079.36</u>	<u>233.62</u>	<u>1,063,312.98</u>	<u>1,174,292.45</u>
Expenditures:					
Paid Directly by Township	F-4	819,797.01		819,797.01	779,565.71
Books and Subscriptions and Other Expenses	F-2	245,430.27		245,430.27	374,799.08
Accounts Payable	F-5	-			17,120.38
Basic Account Fee	F-3	5.00		5.00	90.00
		<u>1,065,232.28</u>		<u>1,065,232.28</u>	<u>1,171,575.17</u>
Excess Revenue		(2,152.92)	233.62	(1,919.30)	2,717.28
Adjustment to Income:					
Overexpenditure of Account's Payable	F-4	82,617.61			(1,930.31)
Accounts Receivable Canceled		(38,800.02)		(38,800.02)	
Transfer		440.03	(440.03)		
		<u>(38,359.99)</u>	<u>(440.03)</u>	<u>(38,800.02)</u>	<u>(1,930.31)</u>
Fund Balance, Beginning of Year	F	<u>195,576.89</u>	<u>199,757.10</u>	<u>395,333.99</u>	<u>394,547.02</u>
Fund Balance, End of Year	F	<u>\$ 155,063.98</u>	<u>\$ 199,550.69</u>	<u>\$ 354,614.67</u>	<u>\$ 395,333.99</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, 2015 AND 2014

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
<u>Governmental Fixed Assets</u>		
Land and Improvements	\$ 33,982,929.00	\$ 33,963,729.00
Building and Improvements	41,052,784.00	41,052,784.00
Equipment	<u>8,370,209.00</u>	<u>7,934,264.00</u>
	<u>\$ 83,405,922.00</u>	<u>\$ 82,950,777.00</u>
Investment in Fixed Assets	<u>\$ 83,405,922.00</u>	<u>\$ 82,950,777.00</u>

See accompanying notes to financial statements.

TOWNSHIP OF SOUTH ORANGE VILLAGE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 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 for state and local governments. The GASB establishes seven fund types and two account groups to be used by governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America ("GAAP").

The accounting policies of the Township conform to the accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), which is an other comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Township accounts for its financial transactions through the separate funds, which differ from the fund structure required by GAAP.

GASB has issued Statement No. 14 as amended by GASB statement No. 61 which requires the financial reporting entity to include both the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

However, the municipalities in the State of New Jersey do not prepare financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements. The financial statements contained herein include only those boards, bodies, officers or commissions as required by the provisions of N.J.S.A. 40A:5-5.

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 - Encompasses resources and expenditures for basic governmental operations. Fiscal activity of Federal and State grant programs are reflected in a segregated section of the Current Fund.

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

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

Trust Fund - The records of receipts, disbursement 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 and Other Trust Funds, Community Development Fund and Open Space Fund.

General Capital Fund - The receipts and expenditure records for the acquisition of general infrastructure and other capital facilities, other than those acquired in the Current Fund, are maintained in this Fund, as well as related long-term debt accounts.

Water Utility Operating and Capital Fund - Water Utility 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 - Receipts and disbursements of funds that provide assistance to certain residents of the Township pursuant to Title 44 of New Jersey Statutes are maintained in the Public Assistance Trust Fund.

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 - These accounts reflect estimated valuations of land, buildings and certain moveable fixed assets of the Township as discussed under the caption of "Basis of Accounting".

Basis of Accounting and Accounting Principles

The accounting principles and practices prescribed for municipalities by the Division differ in certain respects from GAAP applicable to local government units. The more significant differences are as follows:

Property Taxes and Other Revenue - Property Taxes and Other Revenue are realized when collected in cash or approved by regulation for accrual from certain sources of the State of New Jersey and the Federal Government. Accruals of taxes and other revenue are otherwise deferred as to realization by the establishment of offsetting reserve accounts. GAAP requires such revenue to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

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

Expenditures - Expenditures for general and utility operations are generally recorded on the accrual basis. Unexpended appropriation balances, except for amounts that may have been canceled by the governing body or by statutory regulation, are automatically recorded as liabilities at December 31st of each year, under the title of "Appropriation Reserves".

Grant appropriations are charged upon budget adoption to create spending reserves.

Budgeted transfers to the Capital Improvement Fund are recorded as expenditures to the extent permitted by law.

Expenditures from Trust and Capital Funds are recorded upon occurrence and charged to accounts statutorily established for specific purposes.

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

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

Budget Appropriations for interest on General Capital Long-Term Debt is raised on the cash basis; interest on Utility Debt is raised on the accrual basis.

GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which should be recognized when due.

Reserve for Encumbrances - As of January 1, 1986, all local units were required by Technical Accounting Directive No. 85-1, as promulgated by the Division of Local Government Services, to maintain an encumbrance accounting system. The directive states that contractual orders outstanding at December 31 are reported as expenditures through the establishment of an encumbrance payable. Encumbrances do not constitute expenditures under GAAP.

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

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

Property Acquired for Taxes - Property Acquired for Taxes (Foreclosed Property) is recorded in the Current Fund at the assessed valuation during the year when such property was acquired by deed or foreclosure and is offset by a corresponding reserve account. GAAP requires such property to be recorded in the general fixed assets account group at market value on the date of acquisition.

Interfund Accounts Receivable - Interfund Accounts Receivable in the Current Fund are generally recorded with offsetting reserves that are established by charges to operations. Collections are recognized as income in the year that the receivables are realized. Interfund Accounts Receivable of all other funds are recorded as accrued and are not offset with reserve accounts. Interfund Accounts Receivable of one fund are offset with Interfund Accounts Payable of the opposite fund. GAAP does not require the establishment of an offsetting reserve.

Inventories of Supplies - Materials and supplies purchased by all funds are recorded as expenditures.

Fixed Assets

General - In accordance with Accounting for Governmental Fixed Assets, as promulgated by the Division, which differs in certain respects from GAAP, the Township has developed a fixed asset accounting and reporting system. GAAP requires that fixed assets be capitalized at historical or estimated historical cost if actual historical cost is not available. Depreciation on utility fixed assets should also be recorded.

Fixed assets used in governmental operations (general fixed assets) are accounted for in the General Fixed Asset Account. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized.

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

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

Acquisition of land, buildings, machinery, equipment and other capital assets are recorded on a perpetual fixed asset record.

Vehicles, furniture, equipment and other items are reflected at replacement values at time of inventory preparation. Additions to the established fixed assets are valued at cost.

Depreciation of assets is not recorded as an operating expense of the Township.

Utilities - Capital acquisitions, including utility infrastructure costs of the Water Utility, are recorded at cost upon purchase or project completion in the Fixed Capital account of the utility. The Fixed Capital Accounts are adjusted for dispositions or abandonments. The accounts include moveable fixed assets of the Utility but are not specifically identified and are considered as duplicated in the Fixed Asset Group of Accounts. The duplication is considered as insignificant on its effect on the financial statements taken as a whole.

Utility improvements that may have been constructed by developers are not recorded as additions to Fixed Capital. Fixed Capital of the Utility is offset by accumulations in Amortization Reserve Accounts. The accumulations represent costs of fixed assets purchased with budgeted funds or acquired by gift as well as grants, developer contributions or liquidations of related bonded debt and other liabilities incurred upon fixed asset acquisition.

The Fixed Capital Accounts reflected herein are recorded in the records of the municipality and do not necessarily reflect the true condition of such Fixed Capital. The records consist of a control account only. Detailed records are not maintained.

Basic Financial Statements

Use of Estimates – The preparation of financial statements requires management of the Township to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

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, as their inclusion could make certain statements unduly complex and difficult to understand.

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

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

**2. Cash, Cash Equivalents and Investments**

Deposits:

New Jersey Statutes permit the deposit of public funds in institutions located in New Jersey, which are insured by the Federal Deposit Insurance Corporation ("FDIC"), the Savings Association Insurance Fund ("SAIF"), or by any other agencies of the United States that insures deposits or the State of New Jersey Cash Management Fund.

The State of New Jersey Cash Management Fund (the "Fund") is authorized by Statute and regulations of the State Investment Council to invest in fixed income and debt securities which mature or are redeemed within one year. Twenty-five percent of the fund may be invested in eligible securities which mature within two years provided, however, the average maturity of all investments in the Fund shall not exceed one year. Collateralization of fund investments is generally not required.

In addition, by regulation of the Division, municipalities are allowed to deposit funds in Government Money Market Mutual Funds purchased through state registered brokers/dealers and banks.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed insurance limits as follows:

The Market Value of the collateral must equal 5% of the average daily balance of public funds; or

If the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. At December 31, 2015, the book value of the Township's deposits was \$6,505,850.59 and bank balances of the Township's cash and deposits amounted to \$6,963,036.14. The Township's deposits which are displayed on the combined balance sheet as "cash" are categorized as:

Category 1 – Insured or collateralized with securities held by the Township's or its agent in the Township's name.

Category 2 – Collateralized with securities held by the pledging financial institutions trust department or agent in the Township's name.

Category 3 – Uncollateralized or collateralized with securities held by the pledging financial institution, or by its trust department or agent, but not in the Township's name.

Investments:

New Jersey statutes allow the Township to purchase the following types of securities:

- a. Bonds or other obligations of the United States or obligations guaranteed by the United States.
- b. Government Money Market Mutual Funds
- c. Any obligations that a federal agency or a federal instrumentality has issued, with security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest

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

**2. Cash, Cash Equivalents and Investments (continued)**

- d. Bonds or other obligations of the Township or bonds or other obligations of school districts, which are a part of the Township or school districts located within the Township.
- e. Bonds or other obligations having a maturity date of not more than 397 days from the date of purchase that are approved by the New Jersey Department of Treasury, Division of Investments.
- f. Local Government investment pools.
- g. Agreements for the repurchase of fully collateralized securities, if transacted in accordance with N.J.S.A. 40A:5-15.1 (8a-8e).

**3. Taxes and Tax Title Liens Receivable**

Property assessments are determined on true values and taxes are assessed based upon those values. The residential tax bill includes the levies for the Township, County, Local Open Space and Schools purposes. Certified adopted budgets are submitted to the County Board of Taxation by each taxing district. The tax rate is determined by the Board upon the filing of these budgets.

The tax bills are mailed by the Tax Collector annually in June and are payable in four quarterly installments due the first of August and November of the current year and a preliminary billing due the first of February and May of the subsequent year. The August and November billings represent the third and fourth quarter installments and are calculated by taking the total year tax levy less the preliminary first and second quarter installments due February and May. The preliminary levy is based on one half of the current year's total tax.

Tax installments not paid by the above due dates are subject to interest penalties determined by a resolution of the governing body. The rate of interest in accordance with the aforementioned resolution is 8% per annum on the first \$1,500.00 of delinquency and 18% on any delinquency in excess of \$1,500.00. The resolution also sets a grace period of ten days before interest is calculated. In addition, authorized by Township ordinance any delinquency in excess of \$10,000.00 at the end of the calendar year is subject to a 6% penalty on the unpaid balance.

Taxes unpaid on the 11th day of the eleventh month in the fiscal year when the taxes became in arrears are subject to the tax sale provisions of the New Jersey statutes. The municipality may institute in rem foreclosure proceedings after six months from the date of the sale if the lien has not been redeemed.

The following is a five-year comparison of certain statistical information relative to property taxes and property tax collections for the current and previous four years.

Comparative Schedule of Tax Rates:

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Tax Rate	<u>\$ 3.739</u>	<u>\$ 3.661</u>	<u>\$ 3.554</u>	<u>\$ 3.466</u>	<u>\$ 2.732</u>
Apportionment of Tax Rate:					
Municipal	\$ 1.007	\$ 0.989	\$ 0.976	\$ 0.960	\$ 0.759
County	0.593	0.582	0.553	0.544	0.427
School	<u>2.139</u>	<u>2.090</u>	<u>2.025</u>	<u>1.962</u>	<u>1.546</u>

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

**3. Taxes and Tax Title Liens Receivable (continued)**

Assessed Valuation

<u>Calendar Year</u>	<u>Amount</u>
2015	\$ 2,236,640,556.00
2014	2,241,961,062.00
2013	2,248,477,271.00
2012	2,248,571,432.00
2011	2,800,880,449.00

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2015	\$ 83,755,027.47	\$ 82,559,312.99	98.57 %
2014	82,178,084.80	81,114,513.32	99.04
2013	79,971,805.55	78,924,166.49	98.68
2012	77,996,174.19	77,111,671.26	98.97
2011	76,553,519.82	75,018,467.03	97.99 **

\*\* Percentage collections based on a reduction of tax levy due to tax appeals in accordance with provisions of N.J.S.A. 40A:41C(2).

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2015	\$ 127,004.50	\$ 965,658.52	\$ 1,092,663.02	1.30 %
2014	112,474.05	811,169.79	923,643.84	1.12
2013	100,445.13	759,922.33	860,367.46	1.07
2012	3,255.83	859,252.15	862,507.98	1.11
2011	2,801.78	751,414.55	754,216.33	0.99

**4. Property Acquired by Tax Title Lien Liquidation**

The value of property acquired by liquidation of tax title liens on December 31 of the least assessed valuation of such properties was as follows:

<u>Year</u>	<u>Amount</u>
2015	\$ 282,900.00
2014	282,900.00
2013	282,900.00
2012	282,900.00
2011	282,900.00

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

**5. Fund Balances Appropriated**

The following schedule details the amount of fund balances available at the end of each year and the amounts utilized in the subsequent year's budget.

	Year	Balance Dec. 31	Utilized in Budgets of Succeeding Year	Percentage Used
Current Fund:	2015	\$ 350,621.15	\$ 250,000.00 **	71.30 %
	2014	1,032,765.32	850,000.00	82.30
	2013	1,237,851.39	810,000.00	65.43
	2012	1,106,197.63	700,000.00	63.28
	2011	1,821,186.13	1,410,000.00	77.42
Water Utility Operating Fund:	2015	\$ 31,710.58	\$	
	2014	61,893.71		
	2013	282,084.15	225,000.00	(1)
	2012	198,793.84		
(1) Utilized in Current Fund	2011	480,705.55	99,000.00	20.59

**6. Pension Plans**

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, 2015:

Inactive plan members or beneficiaries currently receiving benefits	\$166,637
Inactive plan members entitled to but not yet receiving benefits	703
Active plan members	<u>259,161</u>
 Total	 <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 2015, the State was required to make a minimum contribution representing 4/7<sup>th</sup> of the actuarially determined contribution amount based on the July 1, 2013 actuarial valuation.

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

**6. Pension Plans (continued)**

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 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, 2015 the Township's total payroll for all employees was \$16,964,835. Total PERS covered payroll was \$4,439,594. 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 6.78% in State fiscal year 2014 and increased to 6.92 for State fiscal year 2015, commencing July 1, 2015. 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. Township contributions are due and payable on April 1<sup>st</sup> in the second fiscal period subsequent to plan year for which the contributions requirements were calculated. Township payments to PERS for the years ending December 31, 2014 and 2015 consisted of the following:

	<u>2015</u>	<u>2014</u>
Total Regular Billing	\$498,382	\$449,548

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

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

**6. Pension Plans (continued)**

A service retirement benefit of 1/55<sup>th</sup> 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 1/60<sup>th</sup> 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.

*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, 2015, the PERS reported a net pension liability of \$22,447,996,119 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 \$13,012,985 or 0.0579699735%. At June 30, 2014, the PERS reported a net pension liability of \$18,722,735,003 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 \$10,043,501 or 0.5364334510%.

For the year ended December 31, 2015, the Township recognized PERS expense of \$498,382. At December 31, 2015 the Township would have reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources, if GASB #68 was recognized:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expended and actual experience	\$ 310,444	\$
Changes in assumptions	1,397,491	
Net difference between projected and actual earnings on pension plan investments		209,224
Changes in proportion and differences between Township contributions and proportionate share of contributions	687,182	125,568
Township contributions subsequent to the measurement date	498,382	

\$498,382 shown as deferred outflows of resources related to PERS resulting from Township contributions subsequent to the measurement date (December 31, 2015) should have been recognized as a reduction of net pension liability in the year ended December 31, 2015. 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:

TOWNSHIP OF SOUTH ORANGE VILLAGE  
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**6. Pension Plans (continued)**

<u>Year ended</u> <u>December 31,</u>	<u>Amount</u>
2016	\$ 392,888
2017	392,888
2018	392,888
2019	542,523
2020	<u>339,136</u>
Thereafter	
Total	<u>\$ 2,060,323</u>

*Actuarial Assumptions-* The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.04%
Salary Increases (2012-2021)	2.15-4.40% Based on age
Thereafter	3.15-5.40% Based on age
Investment rate of return	7.90%

Mortality rates were based on the RP-2000 Combined Table for Males or Females, as appropriate with adjustments for mortality improvements based on Scale AA.

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, 2015 are summarized in the following table:

<u>Asset Class</u>	
Cash	1.04%
U.S. Treasuries	1.64%
Investment Grade Credit	1.79%
Mortgages	1.62%
High Yield Bonds	4.03%
Inflation-Indexed Bonds	3.25%
Broad US Equities	8.52%
Developed Foreign Equities	6.88%
Emerging Market Equities	10.00%
Private Equity	12.41%
Hedge Funds/Absolute Return	4.72%
Real Estate (Property)	6.83%
Commodities	5.32%
Global Debt Ex U.S.	-0.40%
REIT	5.12%

*Discount Rate* – The discount rate used to measure the pension liabilities of PERS was 4.90%

TOWNSHIP OF SOUTH ORANGE VILLAGE  
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**6. Pension Plans (continued)**

*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:

	<u>At 1% Decrease</u>	<u>At Current Discount Rate</u>	<u>At 1% Increase</u>
Township's proportionate share	\$16,173,548	\$13,012,985	\$10,363,192

*Plan Fiduciary Net Position* – The plan fiduciary net position for PERS, including the State of New Jersey, at June 30, 2015 was \$28,553,566,906. Information regarding the portion of the Plan Fiduciary Net Position that was allocable to the Local (Non-State) Group was not available.

**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, 2015:

Inactive plan members or beneficiaries currently receiving benefits	\$44,252
Inactive plan members entitled to but not yet receiving benefits	51
Active plan members	<u>40,359</u>
 Total	 <u>\$84,662</u>

Contributing Employers – 585

*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 2015, the State was required to make a minimum contribution representing 4/7<sup>th</sup> of the actuarially determined contribution amount based on the July 1, 2013 actuarial valuation.

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

For the year ended December 31, 2015 the Township's total payroll for all employees was \$16,964,835. Total PFRS covered payroll was \$8,146,519. 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.

TOWNSHIP OF SOUTH ORANGE VILLAGE  
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**6. Pension Plans (continued)**

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. Township contributions are due and payable on April 1<sup>st</sup> in the second fiscal period subsequent to plan year for which the contributions requirements were calculated.

Township payments to PFRS made in the years ending December 31, 2014 and 2015 consisted of the following:

	<u>2015</u>	<u>2014</u>
Total PFRS Payment - Regular	<u>\$2,168,053</u>	<u>\$2,405,219</u>

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, 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%. At June 30, 2014, the PFRS reported a net pension liability of \$13,933,627,128 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 \$33,068,816, or 0.262887556%.

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

**6. Pension Plans (continued)**

For the year ended December 31, 2015, the Township recognized PFRS expense of \$2,168,053. At December 31, 2015 the Township would have reported deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources, if GASB #68 was recognized:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expended and actual experience	\$	\$ 383,194
Changes in assumptions	8,202,255	
Net difference between projected and actual earnings on pension plan investments		773,206
Changes in proportion and differences between Township contributions and proportionate share of contributions	420,615	331,215
Township contributions subsequent to the measurement date	2,168,053	

\$2,168,053 shown as deferred outflows of resources related to PFRS resulting from Township contributions subsequent to the measurement date (December 31, 2015) should have been recognized as a reduction of net pension liability in the year ended December 31, 2015. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to PFRS should have been recognized in pension expense as follows, if GASB #68 was recognized:

<u>Year ended December 31,</u>	<u>Amount</u>
2016	\$ 1,354,357
2017	1,354,357
2018	1,354,357
2019	2,197,998
2020	874,186
Thereafter	
Total	<u>\$ 7,135,255</u>

*Actuarial Assumptions-* The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.04%
Salary Increases (2012-2021)	2.60-9.48% based on age
Thereafter	3.60-10.48% based on age
Investment rate of return	7.90%

Mortality rates were based on the RP-2000 Combined Table for Males or Females, as appropriate with adjustments for mortality improvements based on Scale BB.

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.

TOWNSHIP OF SOUTH ORANGE VILLAGE  
NOTES TO FINANCIAL STATEMENTS  
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**6. Pension Plans (continued)**

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, 2015 are summarized in the following table:

<u>Asset Class</u>	
Cash	1.04%
U.S. Treasuries	1.64%
Investment Grade Credit	1.79%
Mortgages	1.62%
High Yield Bonds	4.03%
Inflation-Indexed Bonds	3.25%
Broad US Equities	8.52%
Developed Foreign Equities	6.88%
Emerging Market Equities	10.00%
Private Equity	12.41%
Hedge Funds/Absolute Return	4.72%
Real Estate (Property)	6.83%
Commodities	5.32%
Global Debt Ex U.S.	-0.40%
REIT	5.12%

*Discount Rate* – The discount rate used to measure the pension liabilities of PFRS was 5.79%

*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	\$58,568,374	\$44,426,608	\$32,895,263

*Plan Fiduciary Net Position* – The plan fiduciary net position for PFRS at June 30, 2015 was \$25,106,858,921.

The Defined Contribution Retirement Plan (DCRP) is a multiple employer defined contribution 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 DCRP are as follows:

*Plan Membership and Contributing Employers*- Enrollment in the DCRP is required for state or local officials, elected or appointed on or after July 1, 2007; employees enrolled in PFRS or PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in PFRS or PERS on or after November 2, 2008, who do not earn the minimum annual salary for tier 3 enrollment but who earn salary of at least \$5,000 annually; and employees otherwise eligible to enroll in PFRS or PERS after May 21, 2010, who do not work the minimum number of hours per week required for tier 4 or tier 5 enrollment, but who earn salary of at least \$5,000 annually. At June 30, 2015, the membership in the DCRP, based on the information within the Division's database, was 28,270.

*Contribution Requirement and Benefit Provisions* - State and local government employers contribute 3% of the employees base salary. Active members contribute 5.5% of base salary.

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**6. Pension Plans (continued)**

Eligible members are provided with a defined contribution retirement plan intended to qualify for favorable Federal income tax treatment under IRC Section 401(a), a noncontributory group life insurance plan and a noncontributory group disability benefit plan. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employee contributions shall immediately become and shall at all times remain fully vested and non forfeitable. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employer contributions shall be vested and non forfeitable on the date the participant commences the second year of employment or upon his or her attainment of age 65, while employed by an employer, whichever occurs first.

**7. Health Benefits**

P.L. 2011 Ch. 78 Section 39 established guidelines for implementing employee contributions to the cost of their health insurance coverage.

The benefit cost is the premium charged for the respective employees' coverage. For State Health Benefit Plan ("SHBP") employers, the cost of coverage is the cost of medical and prescription coverage. For non-SHBP employers, the law requires that the cost of coverage includes all health care benefits; medical, prescription, dental, vision etc.

The base salary of the employees determines the percent of premium cost that is contributed.

The contribution is phased in at 25% per year:

- a) for employees hired on or after June 28, 2011 and not subject to Collective Negotiations Agreement ("CNA") that is in effect, the initial phase in is upon date of hire
- b) when a CNA that is in effect on June 28, 2011 expires or is in almost any way modified

Full contribution (Year 4) takes effect immediately for employees hired after June 28, 2011 who are not covered by a CNA or would be covered by a CNA that has expired.

When contributions begin, if the 1.5% of base salary calculation under Ch. 2 is greater than the standard contribution, that amount is paid until the new contribution percentage is greater.

**8. Other Postemployment Benefits**

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 Pensions and Benefits. The SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq., to provide health benefits to State employees, retirees, and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered 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. In 1991, the Township authorized participation in the SHBP's post-retirement benefit program through resolution number 199-91. The Township agrees to pay the premium or periodic charges for the benefits provided to all eligible retired employees and their dependents covered under the program, but not including survivors, if such employees retired from the State or locally administered retirement system, effective after the date, the employer adopted the State Health Benefits Program on a benefit based on 25 years or more of service credited in such retirement system, except employees who elected

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**8. Other Postemployment Benefits (continued)**

deferred retirement, but including the employees who retired on disability pensions based on fewer years of service credited in such retirement system and also to reimburse such retired employees for their premium charges under Part B of the Federal Medicare Program covering the retired employees and their spouses in accordance with the regulations of the State Health Benefits Commission.

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 or by visiting their website at [www.state.nj.us/treasury/pensions/gasb-43-sept2009.pdf](http://www.state.nj.us/treasury/pensions/gasb-43-sept2009.pdf).

Funding Policy

Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis.

Contributions to pay for the health premiums of participating retirees in the SHBP are billed to the Township on a monthly basis. The Township adopted Chapter 88, public laws of 1974 and adheres to the rules and regulations promulgated by the State Health Benefits Commission. These rules apply to all eligible present and future pensioners of the employer and their dependents and continues as long as the State is paying the cost of its eligible pensioners and their dependents in accordance with the provisions of Chapter 75, public laws of 1972, provide for local employer reimbursement of Federal Medicare premiums for eligible pensioners and/or their spouses, as well as the payment of health insurance premiums required by the program, on a basis comparable to the reimbursement made by the State to its eligible pensioners and their spouses in accordance with the provisions of Chapter 75, Public Laws of 1972 and require the local employer to pay the full cost of such premiums and Medicare charges. All funds are budgeted in the year they are incurred.

Chapter 78 of the Laws of 2011, requires all public employees that retire after June 28, 2011, who does not have 20 years or more of service in the retirement system as of June 28, 2011 and retire after 25 years of service, to make a standard contribution, paid to their employer as a deduction from their retirement benefit.

There are no retired employees participating in the SHBP.

**9. Volunteer Length of Service Award Plan**

The Township has established a Volunteer Length of Service Award Plan (the "LOSAP") to ensure retention of the Township's volunteer First Aid Squad. The LOSAP shall be construed under the laws of the State of New Jersey and is established with the intent that it meets the requirements of a "length of service award plan under Section 457(e)11 of the Internal Revenue Code".

Annual Contributions – The annual contribution to be made by the Township for each active volunteer member shall be \$500, \$750, \$1,000 or \$1,150 dependent on years of active emergency service.

Appropriations – Appropriations for the purpose of funding the Township's LOSAP shall be included as a separate line item in the Township's budget, commencing with the year 2004. There was an appropriation for 2015 included in the budget in the sum of \$8,600.00.

Estimated Cost – The award to the program to the Township was not calculated for 2015, 2014 and 2012. This amount needs to be calculated annually and based upon the total number of eligible active volunteer members in the program.

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**10. Interfund Receivables and Payables**

The following are reflected as interfund receivables and payables on the various balance sheets:

Fund	Receivable	Payable
Current Fund	\$ 8,406.76	\$ 221,667.00
Federal/State Grant Fund		5,127.13
General Trust Fund		1,802.51
Payroll Trust Fund		1,475.62
Animal Control Fund		1.50
General Capital Fund	221,667.00	
Water Utility Operating Fund	27.26	
Water Utility Capital Fund		27.26
	\$ 230,101.02	\$ 230,101.02

**11. 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.

Summary of Municipal Debt:

	<u>2015</u>	<u>2014</u>	<u>2013</u>
<u>Issued</u>			
General:			
Bonds and Notes	\$ 45,085,202.00	\$ 44,025,000.00	\$ 46,645,000.00
Green Trust Agency Loan	83,897.17	88,742.30	97,276.96
Environmental Infrastructure	535,824.28	196,796.73	207,294.06
Water:			
Bonds and Notes	925,000.00	990,000.00	1,055,000.00
Total Debt Issued	46,629,923.45	45,300,539.03	48,004,571.02
<u>Authorized but Not Issued</u>			
General and Water:			
Bonds and Notes	6,210,000.00	7,988,952.00	5,298,702.00
Net Bonds and Notes Issued and Authorized but Not Issued	\$ 52,839,923.45	\$ 53,289,491.03	\$ 53,303,273.02

TOWNSHIP OF SOUTH ORANGE VILLAGE  
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**11. Municipal Debt (continued)**

Summary of Statutory Debt Condition, Annual Debt Statement

The summarized statement of debt condition that follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicated a statutory net debt of 2.017%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Regional School District	\$ 17,851,285.31	\$ 17,851,285.31	\$
Water Utility Debt	925,000.00	925,000.00	
General Debt	<u>51,914,923.45</u>	<u>221,667.00</u>	<u>51,693,256.45</u>
	<u>\$ 70,691,208.76</u>	<u>\$ 18,997,952.31</u>	<u>\$ 51,693,256.45</u>

Net Debt \$51,693,256.45 divided by Equalized Valuation basis per N.J.S.A. 40A:2-2, as amended, \$2,562,519,780.00 equals 2.017%.

Borrowing Power Under N.J.S.A. 40A:2-6 As Amended

3.5% of Equalized Valuation Basis (Municipal)	\$ 89,688,192.30
Net Debt	<u>(51,693,256.45)</u>
Remaining Borrowing Capacity	<u>\$ 37,994,935.85</u>

School Debt Deduction

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

Calculations of "Self-liquidating Purpose" Water Utility Per N.J.S.A. 40A:2-45

Cash Receipts for Fees, Rents or Other Charges for the Year	\$ 572,637.99
Deductions:	
Operating and Maintenance Costs	\$ 414,525.00
Debt Service per Water Account	<u>98,960.33</u>
	<u>513,485.33</u>
Excess in Revenue	<u>\$ 59,152.66</u>

TOWNSHIP OF SOUTH ORANGE VILLAGE  
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**11. Municipal Debt (continued)**

Long Term Debt

Serial Bonds Payable

\$2,200,000 Taxable Refunding Bonds; Annual maturities of \$300,000 to \$335,000 through December 2021, at interest rates ranging from 1.017% to 2.946% \$ 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% 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% 30,445,000.00

\$ 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% \$ 925,000.00

Schedule of Annual Debt Service for Principal and Interest for Bonded Debt Issued and Outstanding

Year	Cash Basis				Total
	General		Water Utility		
	Principal	Interest	Principal	Interest	
2016	\$ 3,040,000.00	\$ 1,108,095.00	\$ 65,000.00	\$ 31,400.00	\$ 4,244,495.00
2017	3,115,000.00	1,030,328.75	65,000.00	29,450.00	4,239,778.75
2018	3,200,000.00	951,866.88	65,000.00	27,500.00	4,244,366.88
2019	2,815,000.00	879,130.88	65,000.00	25,550.00	3,784,680.88
2020	2,890,000.00	806,373.33	60,000.00	22,950.00	3,779,323.33
2021	2,970,000.00	733,521.15	60,000.00	21,150.00	3,784,671.15
2022	3,055,000.00	540,843.75	65,000.00	18,150.00	3,678,993.75
2023	3,135,000.00	466,393.75	65,000.00	15,550.00	3,681,943.75
2024	3,195,000.00	398,159.38	70,000.00	13,925.00	3,677,084.38
2025	3,230,000.00	316,693.75	70,000.00	11,125.00	3,627,818.75
2026	3,225,000.00	233,081.25	70,000.00	8,325.00	3,536,406.25
2027	3,220,000.00	154,100.00	70,000.00	6,400.00	3,450,500.00
2028	3,210,000.00	70,550.00	70,000.00	4,300.00	3,354,850.00
2029	590,000.00	19,175.00	65,000.00	2,112.50	676,287.50
	<u>\$ 40,890,000.00</u>	<u>\$ 7,708,312.87</u>	<u>\$ 925,000.00</u>	<u>\$ 237,887.50</u>	<u>\$ 49,761,200.37</u>



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DECEMBER 31, 2015

**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, 2015.

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**

Compensated Absences

The Township has contractual agreements with four separate collective bargaining units and also an ordinance covering non-union employees for compensation of unused sick pay. Upon retirement, they are as follows:

Management Department Heads and Supervisors - The Business Administrator and Chief of Police have separate agreements for compensation of unused sick pay which sets maximums upon retirement.

Department heads and supervisors are covered under separate agreements. A minimum of fifteen (15) years with the Township, or upon elimination by the Township of the position, an employee is entitled to one day's pay for each two days of accumulated sick leave, up to a maximum of one hundred twenty (120) days of pay, unless terminated following conviction in a criminal court of a premeditated, indictable offense. The amount of sick time reimbursement is not to exceed from the State employee cap.

Police, White Collar Secretarial, Clerical and Non-Union Employees - An employee is entitled to one day's pay for each two days of accumulated sick leave, up to a maximum of sixty (60) days of pay, unless terminated following conviction or guilty plea in any criminal court of an indictable offence. One day's pay shall be equal to eight hours.

Liability - The Township's total liability for sick time as of December 31, 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 within the next 12 months is remote.

Additional Liability - In addition, the potential exists that the Township may have in the event that an employee is out of work on an extended illness and because of the nature of their position may have to be temporarily replaced, which could potentially result ultimately in additional cost to the Township.

Litigation

The Township is involved in several matters of litigation that are either too early in the process or whose final outcome cannot be determined at the present time. In the opinion of the Administration, the amount of ultimate liability with respect to these actions will not have an adverse financial impact on the Township.

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

**14. Commitments and Contingencies**

Grants

The Township participates in federally and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives.

The Township is potentially liable for expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

**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.

**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.

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

**16. South Orange Performing Arts Center (continued)**

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.

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 five 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 the construction, which is being repaid by SHU 2006-2025, at \$50,000.00 per year plus interest ranging from 4 – 5%. At December 31, 2015, the outstanding balance due from SHU is \$500,000.00.

**18. Litigation**

The Township has no current pending litigation. There is one tort claim pending which the Township attorney has stated will have no material adverse effect on the financial position of the Township.

**19. Subsequent Events**

The Township has evaluated subsequent events occurring after the balance sheet date through the date of July 29, 2016, which is the date the financial statements were available to be issued. Based on this evaluation, the Township has determined the following subsequent events require disclosure:

A capital ordinance for various capital improvements of \$2,575,000 and authorizing \$2,446,250 in debt dated April 13, 2016.

The capital ordinances for water utility capital improvements were approved on February 22, 2016 in the amount of \$3,500,000 and \$2,300,000.

A general capital ordinance for various improvements of \$1,830,000 and authorizing \$1,738,500 in debt was approved on March 14, 2016.

A ordinance for a reassessment of properties in the sum o \$300,000 and authorizing debt of \$285,000 was approved on March 28, 2016.

TOWNSHIP OF SOUTH ORANGE VILLAGE  
CURRENT FUND

CASH RECEIPTS AND DISBURSEMENTS - TREASURER  
YEAR ENDED DECEMBER 31, 2015

A-4

	<u>Ref.</u>	<u>Current Fund</u>		<u>Federal and State Grant Fund</u>
Balance, December 31, 2014	A	\$ 3,636,193.78		\$ 371,216.85
Increased by Cash Receipts:				
Nonbudget Revenue	A-2b	\$ 194,007.92		\$
Change Fund	A-5	300.00		
Tax Exemptions Due from State	A-6	42,884.25		
Taxes Receivable	A-7	82,912,346.03		
Other Accounts Receivable	A-9	1,245.20		
Special Improvement District	A-11	65,381.76		
Revenue Accounts Receivable	A-12	8,983,947.16		
Interfund Settlements	A-13	4,404,634.42		
Fees Payable to State	A-19	43,675.00		
Tax Overpayments	A-17	263,816.74		
Sewer Rent Overpayments	A-20	2,875.21		
Various Reserves	A-24	2,176,772.41		
Prepaid Taxes	A-25	355,068.28		
Special Improvement District	A-26	0.02		
Emergency Note Payable	A-18	300,000.00		
Interfunds	A-28			8,603.00
Unappropriated Grant Revenue	A-30			11,532.13
Federal and State Grants				
Receivable	A-27			63,671.79
		<u>99,746,954.40</u>		<u>83,806.92</u>
		103,383,148.18		455,023.77
Decreased by Cash Disbursed:				
Budget Appropriations	A-3	32,864,878.64		
Change Fund	A-5	350.00		
Interfund Settlements	A-13	2,610,396.07		
Appropriation Reserves	A-15	1,113,605.74		
Due to State of New Jersey	A-19	69,216.00		
Refund of Tax Overpayments	A-17	213,625.73		
County Taxes Payable	A-21	13,304,449.47		
Regional School District Tax	A-22	47,798,843.50		
Open Space Tax	A-23	222,895.23		
Other Reserves	A-24	3,566,662.63		
Special Improvement District	A-26	64,483.72		
Interfunds	A-28			9,217.75
Federal and State Grant				
Expenditures	A-29			211,321.62
		<u>101,829,406.73</u>		<u>220,539.37</u>
Balance, December 31, 2015	A	<u>\$ 1,553,741.45</u>		<u>\$ 234,484.40</u>

See Independent Auditors' Report

TOWNSHIP OF SOUTH ORANGE VILLAGE  
CURRENT FUND

CHANGE FUNDS  
YEAR ENDED DECEMBER 31, 2015

A-5

	<u>Ref.</u>	
Balance, December 31, 2014	A	\$ 175.00
Increased by:		
Cash Disbursements	A-4	<u>350.00</u>
		525.00
Decreased by:		
Cash Receipts	A-4	<u>300.00</u>
Balance, December 31, 2015	A	<u><u>\$ 225.00</u></u>

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, 2015

A-6

	<u>Ref.</u>		
Balance, December 31, 2014	A		\$ 15,124.15
Increased by:			
Deductions per Tax Duplicate			
Senior Citizens		\$ 3,500.00	
Veterans'		39,750.00	
Veteran/Senior Citizens Deduction			
Disallowed by Tax Collector		(250.00)	
	A-7		43,000.00
			58,124.15
Decreased by:			
Prior Year Senior Citizens Deduction			
Disallowed by Tax Collector	A-1	615.75	
Cash Received	A-4	42,884.25	
			43,500.00
Balance, December 31, 2015	A		\$ 14,624.15

TOWNSHIP OF SOUTH ORANGE VILLAGE  
CURRENT FUND

TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY  
YEAR ENDED DECEMBER 31, 2015

A-7

Year	Balance,	2015 Levy	Added Taxes	Collected		Exemptions Granted	Canceled	Transferred to Tax Title Liens	Balance,
	Dec. 31, 2014			2014	2015				Dec. 31, 2015
2010	\$ 1.11	\$	\$	\$	\$ 1.11	\$	\$	\$	\$
2011	0.01								0.01
2012	3,114.78								3,114.78
2013	27,519.20				12,894.49				14,624.71
2014	780,534.69		616.56		762,689.00		3,397.23		15,065.02
	811,169.79		616.56		775,584.60		3,397.23		32,804.52
2015		83,755,027.47		379,551.56	82,136,761.43	43,000.00	251,157.41	11,703.07	932,854.00
	<u>\$ 811,169.79</u>	<u>\$83,755,027.47</u>	<u>\$ 616.56</u>	<u>\$ 379,551.56</u>	<u>\$ 82,912,346.03</u>	<u>\$ 43,000.00</u>	<u>\$ 254,554.64</u>	<u>\$ 11,703.07</u>	<u>\$ 965,658.52</u>
Ref.	A	Below	Reserve	A-2a, A-25	A-2a, A-4	A-2a, A-6	Reserve	A-8	A

Analysis of Property Tax Yield and Levy

	Ref.	
<u>Tax Yield</u>		
General Purpose Tax		\$ 83,624,253.45
Added Taxes		130,774.02
	Above	<u>\$ 83,755,027.47</u>
<u>Tax Levy</u>		
Regional District School Tax (Abstract)	A-2a, A-22	\$ 47,832,664.00
County Taxes:		
Regular County Tax (Abstract)	A-21	\$ 12,880,710.10
Added Taxes	A-21	387,126.18
Open Space	A-21	20,740.58
	A-2a	13,288,576.86
Local Taxes:		
For Municipal Purposes	A-2	22,297,347.59
Local Open Space	A-23	223,664.06
Added Taxes & Omitted	A-23	349.83
Additional Tax Levied		112,425.13
		<u>22,633,786.61</u>
	Above	<u>\$ 83,755,027.47</u>

TOWNSHIP OF SOUTH ORANGE VILLAGE  
CURRENT FUND

TAX TITLE LIENS  
YEAR ENDED DECEMBER 31, 2015

A-8

	<u>Ref.</u>		
Balance, December 31, 2014	A		\$ 112,474.05
Increased by:			
Transferred from Taxes Receivable	A-7	\$ 11,703.07	
Transferred from Other Accounts Receivable	A-9	2,267.38	
Transferred from Revenue Accounts Receivable	A-12	560.00	
			14,530.45
Balance, December 31, 2015	A		\$ 127,004.50

OTHER ACCOUNTS RECEIVABLE  
YEAR ENDED DECEMBER 31, 2015

A-9

	<u>Ref.</u>		
Balance, December 31, 2014	A		\$ 1,215.20
Increased by:			
Lot Clean Up Charges	Reserve		2,357.38
			3,572.58
Decreased by:			
Collections	A-1,A-4	\$ 1,245.20	
Transfer to Lien	A-8	2,267.38	
			3,512.58
Balance, December 31, 2015	A		\$ 60.00
<u>Analysis of Balance</u>			
Lot Cleaning Charges			\$ 60.00

TOWNSHIP OF SOUTH ORANGE VILLAGE  
CURRENT FUND

PROPERTY ACQUIRED FOR TAXES AT ASSESSED VALUATION A-10  
YEAR ENDED DECEMBER 31, 2015

	<u>Ref.</u>	
Balance, December 31, 2014	A	\$ 282,900.00
Balance, December 31, 2015	A	<u>\$ 282,900.00</u>

SPECIAL IMPROVEMENT DISTRICT RECEIVABLE  
YEAR ENDED DECEMBER 31, 2015

	<u>Ref.</u>	
Balance, December 31, 2014	A	\$ 2,398.21
Increased by:		
SID Levy	A-26	<u>64,483.72</u>
		66,881.93
Decreased by:		
Cash Collections	A-4	<u>65,381.76</u>
Balance, December 31, 2015	A	<u>\$ 1,500.17</u>
 <u>Net Change to Operations</u>		
SID Levy	Above	\$ 64,483.72
Less: Collections	Above	<u>65,381.76</u>
Net Credit to Operations	A-1	<u>\$ (898.04)</u>

See Independent Auditors' Report

TOWNSHIP OF SOUTH ORANGE VILLAGE  
CURRENT FUND

REVENUE ACCOUNTS RECEIVABLE  
YEAR ENDED DECEMBER 31, 2015

A-12

	Ref.	Balance Dec. 31, 2014	Accrued	Collected	Balance Dec. 31, 2015
Township Clerk:					
Alcoholic Beverage Licenses	A-2	\$	\$ 30,950.00	\$ 30,950.00	\$
Other Licenses	A-2		25,696.00	25,696.00	
Other Fees and Permits	A-2		72,631.93	72,631.93	
Tax Collector:					
Interest and Cost on Taxes	A-2		229,589.92	229,589.92	
Construction Official:					
Building Permits	A-2		748,522.00	748,522.00	
Municipal Court	A-2	46,584.68	719,805.08	710,780.25	55,609.51
Recreation Receipts	A-2		945,258.01	945,258.01	
Shared IT Services	A-2		57,290.55	57,290.55	
Joint Meeting Refund			89,508.11	89,508.11	
Sewer User Charges	A-2b	106,389.26	2,261,603.79	2,238,901.84	129,091.21
Cell Tower Fees	A-2		140,664.88	140,664.88	
Cable TV Franchise Fee	A-2		213,756.72	213,756.72	
Interest on Investments	A-2		20,822.16	20,822.16	
PILOT	A-2	329,439.15	1,799,518.01	1,823,407.58	305,549.58
State of New Jersey:					
Energy Receipts Tax	A-2		1,456,861.00	1,456,861.00	
Uniform Fire Safety Act	A-2		20,751.90	20,751.90	
Seton Hall Debt Service Payment	A-2		71,970.00	71,970.00	
Water Utility Operating Surplus	A-2		60,000.00	60,000.00	
Police Side Job Fees	A-2		94,303.00	94,303.00	
General Capital Fund Balance	A-2		180,000.00	180,000.00	
		<u>\$ 482,413.09</u>	<u>\$ 9,239,503.06</u>	<u>\$ 9,231,665.85</u>	<u>\$ 490,250.30</u>

<u>Ref.</u>	A	Reserve	Below	A
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	<u>Ref.</u>	
Cash Receipts	A-4	\$ 8,983,947.16
Sewer Rents Applied	A-20	3,369.67
Transfer Sewer Charges to Lien	A-8	560.00
Interfunds	A-13	<u>243,789.02</u>
	Above	<u>\$ 9,231,665.85</u>

TOWNSHIP OF SOUTH ORANGE VILLAGE  
CURRENT FUND

INTERFUND ACCOUNTS  
YEAR ENDED DECEMBER 31, 2015

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, 2014								
From	A	\$ 230.12	\$	\$ 230.12	\$		\$	
(To)	A	\$				\$		
Increased by:								
Revenue Accounts Receivable	A-12	243,789.02		1,272.28	2,515.24	1.50	180,000.00	60,000.00
Deferred Charge - Special Emergency	A-14	665,000.00				665,000.00		
Budget Appropriations	A-3	930,313.97		724,871.97		180,000.00	25,442.00	
Cash Disbursed	A-4	2,610,396.07	22,429.88		144,164.28	85.00	2,435,000.00	8,716.91
		<u>4,449,499.06</u>	<u>22,429.88</u>	<u>726,144.25</u>	<u>146,679.52</u>	<u>86.50</u>	<u>3,460,000.00</u>	<u>94,158.91</u>
Decreased by:								
Cash Receipts	A-4	4,404,634.42	10,614.75	724,668.63	115,107.13	85.00	3,460,000.00	94,158.91
Appropriation Reserves	A-15	30,000.00			30,000.00			
Budget Appropriations	A-3	228,355.00	6,688.00			221,667.00		
		<u>4,632,989.42</u>	<u>17,302.75</u>	<u>724,668.63</u>	<u>145,107.13</u>	<u>85.00</u>	<u>3,681,667.00</u>	<u>94,158.91</u>
Balance, December 31, 2015								
From	A	<u>\$ 8,406.76</u>	<u>\$ 5,127.13</u>	<u>\$ 1,475.62</u>	<u>\$ 1,802.51</u>	<u>\$ 1.50</u>	<u>\$</u>	
(To)	A	<u>\$ (221,667.00)</u>				<u>\$ (221,667.00)</u>		
<u>Analysis of Net Debit to Fund Balance</u>								
Interfunds Receivable:								
December 31, 2015	Above	\$ 8,406.76						
December 31, 2014	Above	<u>230.12</u>						
Net Debit	A-1	<u>\$ 8,176.64</u>						

TOWNSHIP OF SOUTH ORANGE VILLAGE  
CURRENT FUND

DEFERRED CHARGES  
YEAR ENDED DECEMBER 31, 2015

A-14

	<u>Ref.</u>		
Balance, December 31, 2014	A		\$ 765,000.00
Increased by:			
Budget Appropriation	A-1, A-3		300,000.00
			<u>1,065,000.00</u>
Decreased by:			
Transfer to Capital Fund	A-13	\$ 665,000.00	
Budget Appropriation	A-3	<u>50,000.00</u>	
			<u>715,000.00</u>
Balance, December 31, 2015	A		<u><u>\$ 350,000.00</u></u>
 <u>Analysis of Balance</u>			
Special Emergency - Reassessment			\$ 50,000.00
Special Emergency - Tax Appeals			<u>300,000.00</u>
			<u><u>\$ 350,000.00</u></u>

TOWNSHIP OF SOUTH ORANGE VILLAGE  
CURRENT FUND

A-15  
Sheet # 1

2014 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2015

Appropriations	Balance Dec. 31, 2014		Balance After Transfers	Expended	Balance Lapsed
	Encumbered	Unencumbered			
<u>GENERAL GOVERNMENT</u>					
Administrative and Executive:					
Other Expenses	\$ 22,520.98	\$ 199.86	\$ 22,720.84	\$ 8,402.70	\$ 14,318.14
Village Committee:					
Other Expenses		25.40	25.40		25.40
Office of Village Clerk:					
Other Expenses	275.00	490.15	765.15	272.90	492.25
Financial Administration:					
Other Expenses	831.71	575.90	1,407.61	814.65	592.96
Annual Audit	23,975.00		23,975.00	23,975.00	
Assessment of Taxes:					
Other Expenses	2,795.00	2,203.00	4,998.00	2,740.70	2,257.30
Collection of Taxes:					
Other Expenses		339.35	339.35		339.35
Legal Services and Costs:					
Salaries and Wages					
Other Expenses	9,913.34	652.41	10,565.75	8,938.34	1,627.41
Engineering Services and Costs:					
Salaries and Wages					
Other Expenses		64.27	64.27		64.27
Planning Board:					
Other Expenses	1,350.00	46.05	1,396.05	1,350.00	46.05
Board of Adjustment:					
Other Expenses	72.90	3,837.10	3,910.00	72.90	3,837.10
Computer Information Technology:					
Other Expenses	3,623.60	3,563.38	7,186.98	4,460.60	2,726.38
<u>Insurance</u>					
Employee Group Health	22,747.27		22,747.27	22,747.27	
<u>PUBLIC SAFETY</u>					
Police:					
Salaries and Wages					
Other Expenses	93,416.72	28,415.53	121,832.25	98,056.03	23,776.22
Emergency Management					
Other Expenses	4,418.01	33.21	4,451.22	4,451.22	
Fire:					
Salaries and Wages		3,010.71	3,010.71		3,010.71
Other Expenses	21,659.36	2,245.32	23,904.68	18,598.94	5,305.74
<u>STREETS AND ROADS</u>					
Road Repair and Maintenance:					
Other Expenses					
Other Public Works Function:		4,910.34	4,910.34		4,910.34
Salaries and Wages					
Other Expenses	188,845.49	29,864.52	218,710.01	212,652.93	6,057.08

See Independent Auditors' Report

TOWNSHIP OF SOUTH ORANGE VILLAGE  
CURRENT FUND

A-15  
Sheet # 2

2014 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2015

Appropriations	Balance Dec. 31, 2014		Balance After Transfers	Expended	Balance Lapsed
	Encumbered	Unencumbered			
<u>HEALTH AND WELFARE</u>					
Board of Health:					
Other Expenses	\$ 4,815.84	\$ 5,762.28	\$ 10,578.12	\$ 4,815.84	\$ 5,762.28
<u>RECREATION AND EDUCATION</u>					
Recreation and Education:					
Other Expenses	59,606.30	3,005.17	62,611.47	30,330.65	32,280.82
Celebration of Public Events					
Other Expenses	855.00	1,304.25	2,159.25	225.00	1,934.25
<u>UNIFORM CONSTRUCTION CODE</u>					
Construction Code Officials:					
Inspection of Buildings:					
Other Expenses	2,962.79	1,511.25	4,474.04	2,960.69	1,513.35
<u>UNCLASSIFIED</u>					
Electricity	8,653.60	8,076.51	16,730.11	2,487.82	14,242.29
Gasoline	47,662.98	272.90	47,935.88	21,694.53	26,241.35
Telephone	4,808.76	9,598.12	14,406.88	5,297.55	9,109.33
Street Lighting	6,814.39	19,337.28	26,151.67	3,259.48	22,892.19
Contingent		5,000.00	5,000.00		5,000.00
<u>STATUTORY EXPENDITURES</u>					
Contributions to:					
Social Security System		1,611.52	1,611.52		1,611.52
<u>OTHER OPERATIONS:</u>					
Municipal Library		20,952.29	20,952.29		20,952.29
Joint Trunk Sewer Maintenance		81.99	81.99		81.99
<u>Agreements:</u>					
Municipal Court - Maplewood		188,459.93	188,459.93		188,459.93
Code Enforcement-Maplewood		25,089.80	25,089.80		25,089.80
3 Year Emergency	665,000.00		665,000.00	665,000.00	
	<u>\$ 1,197,624.04</u>	<u>\$ 370,539.79</u>	<u>\$ 1,568,163.83</u>	<u>\$ 1,143,605.74</u>	<u>\$ 424,558.09</u>
<u>Ref.</u>	A	A		Below	A-1
			<u>Ref.</u>		
Cash Disbursements			A-4	\$ 1,113,605.74	
Interfunds Accounts			A-13	30,000.00	
				<u>\$ 1,143,605.74</u>	

TOWNSHIP OF SOUTH ORANGE VILLAGE  
CURRENT FUND

ACCOUNTS PAYABLE  
YEAR ENDED DECEMBER 31, 2015

A-16

	<u>Ref.</u>	
Balance, December 31, 2014	A	\$ 46,328.71
Decreased by:		
Canceled	A-1	<u>39,818.71</u>
Balance, December 31, 2015	A	<u>\$ 6,510.00</u>

TAX OVERPAYMENTS  
YEAR ENDED DECEMBER 31, 2015

A-17

	<u>Ref.</u>	
Balance, December 31, 2014	A	\$ 63,745.72
Increased by:		
Cash Receipts	A-4	<u>263,816.74</u> 327,562.46
Decreased by:		
Refunds	A-4	\$ 213,625.73
Cancelled	A-1	<u>250.59</u>
		<u>213,876.32</u>
Balance, December 31, 2015	A	<u>\$ 113,686.14</u>

EMERGENCY NOTE PAYABLE  
YEAR ENDED DECEMBER 31, 2015

A-18

	<u>Ref.</u>	
Increased by:		
Cash Receipts	A-4	<u>\$ 300,000.00</u>
Balance, December 31, 2015	A	<u>\$ 300,000.00</u>

See Independent Auditors' Report

TOWNSHIP OF SOUTH ORANGE VILLAGE  
CURRENT FUND

DUE TO STATE OF NEW JERSEY (OTHER FEES)  
YEAR ENDED DECEMBER 31, 2015

A-19

	<u>Ref.</u>	<u>Total</u>	<u>Marriage/Burial License Fees</u>	<u>Building Construction Training Fee</u>
Balance, December 31, 2014	A	\$ 26,016.00	\$ 1,350.00	\$ 24,666.00
Increased by:				
Cash Receipts	A-4	<u>43,675.00</u>	<u>1,050.00</u>	<u>42,625.00</u>
		69,691.00	2,400.00	67,291.00
Decreased by:				
Paid to State	A-4	<u>69,216.00</u>	<u>1,925.00</u>	<u>67,291.00</u>
Balance, December 31, 2015	A	<u>\$ 475.00</u>	<u>\$ 475.00</u>	<u>\$</u>

TOWNSHIP OF SOUTH ORANGE VLLAGE  
CURRENT FUND

SEWER RENT OVERPAYMENTS  
YEAR ENDED DECEMBER 31, 2015

A-20

	<u>Ref.</u>	
Balance, December 31, 2014	A	\$ 3,376.63
Increased by:		
Cash Receipts	A-4	2,875.21
		6,251.84
Decreased by:		
Overpayments Applied	A-12	3,369.67
		3,369.67
Balance, December 31, 2015	A	\$ 2,882.17

COUNTY TAXES PAYABLE  
YEAR ENDED DECEMBER 31, 2015

A-21

	<u>Ref.</u>	
Balance, December 31, 2014	A	\$ 15,872.61
Increased by:		
2015 Levy:		
General County	A-7	\$ 12,880,710.10
Open Space Preservation	A-7	387,126.18
Due County for Added Taxes	A-7	20,740.58
	A-1, A-2a	13,288,576.86
		13,304,449.47
Decreased by:		
Payments	A-4	13,304,449.47
		13,304,449.47
Balance, December 31, 2015		\$

TOWNSHIP OF SOUTH ORANGE VILLAGE  
CURRENT FUND

REGIONAL DISTRICT SCHOOL TAX  
YEAR ENDED DECEMBER 31, 2015

A-22

	<u>Ref.</u>	
Balance, December 31, 2014	A	\$
Increased by:		
School Tax Levy - Calendar Levy - 2015	A-1, A-2a, A-7	47,832,664.00
		<u>47,832,664.00</u>
Decreased by:		
Paid	A-4	<u>\$ 47,798,843.50</u>
		<u>47,798,843.50</u>
Balance, December 31, 2015	A	<u><u>\$ 33,820.50</u></u>

OPEN SPACE TAX LEVY  
YEAR ENDED DECEMBER 31, 2015

A-23

	<u>Ref.</u>	
Increased by:		
Tax Levy		\$ 223,664.06
Added & Omitted	A-1, A-2a, A-7	349.83
	A-1, A-2a, A-7	<u>224,013.89</u>
Decreased by:		
Cash Disbursements	A-4	<u>222,895.23</u>
Balance, December 31, 2015	A	<u><u>\$ 1,118.66</u></u>

TOWNSHIP OF SOUTH ORANGE VILLAGE  
CURRENT FUND

VARIOUS RESERVES  
YEAR ENDED DECEMBER 31, 2015

A-24

	<u>Ref.</u>	<u>Total</u>	<u>Tax Title Lien Premiums</u>	<u>Third Party Lien Holders</u>	<u>Sale of Assets</u>	<u>Reserve for Tax Appeals</u>	<u>Reassessment</u>
Balance, December 31, 2014	A	\$ 1,280,670.44	\$ 1,134,900.00	\$ 62,770.44	\$ 1,000.00	\$	\$ 82,000.00
Increased by:							
State Tax Court Judgement	A-1	192,219.78				192,219.78	
Cash Receipts	A-4	<u>2,176,772.41</u>	<u>1,093,934.23</u>	<u>1,082,838.18</u>			
		<u>2,368,992.19</u>	<u>1,093,934.23</u>	<u>1,082,838.18</u>		<u>192,219.78</u>	
Decreased by:							
Cash Disbursements	A-4	<u>3,566,662.63</u>	<u>2,228,834.23</u>	<u>1,145,608.62</u>		<u>192,219.78</u>	
Balance, December 31, 2015	A	<u>\$ 83,000.00</u>	<u>\$</u>	<u>\$</u>	<u>\$ 1,000.00</u>	<u>\$</u>	<u>\$ 82,000.00</u>

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TOWNSHIP OF SOUTH ORANGE VILLAGE  
CURRENT FUND

PREPAID TAXES  
YEAR ENDED DECEMBER 31, 2015

A-25

	<u>Ref.</u>	
Balance, December 31, 2014	A	\$ 379,551.56
Increased by:		
Cash Collections	A-4	355,068.28
		<u>734,619.84</u>
Decreased by:		
Applied to Current Taxes Receivable	A-7	379,551.56
		<u>379,551.56</u>
Balance, December 31, 2015	A	<u>\$ 355,068.28</u>

SPECIAL IMPROVEMENT DISTRICT PAYABLE  
YEAR ENDED DECEMBER 31, 2015

A-26

	<u>Ref.</u>	
Balance, December 31, 2014	A	\$ 2.11
Increased by:		
Levy	A-11	\$ 64,483.72
Cash Receipts - Overpayments	A-4	0.02
		<u>64,483.74</u>
		64,485.85
Decreased by:		
Cash Disbursements	A-4	64,483.72
		<u>64,483.72</u>
Balance, December 31, 2015	A	<u>\$ 2.13</u>

TOWNSHIP OF SOUTH ORANGE VILLAGE  
CURRENT FUND

FEDERAL AND STATE GRANTS RECEIVABLE  
YEAR ENDED DECEMBER 31, 2015

<u>Program</u>	<u>Balance</u> <u>Dec. 31, 2014</u>	<u>2014 Budget</u> <u>Revenue Realized</u>	<u>Received</u>	<u>Balance</u> <u>Dec. 31, 2015</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
Police Security	819.00			819.00
Body Armor		11,794.50	11,794.50	
Bulletproof Vest Program		10,248.72	10,248.72	
Drive Sober or get Pulled Over		7,150.00	7,150.00	
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		9,522.00	9,522.00	
Cops in Shops		10,800.00	10,800.00	
Municipal Alliance on Alcohol & Drug:				
2012	359.21			359.21
2010	1,244.25			1,244.25
2015		26,750.00	26,700.74	49.26
Pedestrian Safety		11,000.00	11,000.00	
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 - 2015		29,296.05	29,296.05	
Recycling Tonnage		23,552.30	23,552.30	
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
ANJEC Grant		600.00	600.00	
	<u>\$3,486,717.33</u>	<u>\$ 140,713.57</u>	<u>\$ 140,664.31</u>	<u>\$ 3,486,766.59</u>
Ref.	A	A-2	Below	A
		<u>Ref.</u>		
Cash Receipts		A-4	\$ 63,671.79	
Unappropriated Grants		A-30	76,992.52	
			<u>\$ 140,664.31</u>	

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TOWNSHIP OF SOUTH ORANGE VILLAGE  
FEDERAL AND STATE GRANT FUND

INTERFUNDS  
YEAR ENDED DECEMBER 31, 2015

A-28

	<u>Ref.</u>	<u>Current Fund</u>
Increased by:		
Expenditures Paid Through Current	A-29	\$ 22,429.88
Cash Receipts	A-4	8,603.00
		<u>31,032.88</u>
		<u>31,032.88</u>
Decreased by:		
Cash Disbursements	A-4	9,217.75
Grant Match	A-29	6,688.00
Grant Funds Deposited in Current	A-30	10,000.00
		<u>25,905.75</u>
Balance, December 31, 2015		
Due To	A	<u>\$ 5,127.13</u>

TOWNSHIP OF SOUTH ORANGE VILLAGE  
CURRENT FUND

SCHEDULE OF APPROPRIATED RESERVES FOR  
FEDERAL AND STATE GRANTS  
YEAR ENDED DECEMBER 31, 2015

A-29  
Sheet # 1

Program	Balance Dec. 31, 2014	Transferred from 2015 Budget Appropriations		Adjustments/ Match	Expended	Balance Dec. 31, 2015
		Budget	Appropriated by 40A: 4-87			
Alcohol Education, Rehabilitation and Enforcement Fund	\$ 17,682.53	\$	\$	\$	\$ (155.00)	\$ 17,837.53
Body Armor Replacement Program - 2011	4,608.56				4,608.56	
Body Armor 2014	15,988.38	7,337.37	4,457.13		7,455.44	20,327.44
Clean Communities 2010	23,835.62				23,835.62	
Clean Communities 2011	21,188.02				21,188.02	
Clean Communities 2012	23,208.00				22,686.00	522.00
Clean Communities 2013	21,711.21					21,711.21
Clean Communities 2014	24,102.76					24,102.76
Clean Communities		29,296.05				29,296.05
Council of the Arts	25,059.26	89.00			6,468.66	18,679.60
Council of the Arts 2015		7,075.00	2,358.00			9,433.00
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
Turrell Avenue	226,740.00				96,401.62	130,338.38
Pedestrian Bridge	560,000.00					560,000.00
Drive Sober or Get Arrested		7,150.00			5,000.00	2,150.00
Drunk Driving Enforcement Program	7,051.73				4,508.88	2,542.85
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
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				600.00
New Jersey Jitney Grant	6,533.52				3,569.50	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, 2015

A-29  
Sheet # 2

<u>Program</u>	<u>Balance</u> <u>Dec. 31, 2014</u>	<u>Transferred from 2015</u> <u>Budget Appropriations</u>		<u>Adjustments/</u> <u>Match</u>	<u>Expended</u>	<u>Balance</u> <u>Dec. 31, 2015</u>
		<u>Budget</u>	<u>Appropriated</u> <u>by 40A: 4-87</u>			
Bulletproof Vest Program	\$	\$ 10,248.72	\$	\$	\$	\$ 10,248.72
New Jersey Sustainable Grant	10,000.00					10,000.00
2005 OEM	1,088.72					1,088.72
2004 Old Stone Church - Match	23,511.54					23,511.54
Recycling Tonnage Grant	25,914.24					25,914.24
Recycling Tonnage Grant	69,866.80	23,552.30				93,419.10
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		33,438.00			23,584.20	9,853.80
Municipal Alliance on Alcoholism and Drugs				37,762.43		37,762.43
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	5,000.00		5,000.00	5,800.00
Juvenile Assistance Grant	340.00					340.00
Assistance to Firefighters Grant	9,016.20					9,016.20
Pedestrian Safety		11,000.00			9,600.00	1,400.00
	<u>\$ 3,754,994.36</u>	<u>\$ 135,586.44</u>	<u>\$ 11,815.13</u>	<u>\$ 37,762.43</u>	<u>\$ 233,751.50</u>	<u>\$ 3,706,406.86</u>
<u>Ref.</u>	A	Below	A-3	A-30	Below	A
	Ref.					
Grant Awards	A-3	\$ 128,898.44				
Grant Match	A-28	6,688.00				
Cash Disburse	A-4				\$ 211,321.62	
Interfunds	A-28				22,429.88	
		<u>\$ 135,586.44</u>			<u>\$ 233,751.50</u>	

TOWNSHIP OF SOUTH ORANGE VILLAGE  
FEDERAL AND STATE GRANT FUND

RESERVE FOR GRANTS - UNAPPROPRIATED  
YEAR ENDED DECEMBER 31, 2015

A-30

	<u>Ref.</u>		
Balance, December 31, 2014	A		\$ 102,939.82
Increased by:			
Cash Receipts	A-4	\$ 11,532.13	
Due from Current Fund	A-28	<u>10,000.00</u>	
			<u>21,532.13</u>
Decreased by:			
Applied	A-29	37,762.43	
Realized	A-27	<u>76,992.52</u>	
			<u>114,754.95</u>
Balance, December 31, 2015	A		<u><u>\$ 9,717.00</u></u>
 <u>Analysis of Balance</u>			
Council on the Arts			\$ 4,717.00
Drunk Driving Enforcement			5,000.00
			<u>9,717.00</u>
			<u><u>\$ 9,717.00</u></u>

TOWNSHIP OF SOUTH ORANGE VILLAGE  
TRUST FUND

CASH RECEIPTS AND DISBURSEMENTS  
COLLECTOR-TREASURER  
YEAR ENDED DECEMBER 31, 2015

B-1

	Ref.	<u>Animal Control Fund</u>	<u>Payroll Fund</u>	<u>General Trust Fund</u>
Balance, December 31, 2014	B	\$ 8,470.78	\$ 37,819.65	\$1,819,114.37
Increased by Receipts:				
Due to State of New Jersey	B-3	\$ 621.60		
Net Payroll and Deductions	B-5		19,611,129.20	
Animal Control Fees	B-6	9,521.17		
Interfunds	B-2	1.50	1,475.62	370,693.41
Prepaid Revenue	B-4	680.00		
Special Deposits	B-7			3,482,283.57
		<u>10,824.27</u>	<u>19,612,604.82</u>	<u>3,852,976.98</u>
		19,295.05	19,650,424.47	5,672,091.35
Decreased by Disbursements:				
Due to State of New Jersey	B-3	682.20		
Net Payroll and Deductions	B-5		18,750,464.18	
Interfunds	B-2		724,871.97	115,107.13
Animal Control Fund Expenditures	B-6	10,653.30		
Special Deposits	B-7			2,618,696.40
Open Space Expenditures	B-8			334,733.39
		<u>11,335.50</u>	<u>19,475,336.15</u>	<u>3,068,536.92</u>
Balance, December 31, 2015	B	<u>\$ 7,959.55</u>	<u>\$ 175,088.32</u>	<u>\$2,603,554.43</u>

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TOWNSHIP OF SOUTH ORANGE VILLAGE  
TRUST FUNDS

INTERFUNDS PAYABLE  
YEAR ENDED DECEMBER 31, 2015

B-2

	Ref.	Total	General Trust Current Fund	Payroll Account Current Fund	Animal Control Current Fund
Balance, December 31, 2014	B				
Due To		\$ 230.12	\$ 230.12	\$	\$
Due (From)					
Increased by:					
Cash Receipts	B-1	372,170.53	370,693.41	1,475.62	1.50
Employee Health Deductions	B-5	724,871.97		724,871.97	
		<u>1,097,042.50</u>	<u>370,693.41</u>	<u>726,347.59</u>	<u>1.50</u>
		<u>1,097,272.62</u>	<u>370,923.53</u>	<u>726,347.59</u>	<u>1.50</u>
Decreased by:					
Cash Disbursements	B-1	839,979.10	115,107.13	724,871.97	
Tax Tavy	B-8	224,013.89	224,013.89		
Special Deposits	B-7	30,000.00	30,000.00		
		<u>1,093,992.99</u>	<u>369,121.02</u>	<u>724,871.97</u>	<u>0.00</u>
Balance, December 31, 2015	B				
Due To		<u>\$ 3,279.63</u>	<u>\$ 1,802.51</u>	<u>\$ 1,475.62</u>	<u>\$ 1.50</u>

TOWNSHIP OF SOUTH ORANGE VILLAGE  
TRUST FUND

DUE TO STATE OF NEW JERSEY  
YEAR ENDED DECEMBER 31, 2015

B-3

	<u>Ref.</u>	<u>Animal Control Fund</u>	
Balance, December 31, 2014	B		\$ 60.60
Increased by:			
State Fees	B-1	<u>\$ 621.60</u>	621.60
			<u>682.20</u>
Decreased by:			
Payments to State of New Jersey	B-1		<u>682.20</u>
Balance, December 31, 2015			<u><u>\$</u></u>

PREPAID REVENUE  
ANIMAL CONTROL  
YEAR ENDED DECEMBER 31, 2015

B-4

	<u>Ref.</u>		
Balance, December 31, 2014	B		\$ 869.40
Increased by:			
Cash Receipts	B-1		<u>680.00</u>
			<u>1,549.40</u>
Decreased by:			
Applied	B-6		<u>869.40</u>
Balance, December 31, 2015	B		<u><u>\$ 680.00</u></u>

TOWNSHIP OF SOUTH ORANGE VILLAGE  
TRUST FUND

PAYROLL DEDUCTIONS PAYABLE  
YEAR ENDED DECEMBER 31, 2015

B-5

	<u>Ref.</u>		
Balance, December 31, 2014	B		\$ 37,819.65
Increased by:			
Gross Payroll and Employer Share of FICA	B-1	\$ 16,964,835.20	
Pension Contributions - Municipality	B-1	<u>2,646,294.00</u>	
			<u>19,611,129.20</u>
			19,648,948.85
Decreased by:			
Net Payroll and Agency Payments	B-1	18,750,464.18	
Due Current Fund	B-2	<u>724,871.97</u>	
			<u>19,475,336.15</u>
Balance, December 31, 2015	B		<u><u>\$ 173,612.70</u></u>

Analysis of Balance

Police and Firemen's Retirement System		\$ 85,714.43
Public Employees' Retirement System		33,639.94
Garnishments		2,574.06
Stale Dated Checks		24,731.56
Unallocated		<u>26,952.71</u>
		<u><u>\$ 173,612.70</u></u>

See Independent Auditors' Report

TOWNSHIP OF SOUTH ORANGE VILLAGE  
TRUST FUND

RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES  
YEAR ENDED DECEMBER 31, 2015

B-6

	<u>Ref.</u>		
Balance, December 31, 2014	B		\$ 7,540.78
Increased by:			
Dog License Fees:			
Dog Licenses Issued		\$ 7,670.40	
Interest Earned		27.77	
Cat Licenses		<u>1,823.00</u>	
	B-1	9,521.17	
Prepaid Applied	B-4	<u>869.40</u>	
			<u>10,390.57</u>
			17,931.35
Decreased by:			
Expenditures Under R.S. 41:19-15.11	B-1		<u>10,653.30</u>
Balance, December 31, 2015	B		<u><u>\$ 7,278.05</u></u>

TOWNSHIP OF SOUTH ORANGE VILLAGE  
TRUST FUND

RESERVE FOR SPECIAL DEPOSITS  
YEAR ENDED DECEMBER 31, 2015

B-7

	<u>Balance</u> <u>Dec. 31, 2014</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance</u> <u>Dec. 31, 2015</u>
Law Enforcement - Confiscated Funds	\$ 539.06	\$ 1.38	\$ 60.00	\$ 480.44
Confidential Fund	694.78	1.76		696.54
Municipal Court POAA	61,671.53	7,966.00	6,235.83	63,401.70
Municipal Drug Alliance Committee	149.75			149.75
Recycling	73,487.54	112,031.02	128,912.64	56,605.92
Master Card	13,760.97			13,760.97
Pool Trust	118,706.40	115,107.13	64,403.52	169,410.01
Donations	25,688.48	42,467.25	42,644.12	25,511.61
LOSAP Reserve	11,600.00	1,068.90	11,600.00	1,068.90
Public Defender	1,700.00	1,794.50		3,494.50
Fire Department Fines	3,905.61	500.00		4,405.61
Developer's Escrow	365,662.41	208,681.65	316,826.84	257,517.22
Affordable Housing	421,867.47		17,852.45	404,015.02
Contracted Services - Special Duty	23,767.12	790,377.92	778,234.42	35,910.62
Storm Recovery/Snow Trust	24,000.00	30,000.00		54,000.00
Accumulated Absences	12,969.00			12,969.00
Third Party Tax Title Lien Redemption		2,084,070.06	1,251,926.58	832,143.48
Community Development Block Grant		118,216.00		118,216.00
	<u>\$ 1,160,170.12</u>	<u>\$ 3,512,283.57</u>	<u>\$ 2,618,696.40</u>	<u>\$ 2,053,757.29</u>

Reference

B

Below

B-1

B

Ref.

Cash Receipts

B-1

\$ 3,482,283.57

Due Current Fund

B-2

30,000.00

\$ 3,512,283.57

See Independent Auditors' Report

TOWNSHIP OF SOUTH ORANGE VILLAGE  
TRUST FUND

RESERVE FOR OPEN SPACE  
YEAR ENDED DECEMBER 31, 2015

B-8

	<u>Ref.</u>		
Balance, December 31, 2014	B		\$ 658,714.13
Increased by:			
Tax Levy	B-2	<u>\$ 224,013.89</u>	<u>224,013.89</u>
			<u>882,728.02</u>
Decreased by:			
Cash Disbursements	B-1		<u>334,733.39</u>
Balance, December 31, 2015	B		<u>\$ 547,994.63</u>

TOWNSHIP OF SOUTH ORANGE VILLAGE  
GENERAL CAPITAL FUND

CASH RECEIPTS AND DISBURSEMENTS  
YEAR ENDED DECEMBER 31, 2015

C-2

	<u>Ref.</u>		
Balance, December 31, 2014	C		\$ 504,289.95
Increased by Receipts:			
Interfunds	C-6	\$ 3,132,600.32	
Bonds Anticipation Notes	C-11	4,195,202.00	
Capital Improvement Fund	C-9	75,000.00	
Fund Balance	C-1	<u>39,540.00</u>	
			<u>7,442,342.32</u>
			<u>7,946,632.27</u>
Decreased by Disbursements:			
Preliminary Engineering Expenses	C-17	\$ 13,360.00	
Improvement Authorizations	C-12	2,926,615.21	
Interfunds	C-6	3,462,600.32	
Cost of Issuance	C-15	<u>42,163.45</u>	
			<u>6,444,738.98</u>
Balance, December 31, 2015	C		<u><u>\$ 1,501,893.29</u></u>

TOWNSHIP OF SOUTH ORANGE VILLAGE  
GENERAL CAPITAL FUND

ANALYSIS OF CAPITAL CASH  
YEAR ENDED DECEMBER 31, 2015

C-3

	Balance	Receipts	Disbursements	Transfers		Balance
	Dec. 31, 2014			From	To	Dec. 31, 2015
Due From Current Fund	\$	\$ 3,102,600.32	\$ 3,462,600.32	\$ 221,667.00	\$ 360,000.00	\$ (221,667.00)
Reserve to Pay Debt Service					221,667.00	221,667.00
Due From Water Utility Capital	(30,000.00)	30,000.00				
Fund Balance	186,214.98	39,540.00		2,680,000.00	3,261,682.34	807,437.32
Capital Improvement Fund	71,775.53	75,000.00		146,750.00		25.53
Encumbrances	860,595.82			860,595.82		
Due from Seton Hall University	(550,000.00)				50,000.00	(500,000.00)
Reserve for Seton Hall University	550,000.00			50,000.00		500,000.00
Reserve for Bond Issuance Costs	59,691.42		42,163.45	17,527.97		
Reserve for Preliminary Engineering Expense			13,360.00		18,000.00	4,640.00
Ordinance Number	Improvement Authorization					
11-14	Renovation/Reconstruction Town Hall	1,941,674.42	184,562.86	1,807,663.88	108,470.43	57,918.11
11-15	Fire House Improvements	38,475.49	1,985.00	36,490.49		0.00
11-16	Various Capital Improvements	1,934,249.05	512,579.46	1,400,000.00	431,797.34	453,466.93
12-10	Various Capital Improvements	(1,135,185.89)	2,546,952.00	796,963.65	57,223.76	672,026.22
13-06	Various Capital Improvements	(1,715,749.88)		160,755.58	177,424.84	(1,699,080.62)
13-16	Various Capital Improvements	(649,892.03)	983,250.00	206,053.20	22,947.35	150,252.12
14-05	Various Capital Improvements	(393,724.19)		656,234.91	47,708.80	(1,182,250.30)
14-23	Property Tax Appeals	(663,834.77)	665,000.00	16,188.53	15,023.30	
15-04	Various Capital Improvements			317,500.02	128,750.00	(188,750.02)
15-19	Streets and Roads			68,175.00	2,000,000.00	1,931,825.00
15-21	IT and Communications			5,617.00	500,000.00	494,383.00
		<u>\$ 504,289.95</u>	<u>\$ 7,442,342.32</u>	<u>\$ 6,444,738.98</u>	<u>\$ 7,400,695.16</u>	<u>\$ 7,400,695.16</u>
						<u>\$ 1,501,893.29</u>
Reference	C					C

TOWNSHIP OF SOUTH ORANGE VILLAGE  
GENERAL CAPITAL FUND

ACCOUNTS RECEIVABLE  
YEAR ENDED DECEMBER 31, 2015

C-4

	<u>Ref</u>	<u>Due from Seton Hall University</u>
Balance, December 31, 2014	C	\$ 550,000.00
Decreased by:		
Payment of Redevelopment Loan	C-5	<u>50,000.00</u>
Balance, December 31, 2015	C	<u><u>\$ 500,000.00</u></u>

RESERVE FROM SETON HALL  
YEAR ENDED DECEMBER 31, 2015

C-5

	<u>Ref</u>	
Balance, December 31, 2014	C	\$ 550,000.00
Decreased by:		
Payment of Redevelopment Loan	C-4	<u>50,000.00</u>
Balance, December 31, 2015	C	<u><u>\$ 500,000.00</u></u>

TOWNSHIP OF SOUTH ORANGE VILLAGE  
GENERAL CAPITAL FUND

INTERFUNDS  
YEAR ENDED DECEMBER 31, 2015

C-6

	<u>Ref.</u>	<u>Total</u>	<u>Water Utility Capital Fund</u>	<u>Current Fund</u>
Balance, December 31, 2014				
Due From	C	<u>\$ 30,000.00</u>	<u>\$ 30,000.00</u>	<u>\$</u>
Increased by:				
Budget Appropriation	C-16	221,667.00		221,667.00
Cash Disbursements	C-2	<u>3,462,600.32</u>		<u>3,462,600.32</u>
		<u>3,684,267.32</u>		<u>3,684,267.32</u>
		<u>3,714,267.32</u>	<u>30,000.00</u>	<u>3,684,267.32</u>
Decreased by:				
Improvement Authorizations	C-12	180,000.00		180,000.00
Fund Balance	C-1	180,000.00		180,000.00
Cash Receipts	C-2	<u>3,132,600.32</u>	<u>30,000.00</u>	<u>3,102,600.32</u>
		<u>3,492,600.32</u>	<u>30,000.00</u>	<u>3,462,600.32</u>
Balance, December 31, 2015				
Due From	C	<u>\$ 221,667.00</u>	<u>\$</u>	<u>\$ 221,667.00</u>

TOWNSHIP OF SOUTH ORANGE VILLAGE  
GENERAL CAPITAL FUND

DEFERRED CHARGES TO FUTURE TAXATION - FUNDED  
YEAR ENDED DECEMBER 31, 2015

C-7

	<u>Ref.</u>		
Balance, December 31, 2014	C		\$ 44,310,539.03
Increased by:			
Adjustment	C-13	\$ 1,910.08	
Environmental Infrastructure Loan Payable	C-14	<u>381,187.00</u>	
			<u>383,097.08</u>
			44,693,636.11
Decreased by:			
Payment of Serial Bonds	C-10	\$ 3,135,000.00	
Payment of Green Trust Loan	C-13	6,755.21	
Payment of Environmental Infrastructure Loan	C-14	<u>42,159.45</u>	
			<u>3,183,914.66</u>
Balance, December 31, 2015	C		<u>\$ 41,509,721.45</u>

TOWNSHIP OF SOUTH ORANGE VILLAGE  
GENERAL CAPITAL FUND

DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED  
YEAR ENDED DECEMBER 31, 2015

C-8

Ordinance Number		Balance, December 31, 2014	2015 Authorizations	Balance, December 31, 2015	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		1,699,080.62	39,419.38
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		1,182,250.30	361,499.70
14-17	Improvements to Certain Sewer Facilities	481,500.00		481,500.00			481,500.00
14-23	Property Tax Appeals	665,000.00		665,000.00	665,000.00		
15-04	Various Capital Improvements		2,446,250.00	2,446,250.00		188,750.02	2,257,499.98
		<u>\$ 7,958,952.00</u>	<u>\$ 2,446,250.00</u>	<u>\$ 10,405,202.00</u>	<u>\$ 4,195,202.00</u>	<u>\$ 3,070,080.94</u>	<u>\$ 3,139,919.06</u>
	<u>Ref.</u>	C	C-12	C	C-11	C-3	C-12

TOWNSHIP OF SOUTH ORANGE VILLAGE  
GENERAL CAPITAL FUND

CAPITAL IMPROVEMENT FUND  
DECEMBER 31, 2015

C-9

	<u>Ref.</u>		
Balance, December 31, 2014	C		\$ 71,775.53
Increased by :			
Budget Appropriation	C-2		75,000.00
			<u>146,775.53</u>
Decreased by:			
Improvement Authorizations	C-12	\$ 128,750.00	
Preliminary Engineering Expenses	C-17	<u>18,000.00</u>	
			<u>146,750.00</u>
 Balance, December 31, 2015	 C		 <u><u>\$ 25.53</u></u>

TOWNSHIP OF SOUTH ORANGE VILLAGE  
GENERAL CAPITAL FUND

SERIAL BONDS PAYABLE  
YEAR ENDED DECEMBER 31, 2015

C-10

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding, December 31, 2015		Interest Rate	Balance December 31, 2014	Decreased	Balance December 31, 2015						
			Date	Amount										
Refunding Bonds	1/31/2012	9,990,000.00	11/1/2016	615,000.00	3.00%									
			11/1/2017-18	605,000.00	3.00%									
			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%				\$ 9,180,000.00	\$ 620,000.00	\$ 8,560,000.00			
General Improvements	01/15/2013	34,445,000.00	1/15/2016	2,125,000.00	3.00%									
			1/15/2017	2,210,000.00	3.00%									
			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%				32,645,000.00	2,200,000.00	30,445,000.00			
			Taxable Refunding Bonds	11/20/2014	2,200,000.00				12/31/2016	300,000.00	1.017%			
									12/31/2017	300,000.00	1.618%			
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%				2,200,000.00	315,000.00	1,885,000.00						
						<u>\$ 44,025,000.00</u>	<u>\$ 3,135,000.00</u>	<u>\$ 40,890,000.00</u>						
						Ref.	C	C-7	C					

TOWNSHIP OF SOUTH ORANGE VILLAGE  
GENERAL CAPITAL FUND

BOND ANTICIPATION NOTES PAYABLE  
YEAR ENDED DECEMBER 31, 2015

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Original</u>		<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Increased</u>	<u>C-11</u>
		<u>Amount</u>	<u>Date</u>					<u>Balance December 31, 2015</u>
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
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
14-23	Various Capital Improvements	665,000.00	8/27/2015	8/27/2015	8/26/2016	1.05%	665,000.00	665,000.00
							<u>\$ 4,195,202.00</u>	<u>\$ 4,195,202.00</u>
						<u>Ref.</u>	C-2	C

TOWNSHIP OF SOUTH ORANGE VILLAGE  
GENERAL CAPITAL FUND

IMPROVEMENT AUTHORIZATIONS  
YEAR ENDED DECEMBER 31, 2015

C-12

Ordinance Number	Improvement Description	Original		Balance, December 31, 2014		Encumbrances	2015 Authorizations	Paid or Charged	Canceled	Balance December 31, 2015	
		Amount	Date	Funded	Unfunded					Funded	Unfunded
11-14	Renovation/Reconstruction - Village Hall	3,000,000.00	7/25/11	\$ 1,941,674.42	\$	\$ 108,470.43	\$	\$ 184,562.86	\$ 1,807,663.88	\$ 57,918.11	\$
11-15	Fire House Improvements	418,919.38	7/25/11	38,475.49				1,985.00	36,490.49		
11-16	Various Capital Improvements	4,791,766.93	7/25/11	1,934,249.05		431,797.34		512,579.46	1,400,000.00	453,466.93	
12-10	Various Capital Improvements	2,681,003.00	9/24/12		1,411,766.11	57,223.76		796,963.65			672,026.22
13-06	Various Capital Improvements	1,830,000.00	4/22/13		22,750.12	177,424.84		160,755.58			39,419.38
13-16	Various Capital Improvements	1,035,000.00	9/09/13		333,357.97	22,947.35		206,053.20			150,252.12
14-05	Various Capital Improvements	1,625,000.00	4/17/14	74,250.00	1,075,775.81	47,708.80		836,234.91			361,499.70
14-17	Improvements to Certain Sewer Facilities	481,500.00	10/13/14		481,500.00						481,500.00
14-23	Property Tax Appeals	665,000.00	12/29/14		1,165.23	15,023.30		16,188.53			
15-04	Various Capital Improvements	2,575,000.00	3/9/15				2,575,000.00	317,500.02			2,257,499.98
15-19	Streets and Roads	2,000,000.00	9/16/15				2,000,000.00	68,175.00		1,931,825.00	
15-21	IT and Communications	500,000.00	11/23/15				500,000.00	5,617.00		494,383.00	
				<u>\$ 3,988,648.96</u>	<u>\$ 3,326,315.24</u>	<u>\$ 860,595.82</u>	<u>\$ 5,075,000.00</u>	<u>\$ 3,106,615.21</u>	<u>\$ 3,244,154.37</u>	<u>\$ 2,937,593.04</u>	<u>\$ 3,962,197.40</u>
				C	C	C	Below	Below	C-1	C	C
					Interfund	C-6	\$	\$ 180,000.00			
					Cash Disbursements	C-2		2,926,615.21			
					Fund Balance	C-1	2,500,000.00				
					Capital Improvement Fund	C-9	128,750.00				
					Deferred Charges for						
					Future Taxation Unfunded	C-8	2,446,250.00				
							<u>\$ 5,075,000.00</u>	<u>\$ 3,106,615.21</u>			

TOWNSHIP OF SOUTH ORANGE VILLAGE  
GENERAL CAPITAL FUND

GREEN ACRES LOAN PAYABLE  
YEAR ENDED DECEMBER 31, 2015

C-13

	<u>Ref.</u>	
Balance, December 31, 2014	C	\$ 88,742.30
Increased by:		
Adjustment	C-7	1,910.08
		<u>90,652.38</u>
Decreased by:		
Budget Appropriation for Payment of Green Trust Loan	C-7	6,755.21
		<u>6,755.21</u>
Balance, December 31, 2015	C	<u>\$ 83,897.17</u>

ENVIRONMENTAL INFRASTRUCTURE LOAN PAYABLE  
YEAR ENDED DECEMBER 31, 2015

C-14

	<u>Ref.</u>	
Balance, December 31, 2014	C	\$ 196,796.73
Increased by:		
Load Award	C-7	381,187.00
		<u>577,983.73</u>
Decreased by:		
Payment of Loan	C-7	42,159.45
		<u>42,159.45</u>
Balance, December 31, 2015	C	<u>\$ 535,824.28</u>

TOWNSHIP OF SOUTH ORANGE VILLAGE  
GENERAL CAPITAL FUND

COST OF ISSUANCE  
YEAR ENDED DECEMBER 31, 2015

C-15

	<u>Ref.</u>		
Balance, December 31, 2014	C		\$ 59,691.42
Decreased by:			
Cash Disbursements	C-2	\$ 42,163.45	
Cancelation of Reserve to Pay Bond Sale Costs	C-1	<u>17,527.97</u>	
			<u>59,691.42</u>
Balance, December 31, 2015	C		<u><u>\$</u></u>

RESERVE FOR PAYMENT OF DEBT SERVICE  
YEAR ENDED DECEMBER 31, 2015

C-16

	<u>Ref</u>		
Increased by:			
Budget Appropriation	C-6		<u>\$221,667.00</u>
Balance, December 31, 2015	C		<u><u>\$221,667.00</u></u>

RESERVE FOR PRELIMINARY ENGINEERING EXPENSES  
YEAR ENDED DECEMBER 31, 2015

C-17

	<u>Ref</u>		
Increased by:			
Capital Improvement Fund	C-9		<u>\$ 18,000.00</u> 18,000.00
Decreased by:			
Cash Disbursements	C-2		<u>13,360.00</u>
Balance, December 31, 2015	C		<u><u>\$ 4,640.00</u></u>

See Independent Auditors' Report

TOWNSHIP OF SOUTH ORANGE VILLAGE  
GENERAL CAPITAL FUND

BONDS AND NOTES AUTHORIZED BUT NOT ISSUED  
YEAR ENDED DECEMBER 31, 2015

C-18

Ordinance Number	Improvement Description	Balance December 31, 2014	2015 Authorizations	Decreased	Balance December 31, 2015
12-10	Various Capital Improvements	\$ 2,546,952.00	\$	\$ 2,546,952.00	\$
13-06	Various Capital Improvements	1,738,500.00			1,738,500.00
13-16	Various Capital Improvements	983,250.00		983,250.00	
14-05	Various Capital Improvements	1,543,750.00			1,543,750.00
14-17	Various Sewer Improvements	481,500.00			481,500.00
14-23	Refunding Tax Appeals	665,000.00		665,000.00	
15-04	Various Capital Improvements		2,446,250.00		2,446,250.00
		<u>\$ 7,958,952.00</u>	<u>\$ 2,446,250.00</u>	<u>\$ 4,195,202.00</u>	<u>\$ 6,210,000.00</u>

Ref.

C

C

TOWNSHIP OF SOUTH ORANGE VILLAGE  
WATER UTILITY

CASH RECEIPTS AND DISBURSEMENTS  
COLLECTOR - TREASURER  
YEAR ENDED DECEMBER 31, 2015

D-5

	<u>Ref.</u>	<u>Operating</u>		<u>Capital</u>
Balance, December 31, 2014	D	\$ 67,505.92		\$ 10,739.57
Increased by Receipts:				
Interest on Investments	D-3, D-8	\$	\$ 27.26	
Miscellaneous Revenue	D-3	315.72		
Improvement Authorization Funded	D-12		30,000.00	
Consumer Accounts Receivable	D-3, D-7	<u>572,295.01</u>		
		<u>572,610.73</u>		<u>30,027.26</u>
		640,116.65		40,766.83
Decreased by Disbursements:				
Budget Appropriations	D-4	483,276.42		
Current Fund Anticipated Revenue	D-1	60,000.00		
Due to General Capital Fund	D-13		30,000.00	
Accrued Interest on Bonds	D-10	<u>33,675.00</u>		
		<u>576,951.42</u>		<u>30,000.00</u>
Balance, December 31, 2015	D	<u>\$ 63,165.23</u>		<u>\$ 10,766.83</u>

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TOWNSHIP OF SOUTH ORANGE VILLAGE  
WATER UTILITY

ANALYSIS OF CASH AND INVESTMENTS  
WATER CAPITAL FUND  
YEAR ENDED DECEMBER 31, 2015

D-6

	Balance Dec. 31, 2014	Net Adjustments	Balance Dec. 31, 2015
Fund Balance	\$ 10,739.57	\$	\$ 10,739.57
Due To/(From) General Capital Fund	30,000.00	30,000.00	
Improvement Authorizations:			
#96-00 Water Supply System	(30,000.00)	(30,000.00)	
Due To/(From) Water Operating Fund	27.26	27.26	27.26
	\$ 10,739.57	\$ 27.26	\$ 10,766.83
<u>Ref.</u>	D		D

TOWNSHIP OF SOUTH ORANGE VILLAGE  
WATER UTILITY

SCHEDULE OF EAST ORANGE WATER COMMISSION RECEIVABLE  
YEAR ENDED DECEMBER 31, 2015

D-7

	<u>Ref.</u>	
Increased by:		
Rent Billings	Reserve	\$ 572,295.01
Decreased by:		
Collections	D-5	<u>572,295.01</u>
Balance, December 31, 2015		<u>\$</u>

TOWNSHIP OF SOUTH ORANGE VILLAGE  
WATER UTILITY

SCHEDULE OF INTERFUNDS  
YEAR ENDED DECEMBER 31, 2015

D-8

	<u>Ref.</u>	<u>Water Operating Fund</u> <u>Water Capital</u> <u>Fund</u>	<u>Water</u> <u>Capital Fund</u> <u>Water Operating</u> <u>Fund</u>
Increased by:			
Interest Earned	D-3	\$ 27.26	\$
Decreased by:			
Cash Receipts	D-5	_____	_____ 27.26
Balance December 31, 2015:			
Due From	D	\$ <u>27.26</u>	
Due (To)	D		\$ <u>(27.26)</u>

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TOWNSHIP OF SOUTH ORANGE VILLAGE

WATER UTILITY

FIXED CAPITAL  
YEAR ENDED DECEMBER 31, 2015

D-9

	<u>2015</u>	<u>2014</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 UTILITY

ACCRUED INTEREST  
YEAR ENDED DECEMBER 31, 2015

D-10

	<u>Ref.</u>	
Balance, December 31, 2014	D	\$ 4,948.00
Increased by:		
Budget Appropriation	D-4	33,960.33
		<u>38,908.33</u>
Decreased by:		
Cash Disbursements	D-5	33,675.00
		<u>33,675.00</u>
Balance, December 31, 2015	D	<u>\$ 5,233.33</u>

Analysis of Accrued Interest at December 31, 2015

<u>Date of Issue</u>	<u>Balance Dec. 31, 2015</u>	<u>Interest Payable</u>	<u>Period</u>	<u>Amount</u>
01/31/12	\$195,000.00	3.00%	2 Months	\$ 974.61
	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		364.44
	<u>65,000.00</u>	3.25		<u>354.05</u>
	<u>\$925,000.00</u>			<u>\$ 5,233.33</u>

See Independent Auditors' Report

TOWNSHIP OF SOUTH ORANGE VILLAGE  
WATER UTILITY CAPITAL FUND

SERIAL BONDS  
YEAR ENDED DECEMBER 31, 2015

D-11

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds Outstanding</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2014</u>	<u>Bonds Redeemed</u>	<u>Balance Dec. 31, 2015</u>
			<u>Date</u>	<u>Amount</u>				
Water Refunding Bonds	01/31/2012	\$ 1,075,000.00	11/1/2016-18	\$ 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%			
					<u>\$ 990,000.00</u>	<u>\$ 65,000.00</u>	<u>\$ 925,000.00</u>	
				<u>Ref.</u>	D	D-12	D	

TOWNSHIP OF SOUTH ORANGE VILLAGE  
WATER UTILITY

RESERVE FOR AMORTIZATION  
YEAR ENDED DECEMBER 31, 2015

D-12

	<u>Ref.</u>		
Balance, December 31, 2014	D		\$ 7,440,893.09
Increased by:			
Payment of Serial Bonds	D-11	\$ 65,000.00	
Paydown on Improvement Authorization	D-5	<u>30,000.00</u>	
			<u>95,000.00</u>
Balance, December 31, 2015	D		<u>\$ 7,535,893.09</u>

SCHEDULE OF INTERFUND PAYABLE - WATER CAPITAL FUND  
YEAR ENDED DECEMBER 31, 2015

D-13

	<u>Ref.</u>		<u>General Capital Fund</u>
Balance, December 31, 2014	D		\$ 30,000.00
Decreased by:			
Cash Disbursements	D-5		<u>30,000.00</u>
Balance, December 31, 2015			<u>\$</u>

SCHEDULE OF BONDS AND NOTES  
AUTHORIZED BUT NOT ISSUED  
YEAR ENDED DECEMBER 31, 2015

D-14

	<u>Ref.</u>		
Balance, December 31, 2014	D		\$ 30,000.00
Increased by:			
Budget Appropriation	D-4		<u>30,000.00</u>
Balance, December 31, 2015			<u>\$</u>

See Independent Auditors' Report

TOWNSHIP OF SOUTH ORANGE VILLAGE  
PUBLIC ASSISTANCE FUND

STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE - TRUST I  
YEARS ENDED DECEMBER 31, 2015 AND 2014

E-1

	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
REVENUE AND OTHER INCOME:			
Interest Earned		<u>\$ 1.50</u>	<u>\$</u>
TOTAL REVENUE AND OTHER INCOME		<u>1.50</u>	<u></u>
EXPENDITURES:			
Due to Current Fund		<u>1.50</u>	<u></u>
TOTAL EXPENDITURES		<u>1.50</u>	<u></u>
EXCESS OF REVENUE OVER EXPENDITURES			
FUND BALANCE, BEGINNING OF YEAR	E	<u>580.92</u>	<u>580.92</u>
FUND BALANCE, END OF YEAR	E	<u><u>\$ 580.92</u></u>	<u><u>\$ 580.92</u></u>

See Independent Auditors' Report

TOWNSHIP OF SOUTH ORANGE VILLAGE  
PUBLIC ASSISTANCE FUND

SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
YEAR ENDED DECEMBER 31, 2015

E-2

	<u>Ref.</u>	
Balance, December 31, 2014	E	\$ 580.92
Increase by:		
Cash Receipt	E-3	1.50
Balance, December 31, 2015	E	\$ 582.42

DUE TO CURRENT FUND  
YEAR ENDED DECEMBER 31, 2015

E-3

	<u>Ref.</u>	
Balance, December 31, 2014	E	\$
Increase by:		
Interest Earned	E-2	1.50
Balance, December 31, 2015	E	\$ 1.50

TOWNSHIP OF SOUTH ORANGE VILLAGE  
TRUSTEES OF FREE PUBLIC LIBRARY

STATEMENT OF CASH  
YEAR ENDED DECEMBER 31, 2015

F-2

	<u>Ref.</u>	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Balance, December 31, 2014	F	<u>\$ 85,471.11</u>	<u>\$ 199,757.10</u>	<u>\$ 285,228.21</u>
Increased By:				
State Library Aid	F-1	8,500.00		8,500.00
Gifts & Donations	F-1	30,228.06		30,228.06
Fines and Lost Books	F-1	12,199.93		
Copier Fees		14,333.35		
Miscellaneous	F-1	11,267.50		11,267.50
Interest on Deposits	F-1	3.27	233.62	236.89
Current Fund Budget Appropriations	F-4	166,482.00		166,482.00
Transfer	Below	440.03		440.03
		<u>243,454.14</u>	<u>233.62</u>	<u>217,154.48</u>
		<u>328,925.25</u>	<u>199,990.72</u>	<u>502,382.69</u>
Decreased By:				
Expenditures	F-1	245,430.27		245,430.27
Accounts Payable	F-5	17,120.38		17,120.38
Transfer	Above		440.03	440.03
		<u>262,550.65</u>	<u>440.03</u>	<u>262,990.68</u>
Balance, December 31, 2015	F	<u>\$ 66,374.60</u>	<u>\$ 199,550.69</u>	<u>\$ 239,392.01</u>

See Independent Auditors' Report

TOWNSHIP OF SOUTH ORANGE VILLAGE  
TRUSTEES OF FREE PUBLIC LIBRARY

STATEMENT OF CASH - MONEY MARKET  
YEAR ENDED DECEMBER 31, 2015

F-3

	<u>Ref.</u>	
Balance, December 31, 2014	F	\$ 88,426.14
Increased By:		
Interest on Deposits	F-1	268.24
		88,694.38
Decreased By:		
Basic Account Fee	F-1	5.00
		5.00
Balance, December 31, 2015	F	\$ 88,689.38

DUE TO LIBRARY FROM TOWNSHIP OF SOUTH ORANGE VILLAGE  
YEAR ENDED DECEMBER 31, 2015

F-4

	<u>Ref.</u>	
Balance, December 31, 2014	F	\$ 38,800.02
Increased by:		
Budget Appropriation	F-1	986,279.01
		1,025,079.03
Decreased by:		
Payments made Directly by Township	F-1	\$ 819,797.01
Account Receivable Canceled	F-1	38,800.02
Cash Receipts	F-2	166,482.00
		1,025,079.03
Balance, December 31, 2015		\$

See Independent Auditors' Report

TOWNSHIP OF SOUTH ORANGE VILLAGE  
TRUSTEES OF FREE PUBLIC LIBRARY

STATEMENT OF ACCOUNTS PAYABLE  
YEAR ENDED DECEMBER 31, 2015

F-5

	<u>Ref.</u>	
Balance, December 31, 2014	F	\$ 17,120.38
Decreased By:		
Cash Disbursement	F-2	<u>17,120.38</u>
Balance, December 31, 2015		<u><u>\$</u></u>

See Independent Auditors' Report

TOWNSHIP OF SOUTH ORANGE VILLAGE

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REPORT ON INTERNAL CONTROL AND OTHER MATTERS

AND

COMMENTS AND RECOMMENDATIONS

PART II

YEAR ENDED DECEMBER 31, 2015

**Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the regulatory basis financial statements of the various funds of the Township of South Orange Village, Essex County, New Jersey (the "Township"), as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated July 29, 2016.

**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. We did not identify any deficiencies in internal control.

### Compliance and Other Matters

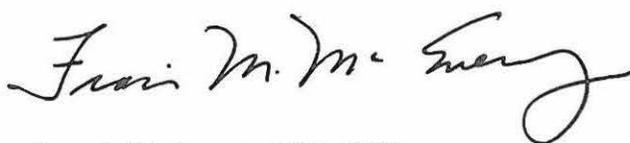
As part of obtaining reasonable assurance about whether the Township's regulatory basis financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct 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*. We noted certain matters that we reported to management of the Township incorporated herein the schedule of findings and recommendations.

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township'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.

*PKF O'Connor Davies, LLP*

July 29, 2016  
Livingston, New Jersey



Francis McEnerney CPA, RMA  
Licensed Registered Municipal Accountant # 539

TOWNSHIP OF SOUTH ORANGE VILLAGE  
GENERAL COMMENTS  
YEAR ENDED DECEMBER 31, 2015

Scope of Audit

The audit of the financial statements of the Township of South Orange Village County of Essex, New Jersey, as required by the Division of Local Government Services, covered the financial transactions of the Treasurer, Tax Collector, and the activities of the Township and the records of the various outside departments.

The audit did not and could not determine the character of services rendered for which payment had been made or for which reserves had been set up, nor could it determine the character, proper price or quantity of materials supplied for which claims had been passed. These details were necessarily covered by the internal review and control before approval of such claims by the governing body.

CONTRACTS AND AGREEMENTS REQUIRED TO BE ADVERTISED  
FOR N.J.S.A. 40A: 11-4

N.J.S.A. 40A:11-4, as amended, states "Every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only by the Governing Body of the contracting unit after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. No work, materials, or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate the amount set forth in, or the amount calculated by the Governor pursuant to (N.J.S.A. 40A:11-3c), except by contract or agreement."

It is pointed out that the Board of Trustees has the responsibility of determining whether the expenditures in any category will exceed the threshold set for the fiscal year and, where question arises as to whether any contract or agreement might result in violation of the statute, the opinion of the Township Attorney should be sought before a commitment is made.

The bidding threshold for the period under audit was \$36,000.00 through June 30<sup>th</sup> and \$40,000.00 from July 1<sup>st</sup> in accordance with the provisions of N.J.S.A. 40A:11-3a.

Notwithstanding N.J.S.A. 40A:11-3a, P.L. 2005, Chapter 51 and N.J.S.A. 19:44A-20.5, known as the "Pay to Play Law" provides that the municipality is prohibited from executing any contract in excess of \$17,500.00, on or after January 1, 2006, to a business entity that made certain reportable contributions to any municipal committee of a political party if a member of that party is in office as a member of the governing body of the municipality when the contract is awarded unless proposals or qualifications are solicited through a fair and open process.

It is further noted that contracts between \$17,500.00 and the municipal bidding threshold, known as "window contracts", can be issued by resolution of the governing body without competitive bidding if a non-fair and open process is implemented which prohibits reportable contributions by the business entity.

**Purchases, Contracts or Agreements Not Required to be Advertised (N.J.S.A. 40A:11-6.1)**

N.J.S.A. 40A:11-6.1 states "Except contracts which require the performance of professional services, all contracts or agreements which do not require public advertising for bids and the estimated cost or price exceeds \$5,400.00 at least two quotations as to the cost or price are required. Quotations, whenever practicable, shall be solicited by the contracting agent, and the contract or agreement shall be made with and awarded to the lowest responsible bidder. It was noted that an emergency purchase was made without obtaining a quote however no resolution approving the emergency purchase was adopted.

TOWNSHIP OF SOUTH ORANGE VILLAGE  
GENERAL COMMENTS  
YEAR ENDED DECEMBER 31, 2015

Collection of Interest on Delinquent Taxes and Assessments

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

The governing body adopted the following resolution authorizing interest to be charged on delinquent taxes:

"Not to exceed 8% per annum on the first \$1,500 of the delinquency and 18% on any amount in excess of \$1,500."

"The Township Council by resolution instructed the Tax Collector to permit a ten (10) day grace period in the collection of taxes before a charge of interest is made."

"Be it further resolved that an additional 6% penalty be charged for delinquencies in excess of \$10,000 remaining unpaid at the end of the calendar year in accordance with the amended provisions of N.J.S.A. 54:4-67."

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

Delinquent Taxes and Tax Title Liens

The delinquent taxes at December 31, 2015 consist of unpaid taxes for the year 2015 and minor other amounts. It is quite evident, that a determined effort has been made to enforce the payment of delinquent taxes.

**Administrative Procedures**

Pension Eligibility

The State of New Jersey enacted legislation under Ch. 92 P.L. 2007 and codified under N.J.S.A. 43:15A-7.2 and 43:15c-2b(4). The law established that individuals performing professional services 1) under a contract awarded pursuant to N.J.S.A. 40A11.5 and 1 or 2) under an independent contract as determined in accordance with rules and policy of the IRS are ineligible for membership in the State's Pension System (PERS). There were no "grandfathering" provisions under N.J.S.A. 43:15A-7.2. The municipalities were required to remove them from the pension rolls.

TOWNSHIP OF SOUTH ORANGE VILLAGE  
SCHEDULE OF FINDINGS  
YEAR ENDED DECEMBER 31, 2015

**Finding 2015-1**

**Municipal Court**

***Criteria***

The Township is required by the State of New Jersey Division of Local Government regulations to implement policies and procedures to ensure that all activity is accurate and complete, as well as the safeguarding of assets.

***Condition and Effect***

During the course of our audit, it was noted that payments to various agencies were not timely made. As a result, the Township was not compliant with remittances for amounts due. Additionally, all tickets were not assigned within six months as required.

***Cause***

The condition is a result of the Town not designing, implementing and adhering to relevant accounting policies and procedures, as well as compliance with remittances for amounts due.

***Recommendation***

The Township should implement month end closing procedures in order to ensure that amounts due are timely remitted and tickets be assigned with six months of issuance.

***Questioned Costs***

There are no known questioned costs.

TOWNSHIP OF SOUTH ORANGE VILLAGE  
SCHEDULE OF FINDINGS  
YEAR ENDED DECEMBER 31, 2015

**Finding 2015-2**

**Animal Control**

***Criteria***

The Township is required by the State of New Jersey Division of Local Government regulations to implement policies and procedures to ensure that all activity is accurate and complete, as well as the safeguarding of assets.

***Condition and Effect***

Neither the forty-eight deposit test or a test of fees collected was performed because records were not available for audit review. A proper cash receipt journal was also not maintained.

***Cause***

The condition is a result of the Township not designing, implementing and adhering to relevant accounting policies and procedures, in compliance for proper recordkeeping.

***Recommendation***

That a proper cash receipt journal be maintained and that all records be maintained and be available for audit review.

***Questioned Costs***

There are no known questioned costs.

TOWNSHIP OF SOUTH ORANGE VILLAGE  
SCHEDULE OF FINDINGS  
YEAR ENDED DECEMBER 31, 2015

**Finding 2015-3**

**Police Outside Duty**

***Criteria***

The Town is required by the State of New Jersey Division of Local Government regulations to implement policies and procedures to ensure that all activity is accurate and complete, as well as the safeguarding of assets.

***Condition and Effect***

It was noted that police special duty fees were not established by the Township.

***Cause***

The condition is a result of the Township not designing, implementing and adhering to relevant procedures to ensure that amounts between departments are reconciled and that issues are resolved on a timely basis.

***Recommendation***

The Township should adopt by ordinance the fees to be charged to vendors for police special duty.

***Questioned Costs***

There are no known questioned costs.

TOWNSHIP OF SOUTH ORANGE VILLAGE  
SCHEDULE OF FINDINGS  
YEAR ENDED DECEMBER 31, 2015

**Finding 2015-4**

**Construction Code**

***Criteria***

The Township is required by the State of New Jersey Division of Local Government regulations to implement policies and procedures to ensure that all activity is accurate and complete, as well as the safeguarding of assets.

***Condition and Effect***

Township employees have access to change fees to the computer software program. This could lead to improper fees being charged or even eliminated,

***Cause***

The condition is a result of the Township not designing, implementing and adhering to relevant accounting policies and procedures with respect to transactional activity and balances.

***Recommendation***

That only the department head be given authorization to change approved fees to the computer software program.

***Questioned Costs***

There are no known questioned costs.

TOWNSHIP OF SOUTH ORANGE VILLAGE  
SCHEDULE OF FINDINGS  
YEAR ENDED DECEMBER 31, 2015

**Finding 2015-5**

**Construction Code**

***Criteria***

The Township is required by the State of New Jersey Division of Local Government regulations to implement policies and procedures to ensure that all activity is accurate and complete, as well as the safeguarding of assets.

***Condition and Effect***

We noted that fees for new construction were not charged according to the fee ordinance. This could cause a loss of revenue to the Township.

***Cause***

The condition is a result of the Township not designing, implementing and adhering to relevant accounting policies and procedures, as well as compliance with remittances for amounts due.

***Recommendation***

That all fees charged be in agreement with the ordinance.

***Questioned Costs***

There are no known questioned costs.

TOWNSHIP OF SOUTH ORANGE VILLAGE  
SCHEDULE OF FINDINGS  
YEAR ENDED DECEMBER 31, 2015

**Finding 2015-6**

**Construction Code**

***Criteria***

The Township is required by the State of New Jersey Division of Local Government regulations to implement policies and procedures to ensure that all activity is accurate and complete, as well as the safeguarding of assets.

***Condition and Effect***

We noted that not all electrical devices fees being charged were made part of the fee ordinance. This could cause a loss of revenue.

***Cause***

There is no updating of the software program to include new fees.

***Recommendation***

All fees charged be made part of the fee ordinance.

***Questioned Costs***

There are no known questioned costs.

TOWNSHIP OF SOUTH ORANGE VILLAGE  
SCHEDULE OF FINDINGS  
YEAR ENDED DECEMBER 31, 2015

**Finding 2015-7**

**Recreation Department**

***Criteria***

The Township is required by the State of New Jersey Division of Local Government regulations to implement policies and procedures to ensure that all activity is accurate and complete, as well as the safeguarding of assets.

***Condition and Effect***

The Township does not have a current approved contract with Active-Net Company as required under the Local Public Contracts Law.

***Cause***

The condition is a result of the Township not designing, implementing and adhering to relevant accounting policies and procedures, as well as statutory requirements, with respect to approval by the Township for all fees to be charged.

***Recommendation***

That the Township follow the requirements of the Local Public Contracts Law as it relates to the Active-Net Company contracts.

***Questioned Costs***

There are no known questioned costs.

TOWNSHIP OF SOUTH ORANGE VILLAGE  
SCHEDULE OF FINDINGS  
YEAR ENDED DECEMBER 31, 2015

**Finding 2015-8**

**Purchase Orders**

***Criteria***

The Township is required by the State of New Jersey Division of Local Government regulations to implement policies and procedures to ensure that all activity is accurate and complete, as well as the safeguarding of assets.

***Condition and Effect***

It was noted 9 of 30 purchase orders tested were confirming orders.

***Cause***

The condition is a result of the Township not designing, implementing and adhering to relevant accounting policies and procedures, as well as compliance with applicable state statutes.

***Recommendation***

That the approved purchase order process be adhered to before any goods are received or services rendered.

***Questioned Costs***

There are no known questioned costs.

TOWNSHIP OF SOUTH ORANGE VILLAGE  
SCHEDULE OF FINDINGS  
YEAR ENDED DECEMBER 31, 2015

**Finding 2015-9**

**Payroll**

***Criteria***

The Township is required by the State of New Jersey Division of Local Government regulations to implement policies and procedures to ensure that all activity is accurate and complete, as well as the safeguarding of assets.

***Condition and Effect***

It was noted that I-9 Forms were not signed by the employer.

***Cause***

The condition is a result of the Township not designing, implementing and adhering to relevant accounting policies and procedures, as well as statutory requirements, with respect to the reporting of state wages.

***Recommendation***

The Township policy is to not accept I-9 forms without the proper documentation physically attached. The Township is initiating a policy that will have all documents properly signed.

***Questioned Costs***

There are no known questioned costs.

TOWNSHIP OF SOUTH ORANGE VILLAGE  
SCHEDULE OF FINDINGS  
YEAR ENDED DECEMBER 31, 2015

The foregoing comments and recommendations are not of significant nature whereby they would affect our ability to express an opinion on the financial statements as taken as a whole.

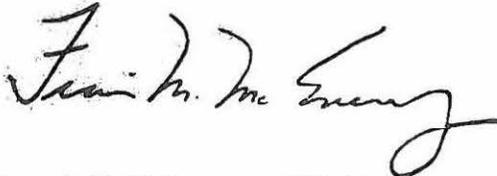
We shall be pleased to confer with the Mayor and Township Council on questions that might arise with respect to any matters in this report.

We would like to express our appreciation for the assistance and effort rendered by the Township officials and employees during the course of the examination.

Respectfully submitted,

*PKF O'Connor Davies, LLP*

Livingston, New Jersey  
July 29, 2016

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

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