



The Township of South Orange Village

THE TOWNSHIP OF SOUTH ORANGE VILLAGE
ESSEX COUNTY, NEW JERSEY
REPORT OF AUDIT
YEARS ENDED DECEMBER 31, 2017 AND 2016

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TOWNSHIP OF SOUTH ORANGE VILLAGE

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PART I

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

YEAR ENDED DECEMBER 31, 2017

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying regulatory basis financial statements of the various funds and account group of the Township of South Orange Village, Essex County, State of New Jersey (the "Township") which comprise the balance sheets as of and for the years ended December 31, 2017 and 2016, and the related statements of operations and changes in the fund balance for the years then ended and related notes to the financial statements, the statements of changes in fund balance, statements of revenue and statements of expenditures for the year ended December 31, 2017 which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles paragraph, the financial statements referred to above do not present fairly in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2017 and 2016, or the results of its operations and changes in fund balances for the years then ended.

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

As described in Note 11, the financial statements of the Length of Service Award Program Fund ("LOSAP") have not been audited and were not required by the Division to be audited nor were we engaged to audit the LOSAP financial statements as part of our audit of the Township's financial statements. The LOSAP's financial activities are included in the Township's Trust Fund, and represent 11.81% and 8.39% of the assets and liabilities, respectively, of the Township's Trust Funds as of December 31, 2017 and 2016, respectively.

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

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

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the LOSAP financial statements been audited, the financial statements referred to above present fairly, in all material respects the financial position of the various funds and account group of the Township as of December 31, 2017 and 2016, and the results of its operations and changes in fund balances of such funds for the years then ended, the statement of changes in fund balance and the statement of revenues and statement of expenditures of the various funds for the year ended December 31, 2017 in accordance with the financial reporting provisions of the Division as described in Note 1 to the financial statements.

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

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information, identified in the table of contents as Schedules A-4 through F-4 and the comments section, is presented for purposes of additional analysis as required by the Division and is not a required part of the 2017 regulatory – basis financial statements of the Township.

**The Honorable Mayor and Members
of the Township Board of Trustees
Township of South Orange Village
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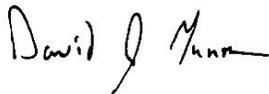
Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2018 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

Cranford, New Jersey
June 25, 2018



David J. Gannon, CPA
Registered Municipal Accountant, No. 520



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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), the regulatory basis financial statements of the various funds and account group of the Township of South Orange Village, Essex County, New Jersey (the "Township"), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated June 25, 2018, in which we expressed an adverse opinion on the conformity of the statements with accounting principles generally accepted in the United States of America due to the differences between those principles and the financial reporting provisions of the Division and a disclaimer opinion since we did not audit and the Division does not require the Length of Services Award Program to be audited.

Internal Control Over Financial Reporting

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

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

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

PKF O'CONNOR DAVIES, LLP
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**The Honorable Mayor and Members of
the Township Board of Trustees
Township of South Orange Village**
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Compliance and Other Matters

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

Purpose of this Report

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

PKF O'Connor Davies, LLP

Cranford, New Jersey
June 25, 2018

David J. Gannon

David J. Gannon, CPA
Registered Municipal Accountant, No. 520

TOWNSHIP OF SOUTH ORANGE VILLAGE
CURRENT FUND

BALANCE SHEETS
REGULATORY BASIS
DECEMBER 31, 2017 AND 2016

A
Sheet #1

<u>ASSETS AND DEFERRED CHARGES</u>	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
Cash	A-4	\$ 10,919,213.53	\$ 3,133,790.91
Change Funds	A-5	325.00	325.00
Due from State of New Jersey: Ch. 129, P.L. 1976	A-6	15,825.34	16,325.34
		<u>10,935,363.87</u>	<u>3,150,441.25</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Taxes Receivable	A-7	945,768.07	794,649.51
Tax Title Liens	A-8	5,772.88	139,546.14
Other Accounts Receivable	A-9	1,200.20	
Property Acquired for Taxes at Assessed Valuation	A-10	417,253.87	282,900.00
Improvement District Tax Receivable	A-11	176.45	1,345.80
Revenue Accounts Receivable	A-12	153,517.70	264,643.83
Interfunds Receivable	A-13	589,278.87	
		<u>2,112,968.04</u>	<u>1,483,085.28</u>
Deferred Charges	A-14		567,739.96
		<u>13,048,331.91</u>	<u>5,201,266.49</u>
Federal and State Grant Fund:			
Cash	A-4	70,963.56	65,651.24
Federal and State Grants Receivable	A-26	3,285,302.60	3,250,897.39
		<u>3,356,266.16</u>	<u>3,316,548.63</u>
		<u>\$ 16,404,598.07</u>	<u>\$ 8,517,815.12</u>

See accompanying notes to financial statements.

TOWNSHIP OF SOUTH ORANGE VILLAGE
CURRENT FUND

BALANCE SHEETS
REGULATORY BASIS
DECEMBER 31, 2017 AND 2016

A
Sheet #2

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
Expenditure Reserves:			
Appropriation Reserves:			
Encumbered	A-3, A-15	\$ 368,667.07	\$ 486,932.55
Unencumbered	A-3, A-15	1,094,250.94	244,207.49
Tax Overpayments	A-17	69,639.48	150,557.08
Sewer Rent Overpayments	A-19	2,325.06	6.07
Accounts Payable	A-16	71,450.88	6,510.00
Emergency Note Payable	A-18		567,739.00
School Taxes Payable	A-21	33,820.50	33,821.00
County Taxes Payable	A-20	19,111.03	12,491.61
Various Reserves	A-23	214,311.15	152,056.26
Prepaid Taxes and Sewer Rents	A-24	7,459,464.97	426,561.20
Improvement District Tax Payable	A-25		2.13
		<u>9,333,041.08</u>	<u>2,080,884.39</u>
Reserve for Receivables and Other Assets		2,112,968.04	1,483,085.28
Fund Balance	A-1	<u>1,602,322.79</u>	<u>1,637,296.82</u>
		<u>13,048,331.91</u>	<u>5,201,266.49</u>
Federal and State Grant Fund:			
Interfund Payable	A-27		1,862.24
Appropriated Reserves	A-28	3,331,609.49	3,309,969.39
Unappropriated Reserves	A-29	24,656.67	4,717.00
		<u>3,356,266.16</u>	<u>3,316,548.63</u>
		<u>\$ 16,404,598.07</u>	<u>\$ 8,517,815.12</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, 2017 AND 2016

A-1

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
<u>Revenue and Other Income</u>			
Fund Balance Utilized	A-2	\$ 998,000.00	\$ 250,000.00
Miscellaneous Revenue Anticipated	A-2	11,773,209.44	11,045,495.24
Receipts from Delinquent Taxes	A-2a	794,646.16	965,942.96
Receipts from Current Taxes	A-2a	86,345,945.73	84,606,069.90
Nonbudget Revenue	A-2b	128,301.52	640,436.25
Other Credits to Income:			
Special Improvement District Receivable Liquidated	A-11	1,169.35	154.37
Appropriation Reserves Lapsed	A-15	223,384.70	141,903.46
Tax Overpayments Canceled			5,743.94
Sewer Rent Overpayments Canceled	A-19	6.07	
Special Improvement District Overpayments Canceled	A-25	2.13	
Cancellation of Grant Appropriated Reserve Balance			399,340.70
Prior Year Interfunds Returned			8,406.76
Accounts Payable Canceled	A-16	6,510.00	
Total Revenue and Other Income		<u>100,271,175.10</u>	<u>98,063,493.58</u>
<u>Expenditures</u>			
Budget and Emergency Appropriations	A-3	34,640,896.66	34,186,138.52
Prior Year Senior Citizen Deduction Disallowed	A-6	500.00	
Interfunds Advanced	A-13	589,278.87	
Local Open Space Tax	A-22	283,869.96	223,493.15
County Taxes	A-20	14,053,462.64	13,635,669.49
Regional District School Tax	A-21	49,740,141.00	48,937,633.00
Cancellation of Grant Receivable Balances			111,563.71
Cancellation of Other Accounts Receivable			60.00
Total Expenditures		<u>99,308,149.13</u>	<u>97,094,557.87</u>
Excess of Revenue		963,025.97	968,935.71
Add: Adjustments to Income before Fund Balance:			
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Year	A-14		567,739.96
Statutory Excess to Fund Balance		963,025.97	1,536,675.67
<u>Fund Balance</u>			
Balance, Beginning of Year	A	1,637,296.82	350,621.15
		<u>2,600,322.79</u>	<u>1,887,296.82</u>
Decreased by:			
Utilized as Anticipated Revenue	Above	998,000.00	250,000.00
Balance, End of Year	A	<u>\$ 1,602,322.79</u>	<u>\$ 1,637,296.82</u>

See accompanying notes to financial statements.

TOWNSHIP OF SOUTH ORANGE VILLAGE
CURRENT FUND

STATEMENT OF REVENUES
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017

A-2
Sheet #1

	<u>Ref.</u>	<u>Anticipated Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance Appropriated	A-1	\$ 998,000.00	\$ 998,000.00	\$
<u>Miscellaneous Revenues</u>				
Alcoholic Beverage Licenses	A-12	30,550.00	30,850.00	300.00
Other Licenses	A-12	21,534.00	22,960.00	1,426.00
Fees and Permits	A-12	90,164.00	96,028.54	5,864.54
Municipal Court Fines and Costs	A-12	775,000.00	824,039.90	49,039.90
Interest and Cost on Taxes	A-12	254,000.00	221,815.56	(32,184.44)
Interest on Investments and Deposits	A-12	28,000.00	94,848.54	66,848.54
Recreation Receipts	A-12	951,000.00	926,818.48	(24,181.52)
Sewer User Fees	A-12	2,324,000.00	2,375,957.54	51,957.54
Cable TV Franchise Fee	A-12	218,421.64	218,421.64	-
Payment in Lieu of Taxes	A-12	2,600,000.00	3,018,922.15	418,922.15
Cell Tower Rental Fee	A-12	139,719.95	122,054.04	(17,665.91)
Energy Receipts Tax	A-12	1,456,861.00	1,439,467.68	(17,393.32)
Uniform Construction Code Fees	A-12	811,152.00	899,127.00	87,975.00
Uniform Fire Safety Act	A-12	19,776.90	19,682.65	(94.25)
General Capital Fund Balance	A-12	300,000.00	300,000.00	-
Rent - Walton Ave	A-12	40,000.00	30,000.00	(10,000.00)
Seton Hall Debt Service Payment	A-12	72,000.00	68,562.50	(3,437.50)
FEMA	A-12	50,000.00	290,800.12	240,800.12
Police Side Job Fees	A-12	87,870.00	58,132.50	(29,737.50)
Shared IT Services	A-12	44,120.00	67,818.28	23,698.28
SEJIF Dividend	A-12	42,070.09	42,070.09	-
Joint Meeting Refund of Surplus	A-12	114,850.63	114,850.63	-
		<u>10,471,090.21</u>	<u>11,283,227.84</u>	<u>812,137.63</u>
<u>Federal and State Grants:</u>				
Alcohol Education and Rehabilitation		514.72	514.72	-
Municipal Alliance Grant		26,483.00	26,483.00	-
Council of the Arts		14,150.00	14,150.00	-
Recycling Tonnage Grants		58,363.31	58,363.31	-
Cops in Shops		5,400.00	5,400.00	-
Clean Communities		28,455.04	28,455.04	-
Grotta Fund Planning Grant		75,000.00	75,000.00	-
Sustainable Jersey Small Grants Program		20,000.00	20,000.00	-
NJ American Water Grant		10,000.00	10,000.00	-
New Jersey Transportation Trust Fund - Academy Street		240,000.00	240,000.00	-
Pedestrian Safety Grant - Chapter 159		7,500.00	7,500.00	-
Body Armor Replacement Fund - Chapter 159		4,115.53	4,115.53	-
	A-26	<u>489,981.60</u>	<u>489,981.60</u>	<u>-</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, 2017

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	\$ 86,676,530.59	\$ 794,646.16	\$ 85,881,884.43
Exemptions Granted	A-7	37,500.00		37,500.00
Prepaid Taxes Applied	A-7	426,561.30		426,561.30
Total Revenue	A-1	<u>87,140,591.89</u>	<u>794,646.16</u>	<u>86,345,945.73</u>
Allocated to:				
County Levy and Added Taxes	A-20	(14,053,462.64)		(14,053,462.64)
Regional District School Taxes	A-21	(49,740,141.00)		(49,740,141.00)
Local Open Space	A-22	(283,869.96)		(283,869.96)
Plus: Reserve for Uncollected Taxes	A-3	<u>1,275,000.00</u>		<u>1,275,000.00</u>
Realized Revenue	A-2	<u>\$ 24,338,118.29</u>	<u>\$ 794,646.16</u>	<u>\$ 23,543,472.13</u>

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, 2017

A-2b

Ref.

Miscellaneous Revenue Not Anticipated

Cash Receipts:

Miscellaneous Overpayments	\$ 2,144.00
Gas Light Ads	6,100.00
Other	81,268.95
Board of Elections	120.00
Bid Specs	810.00
Copies	288.36
Bounced Check Fee	2,080.00
Miscellaneous	31,741.93
Finance	58.42
Health Benefits Insurance	3,479.86
Recreation	180.00
Health Department	30.00

A-1, A-4

\$ 128,301.52

TOWNSHIP OF SOUTH ORANGE VILLAGE
CURRENT FUND

STATEMENT OF EXPENDITURES
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017

Appropriation	Appropriations		Expended	Encumbered	Unencumbered	Canceled
	Budget	Modified Budget				
<u>APPROPRIATIONS WITHIN "CAPS"</u>						
<u>GENERAL GOVERNMENT</u>						
Administrative and Executive:						
Salaries and Wages	\$ 290,000.00	\$ 348,394.49	\$ 348,394.49			
Other Expenses	400,000.00	450,000.00	277,548.18	\$ 4,331.67	\$ 168,120.15	
Mayor and Council:						
Other Expenses	4,000.00	4,000.00	1,779.08	561.00	1,659.92	
Village Committee:						
Other Expenses	45,000.00	46,000.00	45,712.34		287.66	
Office of Village Clerk:						
Salaries and Wages	170,000.00	109,560.16	90,767.69		18,792.47	
Other Expenses	28,000.00	28,000.00	27,856.30	100.00	43.70	
Financial Administration:						
Salaries and Wages	38,200.00	5,306.04	1,072.28		4,233.76	
Other Expenses	280,000.00	330,000.00	305,959.21		24,040.79	
Annual Audit	42,000.00	42,000.00	39,500.00		2,500.00	
Assessment of Taxes:						
Salaries and Wages	110,000.00	146,673.33	146,673.33		0.00	
Other Expenses	9,180.00	9,180.00	3,053.44	996.56	5,130.00	
Tax Appeals	350,000.00	350,000.00	350,000.00			
Collection of Taxes:						
Salaries and Wages	175,000.00	209,091.43	178,416.17		30,675.26	
Other Expenses	15,000.00	16,100.00	16,078.35		21.65	
Legal Services and Costs:						
Other Expenses	200,000.00	290,000.00	105,660.35	40,939.25	143,400.40	
Engineering Services and Costs:						
Salaries and Wages	178,000.00	302,058.26	243,199.07		58,859.19	
Other Expenses	35,000.00	35,000.00	5,164.82	145.26	29,689.92	
Computer Information Technology						
Salaries and Wages	170,000.00	164,890.50	164,890.50			
Other Expenses	135,000.00	165,000.00	136,914.67	10,576.11	17,509.22	
<u>LAND USE ADMINISTRATION</u>						
Planning Board:						
Salaries and Wages	3,500.00					
Other Expenses	6,000.00	6,000.00	5,382.10	275.88	342.02	
Board of Adjustment:						
Salaries and Wages	3,500.00					
Other Expenses	4,000.00	4,000.00	2,793.20	64.80	1,142.00	
Historic Preservation Commission:						
Salaries and Wages	3,000.00					
Other Expenses	6,000.00	6,000.00	5,022.75	122.00	855.25	
<u>INSURANCE</u>						
Unemployment	10,000.00					
General Liability	875,000.00	875,000.00	869,178.60		5,821.40	
Employee Group Health	2,410,025.00	2,075,024.47	1,974,055.52		100,968.95	
<u>MUNICIPAL COURT</u>						
Municipal Court:						
Salaries and Wages	124,000.00	121,863.20	121,863.20			
Public Defender:						
Salaries and Wages	29,000.00	27,214.31	27,214.31			

TOWNSHIP OF SOUTH ORANGE VILLAGE
CURRENT FUND

STATEMENT OF EXPENDITURES
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017

Appropriation	Appropriations		Expended	Encumbered	Unencumbered	Canceled
	Budget	Modified Budget				
<u>PUBLIC SAFETY</u>						
Police:						
Salaries and Wages	\$ 6,375,000.00	\$ 6,501,917.38	\$ 6,501,917.38			
Other Expenses	285,000.00	285,000.00	229,491.00	\$ 28,037.13	\$ 27,471.87	
Emergency Management Service:						
Other Expenses	5,000.00	5,000.00	3,891.85		1,108.15	
Fire:						
Salaries and Wages	3,950,000.00	3,979,749.24	3,979,749.24			
Other Expenses	90,000.00	90,000.00	71,841.73	17,849.56	308.71	
<u>PUBLIC WORKS FUNCTIONS</u>						
Other Public Works Functions:						
Salaries and Wages	1,740,000.00	1,770,999.24	1,631,121.24		139,878.00	
Other Expenses	630,000.00	630,000.00	411,765.95	197,954.85	20,279.20	
<u>HEALTH AND WELFARE</u>						
Board of Health:						
Salaries and Wages	152,000.00	150,182.74	150,182.74			
Other Expenses	20,400.00	20,400.00	17,946.15	748.75	1,705.10	
<u>APPROPRIATIONS WITHIN "CAPS"</u>						
<u>RECREATION AND EDUCATION</u>						
Public Recreation Programs:						
Salaries and Wages	940,000.00	875,077.11	875,077.11			
Other Expenses	450,500.00	450,500.00	397,780.84	44,751.72	7,967.44	
Other Expenses (SOPAC)	289,500.00	289,500.00	289,500.00			
Celebration of Public Events:						
Other Expenses	20,000.00	15,000.00	11,457.03		3,542.97	
<u>UNIFORM CONSTRUCTION CODE</u>						
Construction Code Officials:						
Inspection of Buildings:						
Salaries and Wages	330,000.00	343,173.84	343,173.84		-	
Other Expenses	8,000.00	8,000.00	4,924.48	128.00	2,947.52	
<u>UNCLASSIFIED</u>						
Electricity	220,000.00	172,000.00	160,007.56	2,139.42	9,853.02	
Gasoline, Diesel Fuel and Lubricants	135,000.00	135,000.00	116,004.28	16,166.50	2,829.22	
Telephone and Telegraph	65,000.00	87,000.00	77,219.28		9,780.72	
Street Lighting	700,000.00	570,000.00	470,154.88	2,778.61	97,066.51	
Rent	90,000.00	2,000.00	2,000.00			
<u>CONTINGENT</u>	5,000.00	5,000.00			5,000.00	
Total Operations Within "CAPS"	22,648,805.00	22,551,855.74	21,239,356.53	368,667.07	943,832.14	-
Detail:						
Salaries and Wages	14,781,200.00	15,056,151.27	14,803,712.59	-	252,438.68	-
Other Expenses	7,867,605.00	7,495,704.47	6,435,643.94	368,667.07	691,393.46	-

TOWNSHIP OF SOUTH ORANGE VILLAGE
CURRENT FUND

STATEMENT OF EXPENDITURES
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017

Appropriation	Appropriations		Expended	Encumbered	Unencumbered	Canceled
	Budget	Modified Budget				
STATUTORY EXPENDITURES						
Contributions to:						
Public Employees' Retirement System	\$ 584,762.80	\$ 632,176.00	\$ 584,762.80		\$ 47,413.20	
Social Security System (OASI)	600,369.30	626,930.12	602,356.14		24,573.98	
Disability Insurance	7,500.00	7,500.00	7,500.00			
Defined Contribution Retirement Program	10,000.00	-				
Police and Firemen's Retirement System	2,296,814.36	2,296,814.36	2,296,814.36			
	<u>3,499,446.46</u>	<u>3,563,420.48</u>	<u>3,491,433.30</u>	<u>-</u>	<u>71,987.18</u>	<u>-</u>
Total Appropriations Within "CAPS"	<u>26,148,251.46</u>	<u>26,115,276.22</u>	<u>24,730,789.83</u>	<u>\$ 368,667.07</u>	<u>1,015,819.32</u>	<u>-</u>
APPROPRIATIONS EXCLUDED FROM "CAPS"						
OTHER OPERATIONS						
Municipal Library	1,005,000.00	1,037,975.24	1,037,975.24			
Municipal Library - Health Benefits	8,296.00	8,296.00	8,296.00			
Length of Service Awards Program	20,000.00	20,000.00			20,000.00	
Joint Trunk Sewer Maintenance	1,135,762.00	1,135,762.00	1,135,762.00			
	<u>2,169,058.00</u>	<u>2,202,033.24</u>	<u>2,182,033.24</u>	<u>-</u>	<u>20,000.00</u>	<u>-</u>
Interlocal Municipal Service Agreements						
Municipal Court - Township of Maplewood	413,100.00	413,100.00	381,911.77		31,188.23	
Code Enforcement - Township of Maplewood	108,120.00	108,120.00	80,876.61		27,243.39	
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES						
Alcohol Education and Rehabilitation	514.72	514.72	514.72			
Municipal Alliance Grant	26,483.00	26,483.00	26,483.00			
Municipal Alliance Grant - Local Match	6,620.00	6,620.00	6,620.00			
Council of the Arts	14,150.00	14,150.00	14,150.00			
Recycling Tonnage Grants	58,363.31	58,363.31	58,363.31			
Cops in Shops	5,400.00	5,400.00	5,400.00			
Clean Communities	28,455.04	28,455.04	28,455.04			
Grotta Fund Planning Grant	75,000.00	75,000.00	75,000.00			
Sustainable Jersey Small Grants Program	20,000.00	20,000.00	20,000.00			
NJ American Water Grant	10,000.00	10,000.00	10,000.00			
New Jersey Transportation Trust Fund - Academy Street	240,000.00	240,000.00	240,000.00			
Pedestrian Safety Grant - Chapter 159		7,500.00	7,500.00			
Body Armor Replacement Fund - Chapter 159		4,115.53	4,115.53			
Total Public and Private Programs	<u>484,986.07</u>	<u>496,601.60</u>	<u>496,601.60</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Operations Excluded from "CAPS"	<u>3,175,264.07</u>	<u>3,219,854.84</u>	<u>3,141,423.22</u>	<u>-</u>	<u>78,431.62</u>	<u>-</u>
Detail:						
Salaries and Wages						
Other Expenses	3,175,264.07	3,219,854.84	3,141,423.22	-	78,431.62	-
CAPITAL IMPROVEMENTS						
Capital Improvement Fund	275,000.00	275,000.00	275,000.00			
	<u>275,000.00</u>	<u>275,000.00</u>	<u>275,000.00</u>	<u>-</u>	<u>-</u>	<u>-</u>

TOWNSHIP OF SOUTH ORANGE VILLAGE
CURRENT FUND

STATEMENT OF EXPENDITURES
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017

Appropriation	Appropriations		Expended	Encumbered	Unencumbered	Canceled
	Budget	Modified Budget				
APPROPRIATIONS EXCLUDED FROM "CAPS"						
DEBT SERVICE						
Payment of Bond	\$ 3,115,000.00	\$ 3,115,000.00	\$ 3,115,000.00			
Payment of Bond Anticipation Notes and Capital Notes	221,666.00	221,666.00	221,666.00			
Interest on Bonds	987,520.00	987,520.00	987,519.94			\$ 0.06
Interest on Notes	93,100.00	93,100.00	93,025.76			74.24
Green Trust Loan - Principal and Interest	8,540.00	8,540.00	8,534.64			5.36
NJEIT - Principal and Interest	39,300.00	39,300.00	37,279.30			2,020.70
	<u>4,465,126.00</u>	<u>4,465,126.00</u>	<u>4,463,025.64</u>	<u>-</u>	<u>-</u>	<u>2,100.36</u>
Deferred Charges:						
Emergency Authorization	<u>567,739.96</u>	<u>567,739.96</u>	<u>567,739.96</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>567,739.96</u>	<u>567,739.96</u>	<u>567,739.96</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Appropriations Excluded from "CAPS"	<u>8,483,130.03</u>	<u>8,527,720.80</u>	<u>8,447,188.82</u>	<u>-</u>	<u>\$ 78,431.62</u>	<u>2,100.36</u>
Sub-Total Appropriations	34,631,381.49	34,642,997.02	33,177,978.65	\$ 368,667.07	1,094,250.94	2,100.36
Reserve for Uncollected Taxes	<u>1,275,000.00</u>	<u>1,275,000.00</u>	<u>1,275,000.00</u>			
Total General Appropriations	<u>\$ 35,906,381.49</u>	<u>\$ 35,917,997.02</u>	<u>\$ 34,452,978.65</u>	<u>\$ 368,667.07</u>	<u>\$ 1,094,250.94</u>	<u>\$ 2,100.36</u>
	<u>Ref.</u>					
	Below	Below	Below	A	A	Below
		<u>Ref.</u>				
2017 Appropriations	A-2	\$ 35,906,381.49				
Special Items of Revenue	A-2	11,615.53				
Reserve for Uncollected Taxes	A-2a	(1,275,000.00)	\$ 1,275,000.00			
Emergency Appropriation	A-14		567,739.96			
Cash Disbursements	A-4		31,488,637.09			
Grant Match	A-13		6,620.00			
Capital Improvement Fund	A-13		275,000.00			
Reserve for Tax Appeals	A-23		350,000.00			
Reserve for Federal/State Grants	A-29		489,981.60			
Canceled	Above	(2,100.36)				
	A-1	<u>\$ 34,640,896.66</u>	<u>\$ 34,452,978.65</u>			

See accompanying notes to financial statements.

TOWNSHIP OF SOUTH ORANGE VILLAGE
TRUST FUND

BALANCE SHEETS
REGULATORY BASIS
DECEMBER 31, 2017 AND 2016

B

<u>ASSETS</u>	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
<u>Animal Control Fund</u>			
Cash	B-1	\$ 142.75	\$ 7,105.15
<u>General Trust Fund</u>			
Cash	B-1	\$ 2,434,522.51	\$ 2,951,102.80
Interfunds Receivable	B-2		1,862.24
		<u>\$ 2,434,522.51</u>	<u>\$ 2,952,965.04</u>
<u>Payroll Trust Fund</u>			
Cash	B-1	\$ 190,804.44	\$ 219,008.85
<u>Length of Service Award Program</u>			
Funds held in trust - unaudited	B	\$ 351,444.95	\$ 291,263.45
 <u>LIABILITIES AND RESERVES</u>			
<u>Animal Control Fund</u>			
Reserve for Expenditures	B-6	\$ 142.75	\$ 7,105.15
		<u>\$ 142.75</u>	<u>\$ 7,105.15</u>
<u>General Trust Fund</u>			
Interfunds Payable	B-2	\$ 2,433.09	
Reserves for:			
Special Deposits	B-7	2,324,346.00	\$ 2,357,779.10
Open Space	B-4	107,743.42	595,185.94
		<u>\$ 2,434,522.51</u>	<u>\$ 2,952,965.04</u>
<u>Payroll Trust Fund</u>			
Payroll Deductions Payable	B-5	\$ 190,804.44	\$ 219,008.85
		<u>\$ 190,804.44</u>	<u>\$ 219,008.85</u>
<u>Length of Service Award Program</u>			
Reserve for funds held in trust - unaudited	B	\$ 351,444.95	\$ 291,263.45

See accompanying notes to financial statements.

TOWNSHIP OF SOUTH ORANGE VILLAGE
GENERAL CAPITAL FUND

BALANCE SHEETS
REGULATORY BASIS
DECEMBER 31, 2017 AND 2016

C

<u>ASSETS AND DEFERRED CHARGES</u>	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
Cash	C-2	\$ 9,203,666.43	\$ 2,586,342.92
Interfunds Receivable	C-6		250,000.00
Due from Seton Hall University	C-4	400,000.00	450,000.00
Deferred Charges to Future Taxation:			
Funded	C-7	35,279,493.90	38,433,676.94
Unfunded	C-8	20,223,452.00	10,246,868.00
		<u>\$ 65,106,612.33</u>	<u>\$ 51,966,887.86</u>
 <u>LIABILITIES AND FUND BALANCE</u>			
Serial Bonds	C-10	\$ 34,735,000.00	\$ 37,850,000.00
Environmental Infrastructure Loan	C-14	474,517.22	506,670.75
Green Acres Trust Loan Payable	C-13	69,976.68	77,006.19
Improvement Authorizations:			
Funded	C-12	93,135.39	1,167,014.00
Unfunded	C-12	9,779,230.19	2,092,876.07
Bond Anticipation Notes Payable	C-11	19,456,952.00	9,480,368.00
Capital Improvement Fund	C-9	25.53	35,025.53
Reserve for Preliminary Engineering Expenses	C-15	30.00	30.00
Reserve for Seton Hall University	C-5	400,000.00	450,000.00
Fund Balance	C-1	97,745.32	307,897.32
		<u>\$ 65,106,612.33</u>	<u>\$ 51,966,887.86</u>
 Bonds and Notes Authorized but not Issued	 C-16	 <u>\$ 766,500.00</u>	 <u>\$ 766,500.00</u>

See accompanying notes to financial statements.

TOWNSHIP OF SOUTH ORANGE VILLAGE
GENERAL CAPITAL FUND

FUND BALANCE
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017

C-1

	<u>Ref.</u>	
Balance, December 31, 2016	C	\$ 307,897.32
Increased by:		
Premium on Sale of Notes	C-2	<u>89,848.00</u>
		397,745.32
Decreased by:		
Due to Current Fund as Anticipated Revenue	C-6	<u>300,000.00</u>
Balance, December 31, 2017	C	<u><u>\$ 97,745.32</u></u>

See accompanying notes to financial statements.

TOWNSHIP OF SOUTH ORANGE VILLAGE
WATER UTILITY

BALANCE SHEETS
REGULATORY BASIS
DECEMBER 31, 2017 AND 2016

D

<u>ASSETS AND DEFERRED CHARGES</u>	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
<u>Operating Fund</u>			
Cash	D-5	\$	\$ 52,418.98
Receivables with Full Reserves:			
Consumer Accounts Receivable	D-7	301,894.22	
Deferred Charges:			
Over Expenditure of Appropriations	D-4	606,122.78	
Deficit in Operations	D-1	441,851.67	
		<u>1,047,974.45</u>	<u>-</u>
		<u>1,349,868.67</u>	<u>52,418.98</u>
<u>Capital Fund</u>			
Cash	D-5, D-6	413,235.90	107,828.23
Fixed Capital	D-11	8,460,893.09	8,460,893.09
Fixed Capital - Authorized and Uncompleted	D-12	5,800,000.00	5,800,000.00
		<u>14,674,128.99</u>	<u>14,368,721.32</u>
		<u>\$ 16,023,997.66</u>	<u>\$ 14,421,140.30</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
<u>Operating Fund</u>			
Liabilities:			
Appropriation Reserves - Encumbered	D-4, D-15	\$ 226,285.39	\$ 365.00
Appropriation Reserves	D-4, D-15		19,969.70
Cash Overdraft	D-5	183,807.00	
Accrued Interest Payable	D-10	23,860.33	4,908.33
Reserves for Accounts Receivable	D-7	301,894.22	
Interfund Payable	D-13	586,845.78	
Fund Balance	D-1	27,175.95	27,175.95
		<u>1,349,868.67</u>	<u>52,418.98</u>
 <u>Capital Fund</u>			
Improvement Authorizations:			
Unfunded	D-16	3,902,496.33	5,647,088.66
Serial Bond Payable	D-14	795,000.00	860,000.00
Reserve for Amortization	D-8	7,665,893.09	7,600,893.09
Due to General Capital Fund	D-9		250,000.00
Bond Anticipation Notes Payable	D-17	2,300,000.00	
Fund Balance	D-2	10,739.57	10,739.57
		<u>14,674,128.99</u>	<u>14,368,721.32</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 16,023,997.66</u>	<u>\$ 14,421,140.30</u>
Bonds and Notes Authorized but Not Issued	D-18	<u>\$ 3,500,000.00</u>	<u>\$ 5,800,000.00</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, 2017 AND 2016

D-1

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
<u>Revenue and Other Income</u>			
Miscellaneous Revenues	D-3	\$ 8,824.85	\$ 548.97
Water Rents	D-3	2,740,553.78	568,667.82
Appropriation Reserves Lapsed	D-15	19,969.70	26,248.58
Total Income		<u>2,769,348.33</u>	<u>595,465.37</u>
<u>Expenditures</u>			
Budget Appropriations:			
Operations		3,631,933.60	426,868.45
Debt Service		113,402.00	96,075.00
Statutory Expenditures		71,987.18	47,056.55
	D-4	<u>3,817,322.78</u>	<u>570,000.00</u>
Deficit in Revenue		1,047,974.45	
Excess in Revenue			<u>25,465.37</u>
Adjustment to Income before Fund Balance:			
Expenditures Included Above Which Are By			
Statute Deferred Charges to Budget of			
Succeeding Year			
	D-4	<u>606,122.78</u>	
Deficit in Operations to be Raised in Budget of Succeeding Year	D	<u>441,851.67</u>	
<u>Fund Balance</u>			
Balance, Beginning of Year	D	<u>27,175.95</u>	<u>31,710.58</u>
Decreased by:			
Amount Utilized as Current Fund Revenue	D-5	<u>-</u>	<u>30,000.00</u>
Balance, End of Year	D	<u>\$ 27,175.95</u>	<u>\$ 27,175.95</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, 2017

D-2

	<u>Ref.</u>	
Balance, December 31, 2017 and 2016	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, 2017

D-3

<u>Source</u>	<u>Ref.</u>	<u>Budget Revenue</u>	<u>Realized</u>	<u>(Deficit) Excess</u>
Water Rents	D-1, D-5	\$ 4,336,200.00	\$ 2,740,553.78	\$ (1,595,646.22)
Miscellaneous	D-1, D-5	-	8,824.85	8,824.85
	D-4	<u>\$ 4,336,200.00</u>	<u>\$ 2,749,378.63</u>	<u>\$ (1,586,821.37)</u>

See accompanying notes to financial statements.

TOWNSHIP OF SOUTH ORANGE VILLAGE
WATER UTILITY

STATEMENT OF EXPENDITURES
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017

D-4

Appropriation	Appropriations		Expended		Unexpended Balance Canceled	Overexpenditure
	Budget	Modified Budget	Paid or Charged	Encumbered		
<u>Operating</u>						
Salaries and Wages	\$ 321,228.44	\$ 321,228.44	\$ 321,228.44		\$ 321,228.44	\$ 321,228.44
Other Expenses	3,848,859.38	3,848,859.38	3,084,419.77	\$ 226,285.39	731,784.38	193,630.16
<u>Debt Service</u>						
Payment of Bond Principal	65,000.00	65,000.00	65,000.00			
Interest on Bonds	29,125.00	29,125.00	48,402.00			19,277.00
<u>Statutory Expenditures</u>						
Social Security	24,573.98	24,573.98	24,573.98		24,573.98	24,573.98
Public Employees Retirement System	47,413.20	47,413.20	47,413.20		47,413.20	47,413.20
	<u>\$ 4,336,200.00</u>	<u>\$ 4,336,200.00</u>	<u>\$ 3,591,037.39</u>	<u>\$ 226,285.39</u>	<u>\$ 1,125,000.00</u>	<u>\$ 606,122.78</u>
<u>Ref.</u>	D-3	D-3	Below	D		D
	<u>Ref.</u>					
Cash Disbursements	D-5		\$ 3,542,635.39			
Accrued Interest on Bonds	D-10		48,402.00			
	Above		<u>\$ 3,591,037.39</u>			

TOWNSHIP OF SOUTH ORANGE VILLAGE
PUBLIC ASSISTANCE FUND

BALANCE SHEETS
REGULATORY BASIS
DECEMBER 31, 2017 AND 2016

E

<u>ASSETS</u>	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
Cash	E-2	\$ 588.77	\$ 583.93
		\$ 588.77	\$ 583.93
<u>LIABILITIES AND FUND BALANCE</u>			
Fund Balance	E-1	\$ 588.77	\$ 583.93
		\$ 588.77	\$ 583.93

See accompanying notes to financial statements.

TOWNSHIP OF SOUTH ORANGE VILLAGE
TRUSTEES OF FREE PUBLIC LIBRARY

BALANCE SHEETS
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2017 AND 2016

E

<u>ASSETS</u>	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
<u>Unrestricted</u>			
Cash	F-2	\$ 74,664.59	\$ 44,929.38
Cash - Money Market	F-3	89,230.06	88,959.48
		<u>163,894.65</u>	<u>133,888.86</u>
<u>Restricted</u>			
Cash	F-2	<u>199,963.62</u>	<u>199,736.90</u>
Total Assets		<u>\$ 363,858.27</u>	<u>\$ 333,625.76</u>
 <u>FUND BALANCE</u>			
Restricted for Computer Technology		\$ 199,963.62	\$ 199,736.90
Unrestricted		163,894.65	133,888.86
Total Fund Balance	F-1	<u>363,858.27</u>	<u>333,625.76</u>
Total Liabilities and Fund Balance		<u>\$ 363,858.27</u>	<u>\$ 333,625.76</u>

See accompanying notes to financial statements.

TOWNSHIP OF SOUTH ORANGE VILLAGE
TRUSTEES OF FREE PUBLIC LIBRARY

STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCE
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017

F-1

	<u>Ref.</u>	<u>Unrestricted</u>	<u>Restricted</u>	<u>Balance December 31, 2017</u>	<u>Balance December 31, 2016</u>
Revenue:					
Gifts	F-2	\$ 29,854.93		\$ 29,854.93	\$ 29,904.36
Copier Fees	F-2	15,942.43		15,942.43	16,043.66
Fines and Lost Books	F-2	7,580.03		7,580.03	11,706.56
Miscellaneous	F-2	4,608.31		4,608.31	12,238.18
Interest on Deposits and Investments	F-2, F-3	880.32	\$ 226.72	1,107.04	458.85
State Library Aid	F-2	8,427.00		8,427.00	8,457.00
Current Fund Budget Appropriation	F-4	1,037,975.24		1,037,975.24	991,683.30
		<u>1,105,268.26</u>	<u>226.72</u>	<u>1,105,494.98</u>	<u>1,070,491.91</u>
Expenditures:					
Paid Directly by Township	F-4	867,907.93		867,907.93	825,201.30
Books and Subscriptions and Other Expenses	F-2	207,334.54		207,334.54	266,279.52
Basic Account Fee	F-3	20.00		20.00	
		<u>1,075,262.47</u>		<u>1,075,262.47</u>	<u>1,091,480.82</u>
Excess (Deficit) Revenue		30,005.79	226.72	30,232.51	(20,988.91)
Fund Balance, Beginning of Year	F	<u>133,888.86</u>	<u>199,736.90</u>	<u>333,625.76</u>	<u>354,614.67</u>
Fund Balance, End of Year	F	<u>\$ 163,894.65</u>	<u>\$ 199,963.62</u>	<u>\$ 363,858.27</u>	<u>\$ 333,625.76</u>

TOWNSHIP OF SOUTH ORANGE VILLAGE

STATEMENT OF GOVERNMENTAL FIXED ASSETS - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017 AND 2016

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
<u>Governmental Fixed Assets</u>		
Land and Improvements	\$ 34,156,866.00	\$ 33,982,929.00
Building and Improvements	41,677,784.00	41,932,726.00
Equipment	<u>11,499,603.60</u>	<u>8,511,477.00</u>
	<u>\$ 87,334,253.60</u>	<u>\$ 84,427,132.00</u>
Investment in Fixed Assets	<u>\$ 87,334,253.60</u>	<u>\$ 84,427,132.00</u>

See accompanying notes to financial statements.

TOWNSHIP OF SOUTH ORANGE VILLAGE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

1. Reporting Entity and Summary of Significant Accounting Policies

Reporting Entity

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

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

The financial statements of the Township have been prepared on a basis of accounting in conformity with accounting principles and practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), which is a regulatory basis of accounting other than US GAAP. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Township accounts for its financial transactions through separate funds, which differ from the fund structure required by US GAAP.

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

Description of Funds

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

The Township has the following funds and account groups:

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

TOWNSHIP OF SOUTH ORANGE VILLAGE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

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

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

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

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

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

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

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

Basis of Accounting

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

Property Tax Revenues - Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County, and School purposes. The bills are mailed annually in June for that calendar year's levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1, and November 1. The amounts of the first and second installments are determined as one-quarter of the total tax levied against the property for the preceding year. The installment due the third and fourth quarters is determined by taking the current year levy less the amount previously charged for the first and second installments, with the remainder being divided equally. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500. The School levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of June 30 of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15, to the County by the Township. When unpaid taxes or any municipal lien, or part thereof, on real property, remains in arrears on April 1 in the year following the calendar year levy when the same became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing the property on a standard tax sale. The Township also has the option when unpaid taxes or any municipal lien, or part thereof, on real property remains in arrears on the 11th day of the 11th month in the fiscal year when the taxes or lien became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing property on an accelerated tax sale, provided that the sale is conducted and completed no earlier than in the last month of the fiscal year.

TOWNSHIP OF SOUTH ORANGE VILLAGE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

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

The Township may institute annual in rem tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the tax receivable and tax title liens that are uncollectible. US GAAP requires property tax revenues to be recognized in the accounting period when they become susceptible to accrual (i.e., when they are both levied and available), reduced by an allowance for doubtful accounts.

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

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

Grant and Similar Award Revenues - Federal and State grants, entitlements or shared revenues received, for purposes normally financed through the Current Fund, are recognized when anticipated in the Township's budget. US GAAP requires such revenues to be recognized as soon as all eligibility requirements imposed by the grantor or provider have been met.

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

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

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

The governing body is required to introduce and approve the annual budget no later than the last day in February of the fiscal year. The budget is required to be adopted no later than April 20, and prior to adoption, must be certified by the Division. The Director of the Division, with the approval of the Local Finance Board, may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. The governing body of the municipality may authorize emergency appropriations and the inclusion of certain special items of revenue to the budget after its adoption and determination of the tax rate. During the last two months of the fiscal year, the governing body may, by a 2/3 vote, amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the governing body. Expenditures may not legally exceed budgeted appropriations at the line item level. In addition, the governing body approved several budget transfers during 2017.

TOWNSHIP OF SOUTH ORANGE VILLAGE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

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

Expenditures - Expenditures are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with an encumbrance accounting system. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements. Unexpended or uncommitted appropriations at December 31 are reported as expenditures through the establishment of appropriation reserves, unless cancelled by the governing body.

US GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, as well as expenditures related to compensated absences and claims and judgments, which are recognized when due.

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

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

Compensated Absences - Expenditures relating to obligations for unused vested accumulated vacation and sick leave are not recorded until paid; however, municipalities may establish and budget reserve funds subject to N.J.S.A. 40A:4-39 for the future payment of compensated absences. US GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the operating funds and the remaining obligations are recorded as a long-term obligation in the government-wide financial statements.

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

Interfund Receivables - Interfund receivables in the Current Fund are recorded with offsetting reserves, which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves. US GAAP does not require the establishment of an offsetting reserve for interfunds and, therefore, does not recognize income in the year liquidated.

Inventories - The cost of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets. US GAAP requires inventories to be recorded as assets in proprietary-type funds.

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

TOWNSHIP OF SOUTH ORANGE VILLAGE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

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

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

General Fixed Assets - In accordance with N.J.A.C. 5:30-5.6, Accounting for Governmental Fixed Assets, the Township has developed a fixed assets accounting and reporting system. Fixed assets are defined by the Township as assets with an initial, individual cost of \$2,000 and an estimated useful life in excess of two years. Fixed assets used in governmental operations (general fixed assets) are accounted for in the General Fixed Assets Account Group. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks are not capitalized.

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

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

Land and Buildings	Assessed Value
Machinery and Equipment	Replacement Costs

No depreciation has been provided for in the financial statements.

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

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

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

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

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

TOWNSHIP OF SOUTH ORANGE VILLAGE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

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

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

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

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

2. Deposits and Investments

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

Deposits:

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

Custodial Credit Risk – the custodial credit risk for deposits is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. Although the Township does not have a formal deposit policy for custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in a public depositories protected from loss under the provisions of GUDPA. Public funds owned by the municipality in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds, or funds that may pass to the municipality relative to the happening of a future condition. As of December 31, 2017 and 2016 the Township's bank balances were exposed to custodial credit risk.

TOWNSHIP OF SOUTH ORANGE VILLAGE
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2017 AND 2016

2. Deposits and Investments (continued)

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank for periods ending December 31, 2017 and 2016. At December 31, 2017 and 2016, the book value of the Township's deposits were \$23,413,189 and \$9,459,265, respectively. At December 31, 2017 and 2016 the Township had the following depository accounts. All deposits are carried at cost. \$239,253 and \$982,497 held in agency and payroll accounts for the years ended December 31, 2017 and 2016, respectively, are not covered by GUDPA.

<u>Depository Account</u>	<u>December 31, 2017</u>	<u>December 31, 2016</u>
FDIC Insured	\$ 750,000	\$ 995,190
GUDPA Insured	<u>\$22,219,649</u>	<u>\$ 7,766,847</u>
	<u>\$22,969,649</u>	<u>\$ 8,762,037</u>

Investments:

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

As of December 31, 2017 and 2016, the Township had no investments.

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

3. MUNICIPAL DEBT

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

TOWNSHIP OF SOUTH ORANGE VILLAGE
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2017 AND 2016

3. MUNICIPAL DEBT (continued)

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

	<u>Year 2017</u>	<u>Year 2016</u>
<u>Issued</u>		
General:		
Bonds and Notes	\$ 54,191,952	\$ 47,330,368
Green Acres Trust Loan	69,977	77,006
Environmental Infrastructure	474,517	506,671
Water:		
Bonds and Notes	3,095,000	860,000
Total Debt Issued	57,831,446	48,774,045
 <u>Authorized but Not Issued</u>		
General and Water:		
Bonds and Notes	4,266,500	6,566,500
Total Authorized but Not Issued	4,266,500	6,566,500
 Net Bonds and Notes Issued and Authorized but Not Issued		
	62,097,946	55,340,545

The statement of debt condition that follows is extracted from the Township's Annual Debt Statement and indicates a statutory net debt of 2.102% at December 31, 2017.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Regional School District	\$ 37,903,000	\$ 37,903,000	\$ -
Water Utility Debt	6,595,000	4,326,960	2,268,040
General Debt	55,502,946		55,502,946
	\$ 100,000,946	\$ 42,229,960	\$ 57,770,986

The Township's remaining borrowing power under N.J.S.A. 40A:2-6, as amended, at December 31, 2017 as follows:

3 1/2% of Equalized Valuation Basis	\$ 96,211,274
Net Debt	(57,770,986)
Remaining Borrowing Power	\$ 38,440,288

School Debt Deductions

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

TOWNSHIP OF SOUTH ORANGE VILLAGE
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2017 AND 2016

3. MUNICIPAL DEBT (continued)

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

Surplus and Cash Receipts from Fees, Rent or Other Charges for Year		\$ 2,749,379
Deductions:		
Operating and Maintenance Costs	\$ 3,703,921	
Debt Service per Water/Sewer Utility	<u>113,402</u>	
		<u>3,817,323</u>
Deficit in Revenue		<u>(1,067,944)</u>
Gross System Debt	6,595,000	
Less: Deficit (Capitalized at 5%)	<u>2,268,040</u>	
Total Allowable Deduction		<u><u>\$ 4,326,960</u></u>

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

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

TOWNSHIP OF SOUTH ORANGE VILLAGE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

3. MUNICIPAL DEBT (continued)

General Obligation Bonds

The Township levies ad valorem taxes to pay debt service on general obligation bonds. General obligation bonds outstanding at December 31, 2017 and 2016 are as follows:

	2017	2016
<u>General Obligation Bonds</u>		
\$2,200,000 Taxable Refunding Bonds; Annual maturities of \$310,000 to \$335,000 through December 2021, at interest rates ranging from 2.134% to 2.946%	\$ 1,285,000.00	\$ 1,585,000.00
\$9,990,000 Refunding General Improvement Bonds; Annual maturities of \$590,000 to \$635,000 through November 2029, at interest rates ranging from 2.50% to 5.00%	7,340,000.00	7,945,000.00
\$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%	26,110,000.00	28,320,000.00
	\$ 34,735,000.00	\$ 37,850,000.00

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%	\$ 795,000.00	\$ 860,000.00
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The Township's principal and interest for general obligation bonds issued and outstanding as of December 31, 2017 is as follows:

Year	General		Water Utility		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 3,200,000	\$ 896,236	\$ 65,000	\$ 27,500	\$ 3,265,000	\$ 923,736
2019	2,815,000	808,198	65,000	25,550	2,880,000	833,748
2020	2,890,000	717,959	60,000	22,950	2,950,000	740,909
2021	2,970,000	630,892	60,000	21,150	3,030,000	652,042
2022	3,055,000	540,844	65,000	18,150	3,120,000	558,994
2023-2027	16,005,000	1,568,428	345,000	55,325	16,350,000	1,623,753
2028-2029	3,800,000	89,725	135,000	6,413	3,935,000	96,138
	\$ 34,735,000	\$ 5,252,282	\$ 795,000	\$ 177,038	\$ 35,530,000	\$ 5,429,320

TOWNSHIP OF SOUTH ORANGE VILLAGE
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2017 AND 2016

3. MUNICIPAL DEBT (continued)

Environmental Infrastructure Loan

An Environmental Infrastructure Loan was obtained by the Joint Sewer Authority of Union and Essex County, of which the Township is a member. Each member town was required to adopt an ordinance for their share of the cost. Total cost for the Township was \$435,444. The Township obtained ARRA funding in the sum of \$206,962, which reduced its debt payments to \$228,481. The following is the remaining debt on the loan in the sum of \$474,517.

The Township's principal and interest for New Jersey Environmental Trust and Fund Loans outstanding as of December 31, 2017 is as follows:

	<u>General</u>	
Calendar		
<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 29,154	\$ 7,580
2019	29,154	7,080
2020	29,154	6,630
2021	29,154	6,180
2022	29,154	5,730
2023 - 2027	149,768	21,900
2028 - 2032	131,912	9,880
2033 - 2034	47,067	1,200
	<u>\$ 474,517</u>	<u>\$ 66,180</u>

Green Acres Trust Loan

The New Jersey Green Acres Trust Loan obtained in 2007 for \$137,250 requiring semi-annual installments of \$4,267, including interest at the rate of 2% and has a remaining balance of \$69,977 at December 31, 2017.

The Township's principal and interest for the Green Acres Trust Loan outstanding as of December 31, 2017 is as follows:

	<u>General</u>	
Calendar		
<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 7,171	\$ 1,364
2019	7,315	1,220
2020	7,462	1,073
2021	7,612	923
2022	7,765	770
2023-2026	32,652	1,486
	<u>\$ 69,977</u>	<u>\$ 6,836</u>

TOWNSHIP OF SOUTH ORANGE VILLAGE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

3. MUNICIPAL DEBT (continued)

Changes in Long-Term Municipal Debt

The Township's long-term capital debt activity for 2017 and 2016 is as follows:

	Balance December 31, 2016	Increases	Reductions	Balance December 31, 2017	Due Within One Year
General Capital Fund					
Bonds Payable	\$ 37,850,000	\$	\$ 3,115,000	\$ 34,735,000	\$ 3,200,000
Environmental Infrastructure Loan	506,671		32,154	474,517	29,154
Green Acres Loan	77,006		7,029	69,977	7,171
	<u>38,433,677</u>		<u>3,154,183</u>	<u>35,279,494</u>	<u>3,236,325</u>
Water Utility Fund					
Bonds Payable	860,000		65,000	795,000	65,000
Total	<u>\$ 39,293,677</u>	<u>\$ -</u>	<u>\$ 3,219,183</u>	<u>\$ 36,074,494</u>	<u>\$ 3,301,325</u>
	Balance December 31, 2015	Increases	Reductions	Balance December 31, 2016	Due Within One Year
General Capital Fund					
Bonds Payable	\$ 40,890,000	\$	\$ 3,040,000	\$ 37,850,000	\$ 3,115,000
Environmental Infrastructure Loan	535,824		29,153	506,671	29,154
Green Acres Loan	83,897		6,891	77,006	6,891
	<u>41,509,721</u>		<u>3,076,044</u>	<u>38,433,677</u>	<u>3,151,045</u>
Water Utility Fund					
Bonds Payable	925,000		65,000	860,000	65,000
Total	<u>\$ 42,434,721</u>	<u>\$ -</u>	<u>\$ 3,141,044</u>	<u>\$ 39,293,677</u>	<u>\$ 3,216,045</u>

Short-Term Debt

The Township's short-term capital debt activity for 2017 and 2016 is as follows:

	Balance, December 31, 2016	Additions	Reductions	Balance, December 31, 2017
Bond Anticipation Notes	\$ 9,480,368	\$ 21,756,952	\$ 9,480,368	\$ 21,756,952
Emergency Note	567,739		567,739	-
Total	<u>\$ 10,048,107</u>	<u>\$ 21,756,952</u>	<u>\$ 10,048,107</u>	<u>\$ 21,756,952</u>
	Balance, December 31, 2015	Additions	Reductions	Balance, December 31, 2016
Bond Anticipation Notes	\$ 4,195,202	\$ 9,480,368	\$ 4,195,202	\$ 9,480,368
Emergency Note	300,000	567,739	300,000	567,739
Total	<u>\$ 4,495,202</u>	<u>\$ 10,048,107</u>	<u>\$ 4,495,202</u>	<u>\$ 10,048,107</u>

TOWNSHIP OF SOUTH ORANGE VILLAGE
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2017 AND 2016

4. FIXED ASSETS

General Fixed Assets

The following is a summary of changes in the General Fixed Assets account group as of December 31, 2017 and 2016:

	Balance December 31, <u>2016</u>	<u>Additions</u>	<u>Reductions</u>	Balance December 31, <u>2017</u>
Land and Land Improvements	\$ 33,982,929	\$ 173,937		\$ 34,156,866
Buildings and Building Improvements	41,932,726		\$ 254,942	41,677,784
Machinery and Equipment	<u>8,511,477</u>	<u>2,988,127</u>		<u>11,499,604</u>
	<u>\$ 84,427,132</u>	<u>\$ 3,162,064</u>	<u>\$ 254,942</u>	<u>\$ 87,334,254</u>
	Balance December 31, <u>2015</u>	<u>Additions</u>	<u>Reductions</u>	Balance December 31, <u>2016</u>
Land and Land Improvements	\$ 33,982,929			\$ 33,982,929
Buildings and Building Improvements	41,052,784	\$ 879,942		41,932,726
Machinery and Equipment	<u>8,370,209</u>	<u>141,268</u>		<u>8,511,477</u>
	<u>\$ 83,405,922</u>	<u>\$ 1,021,210</u>	<u>\$ -</u>	<u>\$ 84,427,132</u>

Utility Fund Fixed Assets

Water Utility Fund

	Balance December 31, <u>2016</u>	<u>Additions</u>	<u>Reductions</u>	Balance December 31, <u>2017</u>
Land and Land Improvements	\$ 3,048,937			\$ 3,048,937
Buildings and Building Improvements	1,371,781			1,371,781
Machinery and Equipment	<u>4,040,175</u>			<u>4,040,175</u>
	<u>\$ 8,460,893</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,460,893</u>
	Balance December 31, <u>2015</u>	<u>Additions</u>	<u>Reductions</u>	Balance December 31, <u>2016</u>
Land and Land Improvements	\$ 3,048,937			\$ 3,048,937
Buildings and Building Improvements	1,371,781			1,371,781
Machinery and Equipment	<u>4,040,175</u>			<u>4,040,175</u>
	<u>\$ 8,460,893</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,460,893</u>

TOWNSHIP OF SOUTH ORANGE VILLAGE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

5. DUE TO/FROM OTHER FUNDS

As of December 31, 2017 and 2016, interfund receivables and payables that resulted from various interfund transactions are as follows:

	2017		2016	
	Due from Other Funds	Due to Other Funds	Due from Other Funds	Due to Other Funds
Current Fund	\$ 589,279			
Federal/State Grant Fund			\$ 1,862	
General Trust Fund		\$ 2,433		\$ 1,862
General Capital Fund			250,000	
Water Utility Operating Fund		586,846		250,000
	\$ 589,279	\$ 589,279	\$ 251,862	\$ 251,862

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

6. FUND BALANCES APPROPRIATED

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

	2017		2016	
	Fund Balance <u>December 31,</u>	Utilized in Subsequent <u>Year's Budget</u>	Fund Balance <u>December 31,</u>	Utilized in Subsequent <u>Year's Budget</u>
Current Fund				
Cash Surplus	\$ 1,602,323	\$ 1,575,000.00	\$ 1,637,297	\$ 998,000
Water Utility Operating Fund				
Cash Surplus	\$ 27,176		\$ 27,176	

The above fund balance amounts utilized represents the surplus anticipated in the 2018 and 2017 municipal budgets.

TOWNSHIP OF SOUTH ORANGE VILLAGE
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2017 AND 2016

7. DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

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

The total deferred charges as of December 31, 2016 in the Township's Current Fund was \$567,740, which was raised in the Township's 2017 Current Fund budget. As of December 31, 2017, the Township's Water Operating Fund had deferred charges related to over expenditures of \$606,123 and a deficit in operations of \$441,852 which will be raised in the Township's 2018 Water Utility budget.

8. COMPENSATED ABSENCES

Under the existing policies and labor agreements of the Township, employees are allowed to accumulate, with certain restrictions, unused vacation benefits, sick leave and compensation time in lieu of overtime over the life of their working careers and to redeem such unused leave time in cash upon death, retirement or by extended absence immediately preceding retirement. The Township's total liability for sick time as of December 31, 2017 and 2016, based on contractual limits, is unknown. This amount is not an immediate liability of the Township and the likelihood of this amount becoming due and payable at any time within the next twelve months is remote.

9. 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, 2017 and 2016:

	2017	2016
Inactive plan members or beneficiaries currently receiving benefits	170,124	170,685
Inactive plan members entitled to but not yet receiving benefits	650	650
Active plan members	254,685	254,685
Total	425,459	426,020

Contributing Employers – 1,703

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 2017, the State was required to make a minimum contribution representing 6/7th of the actuarially determined contribution amount based on the July 1, 2014 actuarial valuation.

TOWNSHIP OF SOUTH ORANGE VILLAGE
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2017 AND 2016

9. 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, 2017 and 2016 the Township's total payroll for all employees was \$15,124,941 and \$15,225,404. Total PERS covered payroll was \$4,466,366 and \$4,438,737. 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 until a 7.5% member contribution rate is reached in July 2018. The member contribution rate was 7.06% in State fiscal year 2016 and increased to 7.20% for State fiscal year 2017, commencing July 1, 2017. The phase-in of the additional incremental member contribution rate will take place in July of the 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 1st 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, 2017 and 2016 consisted of the following:

	<u>2017</u>	<u>2016</u>
Total Regular Billing	\$ 558,800	\$ 498,382

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, 2017 AND 2016

9. PENSION PLANS (continued)

A service retirement benefit of 1/55th of final average salary for each year of service credit is available to tier 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, to tier 3 and 4 members before age 62 and tier 5 members with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age of his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

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, 2017, the PERS reported a net pension liability of \$23,278,401,588 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 \$14,911,127 or 0.0640556299%, which was an increase of 0.0011550239% from its proportion measured as of June 30, 2017. At June 30, 2016, the PERS reported a net pension liability of \$29,617,131,759 for its Non-State Employer Member Group that is attributable to the Township was \$18,629,355 or 0.0629006060%.

The pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017.

At December 31, 2017, the Township’s deferred outflows of resources and deferred inflows of resources related to PERS were from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expended and actual experience	\$ 351,106	
Changes of assumptions	3,004,078	\$ 2,993,065
Net difference between projected and actual investment earnings on pension plan investments	101,535	
Changes in proportion	1,229,634	69,006
Township contributions subsequent to the measurement date	593,407	
	<u>\$ 5,279,760</u>	<u>\$ 3,062,071</u>

TOWNSHIP OF SOUTH ORANGE VILLAGE
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2017 AND 2016

9. PENSION PLANS (continued)

\$593,407 shown as deferred outflows of resources related to PERS resulting from Township contributions subsequent to the measurement date. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS should have been recognized in pension expense as follows, if GASB #68 was recognized:

Year ended December 31,	Amount
2018	\$ 673,759
2019	823,391
2020	620,007
2021	(160,826)
2022	<u>(332,049)</u>
Total	<u>\$ 1,624,282</u>

Actuarial Assumptions- The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	June 30, 2017	June 30, 2016
Inflation	2.25%	3.08%
Salary Increases (2012-2021)	1.65 - 4.15% Based on age	1.65 - 4.15% Based on age
Thereafter	2.65 - 5.15% Based on age	2.65 - 5.15% Based on age
Investment rate of return	7.00%	7.65%

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

Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

TOWNSHIP OF SOUTH ORANGE VILLAGE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

9. PENSION PLANS (continued)

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2017 and 2016 are summarized in the following table:

<u>Asset Class</u>	<u>June 30, 2017</u>		<u>June 30, 2016</u>	
	<u>Target</u>	<u>Long-Term</u>	<u>Target</u>	<u>Long-Term</u>
	<u>Allocation</u>	<u>Expected Real</u>	<u>Allocation</u>	<u>Expected Real</u>
		<u>Rate of Return</u>		<u>Rate of Return</u>
Cash equivalents	5.50%	1.00%	5.00%	0.87%
U.S. Treasuries	3.00%	1.87%	1.50%	1.74%
Global diversified credit	5.00%	7.10%		
Credit oriented hedge funds	1.00%	6.60%		
Debt related private equity	2.00%	10.63%		
Debt related real estate	1.00%	6.61%		
Private real asset	2.50%	11.83%	2.00%	6.91%
Equity related real estate	6.25%	9.23%		
U.S. equity	30.00%	8.19%	26.00%	8.53%
Non-U.S. developed markets equity	11.50%	9.00%		
Emerging markets equity	6.50%	11.64%	6.50%	9.95%
Buyouts/venture capital	8.25%	13.08%		13.08%
Absolute return/risk mitigation	5.00%	5.51%		
Investment grade credit	10.00%	3.78%	8.00%	1.79%
Public high yield	2.50%	6.82%		
Mortgages			2.00%	1.67%
High yield bonds			2.00%	4.56%
Inflation indexed bonds			1.50%	3.44%
Private equity			9.00%	12.40%
Hedge funds/absolute returns			12.50%	4.68%
Commodities			0.50%	5.45%
Developed foreign markets			13.25%	6.83%
REIT			5.25%	5.63%
Global debt ex US			5.00%	-0.25%
	<u>100.00%</u>		<u>100.00%</u>	

TOWNSHIP OF SOUTH ORANGE VILLAGE
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2017 AND 2016

9. PENSION PLANS (continued)

Discount Rate – The discount rate used to measure the total pension liability as of June 30, 2016 was 3.98% and as of June 30, 2017 was 5.00%. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.58% as of June 30, 2017 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plans fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

	<u>At 1% Decrease (4.00%)</u>	<u>At Current Discount Rate (5.00%)</u>	<u>At 1% Increase (6.00%)</u>
Township's proportionate share	\$ 18,498,265	\$ 14,911,127	\$ 11,922,596

Plan Fiduciary Net Position – The plan fiduciary net position for PERS, including the State of New Jersey, at June 30, 2017 and 2016 were \$28,464,239,518 and \$26,762,070,610, respectively. The portion of the Plan Fiduciary Net Position that was allocable to the Local (Non-State) Group at June 30, 2017 and 2016 was \$21,573,965,463 and \$19,857,566,387, respectively.

Additional information

Collective Local Group balances at June 30, 2017 are as follows:

Collective deferred outflows of resources	\$	6,424,455,842
Collective deferred inflows of resources		5,700,625,981
Collective net pension liability		23,278,401,588
 Township's Proportion		 0.0640556299%

Collective pension expense for the Local Group for the measurement period ended June 30, 2017 and 2016 was \$1,694,305,613 and \$2,830,763,540, respectively. The average of the expected remaining service lives of all plan members if 5.48, 5.57, 5.72 and 6.44 years for 2017, 2016, 2015 and 2014, respectively.

State Contribution Payable Dates

Prior to July 1, 2017 valuation, it is assumed the State will make pension contributions the June 30th following the valuation date. Effective with the July 1, 2017 valuation Chapter 83 P.L. 2016 requires the State to make pension contributions on a quarterly basis at least 25% by September 30, at least 50% by December 31, at least 75% by March 31, and at least 100% by June 30.

TOWNSHIP OF SOUTH ORANGE VILLAGE
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2017 AND 2016

9. PENSION PLANS (continued)

Receivable Contributions

State contributions expected to be paid the June 30th following the valuation date. Effective with the July 1, 2017 valuation, State contributions expected to be paid in equal quarterly amounts as of September 30th, December 31st, March 31st and June 30th following the valuation date are discounted by the interest rate used at the valuation.

Local contributions expected to be paid the April 1st, following the valuation are discounted by the interest rate used at the valuation date.

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, 2017 and 2016:

	2017	2016
Inactive plan members or beneficiaries currently receiving benefits	43,011	40,789
Inactive plan members entitled to but not yet receiving benefits	47	47
Active plan members	40,789	45,625
Total	83,847	86,461

Contributing Employers – 585

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

Significant Legislation – For State of New Jersey contributions to PFRS, Chapter 1, P.L. 2010, effective May 21, 2010, required the State to resume making actuarially recommended contributions to the pension plan on a phased-in basis over a seven year period beginning in the fiscal year ended June 30, 2012. For State fiscal year 2016, the State was required to make a minimum contribution representing 6/7th of the actuarially determined contribution amount based on the July 1, 2014 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 years ended December 31, 2017 and 2016 the Township’s total payroll for all employees were \$15,124,941 and \$15,225,404, respectively. Total PFRS covered payroll was \$8,531,797 and \$7,796,894, respectively. 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
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2017 AND 2016

9. 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 1st in the second fiscal period subsequent to plan year for which the contributions requirements were calculated.

Township payments to PFRS for the years ending December 31, 2017 and 2016 consisted of the following:

	<u>2017</u>	<u>2016</u>
Total Regular Billing	\$ 2,072,959	\$2,168,053

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, 2017, the PFRS reported a net pension liability of \$17,167,260,198 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 \$36,713,364, or 0.2378106333% which was a decrease of 0.0164339140% from its proportion measured as of June 30, 2016. Then pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017.

TOWNSHIP OF SOUTH ORANGE VILLAGE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

9. PENSION PLANS (continued)

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

At December 31, 2017, the Township's deferred outflows of resources and deferred inflows of resources related to PERS were from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 238,175	\$ 215,477
Changes of assumptions	4,527,167	6,012,576
Net difference between projected and actual investment earnings on pension plan investments	700,577	
Changes in proportion	234,913	3,351,251
Township contributions subsequent to the measurement date	<u>2,104,668</u>	<u> </u>
	<u>\$ 7,805,500</u>	<u>\$ 9,579,304</u>

\$2,104,668 is reflected above as deferred outflows of resources related to pensions resulting from Township contributions subsequent to the measurement date. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions would be recognized in pension expense on the GAAP basis as follows:

<u>Year ended December 31,</u>	<u>Amount</u>
2018	\$ (16,968)
2019	(16,966)
2020	(701,223)
2021	(1,840,152)
2022	<u>(1,303,163)</u>
Total	<u>\$ (3,878,472)</u>

TOWNSHIP OF SOUTH ORANGE VILLAGE
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2017 AND 2016

9. PENSION PLANS (continued)

Actuarial Assumptions- The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Inflation	2.25%	3.08%
Salary Increases through 2026	2.10 - 8.98% Based on age	2.10 - 8.98% Based on age
Thereafter	3.10 - 9.98% Based on age	3.10 - 9.98% Based on age
Investment rate of return	7.00%	7.65%

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

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2017 and 2016 are summarized in the following table:

TOWNSHIP OF SOUTH ORANGE VILLAGE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

9. PENSION PLANS (continued)

<u>Asset Class</u>	<u>June 30, 2017</u>		<u>June 30, 2016</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash equivalents	5.50%	1.00%	5.00%	0.87%
U.S. Treasuries	3.00%	1.87%	1.50%	1.74%
Global diversified credit	5.00%	7.10%		
Credit oriented hedge funds	1.00%	6.60%		
Debt related private equity	2.00%	10.63%		
Debt related real estate	1.00%	6.61%		
Private real asset	2.50%	11.83%	2.00%	6.91%
Equity related real estate	6.25%	9.23%		
U.S. equity	30.00%	8.19%	26.00%	8.53%
Non-U.S. developed markets equity	11.50%	9.00%		
Emerging markets equity	6.50%	11.64%	6.50%	9.95%
Buyouts/venture capital	8.25%	13.08%		13.08%
Absolute return/risk mitigation	5.00%	5.51%		
Investment grade credit	10.00%	3.78%	8.00%	1.79%
Public high yield	2.50%	6.82%		
Mortgages			2.00%	1.67%
High yield bonds			2.00%	4.56%
Inflation indexed bonds			1.50%	3.44%
Private equity			9.00%	12.40%
Hedge funds/absolute returns			12.50%	4.68%
Commodities			0.50%	5.45%
Developed foreign markets			13.25%	6.83%
REIT			5.25%	5.63%
Global debt ex US			5.00%	-0.25%
	100.00%		100.00%	

TOWNSHIP OF SOUTH ORANGE VILLAGE
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2017 AND 2016

9. PENSION PLANS (continued)

Discount Rate – The discount rate used to measure the total pension liability as of June 30, 2016 was 5.55% and as of June 30, 2017 was 6.14%. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.58% as of June 30, 2017 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of 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 (5.14%)</u>	<u>At Current Discount Rate (6.14%)</u>	<u>At 1% Increase (7.14%)</u>
PFRS \$	48,372,881	\$ 36,713,364	\$ 27,133,745

Plan Fiduciary Net Position – The plan fiduciary net position for PFRS at June 30, 2017 and 2016 was \$25,847,718,399 and \$23,984,726,664, respectively.

Additional information

Collective Local Group balances at June 30, 2017 are as follows:

Collective deferred outflows of resources	\$	2,941,952,753
Collective deferred inflows of resources		3,262,432,093
Collective net pension liability - Local group		17,167,260,198
 Township's Proportion		 0.2378106333%

Collective pension expense for the Local Group for the measurement period ended June 30, 2017 and 2016 was \$1,624,455,951 and \$2,255,296,958, respectively. The average of the expected remaining service lives of all plan members if 5.59, 5.58, 5.53 and 6.17 years for 2017, 2016, 2015 and 2014, respectively.

State Contribution Payable Dates

Prior to July 1, 2017 valuation, it is assumed the State will make pension contributions the June 30th following the valuation date. Effective with the July 1, 2017 valuation Chapter 83 P.L. 2016 requires the State to make pension contributions on a quarterly basis at least 25% by September 30, at least 50% by December 31, at least 75% by March 31, and at least 100% by June 30.

TOWNSHIP OF SOUTH ORANGE VILLAGE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

9. PENSION PLANS (continued)

Receivable Contributions

State contributions expected to be paid the June 30th following the valuation date. Effective with the July 1, 2017 valuation, State contributions expected to be paid in equal quarterly amounts as of September 30th, December 31st, March 31st and June 30th following the valuation date are discounted by the interest rate used at the valuation.

Local contributions expected to be paid the April 1st, following the valuation are discounted by the interest rate used at the valuation date.

Special Funding Situation

Under N.J.S.A 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The amounts contributed on behalf of the local participating employers under this legislation is considered to be a special funding situation and state is treated as a non-employer entity. The non-employer contributing entities' total proportionate share of the collective net pension liability that is associated with the Township as of June 30, 2017 and 2016 for police and fire is 0.2378106333% and 0.2542445473%, respectively. The non-employer contributing entities' contribution for the year ended June 30, 2017 and 2016 was \$205,628 and \$156,274, respectively. The state's proportionate share of net pension liability attributable to the Township as of June 30, 2017 and 2016 was \$4,112,206 and \$4,078,441, respectively.

10. HEALTH BENEFITS

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

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

The Township has established a LOSAP in accordance with N.J.A.C. 5:30-14. Annually, the Township appropriates funds and makes contributions into the LOSAP on behalf of its active emergency service volunteers that are tax-deferred income benefits. In accordance with N.J.A.C. 5:30-14, the funds held in the LOSAP remain the assets of the Township until they are distributed and as such are subject to the claims of the Township's general creditors. As of December 31, 2017 and 2016, there was \$351,445 and \$291,263, respectively, held in the LOSAP and is recorded in the Trust Fund of the Township as funds held in trust. The plan is administered by The Lincoln Financial Group.

TOWNSHIP OF SOUTH ORANGE VILLAGE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

12. TAX APPEALS

There are several tax appeals pending before the State Tax Court of New Jersey requesting a reduction of assessments for the year 2017 and prior. Any reduction in assessed valuation will result in a refund of prior years' taxes in the year of settlement, which may be funded from tax revenues, through the establishment of a reserve or by the issuance of refunding bonds per N.J.S. 40A:2-51. The Township has made a provision from tax revenues, in the amount of \$93,311 and \$31,056 as of December 31, 2017 and 2016, respectively, for these appeals in the event that the tax reductions are granted. In accordance with the National Council on Governmental Accounting Statement 4, Accounting and Financial Reporting Principles for Claims and Judgments and Compensated Absences, the Township charges to current fund operations or a reduction of current tax collections, all state board judgments rendered during the year which will be paid from expendable available resources. The Township's share of the County taxes paid on any successful tax appeal would result in appropriate reductions applied against the County tax levy of the following year.

13. RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; error and omission, injuries to employees; and natural disaster. The Township is a member of the Suburban Essex County Municipal Joint Insurance Fund ("JIF"), is a public entity risk pool currently operating as a common risk management and insurance program for 19 municipalities and one school district established for the purpose of insuring against property damage, general liability, motor vehicles and equipment liability and workers' compensation. While additional assessments or premiums can be levied by the Fund to ensure payment of the JIF obligations, no such additional premiums have been necessary as of December 31, 2017.

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

14. COMMITMENTS AND CONTINGENCIES

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

Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by the grantors. As a result of these audits, costs previously reimbursed could be disallowed and require repayment to the grantor agency. As of December 31, 2017, the Township estimates that no material liabilities will result from such audits.

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

TOWNSHIP OF SOUTH ORANGE VILLAGE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

15. AGREEMENT WITH AMERICAN WATER OPERATIONS AND MAINTENANCE, INC.

On or about July 11, 2016, the Township entered into an Operation and Maintenance Agreement with American Water Operations and Maintenance, Inc., a subsidiary of American Water Works Company, Inc. to operate and maintain the Water System within the geographic boundaries of the Township for a term of ten years, expiring on July 10, 2026. The Water System provides partial water production, all storage, and transmission and distribution services to the Township's residents and customers. The services provided for in the agreement include Phase I transition services from the predecessor operator of the Water System and Phase II operating and maintenance services and meter reading and billing services for a term of ten years. The Company was to be compensated for the Phase I transition services by the submission of invoices for an initial payment of \$50,000 due upon execution of the agreement; an additional payment of \$125,000, which was due on or before July 1, 2016, an additional payment of \$125,000 due on or before September 1, 2016, and a final payment of \$45,099, or the outstanding balance as mutually agreed upon by the parties, due on or before December 31, 2016. The monthly fee paid to the Company by the Township for Phase II operating and maintenance services and meter reading and billing services is \$62,158. The monthly fee is intended to cover all costs for all services other than capital improvements and repairs/replacements or for costs specifically identified as being the responsibility of the Township pursuant to the terms of the agreement. Annually, at the beginning of each calendar year, the monthly fee as well as the Schedule of Values, shall be adjusted for inflation based upon a blended rate of the following consumer price indices: 60% CPI – All Urban Consumers – Water and Sewerage Maintenance Series CUUR0000SEHG01 and 40% CPI-U for the Northeast Region. This Agreement may be terminated for cause by the Township or by the Company.

16. SOUTH ORANGE PERFORMING ARTS CENTER

As an example of public-private partnership, the South Orange Performing Arts Center (the "SOPAC") opened in October of 2006. This is a partnership between the Township, SOPAC, a 501(c)(3) Corporation, and Seton Hall University ("SHU"). The SOPAC, as a nonprofit organization independent of the Township, is managing the day-to-day affairs of the SOPAC and both the Township and Seton Hall provided funding for construction of the project. A substantial portion the funding from the Township comes from an Essex County Improvement Authority loan and the Community Development Block Grant ("CDBG").

The Township has acted as a pass-through agency between CDBG and SOPAC. In addition, SHU is providing private funding for construction and design through the Township. The result will be a shared-use facility between the SOPAC and SHU. The Township supported the SOPAC's operations in 2006 with \$300,000.00 from its Current Fund. Construction loans in the amount of \$14,295,373 have been provided to SOPAC since the creation of the 501(c)(3) corporation.

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

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

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

TOWNSHIP OF SOUTH ORANGE VILLAGE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

16. SOUTH ORANGE PERFORMING ARTS CENTER (continued)

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

17. SETON HALL UNIVERSITY

The Township has funded \$1,000,000.00 for certain construction costs, which is being repaid by SHU 2006-2025, at \$50,000.00 per year plus interest ranging from 4 – 5%. At December 31, 2017, the outstanding balance due from SHU is \$400,000.00.

18. FEDERAL ARBITRAGE REGULATIONS

The Township is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on a tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service ("IRS") required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At December 31, 2017, the Township had no estimated arbitrage earnings due to the IRS.

19. GASB 77 TAX ABATEMENTS

The Township has entered into several property tax abatement agreements in order to provide incentives to redevelop areas that are in need for improvement or to create economic growth. These agreements are authorized under various New Jersey state statutes. During 2017, the Township collected revenue from various tax abatement agreements in the amount of \$3,018,922. If taxes had been billed in full at the 2017 tax rates, \$4,688,231 would have been collected from property owners.

20. SUBSEQUENT EVENTS

The Township has evaluated subsequent events occurring after the balance sheet date through June 25, 2018, which is the date the financial statements were available to be issued. Based on this evaluation, the Township entered into a new bond issue at various interest rates for general improvements in the amount of \$11,330,000 maturing 2019 through 2033.

TOWNSHIP OF SOUTH ORANGE VILLAGE
CURRENT FUND

CASH RECEIPTS AND DISBURSEMENTS - TREASURER
YEAR ENDED DECEMBER 31, 2017

A-4

	<u>Ref.</u>	<u>Current Fund</u>	<u>Federal and State Grant Fund</u>
Balance, December 31, 2016	A	\$ 3,133,790.91	\$ 65,651.24
Increased by Cash Receipts:			
Nonbudget Revenue	A-2b	\$ 128,301.52	
Change Fund	A-5	300.00	
Tax Exemptions Due from State	A-6	37,500.00	
Taxes Receivable	A-7	86,676,530.59	
Special Improvement District	A-11	88,979.35	
Revenue Accounts Receivable	A-12	10,983,221.77	
Interfund Settlements	A-13	2,378,824.35	
Tax Overpayments	A-17	126,275.20	
Prepaid Taxes	A-24	7,459,464.97	
Sewer Rent Overpayments	A-19	2,325.06	
Other Receipts	A-4	6.17	
Interfunds	A-27		\$ 366,672.19
Unappropriated Grant Revenue	A-29		24,656.67
Federal and State Grants Receivable	A-26		450,859.39
		107,881,728.98	842,188.25
		111,015,519.89	907,839.49
Decreased by Cash Disbursed:			
Budget Appropriations	A-3	31,488,637.09	
Change Fund	A-5	300.00	
Interfund Settlements	A-13	2,949,723.22	
Appropriation Reserves	A-15	436,304.46	
Refund of Tax Overpayments	A-17	207,192.80	
Emergency Note Payable	A-18	567,739.00	
County Taxes Payable	A-20	14,046,843.22	
Regional School District Tax	A-21	49,740,141.50	
Open Space	A-22	283,869.96	
Other Reserves	A-23	287,745.11	
Special Improvement District	A-25	87,810.00	
Interfunds	A-27		391,984.88
Federal and State Grant Expenditures	A-28		444,891.05
		100,096,306.36	836,875.93
Balance, December 31, 2017	A	\$ 10,919,213.53	\$ 70,963.56

TOWNSHIP OF SOUTH ORANGE VILLAGE
CURRENT FUND

CHANGE FUNDS
YEAR ENDED DECEMBER 31, 2017

A-5

	<u>Ref.</u>	
Balance, December 31, 2016	A	\$ 325.00
Increased by:		
Cash Disbursements	A-4	<u>300.00</u>
		625.00
Decreased by:		
Cash Receipts	A-4	<u>300.00</u>
Balance, December 31, 2017	A	<u>\$ 325.00</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, 2017

A-6

	<u>Ref.</u>		
Balance, December 31, 2016	A		\$ 16,325.34
Increased by:			
Deductions per Tax Duplicate			
Senior Citizens		\$ 2,250.00	
Veterans'		34,250.00	
Veteran/Senior Citizens Deduction			
Allowed by Tax Collector		<u>1,000.00</u>	
	A-7		<u>37,500.00</u>
			<u>53,825.34</u>
Decreased by:			
Prior Year Senior Citizens Deduction			
Disallowed by Tax Collector	A-1	500.00	
Cash Received	A-4	<u>37,500.00</u>	
			<u>38,000.00</u>
Balance, December 31, 2017	A		<u><u>\$ 15,825.34</u></u>

TOWNSHIP OF SOUTH ORANGE VILLAGE
CURRENT FUND

TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY
YEAR ENDED DECEMBER 31, 2017

A-7

Year	Balance, Dec. 31, 2016	2017 Levy	Added Taxes	Collected		Exemptions Granted	Canceled	Transferred to Tax Title Liens	Balance, Dec. 31, 2017
				2016	2017				
2011	\$ 0.01						\$ 0.01		
2014			\$ 250.00						\$ 250.00
2015			250.00						250.00
2016	<u>794,649.50</u>				\$ 794,646.16		<u>3.34</u>		
	794,649.51		<u>500.00</u>		794,646.16		3.35		<u>500.00</u>
2017		\$ 87,415,944.79		\$ 426,561.30	85,881,884.43	\$ 37,500.00	124,150.38	\$ 580.61	945,268.07
	<u>\$ 794,649.51</u>	<u>\$ 87,415,944.79</u>	<u>\$ 500.00</u>	<u>\$ 426,561.30</u>	<u>\$ 86,676,530.59</u>	<u>\$ 37,500.00</u>	<u>\$ 124,153.73</u>	<u>\$ 580.61</u>	<u>\$ 945,768.07</u>
<u>Ref.</u>	A	Below	Reserve	A-24, Below	A-4, Below	A-6, Below	Reserve	A-8	A
Collected in 2017				Above	\$ 85,881,884.43				
Collected in 2016				Above	426,561.30				
Senior citizens and veterans deductions (net)				Above	37,500.00				
				A-2a	<u>\$ 86,345,945.73</u>				
				<u>Ref.</u>					
<u>Tax Yield</u>									
General Purpose Tax				\$ 87,191,739.10					
Added and Omitted				<u>224,205.69</u>					
				Above	<u>\$ 87,415,944.79</u>				
<u>Tax Levy</u>									
Regional District School Tax (Abstract)				A-2a, A-21	\$ 49,740,141.00				
County Taxes:									
Regular County Tax (Abstract)			A-20	\$ 13,624,235.67					
Added Taxes			A-20	19,111.03					
Open Space			A-20	<u>410,115.94</u>					
			A-2a		14,053,462.64				
Local Taxes:									
For Municipal Purposes			A-2	23,133,376.53					
Local Open Space			A-22	283,869.96					
Additional Tax Levied				<u>205,094.66</u>					
					23,622,341.15				
				Above	<u>\$ 87,415,944.79</u>				

TOWNSHIP OF SOUTH ORANGE VILLAGE
CURRENT FUND

TAX TITLE LIENS A-8
YEAR ENDED DECEMBER 31, 2017

	<u>Ref.</u>	
Balance, December 31, 2016	A	\$ 139,546.14
Increased by:		
Transferred from Taxes Receivable	A-7	<div style="display: flex; justify-content: flex-end; align-items: center;"> 580.61 <hr style="width: 50px; border: 0.5px solid black;"/> </div>
		140,126.75
Decreased by:		
Transfers to Property Acquired for Taxes	A-10	<div style="display: flex; justify-content: flex-end; align-items: center;"> 134,353.87 <hr style="width: 50px; border: 0.5px solid black;"/> </div>
Balance, December 31, 2017	A	<div style="display: flex; justify-content: flex-end; align-items: center;"> \$ 5,772.88 <hr style="width: 50px; border: 0.5px solid black;"/> <hr style="width: 50px; border: 0.5px solid black;"/> </div>

OTHER ACCOUNTS RECEIVABLE
YEAR ENDED DECEMBER 31, 2017

A-9

	<u>Ref.</u>	
Balance, December 31, 2016	A	\$ -
Increased by:		
Lot Clean Up Charges	Reserve	<div style="display: flex; justify-content: flex-end; align-items: center;"> 1,200.20 <hr style="width: 50px; border: 0.5px solid black;"/> </div>
Balance, December 31, 2017	A	<div style="display: flex; justify-content: flex-end; align-items: center;"> \$ 1,200.20 <hr style="width: 50px; border: 0.5px solid black;"/> <hr style="width: 50px; border: 0.5px solid black;"/> </div>

TOWNSHIP OF SOUTH ORANGE VILLAGE
CURRENT FUND

PROPERTY ACQUIRED FOR TAXES AT ASSESSED VALUATION
YEAR ENDED DECEMBER 31, 2017 A-10

	<u>Ref.</u>	
Balance, December 31, 2016	A	\$ 282,900.00
Increased by:		
Transfers from Tax Title Liens	A-8	<u>134,353.87</u>
Balance, December 31, 2017	A	<u><u>\$ 417,253.87</u></u>

SPECIAL IMPROVEMENT DISTRICT RECEIVABLE
YEAR ENDED DECEMBER 31, 2017

	<u>Ref.</u>	
Balance, December 31, 2016	A	\$ 1,345.80
Increased by:		
SID Levy	A-25	<u>87,810.00</u>
		89,155.80
Decreased by:		
Cash Collections	A-4	<u>88,979.35</u>
Balance, December 31, 2017	A	<u><u>\$ 176.45</u></u>
<u>Net Change to Operations</u>		
SID Levy	Above	\$ 87,810.00
Less: Collections	Above	<u>88,979.35</u>
Net Credit to Operations	A-1	<u><u>\$ (1,169.35)</u></u>

TOWNSHIP OF SOUTH ORANGE VILLAGE
CURRENT FUND

REVENUE ACCOUNTS RECEIVABLE
YEAR ENDED DECEMBER 31, 2017

A-12

	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2016</u>	<u>Accrued</u>	<u>Collected</u>	<u>Balance</u> <u>Dec. 31, 2017</u>
Township Clerk:					
Alcoholic Beverage Licenses	A-2		\$ 30,850.00	\$ 30,850.00	
Other Licenses	A-2		22,960.00	22,960.00	
Other Fees and Permits	A-2		96,028.54	96,028.54	
Tax Collector:					
Interest and Cost on Taxes	A-2		221,815.56	221,815.56	
Construction Official:					
Building Permits	A-2		899,127.00	899,127.00	
Municipal Court	A-2	\$ 60,838.10	819,718.12	824,039.90	\$ 56,516.32
Recreation Receipts	A-2		926,818.48	926,818.48	
Shared IT Services	A-2		67,818.28	67,818.28	
SEJIF Dividend	A-2		42,070.09	42,070.09	
Joint Meeting Refund	A-2		114,850.63	114,850.63	
Sewer User Charges	A-2	93,993.47	2,370,675.06	2,375,957.54	88,710.99
Cell Tower Fees	A-2		122,054.04	122,054.04	
Cable TV Franchise Fee	A-2		218,421.64	218,421.64	
Interest on Investments	A-2		94,848.54	94,848.54	
PILOT	A-2	109,812.26	2,917,400.28	3,018,922.15	8,290.39
State of New Jersey:					
Energy Receipts Tax	A-2		1,439,467.68	1,439,467.68	
Uniform Fire Safety Act	A-2		19,682.65	19,682.65	
Seton Hall Debt Service Payment	A-2		68,562.50	68,562.50	
FEMA	A-2		290,800.12	290,800.12	
Rent - Walton Ave.	A-2		30,000.00	30,000.00	
Police Side Job Fees	A-2		58,132.50	58,132.50	
General Capital Fund Balance	A-2		300,000.00	300,000.00	
		<u>\$ 264,643.83</u>	<u>\$ 11,172,101.71</u>	<u>\$ 11,283,227.84</u>	<u>\$ 153,517.70</u>

<u>Ref.</u>	A	Reserve	Below	A
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	<u>Ref.</u>	
Cash Receipts	A-4	\$ 10,983,221.77
Interfunds	A-13	<u>300,000.00</u>
	Above	<u>\$ 11,283,227.84</u>

TOWNSHIP OF SOUTH ORANGE VILLAGE
CURRENT FUND

A-13

INTERFUND ACCOUNTS
YEAR ENDED DECEMBER 31, 2017

	Ref.	Total	Pool Trust Fund	Federal and State Grant Fund	Water Operating Fund	Payroll Trust Fund	General Trust Fund	General Capital Fund
Balance, December 31, 2016								
From	A	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
(To)	A	\$ -						\$ -
Increased by:								
Revenue Accounts Receivable	A-12	300,000.00						300,000.00
Cash Disbursements	A-4	2,949,723.22	124,057.60	316,672.19	1,433,421.18	713,935.23	86,637.02	275,000.00
		<u>3,249,723.22</u>	<u>124,057.60</u>	<u>316,672.19</u>	<u>1,433,421.18</u>	<u>713,935.23</u>	<u>86,637.02</u>	<u>575,000.00</u>
Decreased by:								
Capital Improvement Fund	A-3	275,000.00						275,000.00
Grant Match	A-3	6,620.00		6,620.00				
Cash Receipts	A-4	2,378,824.35	124,057.60	310,052.19	846,575.40	713,935.23	84,203.93	300,000.00
		<u>2,660,444.35</u>	<u>124,057.60</u>	<u>316,672.19</u>	<u>846,575.40</u>	<u>713,935.23</u>	<u>84,203.93</u>	<u>575,000.00</u>
Balance, December 31, 2017								
From	A	\$ 589,278.87	\$ -	\$ -	\$ 586,845.78	\$ -	\$ 2,433.09	
(To)	A	\$ -						\$ -
<u>Analysis of Net Credit to Fund Balance</u>								
Interfunds Receivable:								
December 31, 2017	Above	\$ 589,278.87						
December 31, 2016	Above	-						
Net Credit	A-1	<u>\$ 589,278.87</u>						

TOWNSHIP OF SOUTH ORANGE VILLAGE
CURRENT FUND

DEFERRED CHARGES
YEAR ENDED DECEMBER 31, 2017 A-14

	<u>Ref.</u>	
Balance, December 31, 2016	A	\$ 567,739.96
Decreased by:		
Budget Appropriation	A-3	<u>567,739.96</u>
Balance, December 31, 2017	A	<u><u>\$ -</u></u>

TOWNSHIP OF SOUTH ORANGE VILLAGE
CURRENT FUND

A-15
Sheet # 1

2016 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2017

Appropriations	Balance Dec. 31, 2016		Balance After Transfers	Expended	Balance Lapsed
	Encumbered	Unencumbered			
<u>GENERAL GOVERNMENT</u>					
Administrative and Executive:					
Other Expenses	\$ 36,659.79	\$ 1,703.75	\$ 38,363.54	\$ 38,306.13	\$ 57.41
Village Committee:					
Other Expenses		625.04	625.04		625.04
Office of Village Clerk:					
Other Expenses	120.00	5,491.09	5,611.09	627.05	4,984.04
Mayor and Council:					
Other Expenses		69.00	69.00		69.00
Financial Administration:					
Other Expenses	28,835.77	100.61	28,936.38	28,774.81	161.57
Annual Audit		4,000.00	4,000.00		4,000.00
Assessment of Taxes:					
Other Expenses	887.56	5,386.00	6,273.56	893.39	5,380.17
Collection of Taxes:					
Other Expenses	1,331.23		1,331.23	1,331.23	
Legal Services and Costs:					
Other Expenses	1,056.83	18,098.77	19,155.60	1,621.83	17,533.77
Engineering Services and Costs:					
Other Expenses	671.10	522.87	1,193.97	671.10	522.87
Computer Information Technology:					
Salaries and Wages		342.65	342.65		342.65
Other Expenses	2,075.62	4,914.91	6,990.53	1,171.91	5,818.62
<u>LAND USE ADMINISTRATION</u>					
Planning Board:					
Other Expenses	844.93	1,009.92	1,854.85	844.93	1,009.92
Board of Adjustment:					
Other Expenses	239.48	1,430.87	1,670.35	239.48	1,430.87
Historic Preservation Commission:					
Other Expenses	675.66	2.84	678.50		678.50
<u>Insurance</u>					
Employee Group Health	319.30	69.78	389.08	319.30	69.78
<u>MUNICIPAL COURT</u>					
Public Defender:					
Salaries and Wages		347.49	347.49		347.49
<u>PUBLIC SAFETY</u>					
Police:					
Salaries and Wages		15.35	15.35		15.35
Other Expenses	18,794.09	15,283.47	34,077.56	19,977.66	14,099.90
Emergency Management					
Other Expenses	2,149.06	142.96	2,292.02	149.06	2,142.96
Fire:					
Salaries and Wages		9,837.29	9,837.29		9,837.29
Other Expenses	32,800.51	850.10	33,650.61	23,890.78	9,759.83
<u>PUBLIC WORKS FUNCTIONS</u>					
Other Public Works Function:					
Salaries and Wages		2,342.36	2,342.36		2,342.36
Other Expenses	185,821.95	19,667.55	205,489.50	153,905.08	51,584.42

TOWNSHIP OF SOUTH ORANGE VILLAGE
CURRENT FUND

A-15
Sheet # 2

2016 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2017

Appropriations	Balance Dec. 31, 2016		Balance After Transfers	Expended	Balance Lapsed
	Encumbered	Unencumbered			
<u>HEALTH AND WELFARE</u>					
Board of Health:					
Other Expenses	\$ 5,240.46	\$ 264.63	\$ 5,505.09	\$ 2,799.41	\$ 2,705.68
<u>RECREATION AND EDUCATION</u>					
Public Recreation Programs:					
Other Expenses	59,380.40	303.30	59,683.70	55,170.89	4,512.81
Celebration of Public Events					
Other Expenses		2,331.99	2,331.99		2,331.99
<u>UNIFORM CONSTRUCTION CODE</u>					
Construction Code Officials:					
Inspection of Buildings:					
Other Expenses	902.83	1,334.72	2,237.55	912.78	1,324.77
<u>UNCLASSIFIED</u>					
Electricity	25,867.20	3,634.16	29,501.36	24,581.56	4,919.80
Gasoline, Diesel Fuel and Lubricants	22,485.29	22,293.09	44,778.38	12,688.42	32,089.96
Telephone and Telegraph	4,691.86	3,548.95	8,240.81	6,054.26	2,186.55
Street Lighting	55,081.63	5,854.57	60,936.20	53,423.40	7,512.80
Rent		500.00	500.00		500.00
<u>CONTINGENT</u>					
		5,000.00	5,000.00		5,000.00
<u>STATUTORY EXPENDITURES</u>					
Contributions to:					
Social Security System (OASI)		266.64	266.64		266.64
Defined Contribution Retirement Program		1,000.00	1,000.00		1,000.00
<u>OTHER OPERATIONS:</u>					
Municipal Library		14,316.70	14,316.70		14,316.70
Length of Service Awards Program		8,250.00	8,250.00	7,950.00	300.00
<u>Interlocal Municipal Service Agreements</u>					
Municipal Court - Township of Maplewood		71,450.88	71,450.88	71,450.88	
Code Enforcement - Township of Maplewood		11,603.19	11,603.19		11,603.19
	<u>\$ 486,932.55</u>	<u>\$ 244,207.49</u>	<u>\$ 731,140.04</u>	<u>\$ 507,755.34</u>	<u>\$ 223,384.70</u>
<u>Ref.</u>	A	A		Below	A-1

Accounts Payable	A-16	\$ 71,450.88
Cash Disbursements	A-4	436,304.46
	Above	<u>\$ 507,755.34</u>

TOWNSHIP OF SOUTH ORANGE VILLAGE
CURRENT FUND

ACCOUNTS PAYABLE
YEAR ENDED DECEMBER 31, 2017

A-16

	<u>Ref.</u>	
Balance, December 31, 2016	A	\$ 6,510.00
Increased by:		
Transferred from Appropriation Reserves	A-15	71,450.88
		<u>77,960.88</u>
Decreased by:		
Cancelled	A-1	6,510.00
		<u>6,510.00</u>
Balance, December 31, 2017	A	<u>\$ 71,450.88</u>

TAX OVERPAYMENTS
YEAR ENDED DECEMBER 31, 2017

A-17

	<u>Ref.</u>	
Balance, December 31, 2016	A	\$ 150,557.08
Increased by:		
Cash Receipts	A-4	126,275.20
		<u>276,832.28</u>
Decreased by:		
Refunds	A-4	207,192.80
		<u>207,192.80</u>
Balance, December 31, 2017	A	<u>\$ 69,639.48</u>

EMERGENCY NOTE PAYABLE
YEAR ENDED DECEMBER 31, 2017

A-18

	<u>Ref.</u>	
Balance, December 31, 2016	A	\$ 567,739.00
Decreased by:		
Cash Disbursements	A-4	567,739.00
		<u>567,739.00</u>
Balance, December 31, 2017	A	<u>\$ -</u>

TOWNSHIP OF SOUTH ORANGE VLLAGE
CURRENT FUND

SEWER RENT OVERPAYMENTS
YEAR ENDED DECEMBER 31, 2017

A-19

	<u>Ref.</u>	
Balance, December 31, 2016	A	\$ 6.07
Increased by:		
Cash collected	A-4	2,325.06
		2,331.13
Decreased by:		
Cancellations	A-1	6.07
		6.07
Balance, December 31, 2017	A	\$ 2,325.06

COUNTY TAXES PAYABLE
YEAR ENDED DECEMBER 31, 2017

A-20

	<u>Ref.</u>	
Balance, December 31, 2016	A	\$ 12,491.61
Increased by:		
2017 Levy:		
General County	A-7	\$ 13,624,235.67
Open Space Preservation	A-7	410,115.94
Due County for Added Taxes	A-7	19,111.03
	A-1, A-2a	14,053,462.64
		14,065,954.25
Decreased by:		
Payments	A-4	14,046,843.22
		14,046,843.22
Balance, December 31, 2017	A	\$ 19,111.03

TOWNSHIP OF SOUTH ORANGE VILLAGE
CURRENT FUND

REGIONAL DISTRICT SCHOOL TAX
YEAR ENDED DECEMBER 31, 2017

	<u>Ref.</u>	<u>A-21</u>
Balance, December 31, 2016	A	\$ 33,821.00
Increased by:		
School Tax Levy - Calendar Levy - 2017	A-1, A-2a, A-7	49,740,141.00
		<u>49,773,962.00</u>
Decreased by:		
Paid	A-4	49,740,141.50
		<u>49,740,141.50</u>
Balance, December 31, 2017	A	<u>\$ 33,820.50</u>

OPEN SPACE TAX LEVY
YEAR ENDED DECEMBER 31, 2017

	<u>Ref.</u>	<u>A-22</u>
Balance, December 31, 2016	A	\$ -
Increased by:		
Tax Levy	A-1, A-2a, A-7	283,869.96
		<u>283,869.96</u>
Decreased by:		
Cash Disbursements	A-4	283,869.96
		<u>283,869.96</u>
Balance, December 31, 2017	A	<u>\$ -</u>

TOWNSHIP OF SOUTH ORANGE VILLAGE
CURRENT FUND

VARIOUS RESERVES
YEAR ENDED DECEMBER 31, 2017

A-23

	<u>Ref.</u>	<u>Total</u>	<u>Reserve for Sale of Assets</u>	<u>Reserve for Tax Appeals</u>
Balance, December 31, 2016	A	\$ 152,056.26	\$ 121,000.00	\$ 31,056.26
Increased by:				
Budget Appropriation	A-3	<u>350,000.00</u>	<u> </u>	<u>350,000.00</u>
		502,056.26	121,000.00	381,056.26
Decreased by:				
Cash Disbursements	A-4	<u>287,745.11</u>	<u> </u>	<u>287,745.11</u>
Balance, December 31, 2017	A	<u>\$ 214,311.15</u>	<u>\$ 121,000.00</u>	<u>\$ 93,311.15</u>

TOWNSHIP OF SOUTH ORANGE VILLAGE
CURRENT FUND

PREPAID TAXES
YEAR ENDED DECEMBER 31, 2017

A-24

	<u>Ref.</u>	
Balance, December 31, 2016	A	\$ 426,561.30
Increased by:		
Cash Collections	A-4	7,459,464.97
		<u>7,886,026.27</u>
Decreased by:		
Applied to Current Taxes Receivable	A-7	426,561.30
		<u>426,561.30</u>
Balance, December 31, 2017	A	<u><u>\$ 7,459,464.97</u></u>

SPECIAL IMPROVEMENT DISTRICT PAYABLE
YEAR ENDED DECEMBER 31, 2017

A-25

	<u>Ref.</u>	
Balance, December 31, 2016	A	\$ 2.13
Increased by:		
Levy	A-11	87,810.00
		<u>87,812.13</u>
Decreased by:		
Cash Disbursements	A-4	87,810.00
Overpayments Cancelled	A-1	2.13
		<u>87,812.13</u>
Balance, December 31, 2017		<u><u>\$ -</u></u>

TOWNSHIP OF SOUTH ORANGE VILLAGE
CURRENT FUND

FEDERAL AND STATE GRANTS RECEIVABLE
YEAR ENDED DECEMBER 31, 2017

<u>Program</u>	<u>Balance Dec. 31, 2016</u>	<u>2017 Budget Revenue Realized</u>	<u>Received</u>	<u>Balance Dec. 31, 2017</u>
DOT:				
Pedestrian Bridge	\$ 560,000.00			\$ 560,000.00
Academy Street	242,000.00		\$ 242,000.00	
Academy Street Phase 2		\$ 240,000.00		240,000.00
Body Armor		4,115.53	4,115.53	
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		14,150.00	14,150.00	
Cops in Shops		5,400.00	2,600.00	2,800.00
Municipal Alliance on Alcohol & Drug:				
2015	49.26			49.26
2016	1,694.51	26,483.00	26,877.79	1,299.72
NJ OEM	7,000.00		7,000.00	
Grotta Fund Planning Grant		75,000.00	45,000.00	30,000.00
Clean Communities - 2017		28,455.04	28,455.04	
Recycling Tonnage - 2017		58,363.31	58,363.31	
Pedestrian Safety Grant		7,500.00	7,500.00	
Sustainable Jersey Small Grant		20,000.00	10,000.00	10,000.00
New Jersey American Water Grant		10,000.00	9,000.00	1,000.00
Greenway Recovery Project	400,000.00			400,000.00
NJ Historic Trust - 2011	627,653.62			627,653.62
Alcohol, Education, Rehabilitation and Enforcement Fund		514.72	514.72	-
	<u>\$ 3,250,897.39</u>	<u>\$ 489,981.60</u>	<u>\$ 455,576.39</u>	<u>\$ 3,285,302.60</u>
Ref. A		A-2	Below	A
		<u>Ref.</u>		
Cash Receipts		A-4	\$ 450,859.39	
Unappropriated Grants		A-29	4,717.00	
			<u>\$ 455,576.39</u>	

TOWNSHIP OF SOUTH ORANGE VILLAGE
FEDERAL AND STATE GRANT FUND

INTERFUNDS
YEAR ENDED DECEMBER 31, 2017

A-27

	<u>Ref.</u>	<u>Total</u>	<u>General Capital Fund</u>	<u>General Trust Fund</u>	<u>Current Fund</u>
Balance, December 31, 2016 Due To	A	\$ 1,862.24	\$ -	\$ 1,862.24	\$ -
Increased by:					
Expenditures Paid Through Trust Fund	A-28	30,070.45		30,070.45	
Cash Receipts	A-4	366,672.19	50,000.00		316,672.19
		<u>396,742.64</u>	<u>50,000.00</u>	<u>30,070.45</u>	<u>316,672.19</u>
		<u>398,604.88</u>	<u>50,000.00</u>	<u>31,932.69</u>	<u>316,672.19</u>
Decreased by:					
Cash Disbursements	A-4	391,984.88	50,000.00	31,932.69	310,052.19
Grant Match	A-28	6,620.00			6,620.00
		<u>398,604.88</u>	<u>50,000.00</u>	<u>31,932.69</u>	<u>316,672.19</u>
Balance, December 31, 2017 Due To	A	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

TOWNSHIP OF SOUTH ORANGE VILLAGE
CURRENT FUND

SCHEDULE OF APPROPRIATED RESERVES FOR
FEDERAL AND STATE GRANTS
YEAR ENDED DECEMBER 31, 2017

A-28

Program	Balance Dec. 31, 2016	Transferred from 2017 Budget Appropriations		Interfund	Expended	Balance Dec. 31, 2017
		Budget	Appropriated by 40A: 4-87			
Alcohol Education, Rehabilitation and Enforcement Fund	\$ 17,710.55	\$ 514.72			\$ 2,550.00	\$ 15,675.27
Body Armor	17,993.07		\$ 4,115.53			22,108.60
Clean Communities 2013	9,717.55				9,688.63	28.92
Clean Communities 2014	10,720.05				10,413.25	306.80
Clean Communities 2015	7,075.84					7,075.84
Clean Communities 2016	33,493.74					33,493.74
Clean Communities 2017		28,455.04				28,455.04
Council of the Arts	10,649.60				7,985.52	2,664.08
Council of the Arts 2015	14,150.00					14,150.00
Council of the Arts 2016	4,716.00					4,716.00
Council of the Arts 2017		14,150.00				14,150.00
DOT:						
Academy Street	142,483.84				142,483.84	
Academy Street Phase 2		240,000.00			136,055.62	103,944.38
Turrell Avenue	1,740.00					1,740.00
Turrell Avenue Phase 2	114,559.39					114,559.39
Pedestrian Bridge	560,000.00					560,000.00
Drive Sober or Get Arrested	1,850.00					1,850.00
Drunk Driving Enforcement Program	2,542.85					2,542.85
Drunk Driving Enforcement Program 2016	8,050.31				179.00	7,871.31
Grotta Fund Planning Grant	17,738.63	75,000.00			58,578.10	34,160.53
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
ANJEC Grant	300.00					300.00
Bulletproof Vest Program	4,959.96				2,262.00	2,697.96
New Jersey Sustainable Grant		20,000.00			10,000.00	10,000.00
NJ OEM - 2016	7,000.00					7,000.00
Recycling Tonnage Grant	25,914.24					25,914.24
Recycling Tonnage Grant	91,556.86			\$ (30,070.45)	17,465.54	44,020.87
Recycling Tonnage Grant - 2016	25,571.29					25,571.29
Recycling Tonnage Grant - 2017		58,363.31				58,363.31
Safe and Secure Grant	15,000.00					15,000.00
Safe and Secure Grant	20,000.00					20,000.00
Special Improvement District	9,775.00					9,775.00
Municipal Alliance on Alcoholism and Drugs - 2014	3,400.00				3,400.00	
Municipal Alliance on Alcoholism and Drugs - 2015	6,453.80				6,453.80	
Municipal Alliance on Alcoholism and Drugs - 2016	932.34				932.34	
Municipal Alliance on Alcoholism and Drugs - 2017		33,103.00			21,085.22	12,017.78
NJ Historic Grant - 2011	638,055.00					638,055.00
Cops in Shops - 2017		5,400.00			2,950.00	2,450.00
Pedestrian Safety			7,500.00		5,000.00	2,500.00
New Jersey American Water Grant		10,000.00			7,408.19	2,591.81
	<u>\$ 3,309,969.39</u>	<u>\$ 484,986.07</u>	<u>\$ 11,615.53</u>	<u>\$ (30,070.45)</u>	<u>\$ 444,891.05</u>	<u>\$ 3,331,609.49</u>
<u>Ref.</u>	A	Below	Below	A-27	A-4	A
	Ref.					
Grant Awards	A-3	\$ 489,981.60				
Grant Match	A-27	6,620.00				
	Above	<u>\$ 496,601.60</u>				

See Independent Auditors' Report

TOWNSHIP OF SOUTH ORANGE VILLAGE
FEDERAL AND STATE GRANT FUND

RESERVE FOR GRANTS - UNAPPROPRIATED
YEAR ENDED DECEMBER 31, 2017

A-29

	<u>Ref.</u>	
Balance, December 31, 2016	A	\$ 4,717.00
Increased by:		
Cash Receipts	A-4	<u>24,656.67</u>
Decreased by:		
Realized	A-26	<u>4,717.00</u>
Balance, December 31, 2017	A	<u>\$ 24,656.67</u>
<u>Analysis of Balance</u>		
Recycling Tonnage Grant - 2018		<u>\$ 24,656.67</u>

TOWNSHIP OF SOUTH ORANGE VILLAGE
TRUST FUND

CASH RECEIPTS AND DISBURSEMENTS
COLLECTOR-TREASURER
YEAR ENDED DECEMBER 31, 2017

B-1

	<u>Ref.</u>	<u>Animal Control Fund</u>	<u>Payroll Fund</u>	<u>General Trust Fund</u>
Balance, December 31, 2016	B	\$ 7,105.15	\$ 219,008.85	\$ 2,951,102.80
Increased by Receipts:				
Due to State of New Jersey	B-3	\$ 747.60		
Net Payroll and Deductions	B-5		\$ 20,011,343.05	
Animal Control Fees	B-6	10,963.14		
Interfunds	B-2		713,935.23	\$ 402,825.80
Interest Earned	B-4			3,049.64
Special Deposits	B-7			2,675,254.29
		<u>11,710.74</u>	<u>20,725,278.28</u>	<u>3,081,129.73</u>
		18,815.89	20,944,287.13	6,032,232.53
Decreased by Disbursements:				
Due to State of New Jersey	B-3	747.60		
Net Payroll and Deductions	B-5		20,753,482.69	
Interfunds	B-2			72,174.63
Animal Control Fund Expenditures	B-6	17,925.54		
Special Deposits	B-7			2,750,787.14
Open Space Expenditures	B-8			774,748.25
		<u>18,673.14</u>	<u>20,753,482.69</u>	<u>3,597,710.02</u>
Balance, December 31, 2017	B	<u>\$ 142.75</u>	<u>\$ 190,804.44</u>	<u>\$ 2,434,522.51</u>

TOWNSHIP OF SOUTH ORANGE VILLAGE
TRUST FUNDS

INTERFUNDS
YEAR ENDED DECEMBER 31, 2017

B-2

	<u>Ref.</u>	<u>Total</u>	<u>General Trust Current Fund</u>	<u>Payroll Account Current Fund</u>	<u>General Trust Grant Fund</u>
Balance, December 31, 2016	B				
Due To (From)		\$ (1,862.24)			\$ (1,862.24)
Increased by:					
Cash Disbursements	B-1	72,174.63	\$ 72,174.63		
Employee Health Deductions	B-5	713,935.23		\$ 713,935.23	
Open Space Tax Tavy	B-4	284,256.09	284,256.09		
Special Deposits	B-7	42,099.75	12,029.30		30,070.45
		<u>1,112,465.70</u>	<u>368,460.02</u>	<u>713,935.23</u>	<u>30,070.45</u>
		<u>1,110,603.46</u>	<u>368,460.02</u>	<u>713,935.23</u>	<u>(31,932.69)</u>
Decreased by:					
Cash Receipts	B-1	1,116,761.03	370,893.11	713,935.23	31,932.69
		<u>1,116,761.03</u>	<u>370,893.11</u>	<u>713,935.23</u>	<u>31,932.69</u>
Balance, December 31, 2017	B				
Due To (From)		<u>\$ 2,433.09</u>	<u>\$ 2,433.09</u>	<u>\$ -</u>	<u>\$ -</u>

TOWNSHIP OF SOUTH ORANGE VILLAGE
TRUST FUND

DUE TO STATE OF NEW JERSEY B-3
YEAR ENDED DECEMBER 31, 2017

	<u>Ref.</u>	<u>Animal Control Fund</u>
Balance, December 31, 2016	B	\$ -
Increased by:		
State Fees	B-1	<u>747.60</u>
Decreased by:		
Payments to State of New Jersey	B-1	<u>747.60</u>
Balance, December 31, 2017	B	<u><u>\$ -</u></u>

TOWNSHIP OF SOUTH ORANGE VILLAGE
TRUST FUND

RESERVE FOR OPEN SPACE
YEAR ENDED DECEMBER 31, 2017

B-4

	<u>Ref.</u>		
Balance, December 31, 2016	B		\$ 595,185.94
Increased by:			
Interest Earned	B-1	\$ 3,049.64	
Tax Levy	B-2	<u>284,256.09</u>	
			<u>287,305.73</u>
			882,491.67
Decreased by:			
Cash Disbursements	B-1		<u>774,748.25</u>
Balance, December 31, 2017	B		<u><u>\$ 107,743.42</u></u>

TOWNSHIP OF SOUTH ORANGE VILLAGE
TRUST FUND

PAYROLL DEDUCTIONS PAYABLE
YEAR ENDED DECEMBER 31, 2017

B-5

	<u>Ref.</u>	
Balance, December 31, 2016	B	\$ 219,008.85
Increased by:		
Gross Payroll and Employer Share of FICA		\$ 19,332,368.05
Pension Contributions - Municipality		<u>1,392,910.23</u>
	B-1	<u>20,725,278.28</u>
		<u>20,944,287.13</u>
Decreased by:		
Net Payroll and Agency Payments		20,039,547.46
Due Current Fund		<u>713,935.23</u>
	B-2	
	B-1	<u>20,753,482.69</u>
Balance, December 31, 2017	B	<u><u>\$ 190,804.44</u></u>
 <u>Analysis of Balance</u>		
Police and Firemen's Retirement System		\$ 84,733.52
Public Employees' Retirement System		37,223.69
Garnishments		4,476.15
AFLAC Insurance		3,483.00
Unallocated		<u>60,888.08</u>
		<u><u>\$ 190,804.44</u></u>

TOWNSHIP OF SOUTH ORANGE VILLAGE
TRUST FUND

RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES
YEAR ENDED DECEMBER 31, 2017

B-6

	<u>Ref.</u>	
Balance, December 31, 2016	B	\$ 7,105.15
Increased by:		
Dog License Fees:		
Dog Licenses Issued		\$ 9,243.40
Interest Earned		53.74
Cat Licenses		<u>1,666.00</u>
	B-1	<u>10,963.14</u>
		18,068.29
Decreased by:		
Expenditures Under R.S. 41:19-15.11	B-1	<u>17,925.54</u>
Balance, December 31, 2017	B	<u><u>\$ 142.75</u></u>

License Fees Collected

<u>Year</u>	<u>Amount</u>
2015	\$ 9,493.40
2016	<u>8,971.20</u>
	<u><u>\$ 18,464.60</u></u>

Note: R.S. 4:19-15.11

"...there shall be transferred from such special account to the general funds of the municipality any amount then in such special account which is in excess of the total amount paid into such special account during the last two fiscal years next preceding".

TOWNSHIP OF SOUTH ORANGE VILLAGE
TRUST FUND

RESERVE FOR SPECIAL DEPOSITS
YEAR ENDED DECEMBER 31, 2017

B-7

	Balance Dec. 31, 2016	Increased	Decreased	Balance Dec. 31, 2017
Law Enforcement - Confiscated Funds	\$ 3,455.94	\$ 22.82	\$ 1,080.00	\$ 2,398.76
Confidential Fund	698.33	5.78		704.11
Municipal Court POAA	67,241.53	8,148.00	22,962.00	52,427.53
Municipal Drug Alliance Committee	149.75			149.75
Recreation Fee Based Program		13,955.20	10,811.45	3,143.75
Recycling		159,831.09	147,195.94	12,635.15
Master Card	13,760.97			13,760.97
Pool Trust	170,989.16	124,057.60	129,677.19	165,369.57
Donations	68,096.58	48,004.27	45,062.98	71,037.87
LOSAP Reserve	1,068.90			1,068.90
Public Defender	2,287.50	2,726.00		5,013.50
Fire Department Fines	4,405.61			4,405.61
Developer's Escrow	222,725.44	116,191.51	99,596.90	239,320.05
Affordable Housing	381,743.89	296,520.82	132,600.95	545,663.76
Tree Maintenance & Removal	7,800.00			7,800.00
Pedestrian Safety Study	5,000.00			5,000.00
Recreation Field Use	15,809.02	112,641.27	15,490.00	112,960.29
Contracted Services - Special Duty	18,178.00	489,005.00	452,870.00	54,313.00
Storm Recovery/Snow Trust	64,000.00			64,000.00
Accumulated Absences	22,669.00			22,669.00
Third Party Tax Title Lien Redemption	1,169,483.48	1,228,028.68	1,616,249.78	781,262.38
Community Development Block Grant	118,216.00	118,216.00	77,189.95	159,242.05
	\$ 2,357,779.10	\$ 2,717,354.04	\$ 2,750,787.14	\$ 2,324,346.00

	Reference	B	Below	B-1	B
Cash Receipts	B-1		\$ 2,675,254.29		
Due From Current Fund	B-2		12,029.30		
Due From Grant Fund	B-2		30,070.45		
	Above		\$ 2,717,354.04		

See Independent Auditors' Report

TOWNSHIP OF SOUTH ORANGE VILLAGE
GENERAL CAPITAL FUND

CASH RECEIPTS AND DISBURSEMENTS
YEAR ENDED DECEMBER 31, 2017

C-2

	<u>Ref.</u>			
Balance, December 31, 2016	C			\$ 2,586,342.92
Increased by Receipts:				
Interfunds	C-6	\$ 525,000.00		
Premium on Notes	C-1	89,848.00		
Open Space Trust Fund	C-12	226,750.00		
Bonds Anticipation Notes	C-11	<u>19,456,952.00</u>		
				<u>20,298,550.00</u>
				<u>22,884,892.92</u>
Decreased by Disbursements:				
Improvement Authorizations	C-12	4,122,524.49		
Interfunds	C-6	300,000.00		
Bonds Anticipation Notes	C-11	<u>9,258,702.00</u>		
				<u>13,681,226.49</u>
Balance, December 31, 2017	C			<u>\$ 9,203,666.43</u>

TOWNSHIP OF SOUTH ORANGE VILLAGE
GENERAL CAPITAL FUND

ANALYSIS OF CAPITAL CASH
YEAR ENDED DECEMBER 31, 2017

C-3

	Balance	Receipts	Disbursements	Transfers		Balance
	Dec. 31, 2016			From	To	Dec. 31, 2017
Due From Current Fund		\$ 275,000.00	\$ 300,000.00	\$ 275,000.00	\$ 300,000.00	
Due From Water Utility Capital	\$ (250,000.00)	250,000.00				
Due From Open Spact Trust Fund		226,750.00		226,750.00		
Fund Balance	307,897.32	89,848.00		300,000.00		\$ 97,745.32
Capital Improvement Fund	35,025.53			310,000.00	275,000.00	25.53
Due from Seton Hall University	(450,000.00)				50,000.00	(400,000.00)
Reserve for Seton Hall University	450,000.00			50,000.00		400,000.00
Reserve for Preliminary Engineering Expense	30.00					30.00
Ordinance						
<u>Number</u>	<u>Improvement Authorization</u>					
11-14	Renovation/Reconstruction Town Hall	56,442.28	56,442.28			
11-16	Various Capital Improvements	331,617.35	301,178.33			30,439.02
12-10	Various Capital Improvements	373,436.48	137,656.38			235,780.10
13-06/16-05	Various Capital Improvements	20,662.88	10,402.88			10,260.00
13-16	Various Capital Improvements	41,345.51	38,836.51			2,509.00
14-05	Various Capital Improvements	8,965.19	3,415.19			5,550.00
15-04	Various Capital Improvements	1,095,868.71	963,359.75			132,508.96
15-19	Streets and Roads	353,197.69	351,112.33			2,085.36
15-21	IT and Communications	425,756.68	365,145.67			60,611.01
16-11	Reassessment of Real Property	(213,902.70)	50,762.30			(264,665.00)
17-06	Various Capital Improvements		1,761,971.69		511,750.00	8,473,028.31
17-22	Various Capital Improvements		82,241.18		25,000.00	417,758.82
		<u>\$ 2,586,342.92</u>	<u>\$ 11,039,848.00</u>	<u>\$ 4,422,524.49</u>	<u>\$ 1,161,750.00</u>	<u>\$ 1,161,750.00</u>
						<u>\$ 9,203,666.43</u>

Reference

C

C

TOWNSHIP OF SOUTH ORANGE VILLAGE
GENERAL CAPITAL FUND

ACCOUNTS RECEIVABLE
YEAR ENDED DECEMBER 31, 2017

C-4

	<u>Ref</u>	<u>Due from Seton Hall University</u>
Balance, December 31, 2016	C	\$ 450,000.00
Decreased by:		
Payment of Redevelopment Loan	C-5	<u>50,000.00</u>
Balance, December 31, 2017	C	<u><u>\$ 400,000.00</u></u>

RESERVE FROM SETON HALL
YEAR ENDED DECEMBER 31, 2017

C-5

	<u>Ref</u>	
Balance, December 31, 2016	C	\$ 450,000.00
Decreased by:		
Payment of Redevelopment Loan	C-4	<u>50,000.00</u>
Balance, December 31, 2017	C	<u><u>\$ 400,000.00</u></u>

TOWNSHIP OF SOUTH ORANGE VILLAGE
GENERAL CAPITAL FUND

INTERFUNDS
YEAR ENDED DECEMBER 31, 2017

C-6

	<u>Ref.</u>	<u>Total</u>	<u>Water Utility Capital Fund</u>	<u>Current Fund</u>
Balance, December 31, 2016 Due From	C	<u>\$ 250,000.00</u>	<u>\$ 250,000.00</u>	
Increased by:				
Budget Appropriation	C-9	275,000.00		\$ 275,000.00
Cash Disbursements	C-2	<u>300,000.00</u>		<u>300,000.00</u>
		<u>575,000.00</u>	<u>-</u>	<u>575,000.00</u>
		<u>825,000.00</u>	<u>250,000.00</u>	<u>575,000.00</u>
Decreased by:				
Fund Balance	C-1	300,000.00		300,000.00
Cash Receipts	C-2	<u>525,000.00</u>	<u>250,000.00</u>	<u>275,000.00</u>
		<u>825,000.00</u>	<u>250,000.00</u>	<u>575,000.00</u>
Balance, December 31, 2017 Due From	C	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

TOWNSHIP OF SOUTH ORANGE VILLAGE
GENERAL CAPITAL FUND

DEFERRED CHARGES TO FUTURE TAXATION - FUNDED
YEAR ENDED DECEMBER 31, 2017

C-7

	<u>Ref.</u>			
Balance, December 31, 2016	C		\$	38,433,676.94
Decreased by:				
Payment of Serial Bonds	C-10	\$ 3,115,000.00		
Payment of Green Trust Loan	C-13	7,029.51		
Payment of Environmental Infrastructure Loan	C-14	<u>32,153.53</u>		
				<u>3,154,183.04</u>
Balance, December 31, 2017	C		\$	<u><u>35,279,493.90</u></u>

TOWNSHIP OF SOUTH ORANGE VILLAGE
GENERAL CAPITAL FUND

DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED
YEAR ENDED DECEMBER 31, 2017

C-8

Ordinance Number		Balance, December 31, 2016	2017 Authorizations	Payment of BAN Principal	Balance, December 31, 2017	Analysis of Balance		
						Bond Anticipation Notes	Unfinanced Expenditures	Unexpended Improvement Authorizations
12-10	Various Capital Improvements	\$ 2,546,952.00			\$ 2,546,952.00	\$ 2,546,952.00		
13-06	Various Capital Improvements	1,738,500.00			1,738,500.00	1,738,500.00		
13-16	Various Capital Improvements	983,250.00			983,250.00	983,250.00		
14-05	Various Capital Improvements	1,543,750.00			1,543,750.00	1,543,750.00		
14-17	Improvements to Certain Sewer Facilities	481,500.00			481,500.00			\$ 481,500.00
14-23	Property Tax Appeals	221,666.00		\$ 221,666.00				
15-04	Various Capital Improvements	2,446,250.00			2,446,250.00	2,446,250.00		
16-11	Reassessment of Real Property	285,000.00			285,000.00		\$ 264,665.00	20,335.00
17-06	Various Capital Improvements		\$ 9,723,250.00		9,723,250.00	9,723,250.00		
17-22	Various Capital Improvements		475,000.00		475,000.00	475,000.00		
		<u>\$ 10,246,868.00</u>	<u>\$ 10,198,250.00</u>	<u>\$ 221,666.00</u>	<u>\$ 20,223,452.00</u>	<u>\$ 19,456,952.00</u>	<u>\$ 264,665.00</u>	<u>\$ 501,835.00</u>
<u>Ref.</u>		C	C-12, C-16	C-11	C	C-11	C-3	C-12

TOWNSHIP OF SOUTH ORANGE VILLAGE
GENERAL CAPITAL FUND

CAPITAL IMPROVEMENT FUND
DECEMBER 31, 2017

C-9

	<u>Ref.</u>	
Balance, December 31, 2016	C	\$ 35,025.53
Increased by :		
Budget Appropriation	C-6	<u>275,000.00</u>
		310,025.53
Decreased by:		
Improvement Authorizations	C-12	<u>310,000.00</u>
Balance, December 31, 2017	C	<u><u>\$ 25.53</u></u>

TOWNSHIP OF SOUTH ORANGE VILLAGE
GENERAL CAPITAL FUND

SERIAL BONDS PAYABLE
YEAR ENDED DECEMBER 31, 2017

C-10

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding, December 31, 2017		Interest Rate	Balance December 31, 2016	Decreased	Balance December 31, 2017
			Date	Amount				
Refunding Bonds	1/31/2012	\$ 9,990,000.00	11/1/2018	\$ 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%			
General Improvements	01/15/2013	34,445,000.00	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%			
Taxable Refunding Bonds	11/20/2014	2,200,000.00	12/31/2018	310,000.00	2.134%			
			12/31/2019	315,000.00	2.434%			
			12/31/2020	325,000.00	2.696%			
			12/31/2021	335,000.00	2.946%			
					<u>\$ 37,850,000.00</u>	<u>\$ 3,115,000.00</u>	<u>\$ 34,735,000.00</u>	
					Ref.	C	C-7	C

TOWNSHIP OF SOUTH ORANGE VILLAGE
GENERAL CAPITAL FUND

BOND ANTICIPATION NOTES PAYABLE
YEAR ENDED DECEMBER 31, 2017

C-11

Ordinance Number	Improvement Description	Original		Date of Issue	Date of Maturity	Interest Rate	Balance December 31, 2016	Increased	Decreased	Balance December 31, 2017	
		Amount	Date								
12-10	Various Capital Improvements	\$ 2,546,952.00	8/27/2015	8/26/2016	4/27/2017	0.95%	\$ 2,546,952.00		\$ 2,546,952.00		
12-10	Various Capital Improvements	2,546,952.00	8/27/2015	4/26/2017	4/25/2018	1.24%		\$ 2,546,952.00		\$ 2,546,952.00	
13-16	Various Capital Improvements	983,250.00	8/27/2015	8/26/2016	4/27/2017	0.95%	983,250.00		983,250.00		
13-16	Various Capital Improvements	983,250.00	8/27/2015	4/26/2017	4/25/2018	1.24%		983,250.00		983,250.00	
14-23	Refunding Tax Appeals	665,000.00	8/27/2015	8/26/2016	4/27/2017	0.95%	221,666.00		221,666.00		
13-06/16-05	Various Capital Improvements	1,738,500.00	4/28/2016	4/28/2016	4/27/2017	1.05%	1,738,500.00		1,738,500.00		
13-06/16-05	Various Capital Improvements	1,738,500.00	4/28/2016	4/26/2017	4/25/2018	1.24%		1,738,500.00		1,738,500.00	
14-05	Various Capital Improvements	1,543,750.00	4/28/2016	4/28/2016	4/27/2017	1.05%	1,543,750.00		1,543,750.00		
14-05	Various Capital Improvements	1,543,750.00	4/28/2016	4/26/2017	4/25/2018	1.24%		1,543,750.00		1,543,750.00	
15-04	Various Capital Improvements	2,446,250.00	4/28/2016	4/28/2016	4/27/2017	1.05%	2,446,250.00		2,446,250.00		
15-04	Various Capital Improvements	2,446,250.00	4/28/2016	4/26/2017	4/25/2018	1.24%		2,446,250.00		2,446,250.00	
17-06	Various Capital Improvements	9,723,250.00	12/14/2017	12/14/2017	7/12/2018	3.00%		9,723,250.00		9,723,250.00	
17-22	Various Capital Improvements	475,000.00	12/14/2017	12/14/2017	7/12/2018	3.00%		475,000.00		475,000.00	
							<u>\$ 9,480,368.00</u>	<u>\$ 19,456,952.00</u>	<u>\$ 9,480,368.00</u>	<u>\$ 19,456,952.00</u>	
							<u>Ref.</u>			C	
							Renewals	C-2	\$ 9,258,702.00	\$ 9,258,702.00	
							Bond Anticipation Notes Issued	C-16	10,198,250.00		
							Paid by Current Fund Budget Appropriation	C-8		<u>221,666.00</u>	
							C-2	<u>\$ 19,456,952.00</u>	<u>\$ 9,480,368.00</u>		

TOWNSHIP OF SOUTH ORANGE VILLAGE
GENERAL CAPITAL FUND

IMPROVEMENT AUTHORIZATIONS
YEAR ENDED DECEMBER 31, 2017

C-12

Ordinance Number	Improvement Description	Original		Balance, December 31, 2016		2017 Authorizations	Paid or Charged	Balance December 31, 2017	
		Amount	Date	Funded	Unfunded			Funded	Unfunded
11-14	Renovation/Reconstruction - Village Hall	\$ 3,000,000.00	7/25/11	\$ 56,442.28			\$ 56,442.28		
11-16	Various Capital Improvements	4,791,766.93	7/25/11	331,617.35			301,178.33	\$ 30,439.02	
12-10	Various Capital Improvements	2,681,003.00	9/24/12		\$ 373,436.48		137,656.38		\$ 235,780.10
13-06	Various Capital Improvements	1,830,000.00	4/22/13		20,662.88		10,402.88		10,260.00
13-16	Various Capital Improvements	1,035,000.00	9/09/13		41,345.51		38,836.51		2,509.00
14-05	Various Capital Improvements	1,625,000.00	4/17/14		8,965.19		3,415.19		5,550.00
14-17	Improvements to Certain Sewer Facilities	481,500.00	10/13/14		481,500.00				481,500.00
15-04	Various Capital Improvements	2,575,000.00	3/9/15		1,095,868.71		963,359.75		132,508.96
15-19	Streets and Roads	2,000,000.00	9/16/15	353,197.69			351,112.33	2,085.36	
15-21	IT and Communications	500,000.00	11/23/15	425,756.68			365,145.67	60,611.01	
16-11	Reassessment of Real Property	300,000.00	3/28/2016		71,097.30		50,762.30		20,335.00
17-06	Various Capital Improvements	10,235,000.00	3/13/17			\$ 10,235,000.00	1,761,971.69		8,473,028.31
17-22	Various Capital Improvements	500,000.00	8/14/2017			500,000.00	82,241.18		417,758.82
				<u>\$ 1,167,014.00</u>	<u>\$ 2,092,876.07</u>	<u>\$ 10,735,000.00</u>	<u>\$ 4,122,524.49</u>	<u>\$ 93,135.39</u>	<u>\$ 9,779,230.19</u>
				C	C	Below	Below	C	C
	Cash Disbursements				C-2		\$ 4,122,524.49		
	Capital Improvement Fund				C-9	\$ 310,000.00			
	Open Space Trust Fund				C-2	226,750.00			
	Deferred Charges for Future Taxation Unfunded				C-8, C-16	10,198,250.00			
						<u>\$ 10,735,000.00</u>	<u>\$ 4,122,524.49</u>		

TOWNSHIP OF SOUTH ORANGE VILLAGE
GENERAL CAPITAL FUND

GREEN ACRES LOAN PAYABLE
YEAR ENDED DECEMBER 31, 2017

C-13

	<u>Ref.</u>	
Balance, December 31, 2016	C	\$ 77,006.19
Decreased by:		
Budget Appropriation for Payment of Green Trust Loan	C-7	<u>7,029.51</u>
Balance, December 31, 2017	C	<u>\$ 69,976.68</u>

ENVIRONMENTAL INFRASTRUCTURE LOAN PAYABLE
YEAR ENDED DECEMBER 31, 2017

C-14

	<u>Ref.</u>	
Balance, December 31, 2016	C	\$ 506,670.75
Decreased by:		
Payment of Loan	C-7	<u>32,153.53</u>
Balance, December 31, 2017	C	<u>\$ 474,517.22</u>

TOWNSHIP OF SOUTH ORANGE VILLAGE
GENERAL CAPITAL FUND

RESERVE FOR PRELIMINARY ENGINEERING EXPENSES
YEAR ENDED DECEMBER 31, 2017

C-15

	<u>Ref</u>	
Balance, December 31, 2017 and 2016	C	<u>\$ 30.00</u>

TOWNSHIP OF SOUTH ORANGE VILLAGE
GENERAL CAPITAL FUND

BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
YEAR ENDED DECEMBER 31, 2017

C-16

Ordinance Number	Improvement Description	Balance December 31, 2016	2017 Authorizations	Bond Anticipation Note Issued	Balance December 31, 2017
14-17	Various Sewer Improvements	\$ 481,500.00			\$ 481,500.00
16-11	Reassessment of Real Property	285,000.00			285,000.00
17-06	Various Capital Improvements		\$ 9,723,250.00	\$ 9,723,250.00	
17-22	Various Capital Improvements		475,000.00	475,000.00	
		<u>\$ 766,500.00</u>	<u>\$ 10,198,250.00</u>	<u>\$ 10,198,250.00</u>	<u>\$ 766,500.00</u>
	<u>Ref.</u>	C	C-12	C-11	C

TOWNSHIP OF SOUTH ORANGE VILLAGE
WATER UTILITY

CASH RECEIPTS AND DISBURSEMENTS
COLLECTOR - TREASURER
YEAR ENDED DECEMBER 31, 2017

D-5

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance, December 31, 2016	D	\$ 52,418.98	\$ 107,828.23
Increased by Receipts:			
Interest on Investments	D-3	\$ 8,824.85	
Consumer Accounts Receivable	D-3, D-7	2,740,553.78	
Proceeds from BAN Issuance	D-17		\$ 2,300,000.00
Due from Water Operating Fund	D-13		153,175.00
Due from Current Fund	D-13	<u>1,433,421.18</u>	
		<u>4,182,799.81</u>	<u>2,453,175.00</u>
		4,235,218.79	2,561,003.23
Decreased by Disbursements:			
Budget Appropriations	D-4	3,542,635.39	
Appropriation Reserves	D-15	365.00	
Improvement Authorizations	D-16		1,744,592.33
Due to General Capital Fund	D-9		250,000.00
Due to Water Operating Fund	D-13		153,175.00
Due from Current Fund	D-13	846,575.40	
Accrued Interest on Bonds	D-10	<u>29,450.00</u>	
		<u>4,419,025.79</u>	<u>2,147,767.33</u>
Balance, December 31, 2017	D	<u><u>\$ (183,807.00)</u></u>	<u><u>\$ 413,235.90</u></u>

TOWNSHIP OF SOUTH ORANGE VILLAGE
WATER UTILITY

ANALYSIS OF CASH AND INVESTMENTS
WATER CAPITAL FUND
YEAR ENDED DECEMBER 31, 2017

D-6

	Balance Dec. 31, 2016	Receipts	Disbursements	Balance Dec. 31, 2017
Fund Balance	\$ 10,739.57			\$ 10,739.57
Due To/(From) General Capital Fund	250,000.00		\$ 250,000.00	
Improvement Authorizations:				
#2016-01 Crest Drive Standpipe	(136,046.68)		96,825.00	(232,871.68)
#2016-02 Newstead Sphere	(16,864.66)	\$ 2,300,000.00	1,647,767.33	635,368.01
Due To/(From) Water Operating Fund		153,175.00	153,175.00	
	\$ 107,828.23	\$ 2,453,175.00	\$ 2,147,767.33	\$ 413,235.90
<u>Ref.</u>	D	D-5	D-5	D

TOWNSHIP OF SOUTH ORANGE VILLAGE
WATER UTILITY

SCHEDULE OF WATER RENTS RECEIVABLE
YEAR ENDED DECEMBER 31, 2017

D-7

	<u>Ref.</u>	
Balance December 31, 2016	D	\$ -
Increased by:		
Rent Billings	Reserve	3,042,448.00
Decreased by:		
Collections	D-5	<u>2,740,553.78</u>
Balance, December 31, 2017		<u>\$ 301,894.22</u>

TOWNSHIP OF SOUTH ORANGE VILLAGE
WATER UTILITY

RESERVE FOR AMORTIZATION
YEAR ENDED DECEMBER 31, 2017

D-8

	<u>Ref.</u>	
Balance, December 31, 2016	D	\$ 7,600,893.09
Increase by:		
Payment of Serial Bonds	D-14	<u>65,000.00</u>
Balance, December 31, 2017	D	<u><u>\$ 7,665,893.09</u></u>

SCHEDULE OF INTERFUND PAYABLE - WATER CAPITAL FUND
YEAR ENDED DECEMBER 31, 2017

D-9

	<u>Ref.</u>	<u>General Capital Fund</u>
Balance, December 31, 2016	D	\$ 250,000.00
Decreased by:		
Cash Disbursements	D-5	<u>250,000.00</u>
Balance, December 31, 2017	D	<u><u>\$ -</u></u>

TOWNSHIP OF SOUTH ORANGE VILLAGE
WATER UTILITY

ACCRUED INTEREST
YEAR ENDED DECEMBER 31, 2017

D-10

	<u>Ref.</u>	
Balance, December 31, 2016	D	\$ 4,908.33
Increased by:		
Budget Appropriation	D-4	<u>48,402.00</u>
		53,310.33
Decreased by:		
Cash Disbursements	D-5	<u>29,450.00</u>
Balance, December 31, 2017	D	<u><u>\$ 23,860.33</u></u>

Analysis of Accrued Interest at December 31, 2017

Serial Bonds:

	<u>Date of Issue</u>	<u>Balance Dec. 31, 2017</u>	<u>Interest Payable</u>	<u>Period</u>	<u>Amount</u>
	01/31/12	\$ 65,000.00	3.00%	2 Months	\$ 324.74
		65,000.00	4.00		433.16
		60,000.00	3.00		299.88
		60,000.00	5.00		499.80
		65,000.00	4.00		433.16
		65,000.00	2.50		270.73
		140,000.00	4.00		932.96
		70,000.00	2.75		320.71
		70,000.00	3.00		349.86
		70,000.00	3.125		364.31
		<u>65,000.00</u>	3.25		<u>354.05</u>
		<u>795,000.00</u>			<u>4,583.33</u>

Bond Anticipation Notes:

	<u>Date of Issue</u>	<u>Balance Dec. 31, 2017</u>	<u>Interest Payable</u>	<u>Period</u>	<u>Amount</u>
	4/26/17	<u>2,300,000.00</u>	1.24%	8 months	<u>19,277.00</u>
		<u>\$ 3,095,000.00</u>			<u>\$ 23,860.33</u>
					See Above

TOWNSHIP OF SOUTH ORANGE VILLAGE
WATER UTILITY

FIXED CAPITAL
YEAR ENDED DECEMBER 31, 2017

D-11

	2017	2016
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
	\$ 8,460,893.09	\$ 8,460,893.09

Ref.

D

D

TOWNSHIP OF SOUTH ORANGE VILLAGE
 WATER CAPITAL FUND

D-12

SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED
YEAR ENDED DECEMBER 31, 2017

Ordinance Number	Description	Ordinance		Balance December 31, 2017 and 2016
		Amount	Date	
16-01	Crest Drive Standpipe	\$ 3,500,000.00	2/22/16	\$ 3,500,000.00
16-02	Newstead Sphere	2,300,000.00	2/22/16	2,300,000.00
				<u>\$ 5,800,000.00</u>

D

TOWNSHIP OF SOUTH ORANGE VILLAGE
WATER UTILITY OPERATING FUND

SCHEDULE OF INTERFUNDS
YEAR ENDED DECEMBER 31, 2017

D-13

		Water Operating Fund	Water Capital Fund
<u>Ref.</u>		Current Fund	Water Operating Fund
Balance December 31, 2016	D	\$ -	\$ -
Decreased by:			
Cash Disbursements	D-5	846,575.40	153,175.00
Decreased by:			
Cash Receipts	D-5	1,433,421.18	153,175.00
Balance December 31, 2017			
Due (To)	D	\$ (586,845.78)	\$ -

TOWNSHIP OF SOUTH ORANGE VILLAGE
WATER UTILITY CAPITAL FUND

SERIAL BONDS
YEAR ENDED DECEMBER 31, 2017

D-14

Purpose	Date of Issue	Original Issue	Maturities of Bonds		Interest Rate	Balance Dec. 31, 2016	Bonds Redeemed	Balance Dec. 31, 2017
			Date	Amount				
Water Refunding Bonds	01/31/2012	\$ 1,075,000.00	11/1/2018-19	\$ 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>\$ 860,000.00</u>	<u>\$ 65,000.00</u>	<u>\$ 795,000.00</u>	
				<u>Ref.</u>	D	D-8	D	

TOWNSHIP OF SOUTH ORANGE VILLAGE
WATER UTILITY CAPITAL FUND

2016 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2017

D-15

<u>Appropriation</u>	<u>Balance Dec. 31 2016</u>	<u>Reserve for Encumbrances Dec. 31 2016</u>	<u>Amount After Modification</u>	<u>Paid or Charged</u>	<u>Balance Lapsed Canceled</u>
<u>Operating</u>					
Salaries and Wages	\$ 11,739.52		\$ 11,739.52		\$ 11,739.52
Other Expenses	7,540.98	\$ 365.00	7,905.98	\$ 365.00	7,540.98
<u>Statutory Expenditures</u>					
Social Security	689.20		689.20		689.20
	<u>\$ 19,969.70</u>	<u>\$ 365.00</u>	<u>\$ 20,334.70</u>	<u>\$ 365.00</u>	<u>\$ 19,969.70</u>
<u>Ref.</u>	D	D		D-5	D-1

TOWNSHIP OF SOUTH ORANGE VILLAGE
 WATER CAPITAL FUND
 SCHEDULE OF IMPROVEMENT AUTHORIZATIONS
YEAR ENDED DECEMBER 31, 2017

Ordinance Number	Improvement Description	Original		Balance, December 31, 2016		Paid or Charged	Balance December 31, 2017	
		Amount	Date	Funded	Unfunded		Funded	Unfunded
16-01	Crest Drive Standpipe	\$ 3,500,000.00	2/22/16	\$	\$ 3,363,953.32	\$ 96,825.00	\$	\$ 3,267,128.32
16-02	Newstead Sphere	2,300,000.00	2/22/16		2,283,135.34	1,647,767.33		635,368.01
				<u>\$ -</u>	<u>\$ 5,647,088.66</u>	<u>\$ 1,744,592.33</u>	<u>\$ -</u>	<u>\$ 3,902,496.33</u>
				D	D	D-5	D	D

TOWNSHIP OF SOUTH ORANGE VILLAGE
WATER CAPITAL FUND

BOND ANTICIPATION NOTES PAYABLE
YEAR ENDED DECEMBER 31, 2017

D-17

<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>Balance</u>	<u>Increased</u>	<u>Balance</u>
		<u>Amount</u>	<u>Date</u>				<u>December 31, 2016</u>		<u>December 31, 2017</u>
16-02	Various Capital Improvements	\$ 2,300,000.00	4/26/2017	4/26/2017	4/25/2018	1.24%	\$ -	\$ 2,300,000.00	\$ 2,300,000.00
							<u>\$ -</u>	<u>\$ 2,300,000.00</u>	<u>\$ 2,300,000.00</u>
							D	D-5	D

TOWNSHIP OF SOUTH ORANGE VILLAGE
WATER CAPITAL FUND

SCHEDULE OF BONDS AND NOTES PAYABLE
AUTHORIZED BUT NOT ISSUED
YEAR ENDED DECEMBER 31, 2017

D-18

	<u>Ref.</u>	
Balance, December 31, 2016	D	\$ 5,800,000.00
Decreased by:		
BAN's Issued	D-17	<u>2,300,000.00</u>
Balance, December 31, 2017	D	<u>\$ 3,500,000.00</u>

TOWNSHIP OF SOUTH ORANGE VILLAGE
PUBLIC ASSISTANCE FUND

STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE - TRUST I
YEARS ENDED DECEMBER 31, 2017 AND 2016

E-1

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
REVENUE AND OTHER INCOME:			
Interest Earned	E-2	\$ 4.84	\$ 1.51
Transfer from Due to Current Fund		-	1.50
		<u>4.84</u>	<u>3.01</u>
TOTAL REVENUE AND OTHER INCOME			
		4.84	3.01
EXCESS OF REVENUE OVER EXPENDITURES			
		4.84	3.01
FUND BALANCE, BEGINNING OF YEAR	E	<u>583.93</u>	<u>580.92</u>
FUND BALANCE, END OF YEAR	E	<u>\$ 588.77</u>	<u>\$ 583.93</u>

TOWNSHIP OF SOUTH ORANGE VILLAGE
PUBLIC ASSISTANCE FUND

SCHEDULE OF RECEIPTS AND DISBURSEMENTS
YEAR ENDED DECEMBER 31, 2017

E-2

	<u>Ref.</u>	
Balance, December 31, 2016	E	\$ 583.93
Increase by:		
Cash Receipt	E-1	<u>4.84</u>
Balance, December 31, 2017	E	<u>\$ 588.77</u>

TOWNSHIP OF SOUTH ORANGE VILLAGE
TRUSTEES OF FREE PUBLIC LIBRARY

STATEMENT OF CASH
YEAR ENDED DECEMBER 31, 2017

F-2

	<u>Ref.</u>	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Balance, December 31, 2016	F	\$ 44,929.38	\$ 199,736.90	\$ 244,666.28
Increased By:				
State Library Aid	F-1	8,427.00		8,427.00
Gifts & Donations	F-1	29,854.93		29,854.93
Fines and Lost Books	F-1	7,580.03		7,580.03
Copier Fees	F-1	15,942.43		15,942.43
Miscellaneous	F-1	4,608.31		4,608.31
Interest on Deposits	F-1	589.74	226.72	816.46
Current Fund Budget Appropriations	F-4	170,067.31		170,067.31
		<u>237,069.75</u>	<u>226.72</u>	<u>237,296.47</u>
		281,999.13	199,963.62	481,962.75
Decreased By:				
Expenditures	F-1	207,334.54		207,334.54
Balance, December 31, 2017	F	<u>\$ 74,664.59</u>	<u>\$ 199,963.62</u>	<u>\$ 274,628.21</u>

TOWNSHIP OF SOUTH ORANGE VILLAGE
TRUSTEES OF FREE PUBLIC LIBRARY

STATEMENT OF CASH - MONEY MARKET
YEAR ENDED DECEMBER 31, 2017

F-3

	<u>Ref.</u>	
Balance, December 31, 2016	F	\$ 88,959.48
Increased By:		
Interest on Deposits	F-1	290.58
		<u>89,250.06</u>
Decreased By:		
Disbursements	F-1	20.00
		<u>20.00</u>
Balance, December 31, 2017	F	<u>\$ 89,230.06</u>

DUE TO LIBRARY FROM TOWNSHIP OF SOUTH ORANGE VILLAGE
YEAR ENDED DECEMBER 31, 2017

F-4

	<u>Ref.</u>	
Balance, December 31, 2016	F	\$ -
Increased by:		
Budget Appropriation	F-1	1,037,975.24
		<u>1,037,975.24</u>
Decreased by:		
Payments made Directly by Township	F-1	\$ 867,907.93
Cash Receipts	F-2	170,067.31
		<u>1,037,975.24</u>
Balance, December 31, 2017		<u>\$ -</u>

TOWNSHIP OF SOUTH ORANGE VILLAGE

- - -

PART II

ROSTER OF OFFICIALS, COMPARATIVE STATISTICAL INFORMATION,
COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2017

TOWNSHIP OF SOUTH ORANGE VILLAGE
ROSTER OF OFFICIALS
DECEMBER 31, 2017

Village President

Sheena Collum

Trustees

Walter Clarke
Debra Davis Ford
Karen Hartshorn Hilton
Howard Levison
Mark Rosner
Steve Schnall

Business Administrator

Barry R. Lewis, Jr.

Chief Financial Officer

Christopher Battaglia

Acting Municipal Clerk

Shinell Smith

Tax Collector

Aderonke Zaccheus

Chief Judge – Municipal Court

Clarence Barry-Austin

Judge – Municipal Court

Jonathan Rosenbluth

Municipal Court Administrator

Ryan Bancroft

Tax Assessor

Ellen Foye Malgieri

**TOWNSHIP OF SOUTH ORANGE VILLAGE
COUNTY OF ESSEX, NEW JERSEY
YEAR ENDED DECEMBER 31, 2017**

Comparative Schedule of Tax Rate Information

	2017	2016	2015
Tax Rate	\$ 3.072	\$ 3.828	\$ 3.739
Apportionment of Tax Rate:			
Municipal	0.783	0.979	0.959
Mimimum Library Tax	0.032	0.039	0.038
County	0.480	0.592	0.576
School	1.752	2.190	2.139
Municipal - Open Space	0.010	0.010	0.010
County - Open Space	0.015	0.018	0.017
	<u>\$ 3.072</u>	<u>\$ 3.828</u>	<u>\$ 3.739</u>
Assessed Valuation	\$ 2,838,699,562	\$ 2,234,931,503	\$ 2,236,640,556

Comparison of Tax Levies and Collections

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

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percent of Collections</u>
2017	\$ 87,415,944.79	\$ 86,345,945.73	98.78%
2016	85,700,221.53	84,606,069.90	98.72%
2015	83,755,027.47	82,559,312.99	98.57%

Delinquent Taxes and Tax Title Liens

The delinquent taxes contained in the following tabulation are inclusive in each case, of delinquent taxes of the current year's levy. This tabulation includes a comparison, expressed in percentage, of the total of delinquent taxes and tax title liens, in relation to the tax levies of the last three years.

<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>
2017	\$ 5,772.88	\$ 945,768.07	\$ 951,540.95	1.09%
2016	139,546.14	794,649.51	934,195.65	1.09%
2015	127,004.50	965,658.52	1,092,663.02	1.30%

**TOWNSHIP OF SOUTH ORANGE VILLAGE
COUNTY OF ESSEX, NEW JERSEY
YEAR ENDED DECEMBER 31, 2017**

The last tax sale was held via the internet on September 27, 2017 and was complete.

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

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

<u>Years</u>	<u>Tax Title Liens</u>
2017	2
2016	3
2015	3

Property Acquired by Tax Title Lien Liquidation

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

<u>Years</u>	<u>Amount</u>
2017	\$ 417,254
2016	282,900
2015	282,900

Equalized Valuations – Real Property

<u>Year</u>	<u>Amount</u>
2017	\$ 2,928,358,996
2016	2,700,354,921
2015	2,617,966,698

**TOWNSHIP OF SOUTH ORANGE VILLAGE
COUNTY OF ESSEX, NEW JERSEY
YEAR ENDED DECEMBER 31, 2017**

Comparative Schedule of Fund Balances

Current Fund

<u>Year</u>	<u>Balance December 31</u>	<u>Utilized in Budget of Succeeding Year</u>
2017	\$ 1,602,322.79	\$ 1,575,000.00
2016	1,637,296.82	998,000.00
2015	350,621.15	250,000.00

Water Utility Fund

<u>Year</u>	<u>Balance December 31</u>	<u>Utilized in Budget of Succeeding Year</u>
2017	\$ 27,175.95	\$ -
2016	27,175.95	-
2015	31,710.58	-

Bonded Officials

The following officials were bonded during the year ended December 31, 2017 through policies issued by Fidelity and Deposit Co. of MD:

<u>Name</u>	<u>Title</u>	<u>Amount</u>
Aderonke Zaccheus	Tax Collector	\$1,000,000
Chris Battaglia	Chief Financial Officer	1,000,000

The Public Employees' Blanket Bond is carried to cover all other officials not specifically covered by a separate bond.

**TOWNSHIP OF SOUTH ORANGE VILLAGE
COUNTY OF ESSEX, NEW JERSEY
YEAR ENDED DECEMBER 31, 2017**

COMMENTS

An audit of the financial accounts and transactions for the Township of South Orange Village, County of Essex, New Jersey, for the year ended December 31, 2017, has recently been completed. The results of the audit are herewith set forth:

Scope of Audit

The audit covered the financial transactions of the Tax Collector and Treasurer, the activities of the Mayor and Township Council and the records of various outside departments.

Cash and investment balances were reconciled with independent certifications obtained directly from the depositories.

Revenues and receipts were established and verified as to source and amount insofar as the records permitted on a test basis.

Our audit was made in accordance with auditing standards generally accepted in the United States and in compliance with the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey ("Division"). Therefore, our audit included the procedures noted above as well as tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Contracts and Agreements Required to be Advertised Per 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 Township Council 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 is \$40,000.00 in accordance with the provisions of N.J.S.A. 40A:11-3c based on the appointment of a qualified purchasing agent.

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 a 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.

The minutes indicate that proposals were solicited for "Professional Services" in accordance with N.J.S.A. 19:44A:20-5.

**TOWNSHIP OF SOUTH ORANGE VILLAGE
COUNTY OF ESSEX, NEW JERSEY
YEAR ENDED DECEMBER 31, 2017**

Inasmuch as the system of records did not provide for an accumulation of payments for categories of materials and supplies or related work or labor, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

Inasmuch as the system of records did not provide for an accumulation of payments for categories of materials and supplies or related work or labor, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

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 fifteen percent of the bid threshold or \$6,000.00, at least two quotations as to the cost or price, 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."

Reference is made to the Local Public Contract Guidelines and Local Public Contract Regulations (1977) promulgated by the New Jersey Division of Local Government Services in the Department of Community Affairs.

Collection of Interest on Delinquent Taxes and Assessments

N.J.S.A. 54:4-47, as amended, 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,

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

Delinquent Taxes and Tax Title Liens

A tax sale was held in 2017 and was complete.

**TOWNSHIP OF SOUTH ORANGE VILLAGE
COUNTY OF ESSEX, NEW JERSEY
YEAR ENDED DECEMBER 31, 2017**

Revenues

Receipts from licenses, fees, fines and costs, etc., for all departments, including the Municipal Court, were checked to the records maintained to the extent deemed necessary. No exceptions noted.

Purchase Order System and Encumbrance System

The Township's budgetary operation is on a full encumbrance system with the exception of payrolls and other direct costs. All purchases are made directly by the purchasing department or subsequently confirmed on an emergency basis. Tests of the system disclosed no exceptions during 2017. Blanket orders and other outstanding encumbrances were reviewed at the close of the year, and adjustments and cancellations were made where appropriate to reflect actual commitments outstanding for budgetary control.

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 establishes that individuals performing professional services 1) under a contract awarded pursuant to N.J.S.A. 40A:11.5 and 1 or 2 under an independent contract as determined in accordance with rules and policy of the IRS are eligible 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.

It appears there are no individuals who are enrolled in PERS who do not meet the requirements under the statutes.

Payment of Claims

The examination 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. Authorization for payment of claims is delegated to the Chief Financial Officer and bill lists are submitted to the Township Council for approval and recorded as a supplement to the official minutes.

Claims were examined on a test basis for the year under audit and no exceptions were noted.

In accordance with N.J.A.C. 5:30-5.3, a certification of availability of funds must be made prior to any commitment of rendered services or purchased goods.

**TOWNSHIP OF SOUTH ORANGE VILLAGE
COUNTY OF ESSEX, NEW JERSEY
YEAR ENDED DECEMBER 31, 2017**

Capital Fixed Assets

The Division of Local Government Services in the Department of Community Affairs in the State of New Jersey requires all municipalities in the State to establish and maintain sets of accounts and inventories reflecting costs of other valuations of all of its fixed assets, including land, buildings, improvement, machinery, furniture and equipment. Such accounts, to be included under "Capital Fixed Assets", would insure complete fiscal reliability of records, establish a basis for claims of loses and other insurance purposes, augment protective measures against the misuse or theft of property and furnish data on aging, anticipated life and other information on assets.

Status of Prior Years' Audit Recommendation

In accordance with regulations promulgated by the Single Audit Act and the Division of Local Government Services, all municipalities are required to prepare and submit to the Division of Local Government Services, a Corrective Action Plan with regard to audit deficiencies. This plan must be approved by formal resolution of the Governing Body and submitted within 60 days from the date the audit is received. A plan was prepared for items found in the CY 2016 Report on Examination of Accounts.

A review was performed on all prior years' recommendations and corrective action was taken on all with the exception of the findings denoted in this year's comments and recommendations.

Miscellaneous

A report summarizing collections of Dog License Fees and remittances of State Registration Fees was prepared and filed with the New Jersey Department of Health and the Division of Local Government Services.

A statutory report on the operations of the Municipal Court was prepared as part of our examination and copies were filed with the New Jersey Administrative Office of the Courts, the Division of Local Government Services, the Municipal Court and the Township Clerk.

A separate report on the operations of the Uniform Construction Code office was also prepared and filed with the New Jersey Division of Local Government Services.

Revenue and receipts were established and verified as to source and amount only insofar as the local records permitted.

In verifying expenditures, computations were tested on the basis of a statistical sampling of claims approved and paid. No attempt was made in this connection to establish proof of prices or receipts of materials, these elements being left necessarily to internal review in connection with approval of claims.

The propriety of deductions from employees' individual gross salaries for pensions, withholding tax, social security and other purposes was not verified as part of this examination. Remittances to authorized agencies of the amounts deducted were ascertained.

The totals of outstanding checks shown in the Cash Reconciliations appearing herein are in agreement with the records in the Office of the Township Treasurer as well as with independent verifications made part of this examination.

A copy of this report was filed with the State of New Jersey, Director of the Division of Local Government Services, Department of Community Affairs.

A summary or synopsis of this report was prepared for publication and filed with the Township Clerk.

TOWNSHIP OF SOUTH ORANGE VILLAGE

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COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2017

2017-1 Police - Outside Duty*

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

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

2017-2 Local Public Contracts Law

Finding: During our audit procedures, it was noted in one instance that the Township made a purchase that exceeded the quotation threshold without soliciting competitive quotations from multiple vendors.

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

*- Repeat of prior year finding and recommendation.

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

Respectfully submitted,

PKF O'Connor Davies, LLP

Cranford, New Jersey
June 25, 2018

David J. Gannon

David J. Gannon, CPA
Registered Municipal Accountant, No. 520