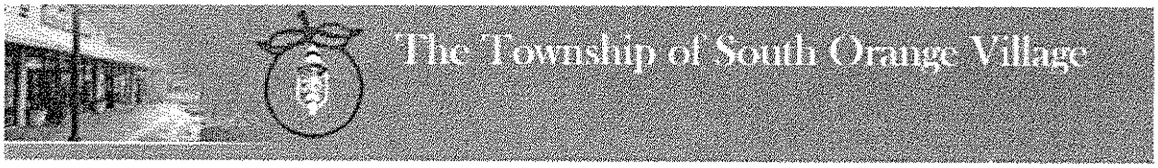

THE TOWNSHIP OF SOUTH ORANGE VILLAGE

ESSEX COUNTY, NEW JERSEY

REPORT OF AUDIT

YEAR ENDED DECEMBER 31, 2011

McEnerney, Brady & Co., LLC
Certified Public Accountants

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PART I

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

YEARS ENDED DECEMBER 31, 2011 AND 2010

TOWNSHIP OF SOUTH ORANGE VILLAGE
ROSTER OF OFFICIALS
DECEMBER 31, 2011

Village President

Alex Torpey

Trustees

Janine Bauer
Debra Davis Ford
Michael Goldberg
Nancy Gould
Howard Levison
Mark Rosner

Business Administrator, CFO

John D. Gross

Municipal Clerk

Robin Kline

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

MBC
McENERNEY, BRADY & COMPANY, LLC
Certified Public Accountants

Independent Auditors' Report

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

We have audited the accompanying balance sheets of the individual funds (current, trust, general, capital, water utility, public assistance and general fixed asset group) of the Township of South Orange Village, Essex County, New Jersey (the "Township"), as of December 31, 2011 and 2010 and the related statements of operations and changes in fund balance for the years then ended and the related statements of revenue, expenditure and fund balance for the years ended December 31, 2011 and 2010, as listed in the table of contents. These regulatory basis financial statements are the responsibility of the management of the Township. Our responsibility is to express an opinion on these financial statements based upon our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America, and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as, evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note 1, these financial statements were prepared in conformity with the accounting principles prescribed by the Division, which is a comprehensive 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 regulatory basis of accounting and accounting principles generally accepted in the United States of America, although not presently determinable, are presumed to be material.

In our opinion, because the Township prepares its financial statements on the basis of accounting discussed in the third paragraph, the financial statements referred to in the first paragraph do not present fairly, in conformity with accepted principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2011 and 2010, and the results of its operations for the year then ended.

However, in our opinion, such financial statements present fairly, in all material respect, the financial position of the individual funds of the Township at December 31, 2011 and 2010, and the results of its operations and the changes in fund balance of such funds for the years then ended and the revenue, expenditures and fund balance for the year ended December 31, 2011 on the basis of accounting described in Note 1.

The regulatory basis financial statements referred to above do not include Fixed Assets, which is required by accounting principles accepted in the United States of America, and should be included in order to conform to accounting principles prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The amount that should be recorded in the Fixed Assets is unknown.

293 Eisenhower Parkway, Livingston, NJ 07039
(973) 535.2880

832 McLean Avenue, Yonkers, NY 10704
(914) 237.3676

In accordance with *Government Auditing Standards*, we have also issued our report dated August 22, 2012 on our consideration of the Township's internal control over financial reporting and our tests of compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying financial information listed as Supplementary Data in the foregoing Table of Contents and the Schedule of Expenditures of Federal and State Awards are presented for purposes of additional analyses as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB Circular 04-04, which is also the responsibility of the management of the Township, is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audits of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole, on the basis of accounting as described in Note 1.

This report is intended for the information and use of the Township's management, and New Jersey Department of Community Affairs, Division of Local Government Services, and should not be used for any other purposes. However, this report is a matter of public record and its distribution is not limited.

McEnerney, Brady & Company, LLC

McEnerney, Brady & Company, LLC
Certified Public Accountants

Francis M. McEnerney

Francis M. McEnerney
Registered Municipal Accountant #539

Livingston, New Jersey
August 22, 2012

TOWNSHIP OF SOUTH ORANGE VILLAGE
CURRENT FUND

BALANCE SHEETS
REGULATORY BASIS
DECEMBER 31, 2011 AND 2010

A
Sheet #1

ASSETS AND DEFERRED CHARGES	Ref.	2011	2010
Cash	A-4	$ 3,761,037.36	$ 6,735,898.04
Change Funds	A-5	425.00	425.00
Prepaid Debt Service	A-6	265,000.00	255,000.00
Due from State of New Jersey:			
Ch. 129, P.L. 1976	A-7		1,462.70
		4,026,462.36	6,992,785.74
Receivables and Other Assets with Full Reserves:			
Delinquent Taxes Receivable	A-8	751,414.55	960,272.76
Tax Title Liens	A-9	2,801.78	2,222.39
Other Accounts Receivable	A-10	67,924.13	239,413.90
Property Acquired for Taxes at Assessed Valuation	A-11	282,900.00	282,900.00
Revenue Accounts Receivable	A-12	447,370.07	302,214.47
Interfunds Receivable	A-13	32,598.48	
		1,585,009.01	1,787,023.52
Deferred Charges	A-14	250,000.00	111,045.43
		5,861,471.37	8,890,854.69
Federal and State Grant Fund:			
Cash	A-4	175.00	
Federal and State Grants Receivable	A-25	5,095,213.97	4,487,166.65
Interfund Receivable	A-26	9,615.00	
		5,105,003.97	4,487,166.65
		$ 10,966,475.34	$ 13,378,021.34

See accompanying notes to financial statements.

TOWNSHIP OF SOUTH ORANGE VILLAGE
CURRENT FUND

BALANCE SHEETS
REGULATORY BASIS
DECEMBER 31, 2011 AND 2010

A
Sheet #2

LIABILITIES, RESERVES AND FUND BALANCE	Ref.	2011	2010
Expenditure Reserves:			
Appropriation Reserves:			
Encumbered	A-3,15	$ 296,121.56	$ 287,956.28
Unencumbered	A-3,15	841,691.28	1,639,827.23
Due to State of New Jersey:			
Ch. 129, P.L. 1976	A-7	912.30	
Interfunds Payable	A-13	26,367.07	44,312.86
Due to State of New Jersey:			
Other Fees	A-18	4,650.00	4,576.00
Tax Overpayments	A-17	201,979.72	128,786.54
Sewer Rent Overpayments	A-19	1,006.49	4,989.29
Accounts Payable	A-16		704,168.38
Various Reserves	A-23	664,201.31	1,760,440.12
Prepaid Taxes	A-24	418,346.50	294,496.09
Sub-Total		2,455,276.23	4,869,552.79
Reserve for Receivables and Other Assets		1,585,009.01	1,787,023.52
Fund Balance	A-1	1,821,186.13	2,234,278.38
		5,861,471.37	8,890,854.69
Federal and State Grant Fund:			
Interfunds Payable	A-26	1,497,483.77	831,697.58
Appropriated Reserves	A-27	3,562,505.01	3,633,263.41
Unappropriated Reserves	A-28	45,015.19	22,205.66
		5,105,003.97	4,487,166.65
		$ 10,966,475.34	$ 13,378,021.34

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, 2011 AND 2010

A-1

	Ref.	2011	2010
Revenue and Other Income			
Fund Balance Utilized	A-2	$ 1,875,713.00	$2,211,713.00
Miscellaneous Revenue Anticipated	A-2	10,585,409.14	9,718,023.29
Receipts from Delinquent Taxes	A-2a	934,574.01	850,200.42
Receipts from Current Taxes	A-2a	75,018,467.03	73,010,280.64
Nonbudget Revenue	A-2b	470,546.45	402,519.92
Other Credits to Income:			
Appropriation Reserves Lapsed	A-15	770,540.77	727,653.92
Tax Overpayments Cancelled	A-17	230.41	353.60
Other Accounts Receivable Liquidated	A-10	141,040.09	3,776.28
Accounts Payable Cancelled			305.00
Total Revenue and Other Income		89,796,520.90	86,924,826.07
Expenditures			
Budget and Emergency Appropriations	A-3	32,850,653.68	31,659,621.62
Prior Year Revenue Refunded	A-4	97,289.00	
Prior Year Senior Citizen Deduction Disallowed	A-7	2,375.00	
Interfund Advances	A-13	32,598.48	
Other Accounts Receivable Established	A-10	59,134.96	
State Tax Court Judgments			27,328.48
Shortfall in Various Reserves			1,187.93
Local Open Space Tax	A-22	280,103.08	283,674.53
County Taxes	A-20	11,962,056.94	11,468,385.93
Regional District School Tax	A-21	43,299,689.01	42,150,324.82
Total Expenditures		88,583,900.15	85,590,523.31
Excess in Revenue		1,212,620.75	1,334,302.76
Adjustments to Income before Fund Balance:			
Expenditures Included Above Which are by Statute Deferred Charges to Budget of Succeeding Year	A-3	250,000.00	
Statutory Excess to Fund Balance		1,462,620.75	1,334,302.76
Fund Balance			
Balance, Beginning of Year	A	2,234,278.38	3,111,688.62
		3,696,899.13	4,445,991.38
Decreased by:			
Utilized as Anticipated Revenue	Above	1,875,713.00	2,211,713.00
Balance, End of Year	A	$ 1,821,186.13	$2,234,278.38

See accompanying notes to financial statements.

TOWNSHIP OF SOUTH ORANGE VILLAGE
CURRENT FUND

STATEMENT OF REVENUES
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2011

A-2
Sheet #1

	Ref.	Anticipated Budget	Realized	Excess or (Deficit)
Fund Balance Appropriated	A-1	$ 1,875,713.00	$ 1,875,713.00	$
Miscellaneous Revenues				
Alcoholic Beverage Licenses	A-12	30,450.00	30,450.00	
Other Licenses	A-2a	21,949.36	21,929.50	(19.86)
Fees and Permits	A-2a	65,635.20	70,048.12	4,412.92
Municipal Court Fines and Costs	A-12	769,131.34	596,760.71	(172,370.63)
Interest and Cost on Taxes	A-12	276,127.41	255,465.52	(20,661.89)
Interest on Investments and Deposits	A-12	22,818.59	18,026.31	(4,792.28)
Recreation Receipts	A-12	957,130.38	944,854.44	(12,275.94)
Sewer User Fees	A-12	1,951,197.98	2,084,972.42	133,774.44
Cable TV Franchise Fee	A-12	167,113.19	167,113.19	
Payment in Lieu of Taxes	A-12	1,284,089.07	1,291,227.14	7,138.07
Cell Tower Rental Fee	A-12	91,312.16	109,686.43	18,374.27
South Orange Parking Authority	A-12	50,000.00	50,000.00	
Consolidated Municipal Property Tax	A-12			
Relief Aid	A-12	108,293.00	108,293.00	
Energy Receipts Tax	A-12	1,348,568.00	1,348,568.00	
Uniform Construction Code Fees	A-12	301,936.00	369,458.00	67,522.00
Bureau of Fire Safety - Life Hazard Use Fees	A-12	32,692.54	20,943.56	(11,748.98)
Utility Operating Surplus - Water	A-12	81,843.75	81,843.75	
General Capital Fund Balance	A-12	87,454.00	87,454.00	
Sale of Municipal Assets	A-12	1,500,000.00	1,500,000.00	
CDBG - Payment of Debt Service	A-12	174,000.00	174,000.00	
Seton Hall Debt Service Payment	A-12	82,000.00	87,500.00	5,500.00
SOPAC Debt Service Payment	A-12	59,998.00		(59,998.00)
Police Side Job Fees	A-12	55,093.19	48,265.00	(6,828.19)
		9,518,833.16	9,466,859.09	(51,974.07)
Federal and State Grants:				
Clean Communities Program		21,188.02	21,188.02	
Alcohol Education & Rehabilitation		916.89	916.89	
Safe and Secure Communities		53,438.00	53,438.00	
Municipal Alliance on Alcohol and Drug Abuse		26,750.00	26,750.00	
Essex County Regional Health		579.60	579.60	
Body Armor Replacement Program		9,680.66	9,680.66	
Flu Planning Grant		10,000.00	10,000.00	
DOT - Fairview Avenue		224,000.00	224,000.00	
Click It or Ticket		4,000.00	4,000.00	
Comprehensive Traffic Study		10,000.00	10,000.00	
Assistance to Firefighters Grant		37,525.00	37,525.00	
Recycling Tonnage		20,236.35	20,236.35	
Drunk Driving Enforcement		3,635.53	3,635.53	
NJ Historic Trust		669,000.00	669,000.00	
COPS in Shops		10,800.00	10,800.00	
Municipal Stormwater		7,325.00	7,325.00	
NJ Sustainable Grant		9,475.00	9,475.00	
	A-13	1,118,550.05	1,118,550.05	

See accompanying notes to financial statements.

TOWNSHIP OF SOUTH ORANGE VILLAGE
CURRENT FUND

STATEMENT OF REVENUES
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2011

A-2
Sheet #2

	Ref.	Anticipated Budget	Realized	Excess or (Deficit)
Total Miscellaneous Revenue	A-1	$ 10,637,383.21	$ 10,585,409.14	$ (51,974.07)
Receipts from Delinquent Taxes	A-2a	925,568.09	934,574.01	9,005.92
Amount to be Raised by Taxes for Support of Municipal Budget:				
Minimum Library Tax		925,538.90		
Local Tax for Municipal Purpose		20,058,070.68		
	A-2a	20,983,609.58	20,446,853.94	(536,755.64)
		34,422,273.88	33,842,550.09	(579,723.79)
Nonbudget Revenue	A-2b		470,546.45	470,546.45
	A-3	$ 34,422,273.88	$ 34,313,096.54	$ (109,177.34)

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, 2011

A-2a

Allocation of Tax Collections	Ref.	Total	Receipts from Delinquent Taxes	Current Tax Collections
Taxes Receivable Cash Receipts	A-8	$ 75,600,313.52	$ 934,574.01	$ 74,665,739.51
Exemptions Granted	A-8	58,000.00		58,000.00
Overpayments Applied	A-8	231.43		231.43
Prepaid Taxes Applied	A-8	294,496.09		294,496.09
Total Revenue	A-1	75,953,041.04	934,574.01	75,018,467.03
Allocated to:				
County Levy and Added Taxes	A-20	(11,962,056.94)		(11,962,056.94)
Regional District School Taxes	A-21	(43,299,689.01)		(43,299,689.01)
Local Open Space	A-22	(280,103.08)		(280,103.08)
Plus: Reserve for Uncollected Taxes	A-3	970,235.94		970,235.94
Realized Revenue	A-2	$ 21,381,427.95	$ 934,574.01	$ 20,446,853.94

Other Licenses and Fees	Ref.	Total	Other Licenses	Permits and Fees
Public Works	A-12	$ 9,940.00	$	$ 9,940.00
Clerk's Office	A-12	32,045.00	5,580.00	26,465.00
Tax Search Fees	A-12	20.00		20.00
Public Safety	A-12	748.75		748.75
Fire	A-12	17,460.00		17,460.00
Board of Adjustment	A-12	950.00		950.00
Planning Board	A-12	4,933.37		4,933.37
Board of Health	A-12	25,880.50	16,349.50	9,531.00
Realized Revenue	A-2	$ 91,977.62	$ 21,929.50	$ 70,048.12

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, 2011

A-2b

	Ref.	
Miscellaneous Revenue Not Anticipated		
Cash Receipts:		
Reimbursement - Workmen's Compensation		$ 84,169.45
Budget Refunds		316,878.97
Board of Elections		5,860.00
Bid Specifications		4,025.00
Contribution in Lieu of Taxes		3,000.00
Restitution		836.00
Gas Light Ads		6,750.00
Photocopies		359.30
Bike Auction		516.00
Bad Check Charge		670.00
Prior Year Reimbursements		2,337.00
Senior Citizen and Veteran Deduction Administrative Fee		1,160.00
Miscellaneous Overpayments		9,703.90
Other		92.65
	A-4	436,358.27
Interfunds Receivable	A-13	34,188.18
	A-1, A-2	$ 470,546.45

See accompanying notes to financial statements.

TOWNSHIP OF SOUTH ORANGE VILLAGE
CURRENT FUND

STATEMENT OF EXPENDITURES
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2011

Appropriation	Appropriations		Expended			
				Reserved		
	Budget	Modified Budget	Paid or Charged	Encumbered	Unencumbered	Cancelled
APPROPRIATIONS WITHIN "CAPS"						
GENERAL GOVERNMENT						
Administrative and Executive:						
Salaries and Wages	$ 219,787.50	$ 219,787.50	$ 196,709.94	$	$	$ 23,077.56
Other Expenses	354,303.00	422,903.70	325,310.35	96,765.12	828.23	
Mayor and Council:						
Other Expenses	909.09	910.09	909.30		0.79	
Village Committee:						
Other Expenses	28,791.05	32,825.04	32,825.03			0.01
Office of Village Clerk:						
Salaries and Wages	176,684.79	176,684.79	168,415.54			8,269.25
Other Expenses	49,700.00	49,700.00	34,612.41		15,087.59	
Financial Administration:						
Salaries and Wages	106,173.17	136,173.17	131,983.70			4,189.47
Other Expenses	250,820.00	250,820.00	216,624.79	280.00	33,915.21	
Annual Audit	25,575.00	25,775.00	25,716.00		59.00	
Assessment of Taxes:						
Salaries and Wages	96,422.69	96,422.69	96,402.28			20.41
Other Expenses	29,207.50	279,207.50	261,549.85	1,220.00	16,437.65	
Collection of Taxes:						
Salaries and Wages	144,934.24	145,960.85	145,960.61			0.24
Other Expenses	13,512.00	13,512.00	11,634.32		1,877.68	
Legal Services and Costs:						
Salaries and Wages	28,570.15	28,570.15	23,924.97			4,645.18
Other Expenses	256,597.20	406,597.20	390,070.38	16,376.20	150.62	
Engineering Services and Costs:						
Salaries and Wages	21,472.94	21,472.94				21,472.94
Other Expenses	84,030.00	89,030.00	45,216.19		3,813.81	40,000.00
LAND USE AMINISTRATION						
Planning Board:						
Other Expenses	8,620.00	8,620.00	5,869.39		2,750.61	
Board of Adjustment:						
Other Expenses	1,513.00	3,000.00	3,000.00			
INSURANCE						
Unemployment	115,000.00	115,000.00	67,296.02		47,703.98	
General Liability	655,320.10	655,320.10	617,434.15	3,679.14	34,206.81	
Workers Compensation	338,527.29	338,527.29	328,597.41		9,929.88	
Employee Group Health	2,099,692.38	2,099,692.38	2,009,295.59		90,396.79	
MUNICIPAL COURT						
Municipal Court:						
Salaries and Wages	65,412.03	70,412.03	69,591.40			820.63
Other Expenses						

TOWNSHIP OF SOUTH ORANGE VILLAGE
CURRENT FUND

STATEMENT OF EXPENDITURES
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2011

Appropriation	Appropriations		Expended			
	Budget	Modified Budget	Paid or Charged	Reserved: Encumbered	Reserved: Unencumbered	Cancelled
APPROPRIATIONS WITHIN "CAPS"						
MUNICIPAL COURT						
Public Defender:						
Salaries and Wages	$ 5,000.00	$ 5,000.00	$ 1,666.16	$	$ 3,333.84	$
PUBLIC SAFETY						
Department of Public Safety:						
Salaries and Wages	6,411,417.70	6,098,216.70	5,955,922.46			142,294.24
Other Expenses	251,169.00	251,169.00	198,682.94	19,048.09	33,437.97	
Emergency Management Service:						
Other Expenses	9,000.00	9,000.00	4,601.93	820.25	3,577.82	
Fire :						
Salaries and Wages	3,541,708.04	3,562,360.31	3,562,360.27			0.04
Other Expenses	53,800.00	87,122.77	55,370.27	31,358.89	393.61	
PUBLIC WORKS FUNCTIONS						
Road Repair and Maintenance:						
Salaries and Wages	293,057.09	274,874.71	274,874.62			0.09
Other Expenses	97,800.00	107,800.00	73,737.98	2,000.00	32,062.02	
Other Public Works Functions:						
Salaries and Wages	615,469.31	623,466.49	623,466.49			
Other Expenses	90,030.00	110,905.67	96,038.66	14,653.97	213.04	
Recycling:						
Salaries and Wages	207,986.69	221,741.46	221,741.46			
Other Expenses	232,630.00	232,630.00	165,883.10	13,869.37	52,877.53	
Sewer System:						
Salaries and Wages	57,174.39	32,934.21	32,934.10			0.11
Other Expenses	4,500.00	6,500.00	6,016.38	300.00	183.62	
Public Building and Grounds:						
Other Expenses	105,485.00	105,485.00	86,014.05	8,742.00	10,728.95	
Maintenance of Parks:						
Salaries and Wages	467,259.58	483,422.02	483,422.02			
Other Expenses	104,700.00	109,700.00	106,637.74		3,062.26	
HEALTH AND WELFARE						
Board of Health:						
Salaries and Wages	176,564.72	180,391.75	180,391.75			
Other Expenses	28,419.00	28,419.00	21,694.25	184.04	6,540.71	

TOWNSHIP OF SOUTH ORANGE VILLAGE
CURRENT FUND

STATEMENT OF EXPENDITURES
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2011

Appropriation	Appropriations Budget	Appropriations Modified Budget	Expended Paid or Charged	Expended Reserved Encumbered	Expended Reserved Unencumbered	Cancelled
APPROPRIATIONS WITHIN "CAPS"						
RECREATION AND EDUCATION						
Public Recreation Programs:						
Salaries and Wages	$ 835,778.13	$ 835,778.13	$ 712,764.82	$	$ 0.08	$ 123,013.23
Other Expenses	687,495.00	687,495.00	566,494.96	58,444.35	62,555.69	
UNIFORM CONSTRUCTION CODE						
Construction Code Officials:						
Inspection of Buildings:						
Salaries and Wages	346,339.91	346,339.91	284,816.68		61,523.23	
Other Expenses	12,700.00	12,700.00	4,720.00		7,980.00	
UNCLASSIFIED						
Electricity	280,757.69	280,757.69	242,490.74		38,266.95	
Gasoline, Diesel Fuel and Lubricants	231,984.10	231,984.10	197,040.87	20,461.14	14,482.09	
Telephone and Telegraph	100,000.00	100,000.00	83,467.61	30.50	16,501.89	
Street Lighting	1,100,284.80	1,100,284.80	846,518.86	7,588.50	46,177.44	200,000.00
Longevity Payments(LOSAP)						
Salaries and Wages	639,577.31	596,187.56	547,517.27			48,670.29
CONTINGENT	10,000.00	10,000.00				10,000.00
Total Operations Within "CAPS"	22,169,662.58	22,419,590.70	20,846,238.06	295,821.56	651,057.39	626,473.69
Detail:						
Salaries and Wages	14,456,790.38	14,156,197.37	13,714,866.54		64,857.15	
Other Expenses	7,712,872.20	8,263,393.33	7,131,371.52	295,821.56	586,200.24	
DEFERRED CHARGES						
Overexpenditure of Appropriation Reserves	18,045.43	18,045.43	18,045.43			
	18,045.43	18,045.43	18,045.43			
STATUTORY EXPENDITURES						
Contributions to:						
Public Employees' Retirement System	565,423.00	565,423.00	565,423.00			
Social Security System (OASI)	601,558.53	601,558.53	520,972.28			80,586.25
Disability Insurance	25,000.00	25,071.88	25,071.88			
Consolidated Police and Firemen's Pension	29,997.34	29,997.34				29,997.34
Police and Firemen's Retirement System	2,450,597.24	2,450,597.24	2,450,597.24			
	3,672,576.11	3,672,647.99	3,562,064.40			110,583.59
Total Appropriations Within "CAPS"	25,860,284.12	26,110,284.12	24,426,347.89	295,821.56	651,057.39	737,057.28

TOWNSHIP OF SOUTH ORANGE VILLAGE
CURRENT FUND

STATEMENT OF EXPENDITURES
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2011

Appropriation	Appropriations Budget	Appropriations Modified Budget	Expended Paid or Charged	Expended Reserved Encumbered	Expended Reserved Unencumbered	Cancelled
APPROPRIATIONS EXCLUDED FROM "CAPS"						
OTHER OPERATIONS						
Maintenance of Free Public Library						
Salaries and Wages	$ 707,605.18	$ 707,605.18	$ 705,251.60	$	$	$ 2,353.58
Other Expenses	195,481.82	195,481.82	195,481.82			
Employee Group Health	171,000.00	171,000.00	171,000.00			
Police and Firemen's Retirement System						
Public Employees' Retirement System						
Joint Trunk Sewer Maintenance	761,228.44	761,228.44	679,161.64			82,066.80
	1,835,315.44	1,835,315.44	1,750,895.06			84,420.38
Interlocal Municipal Service Agreements						
Municipal Court- Township of Maplewood	382,631.00	382,631.00	191,697.11	300.00	190,633.89	
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES						
Municipal Alliance Grant	26,750.00	26,750.00	26,750.00			
Municipal Alliance Grant-Match	6,688.00	6,688.00	6,688.00			
State and Secure Grant	53,438.00	53,438.00	53,438.00			
Body Armor Replacement Fund	9,680.66	9,680.66	9,680.66			
NJ Sustainable Grant	9,475.00	9,475.00	9,475.00			
DOT- Fairview	224,000.00	224,000.00	224,000.00			
Flu Planning Grant - Unappropriated	10,000.00	10,000.00	10,000.00			
Recycling Tonnage Grant	20,236.35	20,236.35	20,236.35			
Click it or Ticket	4,000.00	4,000.00	4,000.00			
Cops in Shops	10,800.00	10,800.00	10,800.00			
Drunk Driving Enforcement	3,635.53	3,635.53	3,635.53			
Comprehensive Traffic Study	10,000.00	10,000.00	10,000.00			
Municipal Stormwater Regulation	7,325.00	7,325.00	7,325.00			
Assistance to Firefighters Grant	37,525.00	37,525.00	37,525.00			
Assistance to Firefighters Grant Match	1,975.00	1,975.00	1,975.00			
Clean Communities	21,188.02	21,188.02	21,188.02			
Alcohol Rehabilitation Fund	916.89	916.89	916.89			
NJ Historic Trust	669,000.00	669,000.00	669,000.00			
Essex County Regional Health	579.60	579.60	579.60			
Total Public and Private Programs	1,127,213.05	1,127,213.05	1,127,213.05			
Total Operations Excluded from "CAPS"	3,345,159.49	3,345,159.49	3,069,805.22	300.00	190,633.89	84,420.38
Detail:						
Salaries and Wages						
Other Expenses	3,345,159.49	3,345,159.49	3,069,805.22	300.00	190,633.89	84,420.38

TOWNSHIP OF SOUTH ORANGE VILLAGE
CURRENT FUND

STATEMENT OF EXPENDITURES
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2011

Appropriation	Appropriations Budget	Modified Budget	Expended Paid or Charged	Reserved Encumbered	Reserved Unencumbered	Cancelled
APPROPRIATIONS EXCLUDED FROM "CAPS"						
DEBT SERVICE						
Payment of Bond	$ 1,918,000.00	$ 1,918,000.00	$ 1,918,000.00	$	$	$
Payment of Bond Anticipation Notes and Capital Notes	799,070.00	799,070.00	775,070.00			24,000.00
Interest on Bonds	706,529.21	706,529.21	701,724.48			4,804.73
Interest on Notes	396,660.48	396,660.48	395,558.61			1,101.87
Loan Repayment for Principal and Interest	8,534.64	8,534.64	8,534.64			
ECIA - Bond Interest Payment	69,800.00	69,800.00	69,800.00			
ECIA - Art Center Principal	255,000.00	255,000.00	255,000.00			
ECIA - Principal						
ECIA - Interest						
	4,153,594.33	4,153,594.33	4,123,687.73			29,906.60
Deferred Charges:						
Special Emergency Authorizations 5 Years	93,000.00	93,000.00	93,000.00			
Total Appropriations Excluded from "CAPS"	7,591,753.82	7,591,753.82	7,286,492.95	300.00	190,633.89	114,326.98
Sub-Total Appropriations	33,452,037.94	33,702,037.94	31,712,840.84	296,121.56	841,691.28	851,384.26
Reserve for Uncollected Taxes	970,235.94	970,235.94	970,235.94			
Total General Appropriations	$ 34,422,273.88	$ 34,672,273.88	$ 32,683,076.78	$ 296,121.56	$ 841,691.28	$ 851,384.26
Ref.	A-2	Below	Below	A	A	Below

	Ref.		
Budget	A-2	$ 34,422,273.88	$
Reserve for Uncollected Taxes	A-2a	(970,235.94)	970,235.94
Emergency Appropriation	A-1, A-14	250,000.00	111,045.43
Cash Disbursements	A-4		29,372,060.43
Prepaid Debt Service	A-6		255,000.00
Interfunds Receivable - Net	A-13		1,724,734.98
Reserve for Reassessment	A-14		250,000.00
Cancelled	Above	(851,384.26)	
	A-1	$ 32,850,653.68	$ 32,683,076.78

See accompanying notes to financial statements.

TOWNSHIP OF SOUTH ORANGE VILLAGE
TRUST FUND

BALANCE SHEETS
REGULATORY BASIS
DECEMBER 31, 2011 AND 2010

B

ASSETS	Ref.	2011	2010
Animal Control Fund			
Cash	B-1	$ 5,676.86	$ 2,429.84
General Trust Fund			
Cash	B-1	1,604,130.06	1,735,657.69
Interfunds Receivable	B-3	76.46	3,701.27
		1,604,206.52	1,739,358.96
Payroll Trust Fund			
Cash	B-1	164,352.40	174,120.48
		$ 1,774,235.78	$ 1,915,909.28
LIABILITIES AND RESERVES			
Animal Control Fund			
Due to State of New Jersey	B-4	$ 130.20	$ 90.60
Prepaid Revenue	B-5	900.60	
Reserve for Expenditures	B-7	4,646.06	2,339.24
		5,676.86	2,429.84
General Trust Fund			
Reserves for:			
Special Deposits	B-8	595,821.87	736,195.13
Open Space	B-9	1,008,384.65	1,003,163.83
		1,604,206.52	1,739,358.96
Payroll Trust Fund			
Interfunds Payable	B-3	32,598.48	
Payroll Deductions Payable	B-6	131,753.92	174,120.48
		164,352.40	174,120.48
		$ 1,774,235.78	$ 1,915,909.28

See accompanying notes to financial statements.

TOWNSHIP OF SOUTH ORANGE VILLAGE
GENERAL CAPITAL FUND

BALANCE SHEETS
REGULATORY BASIS
DECEMBER 31, 2011 AND 2010

C

ASSETS	Ref.	2011	2010
Cash	C-2	$ 6,276,058.66	$ 2,105,218.12
Interfunds Receivable	C-6	1,544,159.38	898,205.32
Due from South Orange Performing Arts Center	Reserve	15,870,142.66	15,605,372.41
Due from Seton Hall University	C-4	700,000.00	750,000.00
Deferred Charges to Future Taxation:			
Funded	C-7	16,928,611.03	19,107,849.35
Unfunded	C-8	35,279,556.33	32,214,150.25
		$ 76,598,528.06	$ 70,680,795.45
LIABILITIES AND FUND BALANCE			
Serial Bonds	C-10	$ 16,590,000.00	$ 18,763,000.00
Bond Anticipation Notes	C-11	34,680,000.00	28,915,524.00
Environmental Infrastructure Loan	C-14	228,481.25	228,481.25
Green Trust Loan Payable	C-13	110,129.78	116,368.10
Improvement Authorizations:			
Funded	C-12	139,087.78	43,634.40
Unfunded	C-12	7,517,645.26	5,825,455.06
Capital Improvement Fund	C-9	326.53	326.53
Reserve for:			
South Orange Performing Arts Center	Reserve	15,870,142.66	15,605,372.41
Seton Hall University	C-4	700,000.00	750,000.00
Fund Balance	C-1	762,714.80	432,633.70
		$ 76,598,528.06	$ 70,680,795.45
Bonds and Notes Authorized but not Issued	C-15	$ 599,556.33	$ 3,298,636.25

See accompanying notes to financial statements.

TOWNSHIP OF SOUTH ORANGE VILLAGE
GENERAL CAPITAL FUND

FUND BALANCE
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2011

C-1

	Ref.	
Balance, January 1, 2011	C	$ 432,633.70
Increased by:		
Premium on Sale of Bond Anticipation Notes	C-2	417,535.10
		850,168.80
Decreased by:		
Payment to Current Fund as Anticipated Revenue	C-6	87,454.00
Balance, December 31, 2011	C	$ 762,714.80

See accompanying notes to financial statements.

TOWNSHIP OF SOUTH ORANGE VILLAGE
WATER UTILITY

BALANCE SHEETS
REGULATORY BASIS
DECEMBER 31, 2011 AND 2010

D

ASSETS AND DEFERRED CHARGES	Ref.	2011	2010
Operating Fund			
Cash	D-5	$ 489,039.92	$ 546,954.94
Interfunds Receivable	D-8		4,103.85
		489,039.92	551,058.79
Capital Fund			
Cash	D-5	0.19	0.19
Cash Held by Third Party	D-5		419,211.23
Fixed Capital	D-9	8,460,893.09	8,460,893.09
		8,460,893.28	8,880,104.51
		$ 8,949,933.20	$ 9,431,163.30

LIABILITIES, RESERVES AND FUND BALANCE	Ref.	2011	2010
Operating Fund			
Liabilities:			
Accrued Interest Payable	D-10	$ 8,334.37	$ 8,667.70
Fund Balance	D-1	480,705.55	542,391.09
		489,039.92	551,058.79
Capital Fund			
Serial Bond Payable	D-11	1,115,000.00	1,155,000.00
Reserve for Amortization	D-12	7,315,893.09	7,275,893.09
Reserve for Dedicated Development Expenses	D-5		419,211.23
Due to General Capital Fund	D-13	30,000.00	30,000.00
Fund Balance	D-2	0.19	0.19
		8,460,893.28	8,880,104.51
Total Liabilities , Reserves and Fund Balance		$ 8,949,933.20	$ 9,431,163.30
Bonds and Notes Authorized but Not Issued	D-14	$ 30,000.00	$ 30,000.00

See accompanying notes to financial statements.

TOWNSHIP OF SOUTH ORANGE VILLAGE
WATER UTILITY

STATEMENT OF OPERATIONS
AND CHANGE IN FUND BALANCE - OPERATING FUND
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2011 AND 2010

D-1

	Ref.	2011	2010
Revenue and Other Income			
Fund Balance Utilized	D-3	$ 115,476.00	$
Miscellaneous Revenues	D-3	643.17	827.79
East Orange Water Commission Lease Fee	D-3	275,692.03	553,554.29
Capital Surplus			15,242.00
Total Income		391,811.20	569,624.08
Expenditures			
Budget and Emergency Appropriations:			
Operations:			
Operations		160,288.12	350,092.50
Debt Service		95,888.87	93,672.95
	D-4	256,176.99	443,765.45
Excess in Revenue		135,634.21	125,858.63
Fund Balance			
Balance, Beginning of Year	D	542,391.09	416,532.46
		678,025.30	542,391.09
Decreased by:			
Amount Utilized as Current Fund Revenue	D-8	81,843.75	
Amount Utilized as Anticipated Revenue	D-3	115,476.00	
Balance, End of Year	D	$ 480,705.55	$ 542,391.09

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, 2011

D-2

	Ref.	
Balance December 31, 2010	D	$ 0.19
Balance December 31, 2011	D	$ 0.19

See accompanying notes to financial statements.

TOWNSHIP OF SOUTH ORANGE VILLAGE
WATER UTILITY

STATEMENT OF REVENUE - OPERATING FUND
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2011

D-3

Source	Ref.	Budget Revenue	Realized	Excess (Deficit)
Fund Balance	D-1	$ 115,476.00	$ 115,476.00	$
Rents	D-1, D-5	521,599.00	275,692.03	(245,906.97)
Miscellaneous	D-1, D-5	14,000.00	643.17	(13,356.83)
	D-4	$ 651,075.00	$ 391,811.20	$(259,263.80)

See accompanying notes to financial statements.

D-4

TOWNSHIP OF SOUTH ORANGE VILLAGE
WATER UTILITY

STATEMENT OF EXPENDITURES
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2011

Appropriation		Appropriations		Expended	Cancelled
		Budget	Modified Budget	Paid or Charged	
Operating					
Salaries and Wages		$ 211,465.52	$ 211,465.52	$ 153,147.61	$ 58,317.91
Other Expenses		339,133.34	339,133.34	7,140.51	331,992.83
Debt Service					
Payment of Bond Principal		40,000.00	40,000.00	40,000.00	
Interest on Bonds		60,476.14	60,476.14	55,888.87	4,587.27
		$ 651,075.00	$ 651,075.00	$ 256,176.99	$ 394,898.01
	Ref.	D-3	D-3	Below	Below

	Ref.		
Adopted Budget	Above	$ 651,075.00	$
Cash Disbursements	D-5		200,288.12
Accrued Interest on Loans	D-10		55,888.87
Cancelled	Above	(394,898.01)	
	D-1	$ 256,176.99	$ 256,176.99

See accompanying notes to financial statements.

TOWNSHIP OF SOUTH ORANGE VILLAGE
PUBLIC ASSISTANCE FUND

BALANCE SHEETS
REGULATORY BASIS
DECEMBER 31, 2011 AND 2010

E

ASSETS	Ref.	2011	2010
Cash	E-4	$ 580.92	$ 580.92
		$ 580.92	$ 580.92
LIABILITIES AND FUND BALANCE			
Fund Balance	E-1	$ 580.92	$ 580.92
		$ 580.92	$ 580.92

See accompanying notes to financial statements.

TOWNSHIP OF SOUTH ORANGE VILLAGE
TRUSTEES OF FREE PUBLIC LIBRARY

BALANCE SHEETS
REGULATORY BASIS
DECEMBER 31, 2011 AND 2010

F

Assets	Ref.	2011	2010
Unrestricted			
Cash	F-2	$ 79,202.73	$ 61,133.39
Investments	F-3	88,629.52	88,464.25
		167,832.25	149,597.64
Restricted			
Cash		198,694.53	200,374.93
Total Assets		$ 366,526.78	$ 349,972.57
Liabilities			
Accounts Payable	F-4	$ 30,328.40	$
Fund Balance			
Restricted for Computer Technology		181,748.53	200,374.93
Unrestricted		154,449.85	149,597.64
Total Fund Balance	F-1	336,198.38	349,972.57
Total Liabilities and Fund Balance		$ 366,526.78	$ 349,972.57

See accompanying notes to financial statements.

F-1

TOWNSHIP OF SOUTH ORANGE VILLAGE
TRUSTEES OF FREE PUBLIC LIBRARY

STATEMENT OF REVENUES AND EXPENDITURES
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2011
(with summarized information of 2010)

	Ref.	Unrestricted	Restricted	Balance December 31, 2011	Balance December 31, 2010
Revenue:					
Gifts	F-2	$ 11,815.12	$	$ 11,815.12	$ 13,075.90
Miscellaneous	F-2	25,875.05		25,875.05	25,454.53
Interest on Deposits and Investments	F-2	5.53	107.81	113.34	193.31
State Library Aid	F-2	7,464.00		7,464.00	8,050.00
Current Fund Budget Appropriation	F-2	1,071,733.42		1,071,733.42	1,166,905.26
Unrealized Appreciation of Investments	F-3	225.27		225.27	593.72
		1,117,118.39	107.81	1,117,226.20	1,214,272.72
Expenditures:					
Payroll		705,251.60		705,251.60	694,886.29
Insurance		171,000.00		171,000.00	170,789.52
Miscellaneous		28,999.82		28,999.82	134,747.45
Books, Subscriptions and Other Expenses	F-2	206,954.76		206,954.76	217,214.36
Technology Expenses			18,734.21	18,734.21	
Basic Account Fee	F-3	60.00		60.00	60.00
		1,112,266.18	18,734.21	1,131,000.39	1,217,697.62
Excess (Deficit)		4,852.21	(18,626.40)	(13,774.19)	(3,424.90)
Fund Balance, Beginning of Year	F	149,597.64	200,374.93	349,972.57	353,397.47
Fund Balance, End of Year	F	$ 154,449.85	$ 181,748.53	$ 336,198.38	$ 349,972.57

See accompanying notes to financial statements.

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:505. The financial statements, however, do not include the operation of School Boards, Volunteer Fire Departments and First Aid Squads, which are subject to separate audit and are considered component units under generally accepted accounting principles in the United States. Included within the financial statements are taxes levied, collected and turned over to School Boards and appropriations for contributions to Volunteer Fire Departments and First Aid Squads. Complete financial statements of these component units can be obtained by contacting the Treasurer of the respective entity.

The Governmental Accounting Standards Board and subsequent Codification (collectively, "GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles for state and local governments. The GASB establishes seven fund types and two account groups to be used by governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America ("GAAP").

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

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

However, the municipalities in the State of New Jersey do not prepare financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements. The financial statements contained herein include only those boards, bodies, officers or commissions as required by the provisions of N.J.S.A. 40A:5-5. The financial statements of the Township, however, do not include the operations of the Municipal Library, which is a separate entity subject to a separate examination.

Description of Funds

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

The Township has the following funds and account groups:

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

Trust Fund - The records of receipts, disbursement and custodianship of monies in accordance with the purpose for which each reserve was created are maintained in Trust Funds. These include the Animal Control Trust Fund and Other Trust Funds, Community Development Fund and Open Space Fund.

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

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

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

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

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

Basis of Accounting and Accounting Principles

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

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

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

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

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

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

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

Budget Appropriations for interest on General Capital Long-Term Debt is raised on the cash basis and is not accrued on the records; interest on Utility Debt is raised on the accrual basis and so recorded.

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

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

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

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

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

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

Inventories of Supplies - Materials and supplies purchased by all funds are recorded as expenditures. The cost of inventories was not recorded on the various Balance Sheets.

Fixed Assets

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

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

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

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

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

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

Utility improvements that may have been constructed by developers are not recorded as additions to Fixed Capital.

Fixed Capital of the Utility is offset by accumulations in Amortization Reserve Accounts. The accumulations represent costs of fixed assets purchased with budgeted funds or acquired by gift as well as grants, developer contributions or liquidations of related bonded debt and other liabilities incurred upon fixed asset acquisition.

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

Basic Financial Statements

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

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

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

2. Cash, Cash Equivalents and Investments

Deposits:

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

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

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

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

> The Market Value of the collateral must equal five percent of the average daily balance of public funds; or
>
> If the public funds deposited exceed 75 percent of the capital funds of the depository, the depository must provide collateral having a market value equal to 100 percent of the amount exceeding 75 percent.

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

Bank balances are insured up to $250,000 in the aggregate by the FDIC for each bank. At December 31, 2011, the book value of the Township's deposits was $12,298,301.35 and bank balances of the Township's cash and deposits amounted to $13,760,026.01 The Township's deposits which are displayed on the combined balance sheet as "cash" are categorized as:

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

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

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

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

a. Bonds or other obligations of the United States or obligations guaranteed by the United States.

b. Government Money Market Mutual Funds

c. Any obligations that a federal agency or a federal instrumentality has issued, with security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest

d. Bonds or other obligations of the Township or bonds or other obligations of school districts, which are a part of the Township or school districts located within the Township.

e. Bonds or other obligations having a maturity date of not more than 397 days from the date of purchase that are approved by the New Jersey Department of Treasury, Division of Investments.

f. Local Government investment pools.

g. Agreements for the repurchase of fully collateralized securities, if transacted in accordance with N.J.S.A. 40A:5-15.1 (8a-8e).

3. Taxes and Tax Title Liens Receivable

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

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

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

$10,000.00 at the end of the calendar year is subject to a 6% penalty on the unpaid balance.

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

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

Comparative Schedule of Tax Rates:

	2011	2010	2009*	2008	2007
Tax Rate	$ 2.732	$ 2.629	$ 2.532	$ 6.510	$ 6.170
Apportionment of Tax Rate:					
Municipal	$ 0.759	$ 0.739	$ 0.717	$ 1.810	$ 1.700
County	0.427	0.404	0.389	1.030	1.020
School	1.546	1.486	1.426	3.450	3.280

* Revaluation

Assessed Valuation

Calendar Year	Amount
2011	$ 2,800,880,449.00
2010	2,836,745,327.00
2009 *	2,863,864,902.00
2008	1,016,298,304.00
2007	1,010,590,378.00

* Revaluation

Comparison of Tax Levies and Collections

Year	Tax Levy	Collections	Percentage of Collections
2011	$ 76,553,519.82	$ 75,018,467.03	97.99 %**
2010	74,606,675.44	73,010,280.64	97.86
2009	72,526,155.38	71,611,091.72	98.74
2008	70,253,873.26	68,893,233.37	98.06
2007	66,394,453.72	65,098,081.78	98.15

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

Delinquent Taxes and Tax Title Liens

Year	Amount of Tax Title Liens	Amount of Delinquent Taxes	Total Delinquent	Percentage of Tax Levy
2011	$ 2,801.78	$ 751,414.55	$ 754,216.33	0.99 %
2010	2,222.39	960,272.76	962,495.15	1.29
2009	1,665.04	883,148.98	883,148.98	1.22
2008	570.33	900,077.09	900,647.42	1.28
2007	477.42	1,095,043.63	1,095,521.04	1.65

4. Property Acquired by Tax Title Lien Liquidation

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

Year	Amount
2011	$ 282,900.00
2010	282,900.00
2009	282,900.00
2008	282,900.00
2007	282,900.00

5. Fund Balances Appropriated

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

	Year	Balance Dec. 31	Utilized in Budgets of Succeeding Year	Percentage Used
Current Fund:	2011	$ 1,821,186.13	$ 1,410,000.00	77.42 %
	2010	2,234,278.38	1,875,713.00	83.95
	2009	3,111,688.62	2,146,713.00	69.00
	2008	1,495,138.02	804,000.00	53.80
	2007	1,712,317.39	1,470,000.00	85.80
Water Utility Operating Fund:	2011	$ 480,705.55	$ 99,000.00	20.59
	2010	542,391.09	115,476.00	21.29
	2009	416,532.46		0.00
	2008	220,769.64		0.00
	2007	204,284.95	150,000.00	73.40

6. Pension Plans

Description of Systems

Substantially all of the Township's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State Statute: the Public Employees' Retirement System ("PERS") or the Police and Firemen's Pension Fund ("PFRS"). These systems are sponsored and administered by the New Jersey Division of Pensions and Benefits. The PERS and the PFRS are considered cost sharing multiple-employer plans.

Public Employees Retirement System

PERS was established January 1, 1955, under the provisions of N.J.S.A. 43:15A, to provide coverage, including postretirement health care, to substantially all full-time employees of the State or any County, Municipality, School district or public agency, provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after ten years of service and twenty-five years for health care coverage.

Tier 1 Members (members enrolled prior to July 1, 2007) are eligible for retirement at age sixty with an annual benefit generally determined to be $1/55^{th}$ of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Early retirement is available to those under 60 with 25 or more years of credited service. Members who retire early and are under age 55 receive retirement benefits as calculated in the above mentioned formula, but at a reduced rate (1/4 of 1% for each month the member lacks of attaining age 55). Tier 2 Members (members enrolled July 1, 2007 to November 2, 2008) are eligible for retirement at age 66 with an annual benefit generally determined to be $1/55^{th}$ of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Early retirement is available to these under age 60 with 25 or more years of credited service. Members who retire early and are under age 60 receive retirement benefits as calculated in the above mentioned formula, but at a reduced rate ($1/12^{th}$ of 1% each month the member lacks attaining age 60, but over age 55 and 1/4 of 1% for each month the member lacks of attaining age 55).

Chapter 89, P.L. 2008, established a minimum base salary of $7,700 per year to be eligible for enrollment in Tier 3 of the PERS (members enrolled on or after November 2, 2008 and prior to May 21, 2010) are eligible for retirement at age 62 with an annual benefit generally determined to be $1/55^{th}$ of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Early retirement is available to those under age 62 with 25 or more years of credited service. Members who retires early and is under age 62 receives retirement benefits as calculated in the above mentioned formula, but at a reduced rate (1/12 of 1% for each month the member lacks of attaining age 62 but over age 55 and 1/4 of 1% for each month the member lacks of attaining age 55).

Chapter 1, P.L. 2010, requires a minimum of 32 hours per week to be eligible to enroll in Tier 4 of PERS (members enrolled after May 21, 2010) and are eligible for retirement at age 62 with an annual benefit generally determined to be $1/60^{th}$ of the average annual compensation for the highest five fiscal years' compensation for each year of membership during years of creditable service. Early retirement is available to those under 62 with 25 of more years of credited service. Members who retire early and are under age 62, receive retirement benefits as calculated in the above mentioned formula, but at a reduced rate (1/12 of 1% for each month the member lacks of attaining age 62 but over age 55 and 1/4 of 1% for each month the member lacks of attaining age 55). Chapter 1, P.L.2010 imposes a maximum compensation limits for PERS pension contributions for those who become members after May 21, 2010. For 2011 and 2010, that amount is $106,800.00. Any members hired after May 21, 2010 whose annual maximum compensation will be reached in any year, become a participant of the Defined Contribution Retirement Program ("DCRP") with regard to the remaining compensation, unless the member irrevocably elects to waive participation in the DCRP. For the amount of compensation in excess of the maximum compensation, 5.5 % will be deducted as a contribution for the purposes of the DCRP. The Township will be responsible for the DCRP's matching 3% contribution.

Tier 5 became effective as of June 28, 2011 and requires a minimum of 32 hours per week for local and school employees and 35 hours per week for state employees. Employees who do not work the minimum hours of work but earn over $5,000.00 may participate in the Defined Contribution Retirement Plan. PERS salary limited to Social Security maximum wage, minimum age to retire is 65 and the annual retirement benefit equals years of service divided by 60 times average of last five years salary. Additional requirements and limitations apply for early retirements and veteran retirements.

Police and Firemen's Retirement System

PFRS was established July 1, 1944 under the provisions of N.J.S.A. 43:16A, to provide coverage to substantially all full-time county and municipal police or firemen and State firemen appointed after June 30, 1944. Membership is mandatory for such employees. Members may opt for Service Retirement if over age 55 of Special Retirement at any age if they have a minimum of 25 years of service or 20 years of service if enrolled in the PFRS as of January 18, 2000. Retirement benefits vary depending on age and years of service. Chapter 1, P.L. 2010 imposes a maximum compensation limit for officers who become members after May 21, 2010. For 2011 and 2010, that amount is $106,800.00. Any member hired after May 21, 2010, whose annual maximum compensation is reached in any year will become a participant of the DCRP with regard to the remaining compensation, unless the member irrevocably elects to waive participation in the DCRP. For the amount of compensation in excess of the maximum compensation, 5.5% will be deducted as a contribution for the purposes of the DCRP. The Township will be responsible for the DCRP's matching 3% contribution. Tier 5 requirements for PFRS enrollers after June 28, 2011 are the same as those under PERS.

Defined Contribution Retirement Program

DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007. Prudential is acting on behalf of the NJ Division of Pensions and Benefits as the record keeper and investment funds manager. Chapter 1, P.L. 2010 increased the minimum annual salary required for eligibility in the DCRP. An employee must earn an annual salary of at least $5,000 to be eligible or to continue participation.

Covered employees are required by State statute to contribute a certain percentage of their salary to the Plan. In addition, the PERS and PFRS (the "Plans") bill the Township annually, at an actuarially determinable rate for its required contribution. The current rate is 5.5% for PERS, 8.5% for PFRS and 5.5% for DCRP of annual covered payroll.

The contribution requirements of the Plan members and the Township are established and may be amended by the Board of Trustees of the respective Plans. The Township's contribution to Plans for the year ended December 31, 2011 to PERS and PFRS were $565,423.00 and $2,450,597.24, respectively. The Township's contribution to the DCRP is a 3% matching contribution each pay period during the year. In addition the Township is required to contribute .74% of annual wages for group life insurance and .31% of annual wages for long term disability. Total contributions for the year ending December 31, 2011 were $-0-

Deferred Compensation Plan (Un-audited)

The Township offers its employees a Deferred Compensation Plan created in accordance with the provisions of N.J.S.A. 43:15B-1 et seq., and the Internal Revenue Code, Section 457. The DC Plan, available to all municipal employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

Statutory and regulatory requirements governing the establishment and operation of a Deferred Compensation Plan have been codified in the New Jersey Administrative Code under the reference N.J.A.C. 5:37.

The "Small Business Job Protective Act of 1996" (the "Act") revised several provisions of Section 457 ("the "DC Plan") of the Internal Revenue Code. A provision of the Act required that all existing plans be modified to provide that the funds be held for the exclusive benefit of the participating employees and their beneficiaries.

The Township authorized such modifications to their DCP Plan by resolution of the Township Council, adopted January 27, 1998.

The Administrator for the Township's DC Plan is the Hartford Life Insurance Company.

Consolidated Police and Firemen's Pension Fund
The Consolidated Police and Firemen's Pension Fund (CPFPF) is a defined benefit pension fund established in 1952 to replace, on an actuarial basis, 212 local police and firemen pension funds. The CPFPF membership is limited to policemen and firemen appointed prior to July 1, 1944. The liabilities of these funds were shared by two-thirds of the participating municipalities and one-third by the state. The CPFPF Board of Trustees has the responsibility for the proper administration of the retirement system.

7. Health Benefit

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

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

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

The contribution is phased in at 25% per year:

a) Immediately, for employees hired on June 28, 2011 and not subject to Collective Negotiations Agreement ("CNA") that is in effect

b) When a CNA that is in effect on June 28, 2011 expires or is in almost any way modified

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

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

8. Other Postemployment Benefits

Plan Description
The Township contributes to the State Health Benefits Program ("SHBP"), a cost-sharing, multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. The SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq., to provide health benefits to State employees, retirees, and their dependents. Rules governing the operation and administration of the SHBP are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. In 1991, the Township authorized participation in the SHPB's post-retirement benefit program through resolution 199-91. The Township agrees to pay the premium or periodic charges for the benefits provided to all eligible retired employees and their dependents covered under the SHBP, but not including survivors, if such employees retired from the State or locally administered retirement system effective after the date the employer adopted the SHBP on a benefit based on 25 years or more of service credited in such retirement system, except employees who elected deferred retirement, but including the employees who retired on disability pensions based on fewer years of service credited in such retirement system and also to reimburse such retired employees for their premium charges under Medicare Part B Program covering the retired employees and their spouses in accordance with the regulations of the State Health Benefits Commission.

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at: www.state.nj.us/treasury/pensions/gasb-43-sept2009.pdf

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

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

The Township's contributions to the SHBP for the years ended December 31, 2011, 2010, and 2009, were $19,641.58, $18,200.91, and $35,850.63, respectively, which equaled the required contributions for each year. There were 5, 5, and 9 retired participants eligible at December 31, 2011, 2010, and 2009, respectively.

9. Volunteer Length of Service Award Plan

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

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

Appropriations – Appropriations for the purpose of funding the Township's LOSAP shall be included as a separate line item in the Township's budget, commencing with the year 2004.

Estimated Cost – The award to the program to the Township has been calculated to be approximately $11,000 for 2011. (This amount may vary annually, however, based upon the total number of eligible active volunteer members in the program).

10. Interfund Receivables and Payables

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

Fund	Receivable	Payable
Current Fund	$ 32,598.48	$ 26,367.07
Federal and State Grant	9,615.00	1,497,483.77
General Trust Fund	76.46	
Payroll Account		32,598.48
General Capital Fund	1,544,159.38	
Water Utility Capital Fund		30,000.00
	$ 1,586,449.32	$ 1,586,449.32

11. Municipal Debt

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

Summary of Municipal Debt:

	2011	2010	2009
Issued			
General:			
Bonds and Notes	$ 51,270,000.00	$ 47,678,524.00	$ 44,166,729.00
Green Trust Agency Loan	110,129.78	116,368.10	122,483.50
Essex County Improvement Authority Loans Payable	228,481.25		37,500.00
Environmental Infrastructure		228,481.25	
Water:			
Bonds and Notes	1,115,000.00	1,155,000.00	1,195,000.00
Total Debt Issued	52,723,611.03	49,178,373.35	45,521,712.50
Authorized but Not Issued			
General and Water:			
Bonds and Notes	629,556.33	3,328,636.25	6,404,206.72
Net Bonds and Notes Issued and Authorized but Not Issued	$ 53,353,167.36	$ 52,507,009.60	$ 51,925,919.22

Summary of Statutory Debt Condition, Annual Debt Statement

The summarized statement of debt condition that follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicated a statutory net debt of 1.895%.

	Gross Debt	Deductions	Net Debt
Local School District	$ 15,647,956.44	$ 15,647,956.44	$
Water Utility Debt	1,145,000.00	1,145,000.00	
General Debt	52,208,167.36		52,208,167.36
	$ 69,001,123.80	$ 16,792,956.44	$ 52,208,167.36

Net Debt $52,208,167.36 divided by Equalized Valuation basis per N.J.S.A. 40A:2-2 As Amended, $2,754,782,078.67 equals 1.895%.

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

3.5% of Equalized Valuation Basis (Municipal)	$ 96,417,372.75
Net Debt	52,208,167.36
Remaining Borrowing Capacity	$ 44,209,205.39

School Debt Deduction

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

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

Cash Receipts for Fees, Rents or Other Charges for the Year		$ 391,811.20
Deductions:		
Operating and Maintenance Costs	$ 160,288.12	
Debt Service per Water Account	98,888.87	
		256,176.99
Excess in Revenue		$ 135,634.21

Bond Anticipation Notes (BAN)

	Interest Rate	Original Issue Date	Date of Maturity	Amount
General Capital Fund	2.00 %	04/24/06	01/31/12	$ 6,591,191.00
General Capital Fund	2.00	09/13/06	01/31/12	3,476,524.00
General Capital Fund	2.00	09/13/08	01/31/12	5,093,981.00
General Capital Fund	2.00	09/13/06	01/31/12	3,125,807.00
General Capital Fund	2.00	12/22/09	01/31/12	3,070,745.00
General Capital Fund	2.00	02/02/10	01/31/12	5,639,206.00
General Capital Fund	2.00	09/09/10	01/31/12	1,143,000.00
General Capital Fund	2.00	02/01/11	01/31/12	3,274,070.00
General Capital Fund	2.00	09/09/11	09/07/12	3,265,476.00
				$ 34,680,000.00

Long Term Debt

Serial Bonds Payable

$7,980,000 Refunding General improvement Bonds, Annual maturities from $1,605,000 to $1,735,000 through September 2013, at interest rates ranging from 2.90% to 3.997%	$ 3,415,000.00
$5,200,000 Art Center Bonds, Series 2001, Annual maturities from $255,000 to $335,000 through January 1, 2021, at an interest rate of 3.0%	2,935,000.00
$12,118,000 General Improvements Bonds Series 2005 - Annual maturities at $313,000 through November 1, 2013. Bonds were refunded February 2012.	626,000.00
$9,990,000 Refunding General Improvement Bonds. Annual maturities of $50,000 to $635,000 through November 2029, at interest rates ranging from 2.50% to 5.00%	9,990,000.00
	$ 16,966,000.00

Water Utility Bonds

$1,340,000 Water Improvement Bonds, Series 2005 - Annual maturities from $40,000 to $45,000 through November 2013, at interest rate of 5.00%. Bonds were refunded February 2012.	$ 85,000.00
$1,075,000 Refunding Water Improvement Bonds, Annual maturities from $5,000 to $70,000 through November 2029, at interest rates ranging from 2.50% to 5.00%	1,075,000.00
	$ 1,160,000.00

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

	Cash Basis				
	General		Water Utility		
Year	Principal	Interest	Principal	Interest	Total
2012	$ 2,393,000.00	$ 488,960.68	$ 55,000.00	$ 31,274.71	$ 2,968,235.39
2013	2,373,000.00	495,200.00	50,000.00	37,700.00	2,955,900.00
2014	900,000.00	400,450.01	65,000.00	35,300.00	1,400,750.01
2015	900,000.00	373,450.01	65,000.00	33,350.00	1,371,800.01
2016	900,000.00	346,450.01	65,000.00	31,400.00	1,342,850.01
2017	895,000.00	319,450.01	65,000.00	29,450.00	1,308,900.01
2018	900,000.00	292,600.02	65,000.00	27,500.00	1,285,100.02
2019	910,000.00	265,600.02	65,000.00	25,550.00	1,266,150.02
2020	920,000.00	232,300.02	60,000.00	22,950.00	1,235,250.02
2021	945,000.00	204,700.02	60,000.00	21,150.00	1,230,850.02
2022	630,000.00	164,150.02	65,000.00	18,150.00	877,300.02
2023	635,000.00	138,950.01	65,000.00	15,550.00	854,500.01
2024	620,000.00	123,075.01	70,000.00	13,925.00	827,000.01
2025	625,000.00	98,275.01	70,000.00	11,125.00	804,400.01
2026	620,000.00	73,275.01	70,000.00	8,325.00	771,600.01
2027	610,000.00	56,225.01	70,000.00	6,400.00	742,625.01
2028	600,000.00	37,925.01	70,000.00	4,300.00	712,225.01
2029	590,000.00	19,175.01	65,000.00	2,112.50	676,287.51
	$ 16,966,000.00	$ 4,130,210.89	$ 1,160,000.00	$ 375,512.21	$ 22,631,723.10

The above schedule of Annual Debt Service has been adjusted for $9,990,000.00 of Refunding Bonds issued in February 2012 as described in Note 17.

Bonds and Notes Authorized But Not Issued

At December 31, 2011, the Township has authorized but not issued bonds and notes as follows:

Water Utility Capital Fund	$ 30,000.00
General Capital Fund	599,556.33

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 $435,443.75. The Township obtained ARRA funding in the sum of $206,962.50 which reduced its debt payments to $228,481.25. The following is the debt schedule over 20 years of the $228,481.25 debt:

	Principal	Interest	Total
2012	$ 10,622.95	$ 5,295.00	$ 15,917.95
2013	10,564.24	5,187.00	15,751.74
2014	10,497.33	5,085.00	15,562.33
2015	10,426.33	4,935.00	15,361.33
2016	10,347.13	4,790.00	15,137.13
2017	10,262.47	4,635.00	14,897.47
2018	10,170.99	4,467.50	14,638.49
2019	10,074.04	4,290.00	14,364.04
2020	9,971.63	4,102.50	14,074.13
2021	9,859.66	3,897.50	13,757.16
2022	9,742.23	3,682.50	13,424.73
2023	17,351.62	3,460.00	20,811.62
2024	17,100.38	3,000.00	20,100.38
2025	16,843.67	2,530.00	19,373.67
2026	16,576.04	2,040.00	18,616.04
2027	16,302.95	1,540.00	17,842.95
2028	16,024.40	1,030.00	17,054.40
2029	15,743.19	515.00	16,258.18
	$ 228,481.25	$ 64,642.50	$ 292,943.75

Green Trust Loan

The New Jersey Green Trust Loan obtained in 2007 for $137,250.00 required semi-annual installments of $4,267.32 that included interest at the rate of 2% and has a remaining balance of $110,129.78 at December 31, 2011.

12. Deferred Charges to be Raised in Succeeding Years' Budgets

The following deferred charges are shown on the December 31, 2011 balance sheets and will be raised in succeeding years' budgets.

	Balance December 31, 2011	2012 Budget Appropriation
Current Fund:		
Special Emergency - 5 years	$250,000.00	$50,000.00

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, 2011. The JIF is self-sustaining through member premiums, reported as an expenditure in the Township's financial statements. The JIF contracts for excess liability insurance for property, general liability, auto liability, public official liability, law enforcement liability and workers' compensation. The Township continues to carry commercial insurance for other risks of loss, principally employee health insurance.

14. Commitments and Contingencies

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

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

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

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

Liability – The Township's total liability for sick time as of December 31, 2011, based on contractual limits, is $2,177,407.00. This amount is not an immediate liability of the Township and the likelihood of this amount becoming due and payable at any within the next 12 months is remote.

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

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

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

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

15. Agreement with the East Orange Board of Water Commissioners

The East Orange Board of Water Commissioners (the "Commission") provides water supply for the Township and operates, maintains and manages the Municipal Water Company System currently owned by the Township (the "System"). The Agreement with the Township covers a period of 20 years commencing April 1, 1996 and it may be extended for an additional 10 years.

Under the Agreement, the Commission is entitled to receive the revenues generated from the user charges to water customers and is also responsible for the billing and collection of such user charges. User charges are based on annual base rates established in the agreement over the 20-year period, subject to certain specific adjustments. The Commission is required to pay the Township $50,000 annually (increased by CPI) for customer service, $50,000 annually for water drawn from the Township's well 17, and all of the Township's Water Utility debt service.

For each year during the term of this Agreement, the Commission shall prepare a Capital Improvement budget. Commencing on April 1, 2001, the Commission shall make a payment to the Township, to be allocated to the Capital Improvement budget for the System, in the amount of $200,000.00 per year. Unexpended funds in any given year shall be placed in a segregated interest-bearing account under the Township's control; however, the authorized signatures on this account are Commission representatives. The Commission is required to have contributed a total of $3,000,000.00 for System capital improvements by no later than April 1, 2016.

This Agreement may be terminated for cause by the Township or by the Commission. Such termination entitles the Commission to be reimbursed for costs as computed in accordance with the provisions of the Agreement.

16. South Orange Performing Arts Center

As an example of public-private partnership, the new arts center, 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. Much of 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. Further, SHU is providing private funding for construction and design through the Township. The end-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.

The Township executed a term loan mortgage on June 1, 2005 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 shall commence in July 2009 through June 2045. SOPAC has not made any repayments to the Township. A receivable is on the books of the Township including interest of $15,870,142.66.

On July 24, 2006 the Township financed an additional $3,695,373 to the SOPAC evidenced by a term loan note. The Township financed this note with the proceeds from the sale of bond anticipation notes.

On February 24, 2009 the Township financed an additional $275,000 to the SOPAC evidenced by a term loan note. The maturity date of this term loan is now September 8, 2011.

On July 13, 2009 the Township authorized amendment of notes of the SOPAC, dated July 24, 2006 and February 24, 2009, in the amounts of $3,695,373 and $275,000, respectively, so as to extend maturity dates of both notes to September 8, 2011.

The Village has funded $1,000,000.00 for the construction which is being repaid by SHU 2006-2025, at $50,000.00 per year plus interest (4-5%). At December 31, 2011 the outstanding balance due from SHU is $700,000.

17. Subsequent Event

The Township issued $26,645,000.00 in Bond Anticipation Notes on January 31, 2012. This amount represented $575,000.00 of new money to fund a 2011 tax appeal refunding ordinance and the balance was the renewal of existing outstanding Bond Anticipation Notes after paying down the legal required installment of $725,000.00.

Also on January 31, 2012, refunding general improvement bonds were issued in the amount of $11,065,000.00 This amount was to advance refund $10,644,000.00 of general improvement bonds series 2005 dated November 1, 2005 maturing between November 1, 2014 and November 1, 2029.

TOWNSHIP OF SOUTH ORANGE VILLAGE
CURRENT FUND

CASH RECEIPTS AND DISBURSEMENTS - TREASURER
YEAR ENDED DECEMBER 31, 2011

A-4

	Ref.	Current Fund		Federal and State Grant Fund	
Balance, Janaury 1, 2011	A		$ 6,735,898.04		$
Increased by Cash Receipts:					
Nonbudget Revenue	A-2b	$ 436,358.27			
Tax Exemptions Due from State	A-6	58,000.00			
Taxes Receivable	A-8	75,600,313.52			
Other Accounts Receivable	A-10	241,040.09			
Revenue Accounts Receivable	A-12	7,611,894.18			
Interfund Settlements	A-13	5,484,631.70			
Fees Payable to State	A-18	25,251.00			
Tax Overpayments	A-17	362,023.09			
Sewer Rent Overpayments	A-19	1,006.49			
Various Reserves	A-23	930,577.58			
Prepaid Taxes	A-24	418,346.50			
Interfunds	A-26			$ 666,116.70	
Unappropriated Grant Revenue	A-28			34,766.47	
Federal and State Grants Receivable	A-25			442,200.25	
			91,169,442.42		1,143,083.42
			97,905,340.46		1,143,083.42
Decreased by Cash Disbursed:					
Refund of Prior Year Revenue	A-1	97,289.00			
Budget Appropriations	A-3	29,372,060.43			
Prepaid Debt Service	A-6	265,000.00			
Other Accounts Receivable	A-10	59,134.96			
Interfund Settlements	A-13	5,237,283.76			
Appropriation Reserves	A-15	831,716.44			
Accounts Payable	A-16	1,029,694.68			
Due to State of New Jersey	A-18	25,177.00			
Refund of Tax Overpayments	A-17	808,281.41			
County Taxes Payable	A-20	11,962,056.94			
Regional School District Tax	A-21	43,299,689.01			
Open Space Tax	A-22	280,103.08			
Various Reserves	A-23	876,816.39			
Interfunds	A-26			1,142,908.42	
			94,144,303.10		1,142,908.42
Balance, December 31, 2011	A		$ 3,761,037.36		$ 175.00

See Independent Auditors' Report

TOWNSHIP OF SOUTH ORANGE VILLAGE
CURRENT FUND

CHANGE FUNDS
DECEMBER 31, 2011

A-5

	Ref.	
Balance, December 31, 2010	A	$ 425.00
Balance, December 31, 2011	A	$ 425.00

Analysis of Balance
Tax Collector
Public Works
Library

PREPAID DEBT SERVICE
YEAR ENDED DECEMBER 31, 2011

A-6

	Ref.	
Balance, Janaury 1, 2011	A	$ 255,000.00
Increased by:		
Cash Disbursement	A-4	265,000.00
		520,000.00
Decreased by:		
Budget Appropriation	A-3	255,000.00
Balance, December 31, 2011	A	$ 265,000.00

See Independent Auditors' Report

TOWNSHIP OF SOUTH ORANGE VILLAGE
CURRENT FUND

DUE FROM STATE OF NEW JERSEY
PER CHAPTER 129, P.L. 1976
SENIOR CITIZENS AND VETERANS' DEDUCTIONS
YEAR ENDED DECEMBER 31, 2011

A-7

	Ref.		
Balance, Janaury 1, 2011 (Due From)	A		$ 1,462.70
Increased by:			
Deductions per Tax Duplicate			
Senior Citizens		$ 5,750.00	
Veterans'		53,250.00	
Senior Citizens/Veterans' Deductions Allowed by Tax Collector		1,000.00	
		60,000.00	
Less: Senior Citizens/Veterans' Deductions Disallowed by Tax Collector		2,000.00	
	A-8		58,000.00
			59,462.70
Decreased by:			
Prior Year Senior Citizens Deduction Disallowed by Tax Collector	A-1	2,375.00	
Cash Received	A-4	58,000.00	
			60,375.00
Balance, December 31, 2011 (Due To)	A		$ (912.30)

See Independent Auditors' Report

TOWNSHIP OF SOUTH ORANGE VILLAGE
CURRENT FUND

TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY
YEAR ENDED DECEMBER 31, 2011

A-8

Year	Balance, Janaury 1, 2011	2011 Levy	Added Taxes	Collected 2010	Collected 2011	Exemptions Granted	Overpayment Applied	Cancelled	Transferred to Tax Title Liens	Balance, Dec. 31, 2011
2008	$ 13,195.65	$	$	$	$ 4,171.15	$	$	$	$	$ 9,024.50
2009	19,744.53				10,398.92					9,345.61
2010	927,332.58		2,375.00		920,003.94					9,703.64
	960,272.76		2,375.00		934,574.01					28,073.75
2011		76,553,519.82		294,496.09	74,665,739.51	58,000.00	231.43	811,132.60	579.39	723,340.80
	$ 960,272.76	$76,553,519.82	$ 2,375.00	$ 294,496.09	$ 75,600,313.52	$ 58,000.00	$ 231.43	$ 811,132.60	$ 579.39	$ 751,414.55
Ref.	A	Below	Reserve	A-2a, A-24	A-2a, A-4	A-2a, A-7	A-2a, A-17	Reserve	A-9	A

Analysis of Property Tax Yield and Levy

	Ref.		
Tax Yield			
General Purpose Tax		$ 76,380,930.62	
Public Utilities		172,589.20	
	Above		$ 76,553,519.82
Tax Levy			
Local District School Tax (Abstract)	A-21		$ 43,299,689.01
County Taxes:			
Regular County Tax (Abstract)	A-19	$ 11,550,598.51	
Open Space	A-19	411,458.43	
			11,962,056.94
Local Taxes:			
For Municipal Purposes	A-2	20,983,609.58	
Local Open Space	A-22	280,103.08	
Additional Tax Levied		28,061.21	
			21,291,773.87
	Above		$ 76,553,519.82

See Independent Auditors' Report

TOWNSHIP OF SOUTH ORANGE VILLAGE
CURRENT FUND

TAX TITLE LIENS
YEAR ENDED DECEMBER 31, 2011

A-9

	Ref.		
Balance, January 1, 2011	A		$ 2,222.39
Increased by:			
Transferred from Taxes Receiveable	A-8		579.39
Balance, December 31, 2011	A		$ 2,801.78

OTHER ACCOUNTS RECEIVEABLE
YEAR ENDED DECEMBER 31, 2011

A-10

	Ref.		
Balance, January 1, 2011	A		$ 239,413.90
Increased by:			
Overpayment of School Tax	A-1, A-4	$ 59,134.96	
Lot Clean-up Charges	Reserve	10,415.36	
			69,550.32
			308,964.22
Decreased by:			
Collections:			
Applied to Operations	A-1	141,040.09	
Applied to Anticipated Revenue	A-12	100,000.00	
	A-4		241,040.09
Balance, December 31, 2011	A		$ 67,924.13

See Independent Auditors' Report

TOWNSHIP OF SOUTH ORANGE VILLAGE
CURRENT FUND

PROPERTY ACQUIRED FOR TAXES AT ASSESSED VALUATION
DECEMBER 31, 2011

A-11

	Ref.	
Balance, December 31, 2010	A	$ 282,900.00
Balance, December 31, 2011	A	$ 282,900.00

See Independent Auditors' Report

TOWNSHIP OF SOUTH ORANGE VILLAGE
CURRENT FUND

REVENUE ACCOUNTS RECEIVABLE
YEAR ENDED DECEMBER 31, 2011

A-12

	Ref.	Balance Dec. 31, 2010	Accrued	Collected	Balance Dec. 31, 2011
Township Clerk:					
Alcoholic Beverage Licenses	A-2	$	$ 30,450.00	$ 30,450.00	$
Other Licenses	A-2a		5,580.00	5,580.00	
Other Fees and Permits	A-2a		26,465.00	26,465.00	
Public Works:					
Other Fees and Permits	A-2a		9,940.00	9,940.00	
Tax Collector:					
Tax Searches	A-2a		20.00	20.00	
Interest and Cost on Taxes	A-2		255,465.52	255,465.52	
Board of Health:					
Other Licenses	A-2a		16,349.50	16,349.50	
Other Fees and Permits	A-2a		9,531.00	9,531.00	
Planning Board:					
Other Fees and Permits	A-2		4,933.37	4,933.37	
Board of Adjustment:					
Other Fees and Permits	A-2a		950.00	950.00	
Fire:					
Other Fees and Permits	A-2a		17,460.00	17,460.00	
Construction Official:					
Building Permits	A-2		369,458.00	369,458.00	
Municipal Court	A-2	50,471.56	596,102.16	596,760.71	49,813.01
Recreation Receipts	A-2		944,854.44	944,854.44	
Police:					
Other Fees and Permits	A-2a		748.75	748.75	
Sewer User Charges	A-2	96,273.58	2,080,000.00	2,084,972.42	91,301.16
Cell Tower Fees	A-2		109,686.43	109,686.43	
Cable TV Franchise Fee	A-2		167,113.19	167,113.19	
Interest on Investments	A-2		18,026.31	18,026.31	
PILOT	A-2	155,469.33	1,442,013.71	1,291,227.14	306,255.90
State of New Jersey:					
Energy Receipts Tax	A-2		1,348,568.00	1,348,568.00	
Consolidated Municipal Property Tax Relief Aid	A-2		108,293.00	108,293.00	
South Orange Parking Authority	A-2		50,000.00	50,000.00	
Uniform Fire Safety Act	A-2		20,943.56	20,943.56	
CDBG - Payment of Debt Service	A-2		174,000.00	174,000.00	
Seton Hall Debt Service Payment	A-2		87,500.00	87,500.00	
Water Utility Operating Surplus	A-2		81,843.75	81,843.75	
Police Side Job Fees	A-2		48,265.00	48,265.00	
General Capital Fund Balance	A-2		87,454.00	87,454.00	
Sale of Municipal Assets	A-2		1,500,000.00	1,500,000.00	
		$ 302,214.47	$ 9,612,014.69	$ 9,466,859.09	$ 447,370.07
	Ref.	A	Reserve	Below	A

	Ref.	
Cash Receipts	A-4	$ 7,611,894.18
Sewer Rent Overpayments	A-19	4,989.29
Other Account Receivable	A-10	100,000.00
Various Reserves	A-23	1,400,000.00
Interfunds	A-13	349,975.62
	Above	$ 9,466,859.09

See Independent Auditors' Report

TOWNSHIP OF SOUTH ORANGE VILLAGE
CURRENT FUND

INTERFUND ACCOUNTS
YEAR ENDED DECEMBER 31, 2011

A-13

	Ref.	Total	Federal and State Grant Fund	Animal Control Trust Fund	Payroll Trust Fund	General Trust Fund	Public Assistance	General Capital Fund	Water Utility Operating Fund	Community Development Block Grant
Balance, December 31, 2010										
(To)	A	$ (44,312.86)	$	$	$	$ (3,701.27)	$	$ (36,507.74)	(4,103.85)	$
Increased by:										
Interest on Deposits	A-12	818.63	155.51	0.32	555.83	106.68	0.29			
Revenue Accounts Receivable	A-12	349,156.99						93,313.24	81,843.75	174,000.00
Anticipated Revenue	A-2	1,118,550.05	1,118,550.05							
Miscellaneous Revenue Unanticipated	A-2b	34,188.18			32,598.48	1,589.70				
Budget Appropriation Credits	A-3	179,214.23			179,214.23					
Refunding Bond - Tax Overpayments	A-17	519,913.34						519,913.34		
Cash Disbursed	A-4	5,237,283.76	1,198,146.45		3,091,484.91	99,418.00	1.00	844,129.55	4,103.85	
		7,394,812.32	2,316,852.01	0.32	3,303,853.45	97,413.11	1.29	1,420,848.39	81,843.75	174,000.00
Decreased by:										
Cash Receipts	A-4	5,484,631.70	1,199,253.96	0.32	3,271,254.97	95,823.41	1.29	662,454.00	81,843.75	174,000.00
Budget Appropriations	A-3	1,903,949.21	1,127,213.05			1,666.16		775,070.00		
		7,388,580.91	2,326,467.01	0.32	3,271,254.97	97,489.57	1.29	1,437,524.00	81,843.75	174,000.00
Balance, December 31, 2011										
From	A	$ 32,598.48	$	$	$ 32,598.48	$	$	$	$	$
(To)	A	$ (26,367.07)	$ (9,615.00)	$	$	$ (76.46)	$	$ (16,675.61)	$	$

See Independent Auditors' Report

TOWNSHIP OF SOUTH ORANGE VILLAGE
CURRENT FUND

DEFERRED CHARGES
YEAR ENDED DECEMBER 31, 2011

A-14

	Ref.	
Balance, January 1, 2011	A	$ 111,045.43
Increased by:		
Budget Appropriation	A-1, A-3	250,000.00
		361,045.43
Decreased by:		
Budget Appropriation	A-3	111,045.43
Balance, December 31, 2011	A	$ 250,000.00

Analysis of Balance	
Special Emergency - Reassessment	$ 250,000.00

See Independent Auditors' Report

TOWNHSHIP OF SOUTH ORANGE VILLAGE
CURRENT FUND

2010 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2011

Appropriations	Balance Dec. 31, 2010 Encumbered	Balance Dec. 31, 2010 Unencumbered	Balance After Transfers	Expended	Balance Lapsed
GENERAL GOVERNMENT					
Administrative and Executive:					
Other Expenses	$ 13,996.72	$ 65,802.10	$ 53,608.92	$ 16,220.42	$ 37,388.50
Village Committee:					
Other Expenses	4,700.00		4,700.00	3,995.00	705.00
Office of Village Clerk:					
Other Expenses	1,026.85	12,372.37	13,399.22	1,026.85	12,372.37
Elections:					
Mayor and Council:					
Other Expenses		225.00	225.00		225.00
Financial Administration:					
Other Expenses	2,018.42		2,651.95	2,625.63	26.32
Assessment of Taxes:					
Other Expenses	800.00	5,000.00	17,800.00	17,525.16	274.84
Collection of Taxes:					
Other Expenses		2,000.00	2,000.00	810.00	1,190.00
Legal Services and Costs:					
Other Expenses	1,831.25	54,021.41	64,309.52	64,309.52	0.00
Engineering Services and Costs:					
Salaries and Wages		15,000.00	15,000.00	15,000.00	
Other Expenses		15,000.00	15,000.00	371.25	14,628.75
Planning Board:					
Other Expenses	177.04	5,000.00	5,177.04	1,271.60	3,905.44
General Liability	1,339.47	2,538.85	4,739.12	4,739.12	
Municipal Court:					
Salaries and Wages		15,539.86	15,589.36	15,589.36	
Other Expenses	5,580.87	7,912.20	13,493.07	10,989.97	2,503.10
PUBLIC SAFETY					
Police:					
Salaries and Wages		628,593.71	628,593.71	321,999.57	306,594.14
Other Expenses	29,023.70	10,000.00	39,023.70	28,604.39	10,419.31
Emergency Management					
Other Expenses	84.00	1,000.00	1,084.00	936.49	147.51
Fire:					
Salaries and Wages		403,222.79	403,222.79	346,283.14	56,939.65
Other Expenses	12,555.17	3,000.00	15,555.17	10,013.16	5,542.01
STREETS AND ROADS					
Road Repair and Maintenance:					
Salaries and Wages					
Other Expenses	15,410.08	10,000.00	25,410.08	13,095.89	12,314.19
Other Public Works Function:					
Other Expenses	9,989.44	376.50	10,365.94	7,740.58	2,625.36

See Independent Auditors' Report

TOWNHSHIP OF SOUTH ORANGE VILLAGE
CURRENT FUND

2010 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2011

Appropriations	Balance Dec. 31, 2010 Encumbered	Balance Dec. 31, 2010 Unencumbered	Balance After Transfers	Expended	Balance Lapsed
SANITATION					
Recycling:					
Other Expenses	$ 70,371.90	$ 35,000.00	$ 105,371.90	$ 69,269.43	$ 36,102.47
Sewer System:					
Other Expenses	300.00		300.00	171.98	128.02
Public Building and Grounds:					
Other Expenses	9,972.53	10,000.00	19,972.53	13,225.78	6,746.75
HEALTH AND WELFARE					
Board of Health:					
Other Expenses	1,441.16	3,000.00	4,441.16	941.16	3,500.00
RECREATION AND EDUCATION					
Parks and Playgrounds:					
Other Expenses	3,907.96	25,000.00	28,907.96		28,907.96
Recreation and Education:					
Other Expenses	43,987.83	35,000.00	78,987.83	38,406.71	40,581.12
UNIFORM CONSTRUCTION CODE					
Construction Code Officials:					
Inspection of Buildings:					
Other Expenses	403.45	2,513.33	2,916.78	503.45	2,413.33
UNCLASSIFIED					
Electricity		20,000.00	24,189.21	24,189.21	
Gasoline	41,430.27	40,000.00	81,430.27	28,409.07	53,021.20
Telephone	8,408.54	10,000.00	18,408.54	9,368.52	9,040.02
Street Lighting	9,199.63	100,000.00	109,199.63	89,610.33	19,589.30
Contingent		10,000.00	10,000.00		10,000.00
Length of Service:					
Salaries and Wages		52,709.11	52,709.11		52,709.11
STATUTORY EXPENDITURES					
Contributions to:					
Social Security System		25,000.00	25,000.00		25,000.00
Disability Insurance		15,000.00	15,000.00		15,000.00
	$ 287,956.28	$ 1,639,827.23	$ 1,927,783.51	$ 1,157,242.74	$ 770,540.77
Ref.	A	A		Below	A-1

	Ref.	
Cash Disbursements	A-4	$ 831,716.44
Transferred to Accounts Payable	A-16	325,526.30
		$ 1,157,242.74

See Independent Auditors' Report

ACCOUNTS PAYABLE
YEAR ENDED DECEMBER 31, 2011

A-16

	Ref.		
Balance, January 1, 2011	A		$ 704,168.38
Increased by:			
Transferred from Appropriation Reserves	A-15		325,526.30
			1,029,694.68
Decreased by:			
Cash Disbursements	A-4		1,029,694.68
Balance, December 31, 2011			$

TAX OVERPAYMENTS
YEAR ENDED DECEMBER 31, 2011

A-17

	Ref.		
Balance, January 1, 2011	A		$ 128,786.54
Increased by:			
Prior Year Judgments:			
State Tax Court - Refunding Bond Issue	A-13	$ 519,913.34	
Cash Receipts	A-4	362,023.09	
			881,936.43
			1,010,722.97
Decreased by:			
Refunds	A-4	808,281.41	
Cancelled	A-1	230.41	
Applied to Taxes Receivable	A-8	231.43	
			808,743.25
Balance, December 31, 2011	A		$ 201,979.72

See Independent Auditors' Report

TOWNSHIP OF SOUTH ORANGE VILLAGE
CURRENT FUND

DUE TO STATE OF NEW JERSEY (OTHER FEES)
YEAR ENDED DECEMBER 31, 2011

A-18

	Ref.	Total	Marriage/Burial License Fees	Building Construction Training Fee
Balance, December 31, 2010	A	$ 4,576.00	$ 500.00	$ 4,076.00
Increased by:				
Cash Receipts	A-4	25,251.00	1,900.00	23,351.00
		29,827.00	2,400.00	27,427.00
Decreased by:				
Paid to State	A-4	25,177.00	1,750.00	23,427.00
Balance, December 31, 2011	A	$ 4,650.00	$ 650.00	$ 4,000.00

See Independent Auditors' Report

TOWNSHIP OF SOUTH ORANGE VLLAGE
CURRENT FUND

SEWER RENT OVERPAYMENTS
YEAR ENDED DECEMBER 31, 2011

A-19

	Ref.		
Balance, January 1, 2011	A		$ 4,989.29
Increased by:			
Cash Receipts	A-4		1,006.49
			5,995.78
Decreased by:			
Overpayments Applied	A-12		4,989.29
Balance, December 31, 2011	A		$ 1,006.49

COUNTY TAXES PAYABLE
YEAR ENDED DECEMBCER 31, 2011

A-20

	Ref.		
Increased by:			
2011 Levy:			
General County	A-8	$ 11,550,598.51	
Open Space Preservation	A-8	411,458.43	
	A-1, A-2a		$ 11,962,056.94
Decreased by:			
Payments	A-4		11,962,056.94
Balance, December 31, 2011			$

See Independent Auditors' Report

REGIONAL DISTRICT SCHOOL TAX YEAR ENDED DECEMBER 31, 2011

A-21

	Ref.	
Increased by:		
School Tax Levy - July 1, 2011 to June 30, 2012	A-1, A-2a, A-8	$ 43,299,689.01
Decreased by:		
Paid	A-4	43,299,689.01
Balance, December 31, 2011		$

OPEN SPACE TAX LEVY YEAR ENDED DECEMBER 31, 2011

A-22

	Ref.	
Increased by:		
Tax Levy	A-1, A-2a, A-8	$ 280,103.08
Decreased by:		
Paid	A-4	280,103.08
Balance, December 31, 2011		$

See Independent Auditors' Report

TOWNSHIP OF SOUTH ORANGE VILLAGE
CURRENT FUND

A-23

VARIOUS RESERVES
YEAR ENDED DECEMBER 31, 2011

	Ref.	Total	Tax Title Lien Premiums	Third Party Lien Holders	Sale of Assets	Reassessment
Balance, January 1, 2011	A	$ 1,760,440.12	$ 271,400.00	$ 89,040.12	$ 1,400,000.00	$
Increased by:						
Cash Receipts	A-4	930,577.58	431,800.00	498,777.58		
Budget Appropriation	A-3	250,000.00				250,000.00
		1,180,577.58	431,800.00	498,777.58		250,000.00
		2,941,017.70	703,200.00	587,817.70	1,400,000.00	250,000.00
Decreased by:						
Cash Disbursements	A-4	876,816.39	206,100.00	544,716.39		126,000.00
Anticipated Revenue	A-12	1,400,000.00			1,400,000.00	
		2,276,816.39	206,100.00	544,716.39	1,400,000.00	126,000.00
Balance, December 31, 2011	A	$ 664,201.31	$ 497,100.00	$ 43,101.31	$	$ 124,000.00

See Independent Auditors' Report

TOWNSHIP OF SOUTH ORANGE VILLAGE
CURRENT FUND

PREPAID TAXES
YEAR ENDED DECEMBER 31, 2011

A-24

	Ref.	
Balance, January 1, 2011	A	$ 294,496.09
Increased by:		
Cash Collections	A-4	418,346.50
		712,842.59
Decreased by:		
Applied to Current Taxes Receivable	A-8	294,496.09
Balance, December 31, 2011	A	$ 418,346.50

See Independent Auditors' Report

TOWNSHIP OF SOUTH ORANGE VILLAGE
CURRENT FUND

FEDERAL AND STATE GRANTS RECEIVABLE
YEAR ENDED DECEMBER 31, 2011

A-25
Sheet # 1

Program	Balance Dec. 31, 2010	2011 Budget Revenue Realized	Received	Balance Dec. 31, 2011
Body Armor Fund:				
Prior Years	$	$	$	$
2011		9,680.66	9,680.66	
2004 Bullet Proof Vest	4,571.82		4,571.82	
DOT:				
Ralston Ave.	167,302.48			167,302.48
Fairview Avenue		224,000.00		224,000.00
Safetea-LU	1,020,000.00			1,020,000.00
Local Aid - Bikeway 2009	210,000.00			210,000.00
Local Aid - Bikeway 2010	250,000.00			250,000.00
Scotter Shelter	28,464.00		28,464.00	
New Jersey Sustainable Grant		9,475.00	4,737.50	4,737.50
2006 Green Acres Acquisition	1,250,000.00			1,250,000.00
2008 Green Acres River Corridor	162,500.00			162,500.00
Hazardous Discharge	2,900.00			2,900.00
2004 JAG Grant	15,284.35			15,284.35
Local Aid Bikeway Grant	150,000.00			150,000.00
Municipal Alliance on Alcohol & Drug:				
2011		26,750.00		26,750.00
2010	26,750.00		25,505.75	1,244.25
Safe and Secure Communities Program	30,000.00	53,438.00	30,000.00	53,438.00
Click It or Ticket		4,000.00	4,000.00	
COPS in Shops Grant		10,800.00	10,800.00	
Over the Limit Under Arrest	200.00			200.00
Essex County Regional Health		579.60		579.60
Middle School Police Grant	20,000.00			20,000.00
Flu Planning Grant		10,000.00	10,000.00	
DOT - Raymond Street	54,687.00			54,687.00
Assistance to Firefighters Grant		37,525.00	37,525.00	
Local Aid Bikeway Program - DOT - ARRA	300,000.00		270,000.00	30,000.00
JAG Grant	37,321.00		21,730.21	15,590.79
Municipal Stormwater - Unapprop		7,325.00	7,325.00	

See Independent Auditors' Report

TOWNSHIP OF SOUTH ORANGE VILLAGE
CURRENT FUND

A-25
Sheet # 2

FEDERAL AND STATE GRANTS RECEIVABLE
YEAR ENDED DECEMBER 31, 2011

Program	Balance Dec. 31, 2010	2011 Budget Revenue Realized	Received	Balance Dec. 31, 2011
Comprehensive Traffic Study	$	$ 10,000.00	$	$ 10,000.00
Recycling Tonnage Grant		20,236.35	20,236.35	
Drunk Driving Enforcement Grant		3,635.53	3,635.53	
Clean Communities		21,188.02	21,188.02	
NJ Transit - Jitney Grant	60,000.00			60,000.00
Alcohol, Education and Rehabilitation		916.89	916.89	
Council on the Arts	186.00		186.00	
EOC FY2010	247,000.00			247,000.00
Greenway Recovery Project	400,000.00			400,000.00
NJ Historic Trust	50,000.00			50,000.00
NJ Historic Trust - 2011		669,000.00		669,000.00
	$ 4,487,166.65	$ 1,118,550.05	$ 510,502.73	$ 5,095,213.97
Ref.	A	A-26	Below	A

	Ref.	
Cash Receipts	A-4	$ 442,200.25
Due Current Fund	A-26	46,096.82
Applied from Unappropriated Aid	A-28	22,205.66
	Above	$ 510,502.73

See Independent Auditors' Report

TOWNSHIP OF SOUTH ORANGE VILLAGE
CURRENT FUND

INTERFUNDS
YEAR ENDED DECEMBER 31, 2011

	Ref.	Total	General Capital Fund	Current Fund
Balance, December 31, 2010	A	$ 831,697.58	$ 831,697.58	$
Increased by:				
Grant Revenue	A-25	1,118,550.05		1,118,550.05
Expenditures Paid Through Current Fund	A-27	1,197,971.45		1,197,971.45
Cash Receipts	A-4	666,116.70	665,786.19	330.51
		2,982,638.20	665,786.19	2,316,852.01
		3,814,335.78	1,497,483.77	2,316,852.01
Decreased by:				
Cash Disbursements	A-4	1,142,908.42		1,142,908.42
Budget Appropriation	A-27	1,127,213.05		1,127,213.05
Grant Funds Deposited in Current	A-25, A-28	56,345.54		56,345.54
		2,326,467.01		2,326,467.01
Balance, December 31, 2011:				
Due To	A	$ 1,497,483.77	$ 1,497,483.77	$
(Due From)	A	$ (9,615.00)	$	$ (9,615.00)

See Independent Auditors' Report

TOWNSHIP OF SOUTH ORANGE VILLAGE
CURRENT FUND

A-27
Sheet # 1

SCHEDULE OF APPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS
YEAR ENDED DECEMBER 31, 2011

Program	Balance Dec. 31, 2010	Transferred from 2011 Budget Appropriations: Budget	Transferred from 2011 Budget Appropriations: Appropriated by 40A: 4-87	Expended	Balance Dec. 31, 2011
Alcohol Education, Rehabilitation and Enforcement Fund	$ 15,808.06	$ 916.89	$	$	$ 16,724.95
Body Armor Replacement Program - Prior Years	21,279.54			21,279.54	
Body Armor Replacement Program - 2010	1,891.82			1,891.82	
Body Armor Replacement Program - 2011		9,680.66			9,680.66
Click It or Ticket		4,000.00		4,000.00	
Bulletproof Vest Program	3,310.57			3,310.57	
Clean Communities Program 2007	7,461.09			7,461.09	
Clean Communities	34,820.61			10,701.41	24,119.20
Clean Communities 2010	28,027.49				28,027.49
Clean Communities 2011		21,188.02			21,188.02
Council of the Arts	545.11			545.11	
Council of the Arts	3,955.50			519.89	3,435.61
Council on the Arts 2010	9,929.00				9,929.00
DOT:					
Ralston Drive	294,470.36			256,580.45	37,889.91
Local Aid - Bikeway 2005	150,000.00			150,000.00	
Raymond Street	84,586.61			84,586.61	
Safetea-LU	301,382.39			246,750.64	54,631.75
Local Aid - Bikeway	210,000.00			210,000.00	
Local Bikeway - ARRA	137,500.00				137,500.00
Local Aid - Bikeway/Pedestrian Path	76,564.77				76,564.77
Fairview Avenue		224,000.00			224,000.00
Drunk Driving Enforcement Program	13,291.41	3,635.53		9,344.09	7,582.85
2002 Environmental Grant Match	1,155.10			504.32	650.78
Essex County Regional Health Grant		579.60			579.60
2006 Green Acres Acquisition	1,197,128.57			53,282.93	1,143,845.64
2008 Green Acres River Corridor	125,733.70				125,733.70
Middle School Police Grant	1,300.00				1,300.00
EOC FY 2010	247,000.00				247,000.00
Municipal Stormwater Grant - 2011	0.00	7,325.00			7,325.00
Municipal Stormwater Grant	12,029.00				12,029.00
Greenway Recovery Project	400,000.00				400,000.00
NJ Historic Grant	50,000.00			43,338.00	6,662.00
Comprehensive Traffic Study	1,105.17	10,000.00		9,000.00	2,105.17

See Independent Auditors' Report

TOWNSHIP OF SOUTH ORANGE VILLAGE
CURRENT FUND

A-27
Sheet # 2

SCHEDULE OF APPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS
YEAR ENDED DECEMBER 31, 2011

Program	Balance Dec. 31, 2010	Transferred from 2011 Budget Appropriations: Budget	Transferred from 2011 Budget Appropriations: Appropriated by 40A: 4-87	Expended	Balance Dec. 31, 2011
2005 OEM	$ 1,088.72	$	$	$	$ 1,088.72
2004 Old Stone Church - Match	24,961.54				24,961.54
New Jersey Jitney Grant	12,769.70			6,236.18	6,533.52
New Jersey Jitney Grant	1,400.46			1,400.46	
Recycling Tonnage Grant	114,236.07	20,236.35			134,472.42
Safe and Secure Grant	20,000.00	53,438.00			73,438.00
Smart Future Planning Grant	1,000.00				1,000.00
Special Improvement District	10,000.00			225.00	9,775.00
Municipal Alliance Grant		26,750.00		26,750.00	
Municipal Alliance Grant - Match		6,688.00		6,688.00	
NJ Historic Grant - 2011		669,000.00			669,000.00
New Jersey Sustainable Grant			9,475.00		9,475.00
Flu Planning Grant		10,000.00		9,983.34	16.66
Essex County Open Space	1,739.26				1,739.26
Cops in Shops	1,000.00	10,800.00		3,800.00	8,000.00
Juvenile Assistance Grant	14,791.79				14,791.79
Assistance to Firefighters Grant		39,500.00		29,792.00	9,708.00
	$ 3,633,263.41	$ 1,117,738.05	$ 9,475.00	$ 1,197,971.45	$ 3,562,505.01
Ref.	A	A-26	A-26	A-26	A

See Independent Auditors' Report

TOWNSHIP OF SOUTH ORANGE VILLAGE
CURRENT FUND

RESERVE FOR GRANTS - UNAPPROPRIATED
YEAR ENDED DECEMBER 31, 2011

A-28

	Ref.		
Balance, December 31, 2010	A		$ 22,205.66
Increased by:			
Cash Receipts	A-4	$ 34,766.47	
Due from Current Fund	A-26	10,248.72	
			45,015.19
			67,220.85
Decreased by:			
Anticipated Revenue	A-25		22,205.66
Balance, December 31, 2011	A		$ 45,015.19

Analysis of Balance	
Flu Planning Grant	$ 562.94
Council on the Arts	1,303.00
Recycling Tonnage	24,334.10
Drunk Driving Enforcement Fund	2,550.43
Bulletproof Vest Program	10,248.72
Clean Communities	1,000.00
Body Armor	5,016.00
	$ 45,015.19

See Independent Auditors' Report

TOWNSHIP OF SOUTH ORANGE VILLAGE
TRUST FUND

CASH RECEIPTS AND DISBURSEMENTS COLLECTOR-TREASURER
YEAR ENDED DECEMBER 31, 2011

B-1

	Ref.	Animal Control Fund		Payroll Fund		General Trust Fund	
Balance, December 31, 2010	B		$ 2,429.84		$ 174,120.48		$1,735,657.69
Increased by Receipts:							
Due to State of New Jersey	B-4	$ 730.80		$		$	
Net Payroll and Deductions	B-6			20,182,920.32			
Animal Control Fees	B-7	7,240.60					
Interfunds	B-3			4,092,040.74		498,721.96	
Prepaid Revenue	B-5	900.60					
Special Deposits	B-8					563,790.33	
Interest Earned - Open Space	B-9					850.04	
Grant Received	B-2					174,000.00	
Contra		210.32					
			9,082.32		24,274,961.06		1,237,362.33
			11,512.16		24,449,081.54		2,973,020.02
Decreased by Disbursements:							
Due to State of New Jersey	B-4	691.20					
Net Payroll and Deductions	B-6			20,192,688.40			
Interfunds	B-3			4,092,040.74		364,994.07	
Animal Control Fund Expenditures	B-7	4,933.78					
Special Deposits	B-8					704,163.59	
Open Space Expenditures	B-9					125,732.30	
CDBG Expenditures	B-10					174,000.00	
Contra		210.32					
			5,835.30		24,284,729.14		1,368,889.96
Balance, December 31, 2011	B		$ 5,676.86		$ 164,352.40		$1,604,130.06

See Independent Auditors' Report

TOWNSHIP OF SOUTH ORANGE VILLAGE
TRUST FUND

COMMUNITY BLOCK DEVELOPMENT BLOCK GRANT RECEIVABLE
YEAR ENDED DECEMBER 31, 2011

B-2

	Ref.	General Trust Fund
Increased by:		
Grant Award	B-10	$ 174,000.00
Decreased by:		
Cash Receipts	B-1	174,000.00
Balance, December 31, 2011		$

See Independent Auditors' Report

TOWNSHIP OF SOUTH ORANGE VILLAGE
TRUST FUND

INTERFUNDS
YEAR ENDED DECEMBER 31, 2011

B-3

	Ref.	Total	Payroll Trust Current Fund	General Trust Fund Current Fund	General Trust Fund Capital Fund
Balance, December 31, 2010	B	$ 3,701.27	$	$ 3,701.27	$
Increased by:					
Cash Disbursements	B-1	4,457,034.81	4,092,040.74	214,994.07	150,000.00
Open Space Tax Levy	B-9	280,103.08		280,103.08	
		4,737,137.89	4,092,040.74	495,097.15	150,000.00
		4,740,839.16	4,092,040.74	498,798.42	150,000.00
Decreased by:					
Cash Receipts	B-1	4,590,762.70	4,092,040.74	498,721.96	
Excess Payroll Cash	B-6	32,598.48	32,598.48		
Open Space Expenditure	B-9	150,000.00			150,000.00
		4,773,361.18	4,124,639.22	498,721.96	150,000.00
Balance, December 31, 2011:					
Due From	B	$ 76.46	$	$ 76.46	$
(Due To)	B	$ (32,598.48)	$ (32,598.48)	$	$

See Independent Auditors' Report

TOWNSHIP OF SOUTH ORANGE VILLAGE
TRUST FUND

DUE TO STATE OF NEW JERSEY
YEAR ENDED DECEMBER 31, 2011

B-4

	Ref.	Animal Control Fund	
Balance, December 31, 2010	B		$ 90.60
Increased by:			
State Registration Fees		$ 444.00	
Population Control		198.00	
Pilot Clinic		88.80	
	B-1		730.80
			821.40
Decreased by:			
Payments to State of New Jersey	B-1		691.20
Balance, December 31, 2011	B		$ 130.20

PREPAID REVENUE
YEAR ENDED DECEMBER 31, 2011

B-5

	Ref.	Animal Control Fund
Increased by:		
Cash Receipts	B-1	$ 900.60
Balance, December 31, 2011	B	$ 900.60

See Independent Auditors' Report

TOWNSHIP OF SOUTH ORANGE VILLAGE
TRUST FUND

PAYROLL DEDUCTIONS PAYABLE
YEAR ENDED DECEMBER 31, 2011

B-6

	Ref.		
Balance, December 31, 2010	B		$ 174,120.48
Increased by:			
Cash Receipts:			
Gross Payroll		$ 16,537,991.88	
Employer Share of Social Security		3,008,563.00	
Pension Contributions - Municipality		110,164.51	
Refunds		526,200.93	
	B-1		20,182,920.32
			20,357,040.80
Decreased by:			
Net Payroll and Agency Payments	B-1	20,192,688.40	
Due Current Fund	B-3	32,598.48	
			20,225,286.88
Balance, December 31, 2011	B		$ 131,753.92

Analysis of Balance	
Police and Firemen's Retirement System	$ 97,566.96
Public Employees' Retirement System	31,686.96
Unallocated	2,500.00
Balance, December 31, 2011	$ 131,753.92

See Independent Auditors' Report

RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES
YEAR ENDED DECEMBER 31, 2011

B-7

	Ref.		
Balance, December 31, 2010	B		$ 2,339.24
Increased by:			
Dog License Fees:			
Dog Licenses Issued		$ 4,960.20	
Dog Licenses Late Charges and Fines		1,070.40	
Cat Licenses		1,210.00	
	B-1		7,240.60
			9,579.84
Decreased by:			
Expenditures Under R.S. 41:19-15.11	B-1		4,933.78
Balance, December 31, 2011	B		$ 4,646.06

License Fees Collected

Year	Amount
2011	$ 4,960.20
2010	4,147.20
Maximum Reserve	$ 9,107.40

See Independent Auditors' Report

TOWNSHIP OF SOUTH ORANGE VILLAGE
TRUST FUND

RESERVE FOR SPEICAL DEPOSITS
YEAR ENDED DECEMBER 31, 2011

B-8

Account	Balance Dec. 31, 2010	Increase	Decrease	Balance Dec. 31, 2011
Law Enforcement - Confiscated Funds	$ 13,511.77	$ 275.66	$ 12,434.50	$ 1,352.93
Confidential Fund	194.78	500.00		694.78
Municipal Court POAA	48,088.60	6,848.00		54,936.60
Municipal Drug Alliance Committee	9,002.83		5,156.43	3,846.40
Recycling	165,101.96	133,785.15	178,224.29	120,662.82
Master Card	17,960.97		4,200.00	13,760.97
Pool Trust	69,360.24	56,495.50	71,376.13	54,479.61
Donation - Giant of Jazz Market	19,031.58	11,193.00	13,938.07	16,286.51
LOSAP Reserve	22,550.00		10,950.00	11,600.00
Public Defender	19,868.81	2,390.00	22,258.81	
Fire Department Fines	10,200.00	50.00	1,736.41	8,513.59
Developer's Escrow	179,579.63	82,617.76	102,666.45	159,530.94
Affordable Housing	134,476.27	1,090.26		135,566.53
Contracted Services - Special Duty	27,267.69	268,545.00	281,222.50	14,590.19
	$ 736,195.13	$ 563,790.33	$ 704,163.59	$ 595,821.87
Ref.	B	B-1	B-1	B

See Independent Auditors' Report

RESERVE FOR OPEN SPACE
YEAR ENDED DECEMBER 31, 2011

B-9

	Ref.		
Balance, December 31, 2010	B		$ 1,003,163.83
Increased by:			
Cash Receipts - Interest Earned	B-1	$ 850.04	
Due from Current Fund - Tax Levy	B-3	280,103.08	
			280,953.12
			1,284,116.95
Decreased by:			
Cash Disbursements	B-1	125,732.30	
Due to General Capital Fund	B-3	150,000.00	
			275,732.30
Balance, December 31, 2011	B		$ 1,008,384.65

RESERVE FOR COMMUNITY DEVELOPMENT BLOCK GRANT
YEAR ENDED DECEMBER 31, 2011

B-10

	Ref.	
Increased by:		
Grant Awards	B-2	$ 174,000.00
Decreased by:		
Due to Current Fund - Anticipated Revenue	B-1	174,000.00
Balance, December 31, 2011		$

See Independent Auditors' Report

TOWNSHIP OF SOUTH ORANGE VILLAGE
GENERAL CAPITAL FUND

CASH RECEIPTS AND DISBURSEMENTS
YEAR ENDED DECEMBER 31, 2011

C-2

	Ref.		
Balance, December 31, 2010	C		$ 2,105,218.12
Increased by Receipts:			
Bond Anticipation Notes	C-11	$ 34,680,000.00	
Interfunds	C-6	811,577.74	
Due from Open Space	C-5	150,000.00	
Applied to Deferred Charges Unfunded	C-8	3,443.30	
Premium on Sale of Bond Anticipation Notes	C-1	417,535.10	
			36,062,556.14
			38,167,774.26
Decreased by Disbursements:			
Interfunds	C-6	769,915.80	
Bond Anticipation Notes	C-11	28,915,524.00	
Improvement Authorizations	C-12	2,206,275.80	
			31,891,715.60
Balance, December 31, 2011	C		$ 6,276,058.66

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TOWNSHIP OF SOUTH ORANGE VILLAGE
GENERAL CAPITAL FUND

ANALYSIS OF CAPITAL CASH
YEAR ENDED DECEMBER 31, 2011

C-3

Ordinance Number	Improvement Authorization	Balance December 31, 2010	Receipts	Disbursements	Transfers From	Transfers To	Balance Dec. 31, 2011
Due From Current Fund		$ (36,507.74)	$ 811,577.74	$ 104,129.61	$ 775,070.00	$ 87,454.00	$ (16,675.61)
Due From Grant Fund		(831,697.58)		665,786.19			(1,497,483.77)
Due From Water Utility Capital		(30,000.00)					(30,000.00)
Fund Balance		432,633.70	417,535.10		87,454.00		762,714.80
Capital Improvement Fund		326.53					326.53
97-17	Various Capital Improvements	7,379.93		7,379.93			
99-05	Various Capital Improvements	36,446.40			36,446.40		
00-01	Various Capital Improvements	150,783.24		3,146.27	11,388.97		136,248.00
01-08	Various Capital Improvements	53,412.13		3,252.80	50,159.33		
02-06	Various Capital Improvements	32,541.81		16,532.48	10,079.59		5,929.74
03-13	Various Capital Improvements	220,141.78		58,887.27	100,644.13		60,610.38
04-08	Various Capital Improvements	90,463.50		2,493.25	85,161.72		2,808.53
05-02	Various Capital Improvements	378,083.51		18,057.00	281,259.29		78,767.22
05-16	Various Capital Improvements	158,188.25			158,188.25		
06-05	Various Capital Improvements	276,759.54		33,979.00	242,467.54		313.00
06-11	Various Capital Improvements	68,959.18			68,959.18		
07-12	Various Capital Improvements	573,899.90		74,312.32	484,469.29		15,118.29
08-22	Various Capital Improvements	286,054.35		1,192.03	284,862.32		
09-14	Improvements to Sewerage Facilities						
09-15	Various Capital Improvements	999,751.99		370,996.40	615,721.45		13,034.14
09-25	Refunding Tax Appeals	65,500.00			65,500.00		
10-06	Various Capital Improvements	(222,829.49)	2,643,897.00	147,521.56	2,271,359.28		2,186.67
10-24	Refunding Tax Appeals	(499,900.17)	525,000.00		25,099.83		
10-25	Fire House Improvements	(105,172.64)	105,173.00		0.36		
11-14	Renovation/Reconstruction Town Hall		3,000,000.00	10,912.22			2,989,087.78
11-15	Fire House Improvements		418,919.30	355,727.55			63,191.75
11-16	Various Capital Improvements			543,561.33		5,566,836.93	5,023,275.60
11-17	Refunding Tax Appeals			558,324.39			(558,324.39)
		$ 2,105,218.12	$ 7,922,102.14	$ 2,976,191.60	$ 5,654,290.93	$ 5,654,290.93	$ 7,051,128.66

See Independent Auditors' Report

TOWNSHIP OF SOUTH ORANGE VILLAGE
GENERAL CAPITAL FUND

ACCOUNTS RECEIVABLE
YEAR ENDED DECEMBER 31, 2011

C-4

	Ref	Due from Seton Hall University
Balance, December 31, 2010	C	$ 750,000.00
Decreased by:		
Payment of Redevelopment Loan	Reserve	50,000.00
Balance, December 31, 2011	C	$ 700,000.00

DUE FROM OPEN SPACE
YEAR ENDED DECEMBER 31, 2011

C-5

	Ref	
Increased by:		
Improvement Authorizations	C-12	$ 150,000.00
Decreased by:		
Cash Receipts	C-2	150,000.00
Balance, December 31, 2011		$

See Independent Auditors' Report

TOWNSHIP OF SOUTH ORANGE VILLAGE
GENERAL CAPITAL FUND

INTERFUNDS
YEAR ENDED DECEMBER 31, 2011

C-6

	Ref.	Total	Water Utility Capital Fund	Grant Fund	Current Fund
Balance, December 31, 2010	C	$ 898,205.32	$ 30,000.00	$ 831,697.58	$ 36,507.74
Increased by:					
Appropriation for Unfunded Deferred Charges	C-8	775,070.00			775,070.00
Cash Disbursements	C-2	769,915.80		665,786.19	104,129.61
		1,544,985.80		665,786.19	879,199.61
		2,443,191.12	30,000.00	1,497,483.77	915,707.35
Decreased by:					
Fund Balance	C-1	87,454.00			87,454.00
Cash Receipts	C-2	811,577.74			811,577.74
		899,031.74			899,031.74
Balance, December 31, 2011	C	$ 1,544,159.38	$ 30,000.00	$ 1,497,483.77	$ 16,675.61

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TOWNSHIP OF SOUTH ORANGE VILLAGE
GENERAL CAPITAL FUND

DEFERRED CHARGES TO FUTURE TAXATION - FUNDED
YEAR ENDED DECEMBER 31, 2011

C-7

	Ref.		
Balance, December 31, 2010	C		$ 19,107,849.35
Decreased by:			
2011 Current Fund Budget Appropriation:			
for Payment of Serial Bonds	C-10	$ 2,173,000.00	
for Payment of Green Trust Loan	C-13	6,238.32	
			2,179,238.32
Balance, December 31, 2011	C		$ 16,928,611.03

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TOWNSHIP OF SOUTH ORANGE VILLAGE
GENERAL CAPITAL FUND

DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED
YEAR ENDED DECEMBER 31, 2011

C-8

Ordinance Number		Balance, December 31, 2010	2011 Authorizations	Decrease	Balance, December 31, 2011	Analysis of Balance: Bond Anticipation Notes	Unfinanced Expenditures	Unexpended Improvement Authorizations
98-01	Various Capital Improvements	$ 475.00	$	$ 475.00	$	$	$	$
99-05	Various Capital Improvements	192.00		192.00				
00-01	Various Capital Improvements	1,577,978.00		58,494.00	1,519,484.00	1,519,484.00		
01-08	Various Capital Improvements	1,337,779.00		49,590.00	1,288,189.00	1,288,189.00		
02-06	Various Capital Improvements	1,178,759.00		46,410.00	1,132,349.00	1,132,349.00		
03-13	Various Capital Improvements	4,149,590.00			4,149,590.00	4,149,590.00		
04-08	Various Capital Improvements	2,717,655.00		99,834.00	2,617,821.00	2,617,821.00		
05-02	Various Capital Improvements	2,504,964.00		109,250.00	2,395,714.00	2,395,714.00		
05-16	Various Capital Improvements	2,699,365.00		88,661.00	2,610,704.00	2,610,704.00		
06-05	Various Capital Improvements	1,644,560.00		59,787.00	1,584,773.00	1,584,773.00		
06-11	Various Capital Improvements	4,082,887.00		98,377.00	3,984,510.00	3,984,510.00		
07-12	Various Capital Improvements	1,136,575.00			1,136,575.00	1,136,575.00		
08-22	Various Capital Improvements	1,551,000.00		44,000.00	1,507,000.00	1,507,000.00		
09-01	Improvements to SOPAC	275,000.00			275,000.00	275,000.00		
09-14	Improvements to Sewerage Facilities	24,556.25			24,556.25			24,556.25
09-15	Various Capital Improvements	2,595,361.00			2,595,361.00	2,595,361.00		
09-25	Refunding Tax Appeals	595,384.00		120,000.00	475,384.00	475,384.00		
10-06	Various Capital Improvements	2,643,897.00			2,643,897.00	2,643,897.00		
10-18	Fire House Improvements	868,000.00			868,000.00	868,000.00		
10-24	Refunding Tax Appeal	525,000.00			525,000.00	525,000.00		
10-25	Fire House Improvements	105,173.00			105,173.00	105,173.00		
11-14	Renovation/Reconstruction of Village Hall		2,850,000.00		2,850,000.00	2,850,000.00		
11-15	Fire House Improvements		418,919.38	3,443.30	415,476.08	415,476.00		0.08
11-18	Refunding Tax Appeal		575,000.00		575,000.00		558,324.39	16,675.61
		$ 32,214,150.25	$ 3,843,919.38	$ 778,513.30	$ 35,279,556.33	$ 34,680,000.00	$ 558,324.39	$ 41,231.94
	Ref.	C	C-12	Below	C	C-11		

	Ref.	
Budget Appropriation Paydown	C-6	$ 775,070.00
Cash Receipt	C-2	3,443.30
		$ 778,513.30

See Independent Auditors' Report

TOWNSHIP OF SOUTH ORANGE VILLAGE
GENERAL CAPITAL FUND

CAPITAL IMPROVEMENT FUND
DECEMBER 31, 2011 AND 2010

C-9

	Ref.	
Balance, December 31, 2010	C	$ 326.53
Balance, December 31, 2011	C	$ 326.53

See Independent Auditors' Report

TOWNSHIP OF SOUTH ORANGE VILLAGE
GENERAL CAPITAL FUND

SERIAL BONDS PAYABLE
YEAR ENDED DECEMBER 31, 2011

C-10

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding, December 31, 2011 Date	Maturities of Bonds Outstanding, December 31, 2011 Amount	Interest Rate	Balance December 31, 2010	Decreased	Balance December 31, 2011
Arts Center	5/21/2001	$ 5,200,000.00	1/1/2012	$ 265,000.00	3.00%			
			1/1/2013	275,000.00	3.00%			
			1/1/2014	275,000.00	3.00%			
			1/1/2015	280,000.00	3.00%			
			1/1/2016	285,000.00	3.00%			
			1/1/2017	290,000.00	3.00%			
			1/1/2018	295,000.00	3.00%			
			1/1/2019	310,000.00	3.00%			
			1/1/2020	325,000.00	3.00%			
			1/1/2021	335,000.00	3.00%	$ 3,190,000.00	$ 255,000.00	$ 2,935,000.00
General Improvements	11/22/2005	12,118,000.00	11/1/12-13	313,000.00	5.00%			
			11/1/2014	570,000.00	5.00%			
			11/1/2015	574,000.00	4.00%			
			11/1/2016	575,000.00	5.00%			
			11/1/2017	575,000.00	4.125%			
			11/1/2018	580,000.00	4.125%			
			11/1/2019-20	580,000.00	4.250%			
			11/1/2021	600,000.00	4.250%			
			11/1/2022	615,000.00	4.375%			
			11/1/23-24	620,000.00	4.50%			
			11/1/25-28	625,000.00	4.50%			
			11/1/2029	625,000.00	4.625%	10,553,000.00	313,000.00	10,240,000.00
General Improvements	08/15/2008	7,980,000.00	9/15/2012	1,680,000.00	2.90%			
			9/15/2013	1,735,000.00	3.997%	5,020,000.00	1,605,000.00	3,415,000.00
						$ 18,763,000.00	$ 2,173,000.00	$ 16,590,000.00
					Ref.	C	C-7	C

See Independent Auditors' Report

TOWNSHIP OF SOUTH ORANGE VILLAGE
GENERAL CAPITAL FUND

BOND ANTICIPATION NOTES PAYABLE
YEAR ENDED DECEMBER 31, 2011

C-11

Ordinance Number	Improvement Description	Original Amount	Original Date	Date of Issue	Date of Maturity	Interest Rate	Balance December 31, 2010	Increased	Decreased	Balance December 31, 2011
05-02	Various Capital Improvements	$ 3,511,865.00					$ 2,504,964.00	$ 2,395,714.00	$ 2,504,964.00	$ 2,395,714.00
05-16	Various Capital Improvements	2,850,000.00					2,699,365.00	2,610,704.00	2,699,365.00	2,610,704.00
06-05	Various Capital Improvements	1,921,850.00					1,644,560.00	1,584,773.00	1,644,560.00	1,584,773.00
		8,283,715.00	4/26/2006	2/1/2011	1/31/2012	2.00%	6,848,889.00	6,591,191.00	6,848,889.00	6,591,191.00
06-11	Various Capital Improvements	3,695,373.00	9/14/2006	9/9/2011	9/7/2012	2.00%	3,552,524.00	3,476,524.00	3,552,524.00	3,476,524.00
06-11		665,000.00					530,363.00	507,986.00	530,363.00	507,986.00
04-08	Various Capital Improvements	2,966,883.00					2,717,655.00	2,617,821.00	2,717,655.00	2,617,821.00
		3,631,883.00	9/14/2006	2/1/2011	1/31/2012	2.00%	3,248,018.00	3,125,807.00	3,248,018.00	3,125,807.00
96-08,98-01,99-05,99-13	Various Capital Improvements	1,613.00					667.00		667.00	
00-01		1,577,978.00					1,577,978.00	1,519,484.00	1,577,978.00	1,519,484.00
01-08		1,337,779.00					1,337,779.00	1,288,189.00	1,337,779.00	1,288,189.00
02-06		1,257,430.00					1,178,759.00	1,132,349.00	1,178,759.00	1,132,349.00
08-22		1,197,959.00					1,197,959.00	1,153,959.00	1,197,959.00	1,153,959.00
		5,372,759.00	9/14/2008	2/1/2011	1/31/2012	2.00%	5,293,142.00	5,093,981.00	5,293,142.00	5,093,981.00
09-15	Various Capital Improvements	2,595,361.00					2,595,361.00	2,595,361.00	2,595,361.00	2,595,361.00
09-25	Refunding Tax Appeals	595,384.00					595,384.00	475,384.00	595,384.00	475,384.00
		3,190,745.00	12/22/2009	2/1/2011	1/31/2012	2.00%	3,190,745.00	3,070,745.00	3,190,745.00	3,070,745.00
03-13	Various Capital Improvements	4,149,590.00					4,149,590.00	4,149,590.00	4,149,590.00	4,149,590.00
07-12		1,136,575.00					1,136,575.00	1,136,575.00	1,136,575.00	1,136,575.00
08-22		353,041.00					353,041.00	353,041.00	353,041.00	353,041.00
		5,639,206.00	2/2/2010	2/1/2011	1/31/2012	2.00%	5,639,206.00	5,639,206.00	5,639,206.00	5,639,206.00
09-01	Various Capital Improvements	275,000.00					275,000.00	275,000.00	275,000.00	275,000.00
10-18		868,000.00					868,000.00	868,000.00	868,000.00	868,000.00
		1,143,000.00	9/9/2010	9/9/2011	9/7/2012	2.00%	1,143,000.00	1,143,000.00	1,143,000.00	1,143,000.00
10-06	Various Capital Improvements	2,643,897.00						2,643,897.00		2,643,897.00
10-24	Refunding Tax Appeals	525,000.00						525,000.00		525,000.00
10-25	Fire House Improvements	105,173.00						105,173.00		105,173.00
		3,274,070.00	2/1/2011	2/1/2011	1/31/2012	2.00%		3,274,070.00		3,274,070.00
11-14	Renovation/Reconstruction of Village Hall	2,850,000.00						2,850,000.00		2,850,000.00
11-15	Fire House Improvements	415,476.00						415,476.00		415,476.00
		3,265,476.00	9/9/2011	9/9/2011	9/7/2012	2.00%		3,265,476.00		3,265,476.00
							$ 28,915,524.00	$ 34,680,000.00	$ 28,915,524.00	$ 34,680,000.00
						Ref.	C	C-2	C-2	C

See Independent Auditors' Report

TOWNSHIP OF SOUTH ORANGE VILLAGE
GENERAL CAPITAL FUND

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS
YEAR ENDED DECEMBER 31, 2011

C-12

Ordinance Number	Improvement Description	Original Amount	Original Date	Balance, December 31, 2010 Funded	Balance, December 31, 2010 Unfunded	2011 Authorizations	Paid or Charged	Cancelled	Balance December 31, 2011 Funded	Balance December 31, 2011 Unfunded
97-17)	Various Capital Improvements	$ 26,869.00	7/14/97	$ 7,379.93	$	$	$ 7,379.93	$	$	$
98-01	Various Capital Improvements	9,144,076.00	1/26/98							
99-05)	Various Capital Improvements	3,520,000.00	3/29/99	36,254.47	191.93			36,446.40		
00-01)	Various Capital Improvements	1,730,070.00	2/28/00		150,783.24		3,146.27	11,388.97		136,248.00
01-08)	Various Capital Improvements	1,488,380.00	3/26/01		53,412.13		3,252.80	50,159.33		
02-06)	Various Capital Improvements	1,415,980.00	2/25/02		32,541.81		16,532.48	10,079.59		5,929.74
03-13	Various Capital Improvements	4,451,600.00	6/23/03		220,141.78		58,887.27	100,644.13		60,610.38
04-08	Various Capital Improvements	3,125,850.00	8/2/04		90,463.50		2,493.25	85,161.72		2,808.53
05-02)	Various Capital Improvements	3,696,700.00	2/28/05		378,083.51		18,057.00	281,259.29		78,767.22
05-16)	Various Capital Improvements	3,000,000.00	7/25/05		158,188.25			158,188.25		
06-05)	Various Capital Improvements	2,023,000.00	3/27/06		276,759.54		33,979.00	242,467.54		313.00
06-11)	Various Capital Improvements	4,395,373.00	7/24/06		68,959.18			68,959.18		
07-12	Various Capital Improvements	1,538,500.00	11/19/07		573,899.90		74,312.32	484,469.29		15,118.29
08-22	Various Capital Improvements	1,551,000.00	10/15/08		286,054.35		1,192.03	284,862.32		
09-14	Improvements to Sewerage Improvements	460,000.00	06/22/09		24,556.25					24,556.25
09-15	Various Capital Improvements	2,731,959.30	6/22/09		999,751.99		370,996.40	615,721.45		13,034.14
09-25	Refunding Tax Appeal	2,000,000.00	10/26/09		65,500.00			65,500.00		
10-06	Various Capital Improvements	2,783,050.00	4/26/10		2,421,067.51		147,521.56	2,271,359.28		2,186.67
10-24	Refunding Tax Appeal	525,000.00	10/13/10		25,099.83			25,099.83		
10-25	Fire House Improvements	105,173.00	10/13/10		0.36			0.36		0.00
11-14	Renovation/Reconstruction - Village Hall	3,000,000.00	7/25/11			3,000,000.00	10,912.22		139,087.78	2,850,000.00
11-15	Fire House Improvements	418,919.38	7/25/11			418,919.38	355,727.55			63,191.83
11-16	Various Capital Improvements	4,791,766.93	7/25/11			4,791,766.93	543,561.33			4,248,205.60
11-18	Refunding Tax Appeal	575,000.00	11/14/11			575,000.00	558,324.39			16,675.61
				$ 43,634.40	$ 5,825,455.06	$ 8,785,686.31	$ 2,206,275.80	$4,791,766.93	$ 139,087.78	$ 7,517,645.26
			Ref.	C	C	Below	C-2	Below	C	C

	Ref.	
Reappropriated Improvement Authorizations	Above	$ 4,791,766.93
Deferred Charges Unfunded	C-8	3,843,919.38
Due from Open Space	C-5	150,000.00
		$ 8,785,686.31

See Independent Auditors' Report

TOWNSHIP OF SOUTH ORANGE VILLAGE
GENERAL CAPITAL FUND

GREEN ACRES LOAN PAYABLE
YEAR ENDED DECEMBER 31, 2011

C-13

	Ref.	
Balance, December 31, 2010	C	$ 116,368.10
Decreased by:		
Budget Appropriation for Payment of Green Trust Loan	C-7	6,238.32
Balance, December 31, 2011	C	$ 110,129.78

ENVIRONMENTAL INFRASTRUCTURE LOAN PAYABLE
DECEMBER 31, 2011

C-14

Balance, December 31, 2010	$ 228,481.25
Balance, December 31, 2011	$ 228,481.25

See Independent Auditors' Report

TOWNSHIP OF SOUTH ORANGE VILLAGE
GENERAL CAPITAL FUND

C-15

BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
YEAR ENDED DECEMBER 31, 2011

Ordinance Number	Improvement Description	Balance December 31, 2010	2011 Authorizations	BANS Issued	Cash on Hand	Balance December 31, 2011
09-14	Improvements to Sewerage Facilities	$ 24,556.25	$	$	$	$ 24,556.25
10-06	Various Capital Improvements	2,643,897.00		2,643,897.00		
10-24	Refunding Tax Appeal	525,000.00		525,000.00		
10-25	Fire House Improvements	105,173.00		105,173.00		
11-14	Renovation/Reconstruction of Village Hall		2,850,000.00	2,850,000.00		
11-15	Fire House Improvements		418,919.38	415,476.00	3,443.30	0.08
11-18	Refunding Tax Appeal		575,000.00			575,000.00
		$ 3,298,626.25	$ 3,843,919.38	$ 6,539,546.00	$ 3,443.30	$ 599,556.33
	Ref.	C				C

See Independent Auditors' Report

TOWNSHIP OF SOUTH ORANGE VILLAGE
WATER UTILITY

CASH RECEIPTS AND DISBURSEMENTS
COLLECTOR - TREASURER
DECEMBER 31, 2011 AND 2010

D-5

	Ref.	Operating		Capital	
Balance, December 31, 2010	D		$ 546,954.94		$ 419,211.42
Increased by Receipts:					
Miscellaneous Revenue	D-3	$ 643.17		$	
Consumer Accounts Receivable	D-3, D-7	275,692.03			
Interfunds	D-8	4,103.85			
			280,439.05		
			827,393.99		419,211.42
Decreased by Disbursements:					
Escrow Cash	D			419,211.23	
Budget Appropriations	D-4	200,288.12			
Interfunds	D-8	81,843.75			
Accrued Interest on Loans	D-10	56,222.20			
			338,354.07		419,211.23
Balance, December 31, 2011	D		$ 489,039.92		$ 0.19

See Independent Auditors' Report

TOWNSHIP OF SOUTH ORANGE VILLAGE
WATER UTILITY

ANALYSIS OF CASH AND INVESTMENTS
WATER CAPITAL FUND
YEAR ENDED DECEMBER 31, 2011

D-6

	Balance Dec. 31, 2010	Disbursements	Balance Dec. 31, 2011
Fund Balance	$ 0.19	$	$ 0.19
Reserve for Dedicated Development Expense	419,211.23	419,211.23	
Due To/(From) General Capital Fund	30,000.00		30,000.00
Improvement Authorizations:			
#96-00 Water Supply System	(30,000.00)		(30,000.00)
	$ 419,211.42	$ 419,211.23	$ 0.19
Ref.	D	D-5	D

See Independent Auditors' Report

SCHEDULE OF EAST ORANGE WATER COMMISSION RECEIVABLE
YEAR ENDED DECEMBER 31, 2011

D-7

	Ref.	
Increased by:		
Rent Billings	Reserve	$ 275,692.03
Decreased by:		
Collections	D-5	275,392.03
Balance, December 31, 2011		$

SCHEDULE OF INTERFUND RECEIVABLE
WATER OPERATING FUND
YEAR ENDED DECEMBER 31, 2011

D-8

	Ref.	Current Fund
Balance, December 31, 2010	D	$ 4,103.85
Increased by:		
Cash Disbursements	D-5	81,843.75
		85,947.60
Decreased by:		
Cash Receipts	D-5	4,103.85
Fund Balance Utilized as Current Fund Revenue	D-1	81,843.75
		85,947.60
Balance, December 31, 2011		$

See Independent Auditors' Report

TOWNSHIP OF SOUTH ORANGE VILLAGE
WATER UTILITY

FIXED CAPITAL
YEAR ENDED DECEMBER 31, 2011

D-9

	2010	2011
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 Facilty	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

See Independent Auditors' Report

TOWNSHIP OF SOUTH ORANGE VILLAGE
WATER UTILITY

ACCRUED INTEREST
YEAR ENDED DECEMBER 31, 2011

D-10

	Ref.		
Balance December 31, 2010	D	$	8,667.70
Increased by:			
Budget Appropriation	D-4		55,888.87
			64,556.57
Decreased by:			
Cash Disbursements	D-5		56,222.20
Balance December 31, 2011	D	$	8,334.37

Analysis of Accrued Interest at December 31, 2011

Date of Issue	Balance Dec. 31, 2011	Interest Payable	Period	Amount
11/22/05	$145,000.00	5.00 %	2 Months	$ 1,208.33
	60,000.00	4.00		400.00
	60,000.00	5.00		500.00
	120,000.00	4.125		825.00
	180,000.00	4.25		1,275.00
	65,000.00	4.375		473.96
	65,000.00	4.50		487.50
	350,000.00	4.50		2,625.00
	70,000.00	4.625		539.58
				$ 8,334.37

See Independent Auditors' Report

D-11

TOWNSHIP OF SOUTH ORANGE VILLAGE
WATER UTILITY CAPITAL FUND

SERIAL BONDS
YEAR ENDED DECEMBER 31, 2011

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding Dec. 31, 2011 Date	Maturities of Bonds Outstanding Dec. 31, 2011 Amount	Interest Rate	Balance Dec. 31, 2010	Bonds Redeemed	Balance Dec. 31, 2011
Water Improvement Bonds	11/22/2005	$ 1,340,000.00	11/1/2012	$40,000.00	5.00%			
			11/1/2013	45,000.00	5.00%			
			11/1/2014	60,000.00	5.00%			
			11/1/2015	60,000.00	4.00%			
			11/1/2016	60,000.00	5.00%			
			11/1/2017-18	60,000.00	4.00%			
			11/1/2019-21	60,000.00	4.00%			
			11/1/2022	65,000.00	4.00%			
			11/1/2023	65,000.00	5.00%			
			11/1/2024-28	70,000.00	5.00%			
			11/1/2029	70,000.00	5.00%	$ 1,155,000.00	$ 40,000.00	$ 1,115,000.00
						$ 1,155,000.00	$ 40,000.00	$ 1,115,000.00
					Ref.	D	D-12	D

See Independent Auditors' Report

TOWNSHIP OF SOUTH ORANGE VILLAGE
WATER UTILITY

RESERVE FOR AMORTIZATION
YEAR ENDED DECEMBER 31, 2011

D-12

	Ref.	
Balance, December 31, 2010	D	$ 7,275,893.09
Increased by:		
Payment of Serial Bonds	D-11	40,000.00
Balance, December 31, 2011	D	$ 7,315,893.09

SCHEDULE OF INTERFUND PAYABLE - WATER CAPITAL FUND
YEAR ENDED DECEMBER 31, 2011

D-13

	Ref.	General Capital Fund
Balance, December 31, 2010	D	$ 30,000.00
Balance, December 31, 2011	D	$ 30,000.00

SCHEDULE OF BONDS AND NOTES
AUTHORIZED BUT NOT ISSUED
YEAR ENDED DECEMBER 31, 2011

D-14

	Ref.	
Balance, December 31, 2010	D	$ 30,000.00
Balance, December 31, 2011	D	$ 30,000.00
Analysis of Balance		
Ordinance #96-00 Water Supply System		$ 30,000.00

See Independent Auditors' Report

TOWNSHIP OF SOUTH ORANGE VILLAGE
PUBLIC ASSISTANCE FUND

STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE - TRUST I
YEARS ENDED DECEMBER 31, 2011 AND 2010

E-1

	Ref.	2011	2010
REVENUE AND OTHER INCOME:			
Due from Current Fund	E-2	$ 1.29	$ 2.51
TOTAL REVENUE AND OTHER INCOME		1.29	2.51
EXPENDITURES:			
Due to Current Fund	E-2	1.29	2.51
TOTAL EXPENDITURES		1.29	2.51
EXCESS OF REVENUE OVER EXPENDITURES			
FUND BALANCE, BEGINNING OF YEAR	E	580.92	580.92
FUND BALANCE, END OF YEAR	E	$ 580.92	$ 580.92

See Independent Auditors' Report

TOWNSHIP OF SOUTH ORANGE VILLAGE
PUBLIC ASSISTANCE FUND

SCHEDULE OF RECEIPTS AND DISBURSEMENTS
YEAR ENDED DECEMBER 31, 2011

E-2

	Ref.		
Balance, December 31, 2010	E	$	580.92
Increase by:			
Due from Current Fund	E-1		1.29
			582.21
Decreased by:			
Due to Current Fund	E-1		1.29
Balance, December 31, 2011	E	$	580.92

See Independent Auditors' Report

TOWNSHIP OF SOUTH ORANGE VILLAGE
TRUSTEES OF FREE PUBLIC LIBRARY

STATEMENT OF CASH
YEAR ENDED DECEMBER 31, 2011

F-2

	Ref.	Unrestricted	Restricted	Total
Balance, December 31, 2010	F	$ 61,133.39	$ 200,374.93	$ 261,508.32
Increased By:				
State Library Aid	F-1	7,464.00		7,464.00
Gifts & Grants	F-1	11,815.12		11,815.12
Miscellaneous	F-1	25,875.05		25,875.05
Interest on Deposits	F-1	5.53	107.81	113.34
Current Fund Budget Appropriations	F-1	1,071,733.42		1,071,733.42
		1,116,893.12	107.81	1,117,000.93
		1,178,026.51	200,482.74	1,378,509.25
Decreased By:				
Expenditures	F-1	1,098,823.78	1,788.21	1,100,611.99
Balance, December 31, 2011	F	$ 79,202.73	$ 198,694.53	$ 277,897.26

See Independent Auditors' Report

TOWNSHIP OF SOUTH ORANGE VILLAGE
TRUSTEES OF FREE PUBLIC LIBRARY

STATEMENT OF BEQUESTS
YEAR ENDED DECEMBER 31, 2011

F-3

	Ref.		
Balance, December 31, 2010	F	$	88,464.25
Increased By:			
Fair Value Gain	F-1		225.27
			88,689.52
Decreased By:			
Basic Account Fee	F-1		60.00
Balance, December 31, 2011	F	$	88,629.52

Analysis of Balance:

Wachovia Securities - Account # 1614-5863		
Fixed Income Securities	$	15,000.00
Money Market Assets		73,629.52
	$	88,629.52

See Independent Auditors' Report

TOWNSHIP OF SOUTH ORANGE VILLAGE
TRUSTEES OF FREE PUBLIC LIBRARY

STATEMENT OF ACCOUNTS PAYABLE
YEAR ENDED DECEMBER 31, 2011

F-4

	Ref.		
Increased By:			
Operating Expenditures	F-1	$	13,382.40
Technology Expenditures	F-1		16,946.00
Balance, December 31, 2011	F	$	30,328.40

See Independent Auditors' Report

TOWNSHIP OF SOUTH ORANGE VILLAGE

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PART II

YEAR ENDED DECEMBER 31, 2011

MBC
McENERNEY, BRADY & COMPANY, LLC
Certified Public Accountants

REPORT ON COMPLIANCE AND INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited the regulatory basis financial statements of the Township of South Orange Village, County of Essex, New Jersey (the "Township") as of December 31, 2011 and have issued our report thereon dated August 22, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

As described in Note 1, the financial statements were prepared in conformity with the accounting practices prescribed by the Division, that demonstrates compliance with the modified accrual basis, with certain exceptions, and the budget laws of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

<u>Compliance</u>

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect in the determination of the financial statement accounts. 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 that are required to be reported under *Government Auditing Standards*.

293 Eisenhower Parkway, Livingston, NJ 07039
(973) 535.2880

832 McLean Avenue, Yonkers, NY 10704
(914) 237.3676

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of the internal control components does not reduce to a relatively low level the risk those misstatements in amounts that would be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the governing body and management, and the Division of Local Government Services, Department of Community Affairs, State of New Jersey. However, this report is a matter of public record and its distribution is not limited.

McEnerney, Brady & Company, LLC

McEnerney, Brady & Company, LLC
Certified Public Accountants

Francis M. McEnerney

Francis M. McEnerney
Registered Municipal Accountant #539

Livingston, New Jersey
August 22, 2012

MBC
McENERNEY, BRADY & COMPANY, LLC
Certified Public Accountants

Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 and New Jersey OMB Circular 04-04

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

Compliance

We have audited the Township of South Orange Village's (the "Township") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement and New Jersey OMB Circular 04-04* that could have a direct and material effect on each of the Township of South Orange Village's major federal programs and major state programs for the year ended December 31, 2011. The Township's major federal programs and major state programs are identified in the summary of the auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs and state programs is the responsibility of the Township's management. Our responsibility is to express an opinion on the Township's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States, OMB Circular A-133, State of New Jersey, Department of Treasury, OMB Circular 04-04 NJ OMB Circular 04-04") and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards and OMB Circular A-133 and NJ OMB Circular 04-04 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state program occurred. An audit includes examining, on a test basis, evidence about the Township's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Township's compliance with those requirements.

In our opinion, the Township complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended December 31, 2011.

293 Eisenhower Parkway, Livingston, NJ 07039
(973) 535.2880

832 McLean Avenue, Yonkers, NY 10704
(914) 237.3676

Internal Control Over Compliance

Management of the Township is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Township's internal control over compliance with the requirements that could have a direct and material effect on a major federal program and state program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and N.J. OMB Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Township of South Orange Village's internal control over compliance.

A *deficiency in internal control* over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program or state program on a timely basis. A *material weakness* in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program or state program will not be prevented, or detected and corrected, on a timely basis.

Our consideration in internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses,* as defined above.

This report is intended solely for the information and use of the audit committee, management, the Township of South Orange Village, the New Jersey State Department of Community Affairs, and other federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

McEnerney, Brady, Company, LLC

McEnerney, Brady & Company, LLC
Certified Public Accountants

Francis M. McEnerney

Francis M. McEnerney
Registered Municipal Accountant #539

Livingston, New Jersey
August 22, 2012

TOWNSHIP OF SOUTH ORANGE VILLAGE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2011

Schedule A

Federal Funding Department and Description	Ref.	Grant Number	Catalog Number	Grant Period From	Grant Period To	Funds Received	Total Awards	Balance Dec. 31, 2010	2011 Grant	Paid or Charged	Balance Dec. 31, 2011
Department of Justice:											
Office of Justice Programs											
Bullet Proof Vest Partnership BJA	A	N/A	16.607	1-1-07	12-31-10	4,571.82	4,571.82	$ 3,310.57	$	$ 3,310.57	$
Department of Housing and Urban Development:											
Pass Thru County of Essex											
Community Development Block Grant	B		14.218	7-1-10	6-30-11	174,000.00	174,000.00		174,000.00	174,000.00	
Department of Transportation:											
Highway Planning and Construction											
Safetea-Lu	A		20.205	1-22-08	10-31-11		1,020,000.00	301,382.40		246,750.64	54,631.76
Recreational Trails Program:											
Bikeway Program			20.219	7-1-05	6-30-07		150,000.00	150,000.00		150,000.00	0.00
Bikeway Program				7-1-07	6-30-09		210,000.00	210,000.00		210,000.00	0.00
Bikeway Program - ARRA				7-1-08	6-30-10	270,000.00	300,000.00	137,500.00			137,500.00
Bikeway Program				7-1-09	6-30-11		250,000.00	76,565.00			0.00
Pass-Thru State of New Jersey - Highway Safety Program:											
Click It or Ticket	A		20.602	7-1-09	6-30-11	4,000.00	4,000.00		4,000.00	4,000.00	
Comprehensive Traffic Study	A		20.205	7-1-09	6-30-10		24,950.00	1,105.00		1,105.00	
Comprehensive Traffic Study				7-1-10	6-30-11		10,000.00		10,000.00	7,894.83	2,105.17
Over the Limit Under Arrest	A		20.601	7-1-09	6-30-10						
								876,552.40	14,000.00	619,750.47	194,236.93
Department of Justice:											
Pass-Thru State of New Jersey - Law and Public Safety:											
Juvenile Assistance	A		16.592	7-1-08	6-30-10	21,730.21	37,321.00	14,792.25			14,792.25
Cops in Shops Program			16.727	7-1-09	6-30-10		8,120.00	1,000.00		1,000.00	0.00
Cops in Shops Program			16.727	7-1-10	6-30-11	10,800.00	10,800.00		10,800.00	2,800.00	8,000.00
Assistance to Firefighters			16.726	7-1-10	6-30-11	37,525.00	37,525.00		37,525.00	29,792.00	7,733.00
								15,792.25	48,325.00	33,592.00	30,525.25
Total Federal Awards								$ 895,655.22	#VALUE!	$ 830,653.04	$ 224,762.18

Legend (References)

A - Current Fund
B - Trust Fund
C - General Capital Fund

TOWNSHIP OF SOUTH ORANGE VILLAGE

SCHEDULE OF EXPENDITURES OF STATE AWARDS
YEAR ENDED DECEMBER 31, 2011

State Funding Department and Description	Ref.	Grant Number	Grant Period From	Grant Period To	Cash Receipts	Balance Dec. 31, 2010	2011 Grant	Paid or Charged	Balance Dec. 31, 2011	Cumulative Expenditures
Department of Treasury										
Alcohol & Rehabilitation	A	9355-760-098-4900	7-1-09	6-30-10	$ 916.89	$ 15,808.06	$ 916.89	$	$ 16,724.95	$
County of Essex Open Space										
Open Space Trust Fund - 2009			1-1-09	12-31-09		1,739.26			1,739.26	223,260.74
Department of Transportation										
2010 Scooter Shelter Program	A		1-1-10	12-31-10	28,464.00				0.00	28,464.00
2009 Raymond Street	A		1-1-09	12-31-09		84,586.61		84,586.61	0.00	260,000.00
2009 Ralston Drive	A		1-1-09	12-31-09		294,470.36		256,580.45	37,889.91	408,110.09
Fairview Avenue			1-1-11	12-31-11			224,000.00		224,000.00	20,280.00
New Jersey Transit										
2010 NJ Transit Jitney Grant	A		1-1-10	12-31-10		12,769.70		6,236.18	6,533.52	53,466.48
2008 NJ Transit Jitney Grant	A		1-1-08	5-30-09		1,400.46		1,400.46	0.00	163,659.00
Division of Criminal Justice										
Body Armor Replacement Fund - Prior	A	1020-718-066-1020	Prior			15,757.35		15,757.35	0.00	21,640.35
2009 and 2010 Body Armor Replacement Fund			7-1-09	6-30-11		7,414.01		7,414.01	0.00	7,414.01
2011 Body Armor Replacement Fund			7-1-10	6-30-12	9,680.66		9,680.66		9,680.66	
Department of Environmental Protection										
2002 Environmental Grant Match	A		1-1-02	12-31-02		1,155.10		504.32	650.78	504.32
2006 Green Acres Acquisition	A		1-1-06	12-31-06		1,197,128.57		53,282.93	1,143,845.64	106,154.36
2007 Clean Communities Program	A	4900-765-042-4900	1-1-07	12-31-07		7,461.09		7,461.09	0.00	17,734.26
2010 Clean Communities Program	A		1-1-10	12-31-10		34,820.61		10,701.41	24,119.20	10,701.41
2009 Clean Communities Program	A		1-1-09	12-31-09		28,027.49			28,027.49	
2011 Clean Communities Program			1-1-11	12-31-11	21,188.02		21,188.02		21,188.02	
2008 Green Acres River Corridor	A		1-1-08	12-31-08		125,733.70			125,733.70	36,766.30
Municipal Stormwater Regulation Program			1-1-10	12-31-10	7,325.00	12,029.00	7,325.00			
Recycling Tonnage Grant - Prior Years	A		1-1-03	12-31-10		68,646.08			68,646.08	
Recycling Tonnage Grant	A		1-1-10	12-31-10		45,589.99			45,589.99	
Recycling Tonnage Grant			1-1-11	12-31-11	20,236.35		20,236.35		20,236.35	
Greenway Recovery Project			7-1-10	6-30-11		400,000.00			400,000.00	
Department of Law and Public Safety										
2010 Middle School Police Grant	A	2006CKWX0577	1-1-10	12-31-10		1,300.00			1,300.00	8,700.00
Department of State										
2010 Council on the Arts	A	0705X020053	1-1-10	12-31-10	186.00	9,929.00		519.89	9,409.11	519.89
2008 Council on the Arts	A		1-1-08	12-31-08		545.11		545.11	0.00	12,608.00
Department of Motor Vehicles										
Drunk Driving Enforcement Fund	A	6400-100-078-6400	1-1-10	12-31-11	3,635.53	4,934.79	3,635.53	987.47	7,582.85	987.47
Drunk Driving Enforcement Fund			1-1-09	12-31-09		8,356.62		8,356.62	0.00	19,379.66
Department of Community Affairs										
2005 OEM Grant	A		1-1-05	12-31-05		1,088.72			1,088.72	1,317.00
2007 Smart Future Planning Grant	A		3-1-07	6-30-08		1,000.00			1,000.00	19,000.00
Sustainable Grant			1-1-11	12-31-11	4,737.50		9,475.00		9,475.00	
Special Improvement District Grant	A		1-1-07	12-31-07		10,000.00		225.00	9,775.00	225.00
NJ Historic Trust			1-1-10	12-31-10		50,000.00		43,338.00	6,662.00	43,338.00

TOWNSHIP OF SOUTH ORANGE VILLAGE

SCHEDULE OF EXPENDITURES OF STATE AWARDS
YEAR ENDED DECEMBER 31, 2011

State Funding Department and Description	Ref.	Grant Number	Grant Period From	Grant Period To	Cash Receipts	Balance Dec. 31, 2010	2011 Grant	Paid or Charged	Balance Dec. 31, 2011	Cumulative Expenditures
Department of Health:										
Offices on Alcoholism,Drug Abuse & Addiction:										
2011 Municipal Alliance Grant	A	201-5000-462.48-02	1-1-11	12-31-11			26,750.00	26,750.00	0.00	26,750.00
2010 Municipal Alliance Grant			1-1-10	12-31-10	25,505.75					26,750.00
Flu Planning Grant	A		1-1-11	12-31-11	10,000.00		10,000.00	9,983.34	16.66	9,983.34
Division of Criminal Justice										
2011 Safe & Secure Communities Program	A	1020-718-066-1020	1-1-11	12-31-11			53,438.00		53,438.00	58,114.00
2010 Safe & Secure Communities Program	A		1-1-10	12-31-10	30,000.00	20,000.00			20,000.00	40,000.00
EOC Grant			1-1-10	12-31-10		247,000.00			247,000.00	
						$ 2,708,691.68	$ 386,645.45	$ 534,630.24	$ 2,541,352.89	$1,836,497.78

Legend (References)

A - Current Fund

TOWNSHIP OF SOUTH ORANGE VILLAGE
NOTES TO SCHEDULES OF EXPENDITURES
OF FEDERAL AND STATE AWARDS
YEAR ENDED DECEMBER 31, 2011

1. ***General***

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal and state financial assistance programs of the Township of South Orange Village. The Township of South Orange Village is defined in Note A to the Township's financial statements. All federal financial assistance received directly from federal agencies, as well as federal expenditures of financial assistance passed through other government agencies is included on the Schedule of Federal Financial Awards.

2. ***Basis of Accounting***

The accompanying Schedules of Expenditures of Federal and State Awards are presented using the basis of accounting followed by the Township of South Orange Village, which is described in Note A, Summary of Significant Accounting Policies, to the Township's financial statements. The information in the Schedule of Expenditures of Federal and State Awards is presented in accordance with OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations" and NJ OMB Circular 04-04 "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid".

3. ***Relationship to Federal and State Financial Reports***

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

4. ***State Loan Outstanding***

The Township had the following outstanding loans at December 31, 2011

General Capital Fund:

Environmental Infrastructure	$228,481.25
Green Acres	110,129.78

TOWNSHIP OF SOUTH ORANGE VILLAGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2011

Section I - Summary of Auditors' Results

1. Type of auditors' report issued: Unqualified (Except for Qualification As Due to Statutory Basis of Accounting)

2. Internal control over financial reporting:
   Material weakness(es) identified? ______Yes__√__No
   Significant Deficiencies identified that are not considered to be material weakness(es)? ______Yes__√__No

3. Noncompliance material to financial statements noted? ______Yes__√__No

4. Internal control over major programs:
   Material weakness(es) identified? ______Yes__√__No
   Significant Deficiencies identified that are not considered to be material weakness(es)? ______Yes__√__No

5. Type of auditor's report issued on compliance for major programs: Unqualified

6. Any audit findings disclosed that are required to to be reported in accordance with Section 510(a) of OMB Circular A-133 and New Jersey OMB Circular 04-04? ______Yes__√__No

7. Identification of Major Programs:

Name of Federal Program	CFDA #
• Highway Planning and Construction	20.205
• Recreational Trails Program	20.219

Name of State Program	GMIS Numbers
• Department of Transportation	N/A

8. Dollar threshold for determining Types A and B programs: $300,000

9. Auditee qualified as low-risk auditee? __√__Yes____No

Section II - Financial Statement Findings: None Noted

Section III – Major Federal and State Award Findings and Questioned Costs: None Noted

Section IV – Prior Year Audit Findings and Questioned Costs: None Noted

Section V – Corrective Action Plan Not Applicable

TOWNSHIP OF SOUTH ORANGE VILLAGE
GENERAL COMMENTS
YEAR ENDED DECEMBER 31, 2011

Scope of Audit

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

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

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

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

It is pointed out that the Board of Trustees has the responsibility of determining whether the expenditures in any category will exceed the threshold set for the fiscal year and, where question arises as to whether any contact 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 $36,000.00 in accordance with the provisions of N.J.S.A. 40A:11-3a.

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

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

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

N.J.S.A. 40A:11-6.1 states "Expect contracts which require the performance of professional services, all contracts or agreements which do not require public advertising for bids and the estimated cost or price exceeds $5,400.00 at least two quotations as to the cost or price are required. Quotations, whenever practicable, shall be solicited by the contracting agent, and the contract or agreement shall be made with and awarded to the lowest responsible bidder. There were no exceptions noted.

TOWNSHIP OF SOUTH ORANGE VILLAGE
GENERAL COMMENTS
YEAR ENDED DECEMBER 31, 2011

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

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

> "Not to exceed 8% per annum on the first $1,500 of the delinquency and 18% on any amount in excess of $1,500."
>
> "The Township Council by resolution instructed the Tax Collector to permit a ten (10) day grace period in the collection of taxes before a charge of interest is made."
>
> "Be it further resolved that an additional 6% penalty be charged for delinquencies in excess of $10,000 remaining unpaid at the end of the calendar year in accordance with the amended provisions of N.J.S.A. 54:4-67."

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

Delinquent Taxes and Tax Title Liens
The delinquent taxes at December 31, 2011 consist of unpaid taxes for the year 2011 and one property which is in bankruptcy. It is quite evident, that a determined effort has been made to enforce the payment of delinquent taxes.

TOWNSHIP OF SOUTH ORANGE VILLAGE

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COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2011

TOWNSHIP OF SOUTH ORANGE VILLAGE
COMMENTS AND RECOMMENDATIONS
YEAR ENDED DECEMBER 31, 2011

Finding 2011-1

South Orange Performing Arts Center (SOPAC) has not met the provision of Construction and Loan Agreement Article III, Section 12 (i) which required submission of its audited financial statement.

RECOMMENDATION:

The Township should contact SOPAC and request the audits and determine the collectability of the outstanding loans.

Finding 2011-2

The Water Capital Utility Fund has an unfinanced improvement authorization #96-00 in the sum of $30,000. This improvement must be financed by the Township since it is over five years old.

RECOMMENDATION:

That the unfinanced improvement authorization be financed either through the sale of bonds or by budget appropriation.

Finding 2011-3

Political Contribution Disclosure forms were not obtained for professional service contracts in excess of $17,500.00

RECOMMENDATION:

That political contribution disclosure forms be obtained for all required professional service contracts on an annual basis

Municipal Library:

Finding 2011-4

IRS Form 1099-Miscellaneous were not issued for all vendors receiving in excess of $600.00 as required by the municipal library.

RECOMMENDATION:

That IRS Form 1099-Miscellaneous be issued for eligible vendors in excess of $600.00

Municipal Court:

Finding 2011-5

A number of tickets were not made available for audit.

RECOMMENDATION:

That all tickets be made available for audit.

Finding 2011-6

There were over 1,286 tickets assigned but not used over six months old of the receipt.

RECOMMENDATION:

That tickets assigned but not issued over six months be recalled by the court.

Clerk and Registrar's Department:

Finding 2011-7

The amount due to the state for marriage license surcharge was not in agreement with the records. There is an outstanding balance due of $200.00 at year end.

RECOMMENDATION:

That greater care be taken in recording receipts related to the marriage license surcharge due to the state.

Finding 2011-8

The clerk's monthly reports are inaccurate due to a computer software malfunction. We were thus unable to reconcile the clerk's revenue report to the finance office.

RECOMMENDATION:

That the computer software malfunction in the clerk's office be resolved so as to render correct monthly revenue reports.

Finding 2011-9

There is no fee schedule approved by ordinance by the Township listing the amount or type of fees to be charged by the Recreation Department.

RECOMMENDATION:

That a fee schedule be adopted by the Township Council listing the type of recreation fee and the amount of the fee.

Finding 2011-10

The contract with Rec-Net was approved in 2004. There has not been a current renewal of the contract. The Township's attorney should determine if the contract should go out to bid.

RECOMMENDATION:

That the Township attorney review the Rec-Net contract to determine if the contract can be renewed or if it must go out to bid.

Finding 2011-11

Resolutions were not adopted approving either legal counsel or bond council in 2011.

RECOMMENDATION:

That resolutions be adopted approving all professional contracts.

Finding 2011-12

According to IRS regulations an employee can not receive both a W-2 and IRS Form 1099 by the same employer.

RECOMMENDATION:

That any compensation paid to an employee only be reported on a W-2.

Finding 2011-13

The Township established a fixed asset accounting system. However, the Township has not maintained and updated the records.

RECOMMENDATION

It is recommended that the Township update and maintain on a contemporaneous basis their fixed asset accounting system.

TOWNSHIP OF SOUTH ORANGE VILLAGE
COMMENTS AND RECOMMENDATIONS
YEAR ENDED DECEMBER 31, 2011

RECOMMENDATIONS

A review should be undertaken to determine:

1) Collectability of the receivables for grants
2) If grant reserve balances are required to be refunded back to the appropriate grantor agency.

The Township should contact SOPAC and request the audits and determine the collectability of the outstanding loans.

That the unfinanced improvement authorization be financed either through the sale of bonds or by budget appropriation.

That political contribution disclosure forms be obtained for all required professional service contracts.

That IRS Form 1099-Miscellaneous be issued for eligible vendors in excess of $600.00

That all tickets be made available for audit.

That ticket receipts assigned but not issued over six months old be recalled.

That greater care be taken in recording receipts related to the marriage license surcharge due to the state.

That the computer software malfunction in the Township clerk's office be resolved so the monthly reports are accurate.

That all recreation applications for programs be made available for audit.

That the Township attorney review the Rec-Net contract to determine if the contract can be renewed or if it must go out to bid.

That a fee ordinance/resolution be adopted by the Township detailing the fees to be charged for each activity run by the recreation department.

That resolutions be approved for all professional service contracts.

That all compensation paid to an employee only be reported on a W-2.

That the Township update its fixed asset accounting system.