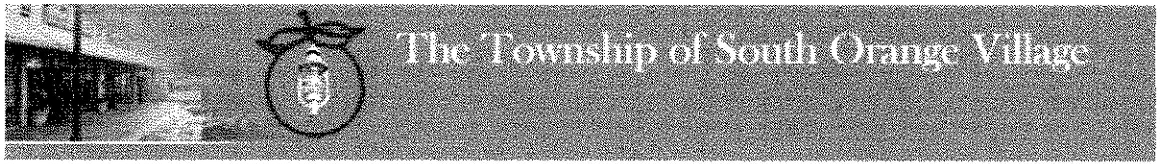


# THE TOWNSHIP OF SOUTH ORANGE VILLAGE

## ESSEX COUNTY, NEW JERSEY

## REPORT OF AUDIT

## YEAR ENDED DECEMBER 31, 2012

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, 2012 AND 2011

# TOWNSHIP OF SOUTH ORANGE VILLAGE
# ROSTER OF OFFICIALS
# DECEMBER 31, 2012

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 Board of Trustees
Township of South Orange Village
South Orange, New Jersey

**Report on the Financial Statements**

We have audited the accompanying regulatory basis financial statements of the various funds of the Township of South Orange Village, Essex County, New Jersey (the "Township") as of and for the years ended December 31, 2012 and 2011, the statements of revenues, expenditures and changes in fund balances for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

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

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

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

***Basis for Adverse Opinion***

Management has prepared the financial statements in conformity with accounting practices prescribed by the Division, which 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. These practices differ in certain respects, which in some instances may be material, from accounting principles generally accepted in the United States of America applicable to local government units. The more significant of these practices are described in Note 1 to the financial statements.

293 Eisenhower Parkway, Livingston, NJ 07039
(973) 535-2880

832 McLean Avenue, Yonkers, NY 10704
(914) 237-3676

### *Adverse Opinion*

In our opinion, because of the Township's policy to prepare its financial statements on the basis of accounting discussed above, the financial statements referred to above do not present fairly, the financial position of the Township as of December 31, 2012 or the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America,

### *Unmodified Opinion*

In our opinion, the regulatory basis financial statements referred to above present fairly, in all material respects, the respective financial position of the various funds of the Township of South Orange Village, Essex County, New Jersey, as of December 31, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles and practices prescribed by the Division, as described in Note 1 to the financial statements.

### *Other Matters*

*Other Information*

Our audit was conducted for the purpose of forming opinions on the regulatory basis financial statements that collectively comprise Township's basic financial statements. The accompanying supplementary sections and schedules of expenditures of federal and state awards, as required by *Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey State Office of Management and Budget Circular Letter 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The information included in the supplemental sections and schedules of expenditures of federal and state awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental sections and schedules of expenditures of federal and state awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 20, 2013 on our consideration of the Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.

McEnerney, Brady & Company, LLC

McEnerney, Brady & Co., LLC
Certified Public Accountants

Francis M. McEnerney

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

Livingston, New Jersey
September 20, 2013

TOWNSHIP OF SOUTH ORANGE VILLAGE
CURRENT FUND

BALANCE SHEETS
REGULATORY BASIS
DECEMBER 31, 2012 AND 2011

A
Sheet #1

| ASSETS AND DEFERRED CHARGES | Ref. | 2012 | 2011 |
|---|---|---|---|
| Cash | A-4 | $ 3,784,440.24 | $ 3,761,037.36 |
| Change Funds | A-5 | 725.00 | 425.00 |
| Prepaid Debt Service | A-6 | 275,000.00 | 265,000.00 |
| Due from State of New Jersey: | | | |
| Ch. 129, P.L. 1976 | A-7 | 587.70 | |
| | | 4,060,752.94 | 4,026,462.36 |
| Receivables and Other Assets with Full Reserves: | | | |
| Delinquent Taxes Receivable | A-8 | 859,252.15 | 751,414.55 |
| Tax Title Liens | A-9 | 3,255.83 | 2,801.78 |
| Other Accounts Receivable | A-10 | 108,602.89 | 67,924.13 |
| Property Acquired for Taxes at Assessed Valuation | A-11 | 282,900.00 | 282,900.00 |
| Revenue Accounts Receivable | A-12 | 495,766.56 | 447,370.07 |
| Interfunds Receivable | A-13 | 78,554.52 | 32,598.48 |
| | | 1,828,331.95 | 1,585,009.01 |
| Deferred Charges | A-14 | 325,000.00 | 250,000.00 |
| | | 6,214,084.89 | 5,861,471.37 |
| Federal and State Grant Fund: | | | |
| Cash | A-4 | 7,498.00 | 175.00 |
| Federal and State Grants Receivable | A-25 | 4,046,958.80 | 5,095,213.97 |
| Interfund Receivable | A-26 | | 9,615.00 |
| | | 4,054,456.80 | 5,105,003.97 |
| | | $ 10,268,541.69 | $ 10,966,475.34 |

See accompanying notes to financial statements.

TOWNSHIP OF SOUTH ORANGE VILLAGE
CURRENT FUND

BALANCE SHEETS
REGULATORY BASIS
DECEMBER 31, 2012 AND 2011

A
Sheet #2

| LIABILITIES, RESERVES AND FUND BALANCE | Ref. | 2012 | 2011 |
|---|---|---|---|
| Expenditure Reserves: | | | |
| Appropriation Reserves: | | | |
| Encumbered | A-3, A-15 | $ 880,783.44 | $ 296,121.56 |
| Unencumbered | A-3, A-15 | 977,743.61 | 841,691.28 |
| Due to State of New Jersey: | | | |
| Ch. 129, P.L. 1976 | A-7 | | 912.30 |
| Interfunds Payable | A-13 | | 26,367.07 |
| Due to State of New Jersey: | | | |
| Other Fees | A-18 | 7,845.00 | 4,650.00 |
| Tax Overpayments | A-17 | 299,730.45 | 201,979.72 |
| Sewer Rent Overpayments | A-19 | 894.66 | 1,006.49 |
| Accounts Payable | A-16 | 51,151.46 | |
| Various Reserves | A-23 | 615,395.42 | 664,201.31 |
| Prepaid Taxes | A-24 | 446,011.27 | 418,346.50 |
| | | 3,279,555.31 | 2,455,276.23 |
| Reserve for Receivables and Other Assets | | 1,828,331.95 | 1,585,009.01 |
| Fund Balance | A-1 | 1,106,197.63 | 1,821,186.13 |
| | | 6,214,084.89 | 5,861,471.37 |
| Federal and State Grant Fund: | | | |
| Interfunds Payable | A-26 | 106,192.84 | 1,497,483.77 |
| Appropriated Reserves | A-27 | 3,859,277.35 | 3,562,505.01 |
| Unappropriated Reserves | A-28 | 88,986.61 | 45,015.19 |
| | | 4,054,456.80 | 5,105,003.97 |
| | | $ 10,268,541.69 | $ 10,966,475.34 |

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, 2012 AND 2011

A-1

| | Ref. | 2012 | 2011 |
|---|---|---|---|
| Revenue and Other Income | | | |
| Fund Balance Utilized | A-2 | $ 1,410,000.00 | $ 1,875,713.00 |
| Miscellaneous Revenue Anticipated | A-2 | 9,700,369.11 | 10,585,409.14 |
| Receipts from Delinquent Taxes | A-2a | 707,487.35 | 934,574.01 |
| Receipts from Current Taxes | A-2a | 77,111,671.26 | 75,018,467.03 |
| Nonbudget Revenue | A-2b | 203,670.77 | 470,546.45 |
| Other Credits to Income: | | | |
| Appropriation Reserves Lapsed | A-15 | 509,828.93 | 770,540.77 |
| Tax Overpayments Cancelled | A-17 | 123.93 | 230.41 |
| Other Accounts Receivable Liquidated | A-10 | 13,725.03 | 141,040.09 |
| Total Revenue and Other Income | | 89,656,876.38 | 89,796,520.90 |
| Expenditures | | | |
| Budget and Emergency Appropriations | A-3 | 32,411,857.12 | 32,850,653.68 |
| Prior Year Revenue Refunded | | | 97,289.00 |
| Prior Year Senior Citizen Deduction Disallowed | A-7 | 250.00 | 2,375.00 |
| Interfund Advances | A-13 | 45,956.04 | 32,598.48 |
| Other Accounts Receivable Established | A-10 | 44,237.36 | 59,134.96 |
| Local Open Space Tax | A-22 | 224,456.70 | 280,103.08 |
| County Taxes | A-20 | 12,236,811.00 | 11,962,056.94 |
| Regional District School Tax | A-21 | 44,123,296.66 | 43,299,689.01 |
| Total Expenditures | | 89,086,864.88 | 88,583,900.15 |
| Excess in Revenue | | 570,011.50 | 1,212,620.75 |
| Add: Adjustments to Income before Fund Balance: | | | |
| Expenditures Included Above Which are by Statute | | | |
| Deferred Charges to Budget of Succeeding Year | A-3 | 125,000.00 | 250,000.00 |
| Statutory Excess to Fund Balance | | 695,011.50 | 1,462,620.75 |
| Fund Balance | | | |
| Balance, Beginning of Year | A | 1,821,186.13 | 2,234,278.38 |
| | | 2,516,197.63 | 3,696,899.13 |
| Decreased by: | | | |
| Utilized as Anticipated Revenue | Above | 1,410,000.00 | 1,875,713.00 |
| Balance, End of Year | A | $ 1,106,197.63 | $ 1,821,186.13 |

See accompanying notes to financial statements.

# TOWNSHIP OF SOUTH ORANGE VILLAGE
## CURRENT FUND

## STATEMENT OF REVENUES
## REGULATORY BASIS
## YEAR ENDED DECEMBER 31, 2012

A-2
Sheet #1

| | Ref. | Anticipated Budget | Realized | Excess or (Deficit) |
|---|---|---|---|---|
| Fund Balance Appropriated | A-1 | $ 1,410,000.00 | $ 1,410,000.00 | $ |
| Miscellaneous Revenues | | | | |
| Alcoholic Beverage Licenses | A-12 | 30,450.00 | 31,040.00 | 590.00 |
| Other Licenses | A-2a | 21,900.00 | 22,733.00 | 833.00 |
| Fees and Permits | A-2a | 75,000.00 | 102,322.18 | 27,322.18 |
| Municipal Court Fines and Costs | A-12 | 595,000.00 | 668,003.50 | 73,003.50 |
| Interest and Cost on Taxes | A-12 | 255,000.00 | 221,868.89 | (33,131.11) |
| Interest on Investments and Deposits | A-12 | 18,000.00 | 40,572.55 | 22,572.55 |
| Recreation Receipts | A-12 | 940,000.00 | 968,002.01 | 28,002.01 |
| Sewer User Fees | A-12 | 2,080,000.00 | 2,058,677.97 | (21,322.03) |
| Cable TV Franchise Fee | A-12 | 167,113.19 | 195,997.62 | 28,884.43 |
| Payment in Lieu of Taxes | A-12 | 1,291,227.14 | 1,233,845.33 | (57,381.81) |
| Cell Tower Rental Fee | A-12 | 109,686.43 | 132,301.82 | 22,615.39 |
| South Orange Parking Authority | A-12 | 50,000.00 | 50,000.00 | |
| Relief Aid | A-12 | 79,833.00 | 79,833.00 | |
| Energy Receipts Tax | A-12 | 1,377,028.00 | 1,377,028.00 | |
| Uniform Construction Code Fees | A-12 | 375,000.00 | 471,635.85 | 96,635.85 |
| Bureau of Fire Safety - Life Hazard Use Fees | A-12 | 23,097.66 | 22,544.51 | (553.15) |
| Utility Operating Surplus - Water | A-12 | 200,000.00 | 200,000.00 | |
| General Capital Fund Balance | A-12 | 400,000.00 | 400,000.00 | |
| CDBG - Payment of Debt Service | A-12 | 118,216.00 | 149,640.00 | 31,424.00 |
| Seton Hall Debt Service Payment | A-12 | 85,000.00 | 85,000.00 | |
| FEMA - 2011 Storms | A-12 | 218,604.95 | 56,467.88 | (162,137.07) |
| Police Side Job Fees | A-12 | 48,000.00 | 52,900.00 | 4,900.00 |
| | | 8,688,156.37 | 8,620,414.11 | (67,742.26) |
| Federal and State Grants: | | | | |
| Clean Communities Program | | 23,208.00 | 23,208.00 | |
| Safe and Secure Communities | | 60,000.00 | 60,000.00 | |
| Municipal Alliance on Alcohol and Drug Abuse | | 26,750.00 | 26,750.00 | |
| Police Security Grant | | 11,000.00 | 11,000.00 | |
| DOT - Turrell Avenue | | 230,000.00 | 230,000.00 | |
| COPS in Shops | | 5,000.00 | 5,000.00 | |
| Emergency Management Preparedness | | 25,000.00 | 25,000.00 | |
| FEMA - Aerial Fire Truck | | 698,997.00 | 698,997.00 | |
| | A-13 | 1,079,955.00 | 1,079,955.00 | |

See accompanying notes to financial statements.

TOWNSHIP OF SOUTH ORANGE VILLAGE
CURRENT FUND

STATEMENT OF REVENUES
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2012

A-2
Sheet #2

| | Ref. | Anticipated Budget | Realized | Excess or (Deficit) |
|---|---|---|---|---|
| Total Miscellaneous Revenue | A-1 | $ 9,768,111.37 | $ 9,700,369.11 | $ (67,742.26) |
| Receipts from Delinquent Taxes | A-2a | 740,673.36 | 707,487.35 | (33,186.01) |
| Amount to be Raised by Taxes for Support of Municipal Budget: | | | | |
| Minimum Library Tax | | 887,496.96 | | |
| Local Tax for Municipal Purpose | | 20,463,045.04 | | |
| | A-2a | 21,350,542.00 | 21,481,567.19 | 131,025.19 |
| | | 33,269,326.73 | 33,299,423.65 | 30,096.92 |
| Nonbudget Revenue | A-2b | | 203,670.77 | 203,670.77 |
| | A-3 | $ 33,269,326.73 | $ 33,503,094.42 | $ 233,767.69 |

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, 2012

A-2a

| Allocation of Tax Collections | Ref. | Total | Receipts from Delinquent Taxes | Current Tax Collections |
|---|---|---|---|---|
| Taxes Receivable Cash Receipts | A-8 | $ 77,345,312.11 | $ 707,487.35 | $ 76,637,824.76 |
| Exemptions Granted | A-8 | 55,500.00 | | 55,500.00 |
| Prepaid Taxes Applied | A-8 | 418,346.50 | | 418,346.50 |
| Total Revenue | A-1 | 77,819,158.61 | 707,487.35 | 77,111,671.26 |
| Allocated to: | | | | |
| County Levy and Added Taxes | A-20 | (12,236,811.00) | | (12,236,811.00) |
| Regional District School Taxes | A-21 | (44,123,296.66) | | (44,123,296.66) |
| Local Open Space | A-22 | (224,456.70) | | (224,456.70) |
| Plus: Reserve for Uncollected Taxes | A-3 | 954,460.29 | | 954,460.29 |
| Realized Revenue | A-2 | $ 22,189,054.54 | $ 707,487.35 | $ 21,481,567.19 |

| Other Licenses and Fees | | Total | Other Licenses | Permits and Fees |
|---|---|---|---|---|
| Public Works | A-12 | $ 8,185.00 | $ | $ 8,185.00 |
| Clerk's Office | A-12 | 67,554.60 | 6,226.00 | 61,328.60 |
| Tax Search Fees | A-12 | 20.00 | | 20.00 |
| Public Safety | A-12 | 606.50 | | 606.50 |
| Board of Adjustment | A-12 | 390.00 | | 390.00 |
| Planning Board | A-12 | 31,202.08 | | 31,202.08 |
| Board of Health | A-12 | 17,097.00 | 16,507.00 | 590.00 |
| Realized Revenue | A-2 | $ 125,055.18 | $ 22,733.00 | $ 102,322.18 |

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, 2012

A-2b

| | Ref. | |
|---|---|---|
| Miscellaneous Revenue Not Anticipated | | |
| Cash Receipts: | | |
| Administrative Fee - Police Special Duty | | |
| Reimbursement - Workmen's Compensation | | $ 53,443.32 |
| Premiums Forfeited | | 26,400.00 |
| Budget Refunds | | 4,951.70 |
| Hydrant Repair | | 2,858.39 |
| Board of Elections | | 70.00 |
| Bid Specifications | | 5,650.00 |
| Contribution in Lieu of Taxes | | 5,000.00 |
| Restitution | | 2,725.95 |
| Gas Light Ads | | 4,600.00 |
| Photocopies | | 102.18 |
| Bike Auction | | 380.00 |
| Bad Check Charge | | 1,440.00 |
| Prior Year Reimbursements | | 4,103.19 |
| Donation - SOVH | | 4,000.00 |
| Senior Citizen and Veteran Deduction Administrative Fee | | 1,075.00 |
| Miscellaneous Overpayments | | 4,368.50 |
| Other | | 59,911.02 |
| | A-4 | 181,079.25 |
| Interfunds Receivable | A-13 | 22,591.52 |
| | A-1, A-2 | $ 203,670.77 |

See accompanying notes to financial statements.

# TOWNSHIP OF SOUTH ORANGE VILLAGE
## CURRENT FUND

## STATEMENT OF EXPENDITURES
## REGULATORY BASIS
## YEAR ENDED DECEMBER 31, 2012

| Appropriation | Appropriations Budget | Appropriations Modified Budget | Expended | Encumbered | Unencumbered | Cancelled |
|---|---|---|---|---|---|---|
| APPROPRIATIONS WITHIN "CAPS" | | | | | | |
| GENERAL GOVERNMENT | | | | | | |
| Administrative and Executive: | | | | | | |
| Salaries and Wages | $ 260,000.00 | $ 192,544.15 | $ 192,544.15 | $ | $ | $ |
| Other Expenses | 320,000.00 | 327,190.00 | 217,483.83 | 105,784.60 | 3,921.57 | |
| Mayor and Council: | | | | | | |
| Other Expenses | 4,000.00 | 4,000.00 | 176.40 | | 3,823.60 | |
| Village Committee: | | | | | | |
| Other Expenses | 30,000.00 | 30,755.77 | 29,211.77 | 1,544.00 | | |
| Office of Village Clerk: | | | | | | |
| Salaries and Wages | 165,000.00 | 151,302.57 | 151,302.57 | | | |
| Other Expenses | 42,500.00 | 42,500.00 | 23,817.68 | 1,752.54 | 16,929.78 | |
| Financial Administration: | | | | | | |
| Salaries and Wages | 82,000.00 | 83,377.23 | 83,377.23 | | | |
| Other Expenses | 232,000.00 | 232,000.00 | 230,246.77 | 1,743.80 | 9.43 | |
| Annual Audit | 26,500.00 | 26,500.00 | | | 26,500.00 | |
| Assessment of Taxes: | | | | | | |
| Salaries and Wages | 99,900.00 | 100,959.48 | 100,959.48 | | | |
| Other Expenses | 22,000.00 | 22,000.00 | 2,669.10 | 850.00 | 18,480.90 | |
| Collection of Taxes: | | | | | | |
| Salaries and Wages | 148,000.00 | 136,073.63 | 136,073.63 | | | |
| Other Expenses | 13,000.00 | 13,000.00 | 11,903.75 | | 1,096.25 | |
| Legal Services and Costs: | | | | | | |
| Salaries and Wages | | | | | | |
| Other Expenses | 260,000.00 | 260,000.00 | 198,264.37 | 15,934.98 | 45,800.65 | |
| Engineering Services and Costs: | | | | | | |
| Salaries and Wages | 120,000.00 | 181,980.90 | 181,980.90 | | | |
| Other Expenses | 60,000.00 | 50,303.59 | 4,502.64 | | 45,800.95 | |
| Computer Information Technology | | | | | | |
| Salaries and Wages | 90,000.00 | 90,000.00 | 90,000.00 | | | |
| Other Expenses | 30,000.00 | 30,000.00 | | 27,825.85 | 2,174.15 | |
| LAND USE ADMINISTRATION | | | | | | |
| Planning Board: | | | | | | |
| Other Expenses | 8,600.00 | 8,600.00 | 3,953.81 | 1,224.24 | 3,421.95 | |
| Board of Adjustment: | | | | | | |
| Other Expenses | 3,000.00 | 4,348.52 | 4,282.37 | 66.15 | | |
| INSURANCE | | | | | | |
| Unemployment | 85,000.00 | 77,000.00 | 38,946.72 | | 38,053.28 | |
| General Liability | 301,623.26 | 348,445.43 | 348,445.43 | | | |
| Workers Compensation | 625,251.35 | 625,251.35 | 625,251.35 | | | |
| Employee Group Health | 2,060,000.00 | 2,108,453.32 | 2,108,186.07 | 267.25 | | |
| MUNICIPAL COURT | | | | | | |
| Municipal Court: | | | | | | |
| Salaries and Wages | 67,000.00 | 92,889.19 | 92,889.19 | | | |

# TOWNSHIP OF SOUTH ORANGE VILLAGE
## CURRENT FUND

## STATEMENT OF EXPENDITURES
## REGULATORY BASIS
## YEAR ENDED DECEMBER 31, 2012

| Appropriation | Appropriations: Budget | Appropriations: Modified Budget | Expended | Encumbered | Unencumbered | Cancelled |
|---|---|---|---|---|---|---|
| APPROPRIATIONS WITHIN "CAPS" | | | | | | |
| MUNICIPAL COURT | | | | | | |
| Public Defender: | | | | | | |
| Salaries and Wages | $ 5,000.00 | $ 21,858.86 | $ 21,858.86 | $ | $ | $ |
| PUBLIC SAFETY | | | | | | |
| Department of Public Safety: | | | | | | |
| Salaries and Wages | 6,470,000.00 | 6,383,569.44 | 6,383,569.44 | | | |
| Other Expenses | 252,000.00 | 252,000.00 | 217,635.95 | 32,101.29 | 2,262.76 | |
| Emergency Management Service: | | | | | | |
| Other Expenses | 7,500.00 | 7,500.00 | 3,171.11 | 2,687.36 | 1,641.53 | |
| Fire: | | | | | | |
| Salaries and Wages | 3,650,000.00 | 3,657,163.15 | 3,657,163.15 | | | |
| Other Expenses | 65,000.00 | 65,000.00 | 26,541.48 | 30,067.82 | 8,390.70 | |
| PUBLIC WORKS FUNCTIONS | | | | | | |
| Road Repair and Maintenance: | | | | | | |
| Salaries and Wages | 273,000.00 | 280,775.81 | 280,775.81 | | | |
| Other Expenses | 95,000.00 | 95,000.00 | 24,816.93 | 25,073.00 | 45,110.07 | |
| Other Public Works Functions: | | | | | | |
| Salaries and Wages | 565,000.00 | 484,673.40 | 484,673.40 | | | |
| Other Expenses | 95,000.00 | 95,000.00 | 70,955.42 | 15,964.42 | 8,080.16 | |
| Recycling: | | | | | | |
| Salaries and Wages | 200,000.00 | 208,616.52 | 208,616.52 | | | |
| Other Expenses | 200,000.00 | 200,000.00 | 31,284.45 | 113,230.00 | 55,485.55 | |
| Sewer System: | | | | | | |
| Salaries and Wages | 46,000.00 | 48,624.43 | 48,624.43 | | | |
| Other Expenses | 5,000.00 | 5,810.84 | 5,240.50 | 570.34 | | |
| Public Building and Grounds: | | | | | | |
| Other Expenses | 106,000.00 | 91,000.00 | 57,076.14 | 23,218.70 | 10,705.16 | |
| Maintenance of Parks: | | | | | | |
| Salaries and Wages | 440,000.00 | 453,014.35 | 453,014.35 | | | |
| Other Expenses | 105,000.00 | 105,000.00 | 87,511.48 | 10,801.63 | 6,686.89 | |
| HEALTH AND WELFARE | | | | | | |
| Board of Health: | | | | | | |
| Salaries and Wages | 184,000.00 | 183,835.56 | 183,835.56 | | | |
| Other Expenses | 28,000.00 | 28,000.00 | 18,335.53 | 188.00 | 9,476.47 | |

# TOWNSHIP OF SOUTH ORANGE VILLAGE
## CURRENT FUND

## STATEMENT OF EXPENDITURES
## REGULATORY BASIS
## YEAR ENDED DECEMBER 31, 2012

| Appropriation | Appropriations Budget | Modified Budget | Expended | Encumbered | Unencumbered | Cancelled |
|---|---|---|---|---|---|---|
| APPROPRIATIONS WITHIN "CAPS" | | | | | | |
| RECREATION AND EDUCATION | | | | | | |
| Public Recreation Programs: | | | | | | |
| Salaries and Wages | $ 775,000.00 | $ 762,479.81 | $ 762,479.81 | $ | $ | $ |
| Other Expenses | 660,000.00 | 675,000.00 | 588,325.47 | 81,853.97 | 4,820.56 | |
| UNIFORM CONSTRUCTION CODE | | | | | | |
| Construction Code Officials: | | | | | | |
| Inspection of Buildings: | | | | | | |
| Salaries and Wages | 190,000.00 | 206,384.08 | 206,384.08 | | | |
| Other Expenses | 10,000.00 | 10,000.00 | 1,635.56 | | 8,364.44 | |
| UNCLASSIFIED | | | | | | |
| Electricity | 270,000.00 | 270,000.00 | 157,678.95 | 21,156.22 | 91,164.83 | |
| Gasoline, Diesel Fuel and Lubricants | 240,000.00 | 240,000.00 | 171,165.94 | 40,030.52 | 28,803.54 | |
| Telephone and Telegraph | 95,000.00 | 95,000.00 | 80,705.00 | 3,521.47 | 10,773.53 | |
| Street Lighting | 940,000.00 | 940,000.00 | 561,899.92 | 129,384.58 | 248,715.50 | |
| CONTINGENT | 5,000.00 | 5,000.00 | | | 5,000.00 | |
| Total Operations Within "CAPS" | 21,131,874.61 | 21,109,781.38 | 19,671,444.45 | 686,842.73 | 751,494.20 | |
| Detail: | | | | | | |
| Salaries and Wages | 13,739,900.00 | 13,630,122.56 | 13,630,122.56 | | | |
| Other Expenses | 7,391,974.61 | 7,479,658.82 | 6,041,321.89 | 686,842.73 | 751,494.20 | |
| STATUTORY EXPENDITURES | | | | | | |
| Contributions to: | | | | | | |
| Public Employees' Retirement System | 530,974.80 | 530,974.80 | 530,974.80 | | | |
| Social Security System (OASI) | 530,000.00 | 530,000.00 | 498,870.28 | | 31,129.72 | |
| Disability Insurance | 25,000.00 | 47,093.23 | 47,093.23 | | | |
| Consolidated Police and Firemen's Pension | 8,804.44 | 8,804.44 | 8,804.44 | | | |
| Police and Firemen's Retirement System | 2,026,655.00 | 2,026,655.00 | 2,026,655.00 | | | |
| | 3,121,434.24 | 3,143,527.47 | 3,112,397.75 | | 31,129.72 | |
| Total Appropriations Within "CAPS" | 24,253,308.85 | 24,253,308.85 | 22,783,842.20 | 686,842.73 | 782,623.92 | |

TOWNSHIP OF SOUTH ORANGE VILLAGE
CURRENT FUND

STATEMENT OF EXPENDITURES
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2012

| Appropriation | Appropriations Budget | Modified Budget | Expended | Encumbered | Unencumbered | Cancelled |
|---|---|---|---|---|---|---|
| APPROPRIATIONS EXCLUDED FROM "CAPS" | | | | | | |
| OTHER OPERATIONS | | | | | | |
| Municipal Library | $ 935,000.00 | $ 935,000.00 | $ 869,886.07 | $ 37,482.00 | $ 27,631.93 | $ |
| Employee Group Health | 127,100.00 | 127,100.00 | 127,100.00 | | | |
| Hurricane Sandy | | 125,000.00 | 49,651.24 | | 75,348.76 | |
| Joint Trunk Sewer Maintenance | 819,000.00 | 819,000.00 | 789,376.04 | | 29,623.96 | |
| | 1,881,100.00 | 2,006,100.00 | 1,836,013.35 | 37,482.00 | 132,604.65 | |
| Interlocal Municipal Service Agreements | | | | | | |
| Municipal Court - Township of Maplewood | 370,000.00 | 370,000.00 | 177,687.71 | 156,458.71 | 35,853.58 | |
| Code Enforcement - Township of Maplewood | 100,000.00 | 100,000.00 | 73,338.54 | | 26,661.46 | |
| PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES | | | | | | |
| Municipal Alliance Grant | 26,750.00 | 26,750.00 | 26,750.00 | | | |
| State and Secure Grant | 60,000.00 | 60,000.00 | 60,000.00 | | | |
| Police Security Grant | 11,000.00 | 11,000.00 | 11,000.00 | | | |
| DOT - Turrell Avenue | 230,000.00 | 230,000.00 | 230,000.00 | | | |
| FEMA - Aerial Fire Truck | 698,997.00 | 698,997.00 | 698,997.00 | | | |
| Cops in Shops | 5,000.00 | 5,000.00 | 5,000.00 | | | |
| Clean Communities | 23,208.00 | 23,208.00 | 23,208.00 | | | |
| Emergency Management Planning | 25,000.00 | 25,000.00 | 25,000.00 | | | |
| Total Public and Private Programs | 1,079,955.00 | 1,079,955.00 | 1,079,955.00 | | | |
| Total Operations Excluded from "CAPS" | 3,431,055.00 | 3,556,055.00 | 3,166,994.60 | 193,940.71 | 195,119.69 | |
| Detail: | | | | | | |
| Other Expenses | 3,431,055.00 | 3,556,055.00 | 3,166,994.60 | 193,940.71 | 195,119.69 | |
| CAPITAL IMPROVEMENTS | | | | | | |
| Capital Improvement Fund | 150,000.00 | 150,000.00 | 150,000.00 | | | |

# TOWNSHIP OF SOUTH ORANGE VILLAGE
## CURRENT FUND

## STATEMENT OF EXPENDITURES
## REGULATORY BASIS
## YEAR ENDED DECEMBER 31, 2012

| Appropriation | Appropriations Budget | Modified Budget | Expended | Encumbered | Unencumbered | Cancelled |
|---|---|---|---|---|---|---|
| APPROPRIATIONS EXCLUDED FROM "CAPS" | | | | | | |
| DEBT SERVICE | | | | | | |
| Payment of Bond | $ 2,128,000.00 | $ 2,128,000.00 | $ 2,128,000.00 | $ | $ | $ |
| Payment of Bond Anticipation Notes and Capital Notes | 809,000.00 | 809,000.00 | 809,000.00 | | | |
| Interest on Bonds | 510,450.00 | 509,898.73 | 482,327.50 | | | 27,571.23 |
| Interest on Notes | 693,600.00 | 693,600.00 | 693,161.91 | | | 438.09 |
| Loan Repayment for Principal and Interest | 8,534.64 | 8,534.64 | 8,534.64 | | | |
| ECIA - Art Center Principal | 265,000.00 | 265,000.00 | 265,000.00 | | | |
| Environmental Infrastructure Loan | 15,917.95 | 16,469.22 | 16,469.22 | | | |
| | 4,430,502.59 | 4,430,502.59 | 4,402,493.27 | | | 28,009.32 |
| Deferred Charges: | | | | | | |
| Special Emergency Authorizations 5 Years | 50,000.00 | 50,000.00 | 50,000.00 | | | |
| Total Appropriations Excluded from "CAPS" | 8,061,557.59 | 8,186,557.59 | 7,769,487.87 | 193,940.71 | 195,119.69 | 28,009.32 |
| Sub-Total Appropriations | 32,314,866.44 | 32,439,866.44 | 30,553,330.07 | 880,783.44 | 977,743.61 | 28,009.32 |
| Reserve for Uncollected Taxes | 954,460.29 | 954,460.29 | 954,460.29 | | | |
| Total General Appropriations | $ 33,269,326.73 | $ 33,394,326.73 | $ 31,507,790.36 | $ 880,783.44 | $ 977,743.61 | $ 28,009.32 |
| Ref. | A-2 | Below | Below | A | A | Below |

| | Ref. | | |
|---|---|---|---|
| Budget | A-2 | $ 33,269,326.73 | $ |
| Reserve for Uncollected Taxes | A-2a | (954,460.29) | 954,460.29 |
| Emergency Appropriation | A-1, A-14 | 125,000.00 | 50,000.00 |
| Cash Disbursements | A-4 | | 12,999,145.81 |
| Prepaid Debt Service | A-6 | | 265,000.00 |
| Interfunds | A-13 | | 17,239,184.26 |
| Cancelled | Above | (28,009.32) | |
| | A-1 | $ 32,411,857.12 | $ 31,507,790.36 |

See accompanying notes to financial statements.

TOWNSHIP OF SOUTH ORANGE VILLAGE
TRUST FUND

BALANCE SHEETS
REGULATORY BASIS
DECEMBER 31, 2012 AND 2011

B

| ASSETS | Ref. | 2012 | 2011 |
|---|---|---|---|
| Animal Control Fund | | | |
| Cash | B-1 | $ 10,439.25 | $ 5,676.86 |
| General Trust Fund | | | |
| Cash | B-1 | 1,504,306.71 | 1,604,130.06 |
| Interfunds Receivable | B-3 | | 76.46 |
| | | 1,504,306.71 | 1,604,206.52 |
| Payroll Trust Fund | | | |
| Cash | B-1 | 160,713.29 | 164,352.40 |
| | | $ 1,675,459.25 | $ 1,774,235.78 |
| LIABILITIES AND RESERVES | | | |
| Animal Control Fund | | | |
| Due to State of New Jersey | B-4 | $ 131.60 | $ 130.20 |
| Prepaid Revenue | B-5 | 1,398.00 | 900.60 |
| Reserve for Expenditures | B-7 | 8,909.65 | 4,646.06 |
| | | 10,439.25 | 5,676.86 |
| General Trust Fund | | | |
| Interfunds Payable | B-3 | 31,424.00 | |
| Reserves for: | | | |
| Special Deposits | B-8 | 588,495.86 | 595,821.87 |
| Open Space | B-10 | 884,386.85 | 1,008,384.65 |
| | | 1,504,306.71 | 1,604,206.52 |
| Payroll Trust Fund | | | |
| Interfunds Payable | B-9 | 22,591.52 | 32,598.48 |
| Payroll Deductions Payable | B-6 | 138,121.77 | 131,753.92 |
| | | 160,713.29 | 164,352.40 |
| | | $ 1,675,459.25 | $ 1,774,235.78 |

See accompanying notes to financial statements.

## TOWNSHIP OF SOUTH ORANGE VILLAGE
## GENERAL CAPITAL FUND

### BALANCE SHEETS
### REGULATORY BASIS
### DECEMBER 31, 2012 AND 2011

C

| ASSETS AND DEFERRED CHARGES | Ref. | 2012 | 2011 |
|---|---|---|---|
| Cash | C-2 | $ 6,418,579.60 | $ 6,276,058.66 |
| Interfunds Receivable | C-6 | 136,192.84 | 1,544,159.38 |
| Due from South Orange Performing Arts Center | Reserve | 15,870,142.66 | 15,870,142.66 |
| Due from Seton Hall University | C-4 | 615,000.00 | 700,000.00 |
| Deferred Charges to Future Taxation: | | | |
| Funded | C-7 | 14,894,624.38 | 16,928,611.03 |
| Unfunded | C-8 | 37,821,234.36 | 35,279,556.33 |
| | | $ 75,755,773.84 | $ 76,598,528.06 |
| **LIABILITIES AND FUND BALANCE** | | | |
| Serial Bonds | C-10 | $ 14,573,000.00 | $ 16,590,000.00 |
| Bond Anticipation Notes | C-11 | 34,446,000.00 | 34,680,000.00 |
| Environmental Infrastructure Loan | C-14 | 217,858.30 | 228,481.25 |
| Green Trust Loan Payable | C-13 | 103,766.08 | 110,129.78 |
| Interfunds Payable | C-6 | 24,539.00 | |
| Improvement Authorizations: | | | |
| Funded | C-12 | 161,933.52 | 139,087.78 |
| Unfunded | C-12 | 9,023,381.01 | 7,517,645.26 |
| Capital Improvement Fund | C-9 | 16,275.53 | 326.53 |
| Reserve for: | | | |
| South Orange Performing Arts Center | Reserve | 15,870,142.66 | 15,870,142.66 |
| Seton Hall University | C-4 | 615,000.00 | 700,000.00 |
| Cost of Issuance | C-5 | 29,261.00 | |
| Fund Balance | C-1 | 674,616.74 | 762,714.80 |
| | | $ 75,755,773.84 | $ 76,598,528.06 |
| Bonds and Notes Authorized but not Issued | C-15 | $ 3,375,234.36 | $ 599,556.33 |

See accompanying notes to financial statements.

# TOWNSHIP OF SOUTH ORANGE VILLAGE
## GENERAL CAPITAL FUND

### FUND BALANCE
### REGULATORY BASIS
### YEAR ENDED DECEMBER 31, 2012

C-1

| | Ref. | |
|---|---|---|
| Balance, December 31, 2011 | C | $ 762,714.80 |
| Increased by: | | |
| Premium on Sale of Bonds and Notes | C-2 | 311,901.94 |
| | | 1,074,616.74 |
| Decreased by: | | |
| Payment to Current Fund as Anticipated Revenue | C-6 | 400,000.00 |
| Balance, December 31, 2012 | C | $ 674,616.74 |

See accompanying notes to financial statements.

# TOWNSHIP OF SOUTH ORANGE VILLAGE
# WATER UTILITY

## BALANCE SHEETS
## REGULATORY BASIS
## DECEMBER 31, 2012 AND 2011

D

| ASSETS AND DEFERRED CHARGES | Ref. | 2012 | 2011 |
|---|---|---|---|
| Operating Fund | | | |
| Cash | D-5 | $ 205,077.15 | $ 489,039.92 |
| Capital Fund | | | |
| Cash | D-5 | 10,739.57 | 0.19 |
| Fixed Capital | D-9 | 8,460,893.09 | 8,460,893.09 |
| | | 8,471,632.66 | 8,460,893.28 |
| | | $ 8,676,709.81 | $ 8,949,933.20 |
| LIABILITIES, RESERVES AND FUND BALANCE | | | |
| Operating Fund | | | |
| Liabilities: | | | |
| Accrued Interest Payable | D-10 | $ 6,283.31 | $ 8,334.37 |
| Fund Balance | D-1 | 198,793.84 | 480,705.55 |
| | | 205,077.15 | 489,039.92 |
| Capital Fund | | | |
| Serial Bond Payable | D-11 | 1,105,000.00 | 1,115,000.00 |
| Reserve for Amortization | D-12 | 7,325,893.09 | 7,315,893.09 |
| Due to General Capital Fund | D-13 | 30,000.00 | 30,000.00 |
| Fund Balance | D-2 | 10,739.57 | 0.19 |
| | | 8,471,632.66 | 8,460,893.28 |
| Total Liabilities , Reserves and Fund Balance | | $ 8,676,709.81 | $ 8,949,933.20 |
| 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 CHANGES IN FUND BALANCE - OPERATING FUND D-1
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2011

| | Ref. | 2012 | 2011 |
|---|---|---|---|
| Revenue and Other Income | | | |
| Fund Balance Utilized | D-3 | $ 99,000.00 | $ 115,476.00 |
| Miscellaneous Revenues | D-3 | 2,669.73 | 643.17 |
| East Orange Water Commission Lease Fee | D-3 | 387,632.35 | 275,692.03 |
| Total Income | | 489,302.08 | 391,811.20 |
| Expenditures | | | |
| Budget Appropriations: | | | |
| Operations | | 331,864.98 | 160,288.12 |
| Debt Service | | 81,351.61 | 95,888.87 |
| Statutory Expenditures | | 58,997.20 | |
| | D-4 | 472,213.79 | 256,176.99 |
| Excess in Revenue | | 17,088.29 | 135,634.21 |
| Fund Balance | | | |
| Balance, Beginning of Year | D | 480,705.55 | 542,391.09 |
| | | 497,793.84 | 678,025.30 |
| Decreased by: | | | |
| Amount Utilized as Current Fund Revenue | D-8 | 200,000.00 | 81,843.75 |
| Amount Utilized as Anticipated Revenue | D-3 | 99,000.00 | 115,476.00 |
| Balance, End of Year | D | $ 198,793.84 | $ 480,705.55 |

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, 2012

D-2

| | Ref. | |
|---|---|---|
| Balance, December 31, 2011 | D | $ 0.19 |
| Increased by: | | |
| Premium on Sale of Refunding Bonds | D-5 | 10,739.38 |
| Balance, December 31, 2012 | D | $ 10,739.57 |

See accompanying notes to financial statements.

# TOWNSHIP OF SOUTH ORANGE VILLAGE
# WATER UTILITY

## STATEMENT OF REVENUE - OPERATING FUND
## REGULATORY BASIS
## YEAR ENDED DECEMBER 31, 2012

| Source | Ref. | Budget Revenue | Realized | Excess (Deficit) |
|---|---|---|---|---|
| Fund Balance | D-1 | $ 99,000.00 | $ 99,000.00 | $ |
| Rents | D-1, D-5 | 517,000.00 | 387,632.35 | (129,367.65) |
| Miscellaneous | D-1, D-5 | 600.00 | 2,669.73 | 2,069.73 |
| | D-4 | $ 616,600.00 | $ 489,302.08 | $(127,297.92) |

See accompanying notes to financial statements.

D-4

# TOWNSHIP OF SOUTH ORANGE VILLAGE
## WATER UTILITY

## STATEMENT OF EXPENDITURES
## REGULATORY BASIS
## YEAR ENDED DECEMBER 31, 2012

| Appropriation | Appropriations Budget | Appropriations Modified Budget | Expended Paid or Charged | Cancelled |
|---|---|---|---|---|
| Operating | | | | |
| Salaries and Wages | $ 220,000.00 | $ 220,000.00 | $ 220,000.00 | $ |
| Other Expenses | 220,296.66 | 205,296.66 | 111,864.98 | 93,431.68 |
| Debt Service | | | | |
| Payment of Bond Principal | 40,000.00 | 55,000.00 | 55,000.00 | |
| Interest on Bonds | 60,476.14 | 60,476.14 | 26,351.61 | 34,124.53 |
| Statutory Expenditures | | | | |
| Social Security | 16,830.00 | 16,830.00 | | 16,830.00 |
| Public Employees Retirement System | 58,997.20 | 58,997.20 | 58,997.20 | |
| | $ 616,600.00 | $ 616,600.00 | $ 472,213.79 | $ 144,386.21 |
| Ref. | D-3 | | Below | Below |

| | Ref. | | |
|---|---|---|---|
| Adopted Budget | Above | $ 616,600.00 | $ |
| Cash Disbursements | D-5 | | 248,368.49 |
| Due to Current Fund | D-8 | | 197,493.69 |
| Accrued Interest on Bonds | D-10 | | 26,351.61 |
| Cancelled | Above | (144,386.21) | |
| | D-1 | $ 472,213.79 | $ 472,213.79 |

See accompanying notes to financial statements.

## TOWNSHIP OF SOUTH ORANGE VILLAGE
## PUBLIC ASSISTANCE FUND

### BALANCE SHEETS
### REGULATORY BASIS
### DECEMBER 31, 2012 AND 2011

E

| ASSETS | Ref. | 2012 | 2011 |
|---|---|---|---|
| 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, 2012 AND 2011

F

| ASSETS | Ref. | 2012 | 2011 |
|---|---|---|---|
| Unrestricted | | | |
| Cash | F-2 | $ 115,301.47 | $ 79,202.73 |
| Investments | F-3 | 88,569.52 | |
| Due from Township of South Orange | F-4 | 12,699.29 | 88,629.52 |
| | | 216,570.28 | 167,832.25 |
| Restricted | | | |
| Cash | F-2 | 198,906.56 | 198,694.53 |
| Total Assets | | $ 415,476.84 | $ 366,526.78 |
| LIABILITIES | | | |
| Accounts Payable | F-5 | $ 44,085.73 | $ 30,328.40 |
| FUND BALANCE | | | |
| Restricted for Computer Technology | | 198,906.56 | 181,748.53 |
| Unrestricted | | 172,484.55 | 154,449.85 |
| Total Fund Balance | F-1 | 371,391.11 | 336,198.38 |
| Total Liabilities and Fund Balance | | $ 415,476.84 | $ 366,526.78 |

See accompanying notes to financial statements.

TOWNSHIP OF SOUTH ORANGE VILLAGE
TRUSTEES OF FREE PUBLIC LIBRARY

F-1

STATEMENT OF REVENUES AND EXPENDITURES
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2012
(with summarized information for 2011)

| | Ref. | Unrestricted | Restricted | Balance December 31, 2012 | Balance December 31, 2011 |
|---|---|---|---|---|---|
| Revenue: | | | | | |
| Gifts | F-2 | $ 15,672.96 | $ | $ 15,672.96 | $ 11,815.12 |
| Miscellaneous | F-2 | 38,734.42 | | 38,734.42 | 25,875.05 |
| Interest on Deposits and Investments | F-2 | 12.95 | 212.03 | 224.98 | 113.34 |
| State Library Aid | F-2 | 7,168.00 | | 7,168.00 | 7,464.00 |
| Current Fund Budget Appropriation | F-4 | 935,000.00 | | 935,000.00 | 1,071,733.42 |
| Unrealized Appreciation of Investments | | | | | 225.27 |
| | | 996,588.33 | 212.03 | 996,800.36 | 1,117,226.20 |
| Expenditures: | | | | | |
| Payroll | F-4 | 755,818.71 | | 755,818.71 | 705,251.60 |
| Insurance | | | | | 171,000.00 |
| Books, Subscriptions and Other Expenses | F-2 | 161,643.19 | | 161,643.19 | 235,954.58 |
| Technology Expenses | | | | | 18,734.21 |
| Accounts Payable | F-5 | 44,085.73 | | 44,085.73 | |
| Basic Account Fee | F-3 | 60.00 | | 60.00 | 60.00 |
| | | 961,607.63 | | 961,607.63 | 1,131,000.39 |
| Excess (Deficit) | | 34,980.70 | 212.03 | 35,192.73 | (13,774.19) |
| Adjustment to Income: | | | | | |
| Transfer of Funds | | (16,946.00) | 16,946.00 | | |
| Fund Balance, Beginning of Year | F | 154,449.85 | 181,748.53 | 336,198.38 | 349,972.57 |
| Fund Balance, End of Year | F | $ 172,484.55 | $ 198,906.56 | $ 371,391.11 | $ 336,198.38 |

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:5-5. The financial statements, however, do not include the operation of School Boards, Volunteer Fire Departments and First Aid Squads, which are subject to separate audit and are considered component units under generally accepted accounting principles in the United States. Included within the financial statements are taxes levied, collected and turned over to School Boards and appropriations for contributions to Volunteer Fire Departments and First Aid Squads. Complete financial statements of these component units can be obtained by contacting the Treasurer of the respective entity.

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

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

GASB has issued Statement No. 14 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; interest on Utility Debt is raised on the accrual basis.

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

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

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

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

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

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

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

Fixed Assets

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

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

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, 2012, the book value of the Township's deposits was $12,674,796.55 and bank balances of the Township's cash and deposits amounted to $12,733,345.82 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, Local Open Space and Schools purposes. Certified adopted budgets are submitted to the County Board of Taxation by each taxing district. The tax rate is determined by the Board upon the filing of these budgets.

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

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

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

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

Comparative Schedule of Tax Rates:

| | 2012 | 2011 | 2010 | 2009* | 2008 |
|---|---|---|---|---|---|
| Tax Rate | $ 3.466 | $ 2.732 | $ 2.629 | $ 2.532 | $ 6.510 |
| Apportionment of Tax Rate: | | | | | |
| Municipal | $ 0.960 | $ 0.759 | $ 0.739 | $ 0.717 | $ 1.810 |
| County | 0.544 | 0.427 | 0.404 | 0.389 | 1.030 |
| School | 1.962 | 1.546 | 1.486 | 1.426 | 3.450 |

* Revaluation

Assessed Valuation

| Calendar Year | | Amount |
|---|---|---|
| 2012 | | $ 2,248,571,432.00 |
| 2011 | | 2,800,880,449.00 |
| 2010 | | 2,836,745,327.00 |
| 2009 | * | 2,863,864,902.00 |
| 2008 | | 1,016,298,304.00 |

* Revaluation

Comparison of Tax Levies and Collections

| Year | Tax Levy | Collections | Percentage of Collections |
|---|---|---|---|
| 2012 | $ 77,996,174.19 | $ 77,111,671.26 | 98.97% |
| 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 |

** 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 |
|---|---|---|---|---|
| 2012 | $ 3,255.83 | $ 859,252.15 | $ 862,507.98 | 1.11 % |
| 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 |

## 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 |
|---|---|
| 2012 | $ 282,900.00 |
| 2011 | 282,900.00 |
| 2010 | 282,900.00 |
| 2009 | 282,900.00 |
| 2008 | 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.

| | | | | |
|---|---|---|---|---|
| Current Fund: | 2012 | $ 1,106,197.63 | $ 700,000.00 | 63.28 % |
| | 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 |
| Water Utility Operating Fund: | 2012 | $ 198,793.84 | $ | |
| | 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 |

## 6. Pension Plans

Description of Systems

Substantially all of the Borough'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 Retirement System (PFRS). In addition, the Borough contributes to the Consolidated Police and Firemen's Pension Fund. These systems are sponsored and administered by the New Jersey Division of Pensions and Benefits. The PERS and the PFRS is considered a cost sharing multiple-employer plan.

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 25 years for health care coverage. The Township does not provide health benefits to employees after 25 years.

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 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. (See Note 9)

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 DCRP. PERS salary is limited to the Social Security maximum wage. The 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

The 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 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, 2012 to PERS and PFRS were $589,972.00 and $2,026,655.00, 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, 2012 were $-0-.

Deferred Compensation Plan (Unaudited)
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 Benefits

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

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

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

The contribution is phased in at 25% per year:

a) For employees hired on June 28, 2011 and not subject to Collective Negotiations Agreement ("CNA") that is in effect, contributions are effective on the date of hire

b) When a CNA that was in effect on June 28, 2011 expires or is in almost anyway modified;

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

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

## 8. Other Postemployment Benefits

Plan Description

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

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

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

Funding Policy

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

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

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

The Township's contributions to the SHBP for the years ended December 31, 2011 and 2010, was $19,641.58, and $18,200.91, respectively, which equaled the required contributions for each year. There were 5 retired participants eligible at December 31, 2011 and 2010. Information for the year ended December 31, 2012 is not available.

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

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

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

Appropriations – Appropriations for the purpose of funding the Township's LOSAP shall be included as a separate line item in the Township's budget, commencing with the year 2004. There was no appropriation for 2012 included in the budget.

Estimated Cost – The award to the program to the Township was not calculated for 2012. This amount needs to be calculated annually and 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 | $ 78,554.52 | $ |
| Federal and State Grant | | 106,192.84 |
| General Trust Fund | | 31,424.00 |
| Payroll Fund | | 22,591.52 |
| General Capital Fund | 136,192.84 | 24,539.00 |
| Water Utility Capital Fund | | 30,000.00 |
| | $ 214,747.36 | $ 214,747.36 |

## 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:

| | 2012 | 2011 | 2010 |
|---|---|---|---|
| Issued | | | |
| General: | | | |
| Bonds and Notes | $ 49,019,000.00 | $ 51,270,000.00 | $ 47,678,524.00 |
| Green Trust Agency Loan | 103,766.08 | 110,129.78 | 116,368.10 |
| Environmental Infrastructure | 217,858.30 | 228,481.25 | 228,481.25 |
| Water: | | | |
| Bonds and Notes | 1,105,000.00 | 1,115,000.00 | 1,155,000.00 |
| Total Debt Issued | 50,445,624.38 | 52,723,611.03 | 49,178,373.35 |
| Authorized but Not Issued | | | |
| General and Water: | | | |
| Bonds and Notes | 3,405,234.36 | 629,556.33 | 3,328,636.25 |
| Net Bonds and Notes Issued and Authorized but Not Issued | $ 53,850,858.74 | $ 53,353,167.36 | $ 52,507,009.60 |

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 1.989%.

| | Gross Debt | Deductions | Net Debt |
|---|---|---|---|
| Local School District | $ 44,114,096.76 | $ 44,114,096.76 | $ |
| Water Utility Debt | 1,135,000.00 | 1,135,000.00 | |
| General Debt | 52,715,858.74 | | 52,715,858.74 |
| | $ 97,964,955.50 | $ 45,249,096.76 | $ 52,715,858.74 |

Net Debt $52,715,858.74 divided by Equalized Valuation basis per N.J.S.A. 40A:2-2, as amended, $2,650,463,849.67 equals 1.989%.

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

| | |
|---|---|
| 3.5% of Equalized Valuation Basis (Municipal) | $ 92,766,234.74 |
| Net Debt | 52,715,858.74 |
| Remaining Borrowing Capacity | $ 40,050,376.00 |

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 | | $ 489,302.08 |
| Deductions: | | |
| Operating and Maintenance Costs | $ 390,862.18 | |
| Debt Service per Water Account | 81,351.61 | |
| | | 472,213.79 |
| Excess in Revenue | | $ 17,088.29 |

Bond Anticipation Notes (BAN)

| | Interest Rate | Original Issue Date | Date of Maturity | Amount |
|---|---|---|---|---|
| General Capital Fund | 2.00 % | 04/24/06 | 01/30/13 | $ 6,341,191.00 |
| General Capital Fund | 2.00 | 09/13/06 | 01/30/13 | 3,392,524.00 |
| General Capital Fund | 2.00 | 09/13/08 | 01/30/13 | 3,025,807.00 |
| General Capital Fund | 2.00 | 09/13/06 | 01/30/13 | 4,943,981.00 |
| General Capital Fund | 2.00 | 12/22/09 | 01/30/13 | 2,950,745.00 |
| General Capital Fund | 2.00 | 02/02/10 | 01/30/13 | 5,639,206.00 |
| General Capital Fund | 2.00 | 09/09/10 | 01/30/13 | 1,143,000.00 |
| General Capital Fund | 2.00 | 02/01/11 | 01/30/13 | 3,169,070.00 |
| General Capital Fund | 2.00 | 09/09/11 | 01/30/13 | 3,265,476.00 |
| General Capital Fund | 2.00 | 01/31/12 | 01/30/13 | 575,000.00 |
| | | | | $ 34,446,000.00 |

## Long Term Debt

## Serial Bonds Payable

| | |
|---|---|
| $7,980,000 Refunding General improvement Bonds, Annual maturity of $1,735,000 through September 2013, at interest rates of 3.997% | $ 1,735,000.00 |
| $5,200,000 Art Center Bonds, Series 2001, Annual maturities from $275,000 to $335,000 through January 1, 2021, at an interest rate of 3.0% | 2,670,000.00 |
| $12,118,000 General Improvements Bonds Series 2005 - Annual maturities at $313,000 through November 1, 2013. Bonds were refunded February 2012. | 313,000.00 |
| $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% | 9,855,000.00 |
| | $ 14,573,000.00 |

### Water Utility Bonds

| | |
|---|---|
| $1,340,000 Water Improvement Bonds, Series 2005 - Annual maturity of $45,000 through November 2013, at interest rate of 5.00%. Bonds were refunded February 2012. | $ 45,000.00 |
| $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% | 1,060,000.00 |
| | $ 1,105,000.00 |

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 |
| 2013 | $ 2,373,000.00 | $ 495,200.00 | $ 50,000.00 | $ 37,700.00 | $ 2,955,900.00 |
| 2014 | 2,700,000.00 | 1,683,180.88 | 65,000.00 | 35,300.00 | 4,483,480.88 |
| 2015 | 3,100,000.00 | 1,182,843.77 | 65,000.00 | 33,350.00 | 4,381,193.77 |
| 2016 | 3,025,000.00 | 1,090,968.77 | 65,000.00 | 31,400.00 | 4,212,368.77 |
| 2017 | 3,105,000.00 | 998,943.77 | 65,000.00 | 29,450.00 | 4,198,393.77 |
| 2018 | 3,185,000.00 | 904,668.78 | 65,000.00 | 27,500.00 | 4,182,168.78 |
| 2019 | 2,810,000.00 | 814,893.78 | 65,000.00 | 25,550.00 | 3,715,443.78 |
| 2020 | 2,890,000.00 | 723,543.78 | 60,000.00 | 22,950.00 | 3,696,493.78 |
| 2021 | 2,970,000.00 | 636,018.78 | 60,000.00 | 21,150.00 | 3,687,168.78 |
| 2022 | 3,055,000.00 | 540,843.78 | 65,000.00 | 18,150.00 | 3,678,993.78 |
| 2023 | 3,135,000.00 | 466,393.77 | 65,000.00 | 15,550.00 | 3,681,943.77 |
| 2024 | 3,195,000.00 | 398,159.39 | 70,000.00 | 13,925.00 | 3,677,084.39 |
| 2025 | 3,230,000.00 | 316,693.76 | 70,000.00 | 11,125.00 | 3,627,818.76 |
| 2026 | 3,225,000.00 | 233,081.26 | 70,000.00 | 8,325.00 | 3,536,406.26 |
| 2027 | 3,220,000.00 | 154,100.01 | 70,000.00 | 6,400.00 | 3,450,500.01 |
| 2028 | 3,210,000.00 | 70,550.01 | 70,000.00 | 4,300.00 | 3,354,850.01 |
| 2029 | 590,000.00 | 19,175.01 | 65,000.00 | 2,112.50 | 676,287.51 |
| | $ 49,018,000.00 | $ 10,729,259.30 | $ 1,105,000.00 | $ 344,237.50 | $ 61,196,496.80 |

The above schedule of Annual Debt Service has been adjusted for $34,445,000.00 of General Improvement Bonds issued on January 15, 2013 as described in Note 17.

Bonds and Notes Authorized But Not Issued

At December 31, 2012, the Township has authorized but not issued bonds and notes as follows:

| | |
|---|---|
| Water Utility Capital Fund | $ 30,000.00 |
| General Capital Fund | 3,375,234.36 |

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 remaining debt on the loan in the sum of $217,858.30.

| | Principal | Interest | Total |
|---|---|---|---|
| 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 |
| | $ 217,858.30 | $ 59,347.50 | $ 277,025.80 |

Green Trust Loan

The New Jersey Green Trust Loan obtained in 2007 for $137,250.00 requiring semi-annual installments of $4,267.32, including interest at the rate of 2% and has a remaining balance of $103,766.08 at December 31, 2012.

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

The following deferred charges are shown on the December 31, 2012 balance sheets and will be raised in succeeding years' budgets.

| | Balance December 31, 2012 | 2013 Budget Appropriation |
|---|---|---|
| Current Fund: | | |
| Special Emergency - 5 years | $200,000.00 | $50,000.00 |
| Special Emergency - 5 years | 125,000.00 | 25,000.00 |
| | $325,000.00 | |

## 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, 2012.

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

## 14. Commitments and Contingencies

Compensated Absences

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

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

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

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

Liability – The Township's total liability for sick time as of December 31, 2012, based on contractual limits, is $2,050,377.55. This amount is not an immediate liability of the Township and the likelihood of this amount becoming due and payable at any within the next 12 months is remote.

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

Litigation

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

Grants

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

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

## 15. Agreement with the East Orange Board of Water Commissioners

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

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

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

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

It does not appear that the Commission has been meeting their obligations under this Agreement. The Township has not received the annual contributions as required under the Agreement. The Township has requested an accounting from the Commission to determine if the Agreement has been adhered to.

**16. South Orange Performing Arts Center**

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

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

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

**17. Seton Hall University**

The Township has funded $1,000,000.00 for the construction, which is being repaid by SHU 2006-2025, at $50,000.00 per year plus interest ranging from 4 – 5%. At December 31, 2012, the outstanding balance due from SHU is $615,000.

## 18. Subsequent Event

The Township has evaluated subsequent events occurring after the balance sheet date through the date of September 20, 2013, which is the date the financial statements were available to be issued. Based on this evaluation, the Township has determined that the following subsequent events have occurred, which require disclosure in the financial statements:

On January 15, 2013, the Township sold $34,445,000.00 of General Obligation Bonds. The Bonds permanently finance all outstanding Bond Anticipation Notes.

On June 17, 2013, the Township passed an ordinance whereby the Agreement with the South Orange Performing Arts Center (the "Arts Center") was amended. The Township will take over ownership of the Arts Center in exchange for release of all outstanding debt. A new nominal rent lease with SOPAC was entered into whereby SOPAC will continue to be responsible for operation and maintenance of the Arts Center. In five years the rent from the movie theater located at the Arts Center will be turned over to the Township.

# TOWNSHIP OF SOUTH ORANGE VILLAGE
## CURRENT FUND

### CASH RECEIPTS AND DISBURSEMENTS - TREASURER
### YEAR ENDED DECEMBER 31, 2012

A-4

| | Ref. | Current Fund | | Federal and State Grant Fund | |
|---|---|---|---|---|---|
| Balance, December 31, 2011 | A | | $ 3,761,037.36 | | $ 175.00 |
| Increased by Cash Receipts: | | | | | |
| Nonbudget Revenue | A-2b | $ 181,079.25 | | $ | |
| Tax Exemptions Due from State | A-7 | 53,750.00 | | | |
| Taxes Receivable | A-8 | 77,345,312.11 | | | |
| Other Accounts Receivable | A-10 | 13,725.03 | | | |
| Revenue Accounts Receivable | A-12 | 7,847,784.71 | | | |
| Interfund Settlements | A-13 | 3,596,630.51 | | | |
| Fees Payable to State | A-18 | 28,220.00 | | | |
| Tax Overpayments | A-17 | 280,011.07 | | | |
| Sewer Rent Overpayments | A-19 | 888.66 | | | |
| Various Reserves | A-23 | 1,168,602.09 | | | |
| Prepaid Taxes | A-24 | 446,011.27 | | | |
| Interfunds | A-26 | | | 992,557.18 | |
| Unappropriated Grant Revenue | A-28 | | | 43,971.42 | |
| Federal and State Grants Receivable | A-25 | | | 2,128,210.17 | |
| | | | 90,962,014.70 | | 3,164,738.77 |
| | | | 94,723,052.06 | | 3,164,913.77 |
| Decreased by Cash Disbursed: | | | | | |
| Budget Appropriations | A-3 | 12,999,145.81 | | | |
| Change Fund | A-5 | 300.00 | | | |
| Prepaid Debt Service | A-6 | 275,000.00 | | | |
| Other Accounts Receivable | A-10 | 44,237.36 | | | |
| Interfund Settlements | A-13 | 18,230,236.42 | | | |
| Appropriation Reserves | A-15 | 576,832.45 | | | |
| Due to State of New Jersey | A-18 | 25,025.00 | | | |
| Refund of Tax Overpayments | A-17 | 985,862.44 | | | |
| County Taxes Payable | A-20 | 12,236,811.00 | | | |
| Regional School District Tax | A-21 | 44,123,296.66 | | | |
| Open Space Tax | A-22 | 224,456.70 | | | |
| Various Reserves | A-23 | 1,217,407.98 | | | |
| Interfunds | A-26 | | | 2,958,035.51 | |
| Federal and State Grant Expenditures | A-27 | | | 199,380.26 | |
| | | | 90,938,611.82 | | 3,157,415.77 |
| Balance, December 31, 2012 | A | | $ 3,784,440.24 | | $ 7,498.00 |

See Independent Auditors' Report

# TOWNSHIP OF SOUTH ORANGE VILLAGE
## CURRENT FUND

### CHANGE FUNDS
### YEAR ENDED DECEMBER 31, 2012

A-5

| | Ref. | |
|---|---|---|
| Balance, December 31, 2011 | A | $ 425.00 |
| Increased by: | | |
| Change Fund Established | A-4 | 300.00 |
| Balance, December 31, 2012 | A | $ 725.00 |

### PREPAID DEBT SERVICE
### YEAR ENDED DECEMBER 31, 2012

A-6

| | Ref. | |
|---|---|---|
| Balance, December 31, 2011 | A | $ 265,000.00 |
| Increased by: | | |
| Cash Disbursement | A-4 | 275,000.00 |
| | | 540,000.00 |
| Decreased by: | | |
| Budget Appropriation | A-3 | 265,000.00 |
| Balance, December 31, 2012 | A | $ 275,000.00 |

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, 2012

A-7

| | Ref. | | |
|---|---|---|---|
| Balance, December 31, 2011 (Due To) | A | | $ (912.30) |
| Increased by: | | | |
| Deductions per Tax Duplicate | | | |
| Senior Citizens | | $ 4,500.00 | |
| Veterans' | | 50,500.00 | |
| Senior Citizens/Veterans' Deductions Allowed by Tax Collector | | 1,500.00 | |
| | | 56,500.00 | |
| Less: Senior Citizens/Veterans' Deductions Disallowed by Tax Collector | | 1,000.00 | |
| | A-8 | | 55,500.00 |
| | | | 54,587.70 |
| Decreased by: | | | |
| Prior Year Senior Citizens Deduction Disallowed by Tax Collector | A-1 | 250.00 | |
| Cash Received | A-4 | 53,750.00 | |
| | | | 54,000.00 |
| Balance, December 31, 2012 (Due From) | A | | $ 587.70 |

See Independent Auditors' Report

TOWNSHIP OF SOUTH ORANGE VILLAGE
CURRENT FUND

A-8

TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY
YEAR ENDED DECEMBER 31, 2012

| Year | Balance, Dec. 31, 2011 | 2012 Levy | Added Taxes | Collected 2011 | Collected 2012 | Exemptions Granted | Cancelled | Transferred to Tax Title Liens | Balance, Dec. 31, 2012 |
|---|---|---|---|---|---|---|---|---|---|
| 2008 | $ 9,024.50 | $ | $ | $ | $ | $ | $ | $ | $ 9,024.50 |
| 2009 | 9,345.61 | | | | | | | | 9,345.61 |
| 2010 | 9,703.64 | | | | | | | | 9,703.64 |
| 2011 | 723,340.80 | | 250.00 | | 707,487.35 | | 6,015.95 | | 10,087.50 |
| | 751,414.55 | | 250.00 | | 707,487.35 | | 6,015.95 | | 38,161.25 |
| 2011 | | 77,996,174.19 | | 418,346.50 | 76,637,824.76 | 55,500.00 | 62,957.99 | 454.04 | 821,090.90 |
| | $ 751,414.55 | $77,996,174.19 | $ 250.00 | $ 418,346.50 | $ 77,345,312.11 | $ 55,500.00 | $ 68,973.94 | $ 454.04 | $ 859,252.15 |
| Ref. | A | Below | Reserve | A-2a, A-24 | A-2a, A-4 | A-2a, A-7 | Reserve | A-9 | A |

Analysis of Property Tax Yield and Levy

| | Ref. | | |
|---|---|---|---|
| Tax Yield | | | |
| General Purpose Tax | | $ 77,784,237.58 | |
| Public Utilities | | 211,936.61 | |
| | Above | | $ 77,996,174.19 |
| Tax Levy | | | |
| Local District School Tax (Abstract) | A-21 | | $ 44,123,296.66 |
| County Taxes: | | | |
| Regular County Tax (Abstract) | A-19 | $ 11,827,256.97 | |
| Added Taxes | A-19 | 9,522.52 | |
| Open Space | A-19 | 400,031.51 | |
| | | | 12,236,811.00 |
| Local Taxes: | | | |
| For Municipal Purposes | A-2 | 21,350,542.00 | |
| Local Open Space | A-22 | 224,456.70 | |
| Additional Tax Levied | | 61,067.83 | |
| | | | 21,636,066.53 |
| | Above | | $ 77,996,174.19 |

See Independent Auditors' Report

## TAX TITLE LIENS
## YEAR ENDED DECEMBER 31, 2012

A-9

| | Ref. | | |
|---|---|---|---|
| Balance, December 31, 2011 | A | | $ 2,801.78 |
| Increased by: | | | |
| Transferred from Taxes Receivable | A-8 | | 454.05 |
| Balance, December 31, 2012 | A | | $ 3,255.83 |

## OTHER ACCOUNTS RECEIVABLE
## YEAR ENDED DECEMBER 31, 2012

A-10

| | Ref. | | |
|---|---|---|---|
| Balance, December 31, 2011 | A | | $ 67,924.13 |
| Increased by: | | | |
| Overpayment of School Tax | A-1, A-4 | $ 44,237.36 | |
| Lot Cleaning Charges | Reserve | 10,166.43 | |
| | | | 54,403.79 |
| | | | 122,327.92 |
| Decreased by: | | | |
| Collections: | | | |
| Applied to Operations | A-1, A-4 | | 13,725.03 |
| Balance, December 31, 2012 | A | | $ 108,602.89 |
| Analysis of Balance | | | |
| Lot Cleaning Charges | | | $ 5,230.57 |
| Overpayment of School Taxes | | | 103,372.32 |
| | | | $ 108,602.89 |

See Independent Auditors' Report

TOWNSHIP OF SOUTH ORANGE VILLAGE
CURRENT FUND

PROPERTY ACQUIRED FOR TAXES AT ASSESSED VALUATION
DECEMBER 31, 2012 AND 2011

A-11

| | Ref. | |
|---|---|---|
| Balance, December 31, 2011 | A | $ 282,900.00 |
| Balance, December 31, 2012 | A | $ 282,900.00 |

See Independent Auditors' Report

# TOWNSHIP OF SOUTH ORANGE VILLAGE
## CURRENT FUND

## REVENUE ACCOUNTS RECEIVABLE
## YEAR ENDED DECEMBER 31, 2012

A-12

| | Ref. | Balance Dec. 31, 2011 | Accrued | Collected | Balance Dec. 31, 2012 |
|---|---|---|---|---|---|
| Township Clerk: | | | | | |
| Alcoholic Beverage Licenses | A-2 | $ | $ 31,040.00 | $ 31,040.00 | $ |
| Other Licenses | A-2a | | 6,226.00 | 6,226.00 | |
| Other Fees and Permits | A-2a | | 61,328.60 | 61,328.60 | |
| Public Works: | | | | | |
| Other Fees and Permits | A-2a | | 8,185.00 | 8,185.00 | |
| Tax Collector: | | | | | |
| Tax Searches | A-2a | | 20.00 | 20.00 | |
| Interest and Cost on Taxes | A-2 | | 221,868.89 | 221,868.89 | |
| Board of Health: | | | | | |
| Other Licenses | A-2a | | 16,507.00 | 16,507.00 | |
| Other Fees and Permits | A-2a | | 590.00 | 590.00 | |
| Planning Board: | | | | | |
| Other Fees and Permits | A-2a | | 31,202.08 | 31,202.08 | |
| Board of Adjustment: | | | | | |
| Other Fees and Permits | A-2a | | 390.00 | 390.00 | |
| Construction Official: | | | | | |
| Building Permits | A-2 | | 471,635.85 | 471,635.85 | |
| Municipal Court | A-2 | 49,813.01 | 662,198.72 | 668,003.50 | 44,008.23 |
| Recreation Receipts | A-2 | | 968,002.01 | 968,002.01 | |
| Police: | | | | | |
| Other Fees and Permits | A-2a | | 606.50 | 606.50 | |
| Sewer User Charges | A-2 | 91,301.16 | 2,079,480.00 | 2,058,677.97 | 112,103.19 |
| Cell Tower Fees | A-2 | | 132,301.82 | 132,301.82 | |
| Cable TV Franchise Fee | A-2 | | 195,997.62 | 195,997.62 | |
| Interest on Investments | A-2 | | 40,572.55 | 40,572.55 | |
| PILOT | A-2 | 306,255.90 | 1,267,244.57 | 1,233,845.33 | 339,655.14 |
| State of New Jersey: | | | | | |
| Energy Receipts Tax | A-2 | | 1,377,028.00 | 1,377,028.00 | |
| Consolidated Municipal Property Tax Relief Aid | A-2 | | 79,833.00 | 79,833.00 | |
| South Orange Parking Authority | A-2 | | 50,000.00 | 50,000.00 | |
| Uniform Fire Safety Act | A-2 | | 22,544.51 | 22,544.51 | |
| CDBG - Payment of Debt Service | A-2 | | 149,640.00 | 149,640.00 | |
| Seton Hall Debt Service Payment | A-2 | | 85,000.00 | 85,000.00 | |
| Water Utility Operating Surplus | A-2 | | 200,000.00 | 200,000.00 | |
| Police Side Job Fees | A-2 | | 52,900.00 | 52,900.00 | |
| General Capital Fund Balance | A-2 | | 400,000.00 | 400,000.00 | |
| FEMA Reimbursements | A-2 | | 56,467.88 | 56,467.88 | |
| | | $ 447,370.07 | $ 8,668,810.60 | $ 8,620,414.11 | $ 495,766.56 |
| | Ref. | A | Reserve | Below | A |

| | Ref. | |
|---|---|---|
| Cash Receipts | A-4 | $ 7,847,784.71 |
| Sewer Rent Overpayments | A-19 | 1,000.49 |
| Interfunds | A-13 | 771,628.91 |
| | Above | $ 8,620,414.11 |

See Independent Auditors' Report

TOWNSHIP OF SOUTH ORANGE VILLAGE
CURRENT FUND

INTERFUND ACCOUNTS
YEAR ENDED DECEMBER 31, 2012

A-13

| | Ref. | Total | Federal and State Grant Fund | Payroll Trust Fund | General Trust Fund | Animal Control /Public Assistance | General Capital Fund | Water Utility Operating Fund | Community Development Block Grant |
|---|---|---|---|---|---|---|---|---|---|
| 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) | $ | $ |
| Increased by: | | | | | | | | | |
| Interest on Deposits | A-12 | 21,988.91 | 4,089.90 | 1,798.41 | 1,769.39 | 37.12 | 13,632.41 | | 661.68 |
| Revenue Accounts Receivable | A-12 | 749,640.00 | | | | | 400,000.00 | 200,000.00 | 149,640.00 |
| Anticipated Revenue | A-2 | 1,079,955.00 | 1,079,955.00 | | | | | | |
| Miscellaneous Revenue Unanticipated | A-2b | 22,591.52 | | 22,591.52 | | | | | |
| Refunding Bond - Tax Overpayments | A-17 | 803,726.03 | | | | | 803,726.03 | | |
| Cash Disbursed | A-4 | 18,230,236.42 | 1,456,911.84 | 15,672,422.90 | 139,446.45 | 0.29 | 589,961.25 | 197,493.69 | 174,000.00 |
| | | 20,908,137.88 | 2,540,956.74 | 15,696,812.83 | 141,215.84 | 37.41 | 1,807,319.69 | 397,493.69 | 324,301.68 |
| | | 20,914,369.29 | 2,531,341.74 | 15,729,411.31 | 141,139.38 | 37.41 | 1,790,644.08 | 397,493.69 | 324,301.68 |
| Decreased by: | | | | | | | | | |
| Cash Receipts | A-4 | 3,596,630.51 | 1,451,386.74 | 883,627.03 | 121,970.21 | 37.41 | 449,237.75 | 397,493.69 | 292,877.68 |
| Budget Appropriations | A-3 | 17,239,184.26 | 1,079,955.00 | 14,823,192.76 | 19,169.17 | | 1,316,867.33 | | |
| | | 20,835,814.77 | 2,531,341.74 | 15,706,819.79 | 141,139.38 | 37.41 | 1,766,105.08 | 397,493.69 | 292,877.68 |
| Balance, December 31, 2012: | | | | | | | | | |
| From | A | $ 78,554.52 | $ | $ 22,591.52 | $ | $ | $ 24,539.00 | $ | $ 31,424.00 |

Analysis of Net Charge to Fund Balance

| | Ref. | Amount |
|---|---|---|
| Interfunds Receivable: | | |
| December 31, 2012 | Above | $ 78,554.52 |
| December 31, 2011 | Above | 32,598.48 |
| Net Charge | A-1 | $ 45,956.04 |



See Independent Auditors' Report

# TOWNSHIP OF SOUTH ORANGE VILLAGE
## CURRENT FUND

## DEFERRED CHARGES
## YEAR ENDED DECEMBER 31, 2012

A-14

| | Ref. | |
|---|---|---|
| Balance, December 31, 2011 | A | $ 250,000.00 |
| Increased by: | | |
| Budget Appropriation | A-1, A-3 | 125,000.00 |
| | | 375,000.00 |
| Decreased by: | | |
| Budget Appropriation | A-3 | 50,000.00 |
| Balance, December 31, 2012 | A | $ 325,000.00 |

| Analysis of Balance | |
|---|---|
| Special Emergency - Reassessment | $ 200,000.00 |
| Hurricane Sandy | 125,000.00 |
| | $ 325,000.00 |

See Independent Auditors' Report

# TOWNHSHIP OF SOUTH ORANGE VILLAGE
## CURRENT FUND

## 2011 APPROPRIATION RESERVES
## YEAR ENDED DECEMBER 31, 2012

| Appropriations | Balance Dec. 31, 2011 Encumbered | Balance Dec. 31, 2011 Unencumbered | Balance After Transfers | Expended | Balance Lapsed |
|---|---|---|---|---|---|
| GENERAL GOVERNMENT | | | | | |
| Administrative and Executive: | | | | | |
| Other Expenses | $ 96,765.12 | $ 828.23 | $ 132,593.35 | $ 126,873.57 | $ 5,719.78 |
| Office of Village Clerk: | | | | | |
| Other Expenses | | 15,087.59 | 15,087.59 | | 15,087.59 |
| Elections: | | | | | |
| Mayor and Council: | | | | | |
| Other Expenses | | 0.79 | 0.79 | | 0.79 |
| Financial Administration: | | | | | |
| Other Expenses | 280.00 | 33,915.21 | 34,195.21 | 22,375.69 | 11,819.52 |
| Assessment of Taxes: | | | | | |
| Other Expenses | 1,220.00 | 16,437.65 | 17,657.65 | 1,150.15 | 16,507.50 |
| Collection of Taxes: | | | | | |
| Other Expenses | | 1,877.68 | 1,877.68 | | 1,877.68 |
| Legal Services and Costs: | | | | | |
| Salaries and Wages | | | | | |
| Other Expenses | 16,376.20 | 150.62 | 66,526.82 | 63,493.69 | 3,033.13 |
| Audit Services | | | | | |
| Other Expenses | | 59.00 | 59.00 | | 59.00 |
| Engineering Services and Costs: | | | | | |
| Salaries and Wages | | | | | |
| Other Expenses | | 3,813.81 | 3,813.81 | | 3,813.81 |
| Planning Board: | | | | | |
| Other Expenses | | 2,750.61 | 2,750.61 | 2,317.50 | 433.11 |
| Insurance | | | | | |
| Employee Group Health | | 90,396.79 | 5,396.79 | | 5,396.79 |
| Unenployment Insurance | | 47,703.98 | 47,703.98 | | 47,703.98 |
| General Liability | 3,679.14 | 34,206.81 | 37,885.95 | 8,942.70 | 28,943.25 |
| Workers Compensation | | 9,929.88 | 9,929.88 | | 9,929.88 |
| MUNICIPAL COURT | | | | | |
| Public Defender: | | | | | |
| Salaries and Wages | | 3,333.84 | 3,333.84 | | 3,333.84 |
| PUBLIC SAFETY | | | | | |
| Police: | | | | | |
| Other Expenses | 19,048.09 | 33,437.97 | 52,486.06 | 22,880.71 | 29,605.35 |
| Emergency Management | | | | | |
| Other Expenses | 820.25 | 3,577.82 | 4,398.07 | 738.28 | 3,659.79 |
| Fire: | | | | | |
| Other Expenses | 31,358.89 | 393.61 | 31,752.50 | 29,522.05 | 2,230.45 |
| STREETS AND ROADS | | | | | |
| Road Repair and Maintenance: | | | | | |
| Other Expenses | 2,000.00 | 32,062.02 | 34,062.02 | 1,536.49 | 32,525.53 |
| Other Public Works Function: | | | | | |
| Other Expenses | 14,653.97 | 213.04 | 14,867.01 | 12,090.60 | 2,776.41 |

See Independent Auditors' Report

# TOWNHSHIP OF SOUTH ORANGE VILLAGE
## CURRENT FUND

## 2011 APPROPRIATION RESERVES
## YEAR ENDED DECEMBER 31, 2012

| Appropriations | Balance Dec. 31, 2011 Encumbered | Balance Dec. 31, 2011 Unencumbered | Balance After Transfers | Expended | Balance Lapsed |
|---|---|---|---|---|---|
| SANITATION | | | | | |
| Recycling: | | | | | |
| Other Expenses | $ 13,869.37 | $ 52,877.53 | $ 66,746.90 | $ 773.11 | $ 65,973.79 |
| Sewer System: | | | | | |
| Other Expenses | 300.00 | 183.62 | 483.62 | 129.18 | 354.44 |
| Public Building and Grounds: | | | | | |
| Other Expenses | 8,742.00 | 10,728.95 | 19,470.95 | 8,262.00 | 11,208.95 |
| Maintenance of Parks | | | | | |
| Other Expenses | | 3,062.26 | 3,062.26 | | 3,062.26 |
| HEALTH AND WELFARE | | | | | |
| Board of Health: | | | | | |
| Salaries and Wages | | | | | |
| Other Expenses | 184.04 | 6,540.71 | 6,724.75 | | 6,724.75 |
| RECREATION AND EDUCATION | | | | | |
| Recreation and Education: | | | | | |
| Salaries and Wages | | 0.08 | 0.08 | | 0.08 |
| Other Expenses | 58,444.35 | 62,555.69 | 121,000.04 | 85,477.49 | 35,522.55 |
| UNIFORM CONSTRUCTION CODE | | | | | |
| Construction Code Officials: | | | | | |
| Inspection of Buildings: | | | | | |
| Salaries and Wages | | 61,523.23 | 61,523.23 | 6,685.89 | 54,837.34 |
| Other Expenses | | 7,980.00 | 7,980.00 | 7,980.00 | |
| UNCLASSIFIED | | | | | |
| Electricity | | 38,266.95 | 38,266.95 | | 38,266.95 |
| Gasoline | 20,461.14 | 14,482.09 | 34,943.23 | 19,269.54 | 15,673.69 |
| Telephone | 30.50 | 16,501.89 | 16,532.39 | 2,655.02 | 13,877.37 |
| Street Lighting | 7,588.50 | 46,177.44 | 53,765.94 | 13,934.99 | 39,830.95 |
| Interlocal Municipal Service Agreements: | | | | | |
| Municipal Court - Maplewood | 300.00 | 190,633.89 | 190,933.89 | 190,895.26 | 38.63 |
| | $ 296,121.56 | $ 841,691.28 | $ 1,137,812.84 | $ 627,983.91 | $ 509,828.93 |
| Ref. | A | A | | Below | A-1 |

| | Ref. | |
|---|---|---|
| Cash Disbursements | A-4 | $ 576,832.45 |
| Transferred to Accounts Payable | A-16 | 51,151.46 |
| | | $ 627,983.91 |

See Independent Auditors' Report

TOWNSHIP OF SOUTH ORANGE VILLAGE
CURRENT FUND

ACCOUNTS PAYABLE
YEAR ENDED DECEMBER 31, 2012

A-16

| | Ref. | | |
|---|---|---|---|
| Increased by: | | | |
| Transferred from Appropriation Reserves | A-15 | | $ 51,151.46 |
| Balance, December 31, 2012 | A | | $ 51,151.46 |

TAX OVERPAYMENTS
YEAR ENDED DECEMBER 31, 2012

A-17

| | Ref. | | |
|---|---|---|---|
| Balance, December 31, 2011 | A | | $ 201,979.72 |
| Increased by: | | | |
| Prior Year Judgments: | | | |
| State Tax Court - Refunding Bond Issue | A-13 | $ 803,726.03 | |
| Cash Receipts | A-4 | 280,011.07 | |
| | | | 1,083,737.10 |
| | | | 1,285,716.82 |
| Decreased by: | | | |
| Refunds | A-4 | 985,862.44 | |
| Cancelled | A-1 | 123.93 | |
| | | | 985,986.37 |
| Balance, December 31, 2012 | A | | $ 299,730.45 |

See Independent Auditors' Report

## DUE TO STATE OF NEW JERSEY (OTHER FEES)
## YEAR ENDED DECEMBER 31, 2012

A-18

| | Ref. | Total | Marriage/Burial License Fees | Building Construction Training Fee |
|---|---|---|---|---|
| Balance, December 31, 2011 | A | $ 4,650.00 | $ 650.00 | $ 4,000.00 |
| Increased by: | | | | |
| Cash Receipts | A-4 | 28,220.00 | 1,825.00 | 26,395.00 |
| | | 32,870.00 | 2,475.00 | 30,395.00 |
| Decreased by: | | | | |
| Paid to State | A-4 | 25,025.00 | 975.00 | 24,050.00 |
| Balance, December 31, 2012 | A | $ 7,845.00 | $ 1,500.00 | $ 6,345.00 |

See Independent Auditors' Report

## TOWNSHIP OF SOUTH ORANGE VLLAGE
## CURRENT FUND

### SEWER RENT OVERPAYMENTS
### YEAR ENDED DECEMBER 31, 2012

A-19

| | Ref. | |
|---|---|---|
| Balance, December 31, 2011 | A | $ 1,006.49 |
| Increased by: | | |
| Cash Receipts | A-4 | 888.66 |
| | | 1,895.15 |
| Decreased by: | | |
| Overpayments Applied | A-12 | 1,000.49 |
| Balance, December 31, 2012 | A | $ 894.66 |

### COUNTY TAXES PAYABLE
### YEAR ENDED DECEMBCER 31, 2012

A-20

| | Ref. | | |
|---|---|---|---|
| Increased by: | | | |
| 2012 Levy: | | | |
| General County | A-8 | $ 11,827,256.97 | |
| Open Space Preservation | A-8 | 400,031.51 | |
| Due County for Added Taxes | A-8 | 9,522.52 | |
| | A-1, A-2a | | $ 12,236,811.00 |
| Decreased by: | | | |
| Payments | A-4 | | 12,236,811.00 |
| Balance, December 31, 2012 | | | $ |

See Independent Auditors' Report

## REGIONAL DISTRICT SCHOOL TAX
## YEAR ENDED DECEMBER 31, 2012

A-21

| | Ref. | |
|---|---|---|
| Increased by: | | |
| School Tax Levy - Calander Levy - 2012 | A-1, A-2a, A-8 | $ 44,123,296.66 |
| Decreased by: | | |
| Paid | A-4 | 44,123,296.66 |
| Balance, December 31, 2012 | | $ |

## OPEN SPACE TAX LEVY
## YEAR ENDED DECEMBER 31, 2012

A-22

| | Ref. | |
|---|---|---|
| Increased by: | | |
| Tax Levy | A-1, A-2a, A-8 | $ 224,456.70 |
| Decreased by: | | |
| Paid | A-4 | 224,456.70 |
| Balance, December 31, 2012 | | $ |

See Independent Auditors' Report

A-23

# TOWNSHIP OF SOUTH ORANGE VILLAGE
## CURRENT FUND

## VARIOUS RESERVES
## YEAR ENDED DECEMBER 31, 2012

| | Ref. | Total | Tax Title Lien Premiums | Third Party Lien Holders | Reassessment |
|---|---|---|---|---|---|
| Balance, December 31, 2011 | A | $ 664,201.31 | $ 497,100.00 | $ 43,101.31 | $ 124,000.00 |
| Increased by: | | | | | |
| Cash Receipts | A-4 | 1,168,602.09 | 362,600.00 | 806,002.09 | |
| | | 1,832,803.40 | 859,700.00 | 849,103.40 | 124,000.00 |
| Decreased by: | | | | | |
| Cash Disbursements | A-4 | 1,217,407.98 | 333,200.00 | 842,207.98 | 42,000.00 |
| Balance, December 31, 2012 | A | $ 615,395.42 | $ 526,500.00 | $ 6,895.42 | $ 82,000.00 |

See Independent Auditors' Report

## TOWNSHIP OF SOUTH ORANGE VILLAGE
## CURRENT FUND

### PREPAID TAXES
### YEAR ENDED DECEMBER 31, 2012

A-24

| | Ref. | |
|---|---|---|
| Balance, December 31, 2011 | A | $ 418,346.50 |
| Increased by: | | |
| Cash Collections | A-4 | 446,011.27 |
| | | 864,357.77 |
| Decreased by: | | |
| Applied to Current Taxes Receivable | A-8 | 418,346.50 |
| Balance, December 31, 2012 | A | $ 446,011.27 |

See Independent Auditors' Report

TOWNSHIP OF SOUTH ORANGE VILLAGE
FEDERAL AND STATE GRANT FUND

FEDERAL AND STATE GRANTS RECEIVABLE
YEAR ENDED DECEMBER 31, 2012

A-25
Sheet #1

| Program | Balance Dec. 31, 2011 | 2012 Budget Revenue Realized | Received | Adjustments | Balance Dec. 31, 2012 |
|---|---|---|---|---|---|
| DOT: | | | | | |
| Ralston Ave. | $ 167,302.48 | $ | $ 101,313.00 | $ | $ 65,989.48 |
| Fairview Avenue | 224,000.00 | | 168,000.00 | | 56,000.00 |
| Safetea-LU | 1,020,000.00 | | 1,014,128.00 | | 5,872.00 |
| Local Aid - Bikeway 2009 | 210,000.00 | | 210,000.00 | | |
| Local Aid - Bikeway 2010 | 250,000.00 | | 250,000.00 | | |
| Local Aid Bikeway Grant | 150,000.00 | | 150,000.00 | | |
| Local Aid Bikeway Program - DOT - ARRA | 30,000.00 | | 30,000.00 | | |
| Turrell Avenue | | 230,000.00 | | | 230,000.00 |
| Raymond Street | 54,687.00 | | 54,687.00 | | |
| FEMA - Aerial Fire Truck | | 698,997.00 | | | 698,997.00 |
| EMPC Grant | | 25,000.00 | | | 25,000.00 |
| Police Security | | 11,000.00 | | | 11,000.00 |
| New Jersey Sustainable Grant | 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 | | 3,000.00 | 100.00 | |
| Municipal Alliance on Alcohol & Drug: | | | | | |
| 2012 | | 26,750.00 | | | 26,750.00 |
| 2011 | 26,750.00 | | 26,750.00 | | |
| 2010 | 1,244.25 | | | | 1,244.25 |
| Safe and Secure Communities Program | 53,438.00 | 60,000.00 | 53,438.00 | | 60,000.00 |
| COPS in Shops Grant | | 5,000.00 | 5,000.00 | | |
| Over the Limit Under Arrest | 200.00 | | | (100.00) | 100.00 |
| Essex County Regional Health | 579.60 | | | | 579.60 |
| Middle School Police Grant | 20,000.00 | | 10,000.00 | | 10,000.00 |
| JAG Grant | 15,590.79 | | | | 15,590.79 |
| 2004 JAG Grant | 15,284.35 | | | | 15,284.35 |

TOWNSHIP OF SOUTH ORANGE VILLAGE
FEDERAL AND STATE GRANT FUND

FEDERAL AND STATE GRANTS RECEIVABLE
YEAR ENDED DECEMBER 31, 2012

A-25
Sheet #2

| Program | Balance Dec. 31, 2011 | 2012 Budget Revenue Realized | Received | Adjustments | Balance Dec. 31, 2012 |
|---|---|---|---|---|---|
| Comprehensive Traffic Study | $ 10,000.00 | $ | $ | $ | $ 10,000.00 |
| Clean Communities | | 23,208.00 | 21,894.17 | | 1,313.83 |
| NJ Transit - Jitney Grant | $ 60,000.00 | | 30,000.00 | | 30,000.00 |
| 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 |
| | $ 5,095,213.97 | $ 1,079,955.00 | $ 2,128,210.17 | $ | $ 4,046,958.80 |
| Ref. | A | A-2 | A-4 | | A |

# TOWNSHIP OF SOUTH ORANGE VILLAGE
## FEDERAL AND STATE GRANT FUND

## INTERFUNDS
## YEAR ENDED DECEMBER 31, 2012

A-26

| | Ref. | Total | General Capital Fund | Payroll General Trust Fund | Current Fund |
|---|---|---|---|---|---|
| Balance, December 31, 2011: | | | | | |
| (Due From) | A | $ (9,615.00) | $ | $ | $ (9,615.00) |
| Due To | A | 1,497,483.77 | 1,497,483.77 | | |
| Increased by: | | | | | |
| Grant Revenue | A-25 | 1,079,955.00 | | | 1,079,955.00 |
| Grant Expenditures | A-27 | 583,802.40 | | 9,165.00 | 574,637.40 |
| Cash Receipts | A-4 | 992,557.18 | 106,192.84 | | 886,364.34 |
| | | 2,656,314.58 | 106,192.84 | 9,165.00 | 2,540,956.74 |
| | | 4,144,183.35 | 1,603,676.61 | 9,165.00 | 2,531,341.74 |
| Decreased by: | | | | | |
| Cash Disbursements | A-4 | 2,958,035.51 | 1,497,483.77 | 9,165.00 | 1,451,386.74 |
| Budget Appropriation | A-27 | 1,079,955.00 | | | 1,079,955.00 |
| | | 4,037,990.51 | 1,497,483.77 | 9,165.00 | 2,531,341.74 |
| Balance, December 31, 2012: | | | | | |
| Due To | A | $ 106,192.84 | $ 106,192.84 | $ | $ |

See Independent Auditors' Report

TOWNSHIP OF SOUTH ORANGE VILLAGE
FEDERAL AND STATE GRANT FUND

SCHEDULE OF APPROPRIATED RESERVES FOR
FEDERAL AND STATE GRANTS
YEAR ENDED DECEMBER 31, 2012

A-27
Sheet #1

| Program | Balance Dec. 31, 2011 | Transferred from 2012 Budget Appropriations: Budget | Transferred from 2012 Budget Appropriations: Appropriated by 40A: 4-87 | Expended | Balance Dec. 31, 2012 |
|---|---|---|---|---|---|
| Alcohol Education, Rehabilitation | | | | | |
| and Enforcement Fund | $ 16,724.95 | $ | $ | $ | $ 16,724.95 |
| Body Armor Replacement Program - 2011 | 9,680.66 | | | | 9,680.66 |
| Clean Communities | 24,119.20 | | | 5,117.29 | 19,001.91 |
| Clean Communities 2010 | 28,027.49 | | | | 28,027.49 |
| Clean Communities 2011 | 21,188.02 | | | | 21,188.02 |
| Clean Communities 2012 | | 23,208.00 | | | 23,208.00 |
| Council of the Arts | 3,435.61 | | | | 3,435.61 |
| Council on the Arts 2010 | 9,929.00 | | | 6,453.68 | 3,475.32 |
| DOT: | | | | | |
| Ralston Drive | 37,889.91 | | | | 37,889.91 |
| Safetea-LU | 54,631.75 | | | | 54,631.75 |
| Local Bikeway - ARRA | 137,500.00 | | | | 137,500.00 |
| Local Aid - Bikeway/Pedestrian Path | 76,564.77 | | | | 76,564.77 |
| Fairview Avenue | 224,000.00 | | | 224,000.00 | |
| Turrell Avenue | | 230,000.00 | | | 230,000.00 |
| FEMA - Aerial Fire Truck | | 665,000.00 | 33,997.00 | | 698,997.00 |
| Drunk Driving Enforcement Program | 7,582.85 | | | 4,460.00 | 3,122.85 |
| 2002 Environmental Grant Match | 650.78 | | | | 650.78 |
| Essex County Regional Health Grant | 579.60 | | | | 579.60 |
| 2006 Green Acres Acquisition | 1,143,845.64 | | | 199,380.26 | 944,465.38 |
| 2008 Green Acres River Corridor | 125,733.70 | | | | 125,733.70 |
| Middle School Police Grant | 1,300.00 | | | | 1,300.00 |
| EOC FY 2010 - Crest Drive | 247,000.00 | | | 146,335.80 | 100,664.20 |
| Municipal Stormwater Grant - 2011 | 7,325.00 | | | | 7,325.00 |
| Municipal Stormwater Grant | 12,029.00 | | | | 12,029.00 |
| Greenway Recovery Project | 400,000.00 | | | | 400,000.00 |
| NJ Historic Grant | 6,662.00 | | | 6,662.00 | |
| Comprehensive Traffic Study | 2,105.17 | | | | 2,105.17 |
| New Jersey Jitney Grant | 6,533.52 | | | | 6,533.52 |
| EMPC Grant | | | 25,000.00 | | 25,000.00 |
| Police Security | | | 11,000.00 | 10,181.00 | 819.00 |

TOWNSHIP OF SOUTH ORANGE VILLAGE
FEDERAL AND STATE GRANT FUND

SCHEDULE OF APPROPRIATED RESERVES FOR
FEDERAL AND STATE GRANTS
YEAR ENDED DECEMBER 31, 2012

A-27
Sheet #2

| Program | Balance Dec. 31, 2011 | Transferred from 2012 Budget Appropriations: Budget | Transferred from 2012 Budget Appropriations: Appropriated by 40A: 4-87 | Expended | Balance Dec. 31, 2012 |
|---|---|---|---|---|---|
| 2005 OEM | $ 1,088.72 | $ | $ | $ | $ 1,088.72 |
| 2004 Old Stone Church - Match | 24,961.54 | | | 1,450.00 | 23,511.54 |
| Recycling Tonnage Grant | 134,472.42 | | | | 134,472.42 |
| Safe and Secure Grant | 73,438.00 | 60,000.00 | | 113,438.00 | 20,000.00 |
| Smart Future Planning Grant | 1,000.00 | | | | 1,000.00 |
| Special Improvement District | 9,775.00 | | | | 9,775.00 |
| Municipal Alliance on Alcoholism and Drugs | | 26,750.00 | | 9,027.16 | 17,722.84 |
| NJ Historic Grant - 2011 | 669,000.00 | | | 27,058.88 | 641,941.12 |
| New Jersey Sustainable Grant | 9,475.00 | | | 9,475.00 | |
| Flu Planning Grant | 16.66 | | | | 16.66 |
| Essex County Open Space | 1,739.26 | | | | 1,739.26 |
| COPS in Shops | 8,000.00 | 5,000.00 | | 5,000.00 | 8,000.00 |
| Juvenile Assistance Grant | 14,791.79 | | | 14,451.79 | 340.00 |
| Assistance to Firefighters Grant | 9,708.00 | | | 691.80 | 9,016.20 |
| | $ 3,562,505.01 | $ 1,009,958.00 | $ 69,997.00 | $ 783,182.66 | $ 3,859,277.35 |
| Reference | A | A-26 | A-26 | Below | A |

| | Ref. | |
|---|---|---|
| Cash Disbursements | A-4 | $ 199,380.26 |
| Interfunds | A-26 | 583,802.40 |
| | | $ 783,182.66 |

TOWNSHIP OF SOUTH ORANGE VILLAGE
FEDERAL AND STATE GRANT FUND

RESERVE FOR GRANTS - UNAPPROPRIATED
YEAR ENDED DECEMBER 31, 2012

A-28

| | Ref. | | |
|---|---|---|---|
| Balance, December 31, 2011 | A | $ | 45,015.19 |
| Increased by: | | | |
| Cash Receipts | A-4 | | 43,971.42 |
| Balance, December 31, 2012 | A | $ | 88,986.61 |

| | | |
|---|---|---|
| Analysis of Balance | | |
| Flu Planning Grant | $ | 2,169.89 |
| Alcohol Education and Rehabilitation | | 647.56 |
| Drive Sober or Get Arrested | | 4,350.00 |
| Council on the Arts | | 10,736.00 |
| Recycling Tonnage | | 45,316.27 |
| Drunk Driving Enforcement Fund | | 4,623.88 |
| Bulletproof Vest Program | | 10,248.72 |
| Clean Communities | | 1,000.00 |
| Body Armor | | 9,894.29 |
| | $ | 88,986.61 |

See Independent Auditors' Report

B-1

# TOWNSHIP OF SOUTH ORANGE VILLAGE
## TRUST FUND

## CASH RECEIPTS AND DISBURSEMENTS
## COLLECTOR-TREASURER
## YEAR ENDED DECEMBER 31, 2012

| | Ref. | Animal Control Fund | | Payroll Fund | | General Trust Fund | |
|---|---|---|---|---|---|---|---|
| Balance, December 31, 2011 | B | | $ 5,676.86 | | $ 164,352.40 | | $1,604,130.06 |
| Increased by Receipts: | | | | | | | |
| Due to State of New Jersey | B-4 | $ 609.00 | | $ | | $ | |
| Net Payroll and Deductions | B-6 | | | 2,649,359.78 | | | |
| Animal Control Fees | B-7 | 8,494.00 | | | | | |
| Interfunds | B-3, B-9 | | | 19,145,215.35 | | 194,114.65 | |
| Prepaid Revenue | B-5 | 1,398.00 | | | | | |
| Special Deposits | B-8 | | | | | 744,574.56 | |
| Open Space | B-10 | | | | | 227,179.96 | |
| Grant Received | B-2 | | | | | 149,640.00 | |
| Contra | | 35.03 | | | | | |
| | | | 10,536.03 | | 21,794,575.13 | | 1,315,509.17 |
| | | | 16,212.89 | | 21,958,927.53 | | 2,919,639.23 |
| | | | | | | 1,315,509.17 | |
| Decreased by Disbursements: | | | | | | | |
| Due to State of New Jersey | B-4 | 683.20 | | | | | |
| Net Payroll and Deductions | B-6 | | | 18,176,746.09 | | | |
| Interfunds | B-3,9 | | | 3,621,468.15 | | 658,410.55 | |
| Animal Control Fund Expenditures | B-7 | 5,055.41 | | | | | |
| Special Deposits | B-8 | | | | | 405,744.21 | |
| Open Space Expenditures | B-10 | | | | | 351,177.76 | |
| Contra | | 35.03 | | | | | |
| | | | 5,773.64 | | 21,798,214.24 | | 1,415,332.52 |
| Balance, December 31, 2012 | B | | $ 10,439.25 | | $ 160,713.29 | | $1,504,306.71 |

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# TOWNSHIP OF SOUTH ORANGE VILLAGE
# TRUST FUND

## COMMUNITY BLOCK DEVELOPMENT BLOCK GRANT RECEIVABLE
## YEAR ENDED DECEMBER 31, 2012

B-2

| | Ref. | General Trust Fund |
|---|---|---|
| Increased by: | | |
| Grant Award | B-11 | $ 149,640.00 |
| Decreased by: | | |
| Cash Receipts | B-1 | 149,640.00 |
| Balance, December 31, 2012 | | $ |

See Independent Auditors' Report

# TOWNSHIP OF SOUTH ORANGE VILLAGE
## TRUST FUND

### INTERFUNDS
### YEAR ENDED DECEMBER 31, 2012

B-3

| | | | General Trust Fund | |
|---|---|---|---|---|
| | Ref. | Total | Current Fund | Payroll Account |
| Balance, December 31, 2011 | B | $ 76.46 | $ 76.46 | $ |
| Increased by: | | | | |
| Cash Disbursements | B-1 | 658,410.55 | 293,085.02 | 365,325.53 |
| Special Deposits | B-8 | 19,169.17 | 19,169.17 | |
| | | 677,579.72 | 312,254.19 | 365,325.53 |
| | | 677,656.18 | 312,330.65 | 365,325.53 |
| Decreased by: | | | | |
| Cash Receipts | B-1 | 194,114.65 | 194,114.65 | |
| Revenue - Current Fund Budget | B-11 | 149,640.00 | 149,640.00 | |
| Special Deposits | B-8 | 365,325.53 | | 365,325.53 |
| | | 709,080.18 | 343,754.65 | 365,325.53 |
| Balance, December 31, 2012 ( Due To) | B | $ (31,424.00) | $ (31,424.00) | $ |

See Independent Auditors' Report

## TOWNSHIP OF SOUTH ORANGE VILLAGE
## TRUST FUND

### DUE TO STATE OF NEW JERSEY
### YEAR ENDED DECEMBER 31, 2012

B-4

| | Ref. | Animal Control Fund | |
|---|---|---|---|
| Balance, December 31, 2011 | B | | $ 130.20 |
| Increased by: | | | |
| State Fees | B-1 | $ 609.00 | |
| Prepaid Fees | B-5 | 75.60 | |
| | | | 684.60 |
| | | | 814.80 |
| Decreased by: | | | |
| Payments to State of New Jersey | B-1 | | 683.20 |
| Balance, December 31, 2012 | B | | $ 131.60 |

### PREPAID REVENUE
### YEAR ENDED DECEMBER 31, 2012

B-5

| | Ref. | Animal Control |
|---|---|---|
| Balance, December 31, 2011 | B | $ 900.60 |
| Increased by: | | |
| Cash Receipts | B-1 | 1,398.00 |
| | | 2,298.60 |
| Decreased by: | | |
| Applied | B-4, B-7 | 900.60 |
| Balance, December 31, 2012 | B | $ 1,398.00 |

See Independent Auditors' Report

## PAYROLL DEDUCTIONS PAYABLE
## YEAR ENDED DECEMBER 31, 2012

B-6

| | Ref. | | |
|---|---|---|---|
| Balance, December 31, 2011 | B | | $ 131,753.92 |
| Increased by: | | | |
| Gross Payroll and Employer Share of FICA | B-9 | $ 15,556,345.68 | |
| Pension Contributions - Municipality | B-1 | 2,616,627.00 | |
| Refunds | B-1 | 32,732.78 | |
| | | | 18,205,705.46 |
| | | | 18,337,459.38 |
| Decreased by: | | | |
| Net Payroll and Agency Payments | B-1 | 18,176,746.09 | |
| Due Current Fund | B-9 | 22,591.52 | |
| | | | 18,199,337.61 |
| Balance, December 31, 2012 | B | | $ 138,121.77 |

| Analysis of Balance | |
|---|---|
| Police and Firemen's Retirement System | $ 102,577.55 |
| Public Employees' Retirement System | 33,023.43 |
| Dues | 20.79 |
| Unallocated | 2,500.00 |
| Balance, December 31, 2012 | $ 138,121.77 |

See Independent Auditors' Report

# TOWNSHIP OF SOUTH ORANGE VILLAGE
# TRUST FUND

## RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES
## YEAR ENDED DECEMBER 31, 2012

B-7

| | Ref. | | |
|---|---|---|---|
| Balance, December 31, 2011 | B | | $ 4,646.06 |
| Increased by: | | | |
| Dog License Fees: | | | |
| Dog Licenses Issued | | $ 6,004.00 | |
| Dog Licenses Late Charges and Fines | | 1,164.00 | |
| Cat Licenses | | 1,326.00 | |
| | B-1 | 8,494.00 | |
| Prepaid Applied | B-5 | 825.00 | |
| | | | 9,319.00 |
| | | | 13,965.06 |
| Decreased by: | | | |
| Expenditures Under R.S. 41:19-15.11 | B-1 | | 5,055.41 |
| Balance, December 31, 2012 | B | | $ 8,909.65 |

See Independent Auditors' Report

TOWNSHIP OF SOUTH ORANGE VILLAGE
TRUST FUND

RESERVE FOR SPECIAL DEPOSITS
FOR THE YEAR ENDED DECEMBER 31, 2012

B-8

| Account | Ref. | Balance Dec. 31, 2011 | Increase | Decrease | Balance Dec. 31, 2012 |
|---|---|---|---|---|---|
| Law Enforcement - Confiscated Funds | | $ 1,352.93 | $ 11,063.62 | $ 11,285.00 | $ 1,131.55 |
| Confidential Fund | | 694.78 | 2.66 | 2.66 | 694.78 |
| Municipal Court POAA | | 54,936.60 | 8,422.00 | 1,450.57 | 61,908.03 |
| Municipal Drug Alliance Committee | | 3,846.40 | | 3,696.65 | 149.75 |
| Recycling | | 120,662.82 | 125,914.62 | 214,307.96 | 32,269.48 |
| Master Card | | 13,760.97 | | | 13,760.97 |
| Pool Trust | | 54,479.61 | 52,359.95 | 74,129.79 | 32,709.77 |
| Donations | | 16,286.51 | 8,998.76 | 1,360.42 | 23,924.85 |
| LOSAP Reserve | | 11,600.00 | | | 11,600.00 |
| Public Defender | | | 3,347.50 | 3,024.50 | 323.00 |
| Fire Department Fines | | 8,513.59 | | | 8,513.59 |
| Developer's Escrow | | 159,530.94 | 124,280.10 | 50,714.72 | 233,096.32 |
| Affordable Housing | | 135,566.53 | 537.35 | 16,005.11 | 120,098.77 |
| Contracted Services - Special Duty | | 14,590.19 | 428,817.17 | 395,092.36 | 48,315.00 |
| | | $ 595,821.87 | $ 763,743.73 | $ 771,069.74 | $ 588,495.86 |
| | Ref. | B | Below | Below | B |

| | Ref. | Increase | Decrease |
|---|---|---|---|
| Cash Receipts | B-1 | $ 744,574.56 | $ |
| Cash Disbursements | B-1 | | 405,744.21 |
| Interfunds | B-3 | 19,169.17 | 365,325.53 |
| | | $ 763,743.73 | $ 771,069.74 |

See Independent Auditors' Report

TOWNSHIP OF SOUTH ORANGE VILLAGE
TRUST FUNDS

B-9

INTERFUNDS PAYABLE
YEAR ENDED DECEMBER 31, 2012

| | | | Payroll Trust Fund | | | | |
|---|---|---|---|---|---|---|---|
| | Ref. | Total | Current Fund | General Trust Fund | General Capital Fund | Water Operating Fund | Grant Fund |
| Balance, December 31, 2011 | B | $ 32,598.48 | $ 32,598.48 | $ | $ | $ | $ |
| Increased by: | | | | | | | |
| Cash Receipts | B-1 | 19,145,215.35 | 15,674,221.31 | 365,325.53 | 3,000,000.00 | 96,503.51 | 9,165.00 |
| Excess Payroll Cash | B-6 | 22,591.52 | 22,591.52 | | | | |
| | | 19,167,806.87 | 15,696,812.83 | 365,325.53 | 3,000,000.00 | 96,503.51 | 9,165.00 |
| | | 19,200,405.35 | 15,729,411.31 | 365,325.53 | 3,000,000.00 | 96,503.51 | 9,165.00 |
| Decreased by: | | | | | | | |
| Cash Disbursements | B-1 | 3,621,468.15 | 883,627.03 | | 2,737,841.12 | | |
| Gross Payroll | B-6 | 15,556,345.68 | 14,823,192.76 | 365,325.53 | 262,158.88 | 96,503.51 | 9,165.00 |
| | | 19,177,813.83 | 15,706,819.79 | 365,325.53 | 3,000,000.00 | 96,503.51 | 9,165.00 |
| Balance, December 31, 2012 | B | $ 22,591.52 | $ 22,591.52 | $ | $ | $ | $ |

See Indpendent Auditors' Report

## RESERVE FOR OPEN SPACE
## YEAR ENDED DECEMBER 31, 2012

B-10

| | Ref. | | |
|---|---|---|---|
| Balance, December 31, 2011 | B | | $ 1,008,384.65 |
| Increased by: | | | |
| Cash Receipts - Interest Earned | B-1 | $ 2,723.26 | |
| Tax Levy | B-1 | 224,456.70 | |
| | | | 227,179.96 |
| | | | 1,235,564.61 |
| Decreased by: | | | |
| Cash Disbursements | B-1 | | 351,177.76 |
| Balance, December 31, 2012 | B | | $ 884,386.85 |

## RESERVE FOR COMMUNITY DEVELOPMENT BLOCK GRANT
## YEAR ENDED DECEMBER 31, 2012

B-11

| | Ref. | |
|---|---|---|
| Increased by: | | |
| Grant Awards | B-2 | $ 149,640.00 |
| Decreased by: | | |
| Due to Current Fund - Revenue | B-3 | 149,640.00 |
| Balance, December 31, 2012 | | $ |

See Independent Auditors' Report

TOWNSHIP OF SOUTH ORANGE VILLAGE
GENERAL CAPITAL FUND

CASH RECEIPTS AND DISBURSEMENTS
YEAR ENDED DECEMBER 31, 2012

C-2

| | Ref. | | |
|---|---|---|---|
| Balance, December 31, 2011 | C | | $ 6,276,058.66 |
| Increased by Receipts: | | | |
| Bond Anticipation Notes | C-11 | $ 34,446,000.00 | |
| Interfunds | C-6 | 1,886,672.42 | |
| Cost of Issuance - Refunding Bond Sale | C-5 | 75,000.00 | |
| Premium on Sale of Bond Anticipation Notes | C-1 | 311,901.94 | |
| | | | 36,719,574.36 |
| | | | 42,995,633.02 |
| Decreased by Disbursements: | | | |
| Interfunds | C-6 | 723,431.91 | |
| Bond Anticipation Notes | C-11 | 34,680,000.00 | |
| Cost of Issuance - Refunding Bond Sale | C-5 | 21,200.00 | |
| Improvement Authorizations | C-12 | 1,152,421.51 | |
| | | | 36,577,053.42 |
| Balance, December 31, 2012 | C | | $ 6,418,579.60 |

See Independent Auditors' Report

## TOWNSHIP OF SOUTH ORANGE VILLAGE
## GENERAL CAPITAL FUND

### ANALYSIS OF CAPITAL CASH
### YEAR ENDED DECEMBER 31, 2012

C-3

| Ordinance Number | Improvement Authorization | Balance Dec. 31, 2011 | Receipts | Disbursements | Transfers From | Transfers To | Balance Dec. 31, 2012 |
|---|---|---|---|---|---|---|---|
| Due From Current Fund | | $ (16,675.61) | $ 378,449.27 | $ 606,499.69 | $ 959,000.00 | $ 1,228,265.03 | $ 24,539.00 |
| Due From Grant Fund | | (1,497,483.77) | 1,497,483.77 | 106,192.84 | | | (106,192.84) |
| Due From Water Utility Capital | | (30,000.00) | 10,739.38 | 10,739.38 | | | (30,000.00) |
| Fund Balance | | 762,714.80 | 311,901.94 | | 400,000.00 | | 674,616.74 |
| Capital Improvement Fund | | 326.53 | | | 134,051.00 | 150,000.00 | 16,275.53 |
| Cost of Issuance | | | 75,000.00 | 21,200.00 | 24,539.00 | | 29,261.00 |
| Bond Anticipation Notes | | | 34,446,000.00 | 34,680,000.00 | 575,000.00 | 809,000.00 | |
| 00-01 | Various Capital Improvements | 136,248.00 | | 67,478.96 | | | 68,769.04 |
| 02-06 | Various Capital Improvements | 5,929.74 | | | | | 5,929.74 |
| 03-13 | Various Capital Improvements | 60,610.38 | | 3,496.12 | | | 57,114.26 |
| 04-08 | Various Capital Improvements | 2,808.53 | | | | | 2,808.53 |
| 05-02 | Various Capital Improvements | 78,767.22 | | | | | 78,767.22 |
| 06-05 | Various Capital Improvements | 313.00 | | | | | 313.00 |
| 07-12 | Various Capital Improvements | 15,118.29 | | | | | 15,118.29 |
| 09-15 | Various Capital Improvements | 13,034.14 | | | | | 13,034.14 |
| 10-06 | Various Capital Improvements | 2,186.67 | | 2,162.51 | | | 24.16 |
| 11-14 | Renovation/Reconstruction Town Hall | 2,989,087.78 | | | | | 2,989,087.78 |
| 11-15 | Fire House Improvements | 63,191.75 | | | | | 63,191.75 |
| 11-16 | Various Capital Improvements | 4,248,205.60 | | 968,078.66 | | | 3,280,126.94 |
| 11-17 | Refunding Tax Appeals | (558,324.39) | | | | 575,000.00 | 16,675.61 |
| 12-10 | Various Capital Improvements | | | 111,205.26 | | 134,051.00 | 22,845.74 |
| 12-23 | Refunding Tax Appeals | | | | 803,726.03 | | (803,726.03) |
| | | $ 6,276,058.66 | $ 36,719,574.36 | $ 36,577,053.42 | $ 2,896,316.03 | $ 2,896,316.03 | $ 6,418,579.60 |
| | Reference | C | C-2 | C-2 | | | C |



See Independent Auditors' Report

## TOWNSHIP OF SOUTH ORANGE VILLAGE
## GENERAL CAPITAL FUND

### ACCOUNTS RECEIVABLE
### YEAR ENDED DECEMBER 31, 2012

C-4

| | Ref | Due from Seton Hall University |
|---|---|---|
| Balance, December 31, 2011 | C | $ 700,000.00 |
| Decreased by: | | |
| Payment of Redevelopment Loan | Reserve | 85,000.00 |
| Balance, December 31, 2012 | C | $ 615,000.00 |

### COST OF ISSUANCE
### YEAR ENDED DECEMBER 31, 2012

C-5

| | Ref | |
|---|---|---|
| Increased by: | | |
| Cash Receipts | C-2 | $ 75,000.00 |
| Decreased by: | | |
| Interfunds | C-6 | 24,539.00 |
| Cash Disbursements | C-2 | 21,200.00 |
| | | 45,739.00 |
| Balance, December 31, 2012 | C | $ 29,261.00 |

See Independent Auditors' Report

# TOWNSHIP OF SOUTH ORANGE VILLAGE
## GENERAL CAPITAL FUND

### INTERFUNDS
### YEAR ENDED DECEMBER 31, 2012

C-6

| | Ref. | Total | Water Utility Capital Fund | Grant Fund | Current Fund |
|---|---|---|---|---|---|
| Balance, December 31, 2011 | C | $ 1,544,159.38 | $ 30,000.00 | $ 1,497,483.77 | $ 16,675.61 |
| Increased by: | | | | | |
| Appropriation for Unfunded Deferred Charges | C-8 | 809,000.00 | | | 809,000.00 |
| Capital Improvement Fund | C-9 | 150,000.00 | | | 150,000.00 |
| Cash Disbursements | C-2 | 723,431.91 | 10,739.38 | 106,192.84 | 606,499.69 |
| | | 1,682,431.91 | 10,739.38 | 106,192.84 | 1,565,499.69 |
| | | 3,226,591.29 | 40,739.38 | 1,603,676.61 | 1,582,175.30 |
| Decreased by: | | | | | |
| Improvement Authorizations | C-12 | 803,726.03 | | | 803,726.03 |
| Cost of Issuance | C-5 | 24,539.00 | | | 24,539.00 |
| Fund Balance | C-1 | 400,000.00 | | | 400,000.00 |
| Cash Receipts | C-2 | 1,886,672.42 | 10,739.38 | 1,497,483.77 | 378,449.27 |
| | | 3,114,937.45 | 10,739.38 | 1,497,483.77 | 1,606,714.30 |
| Balance, December 31, 2012: | | | | | |
| Due From | C | $ 136,192.84 | $ 30,000.00 | $ 106,192.84 | |
| (Due to) | C | $ (24,539.00) | | | $ (24,539.00) |

See Independent Auditors' Report

TOWNSHIP OF SOUTH ORANGE VILLAGE
GENERAL CAPITAL FUND

DEFERRED CHARGES TO FUTURE TAXATION - FUNDED
YEAR ENDED DECEMBER 31, 2012

C-7

| | Ref. | | |
|---|---|---|---|
| Balance, December 31, 2011 | C | | $ 16,928,611.03 |
| Increased by: | | | |
| Refunding Bonds Issued | C-10 | | 9,990,000.00 |
| | | | 26,918,611.03 |
| Decreased by: | | | |
| Payment of Serial Bonds | C-10 | $ 2,393,000.00 | |
| Refunded Bonds | C-10 | 9,614,000.00 | |
| Payment of Green Trust Loan | C-13 | 6,363.70 | |
| Payment of Environmental Infrastructure Loan | C-14 | 10,622.95 | |
| | | | 12,023,986.65 |
| Balance, December 31, 2012 | C | | $ 14,894,624.38 |

See Independent Auditors' Report

TOWNSHIP OF SOUTH ORANGE VILLAGE
GENERAL CAPITAL FUND

DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED
YEAR ENDED DECEMBER 31, 2012

C-8

| | | | | | | Analysis of Balance | | |
|---|---|---|---|---|---|---|---|---|
| Ordinance Number | | Balance, December 31, 2011 | 2012 Authorizations | Decrease | Balance, December 31, 2012 | Bond Anticipation Notes | Unfinanced Expenditures | Unexpended Improvement Authorizations |
| 00-01 | Various Capital Improvements | $ 1,519,484.00 | $ | $ 50,000.00 | $ 1,469,484.00 | $ 1,469,484.00 | $ | $ |
| 01-08 | Various Capital Improvements | 1,288,189.00 | | 50,000.00 | 1,238,189.00 | 1,238,189.00 | | |
| 02-06 | Various Capital Improvements | 1,132,349.00 | | 50,000.00 | 1,082,349.00 | 1,082,349.00 | | |
| 03-13 | Various Capital Improvements | 4,149,590.00 | | | 4,149,590.00 | 4,149,590.00 | | |
| 04-08 | Various Capital Improvements | 2,617,821.00 | | 100,000.00 | 2,517,821.00 | 2,517,821.00 | | |
| 05-02 | Various Capital Improvements | 2,395,714.00 | | 100,000.00 | 2,295,714.00 | 2,295,714.00 | | |
| 05-16 | Various Capital Improvements | 2,610,704.00 | | 100,000.00 | 2,510,704.00 | 2,510,704.00 | | |
| 06-05 | Various Capital Improvements | 1,584,773.00 | | 50,000.00 | 1,534,773.00 | 1,534,773.00 | | |
| 06-11 | Various Capital Improvements | 3,984,510.00 | | 84,000.00 | 3,900,510.00 | 3,900,510.00 | | |
| 07-12 | Various Capital Improvements | 1,136,575.00 | | | 1,136,575.00 | 1,136,575.00 | | |
| 08-22 | Various Capital Improvements | 1,507,000.00 | | | 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 | 475,384.00 | | 120,000.00 | 355,384.00 | 355,384.00 | | |
| 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 | | 105,000.00 | 420,000.00 | 420,000.00 | | |
| 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 | 415,476.08 | | | 415,476.08 | 415,476.00 | | 0.08 |
| 11-18 | Refunding Tax Appeal | 575,000.00 | | | 575,000.00 | 575,000.00 | | |
| 12-10 | Various Capital Improvements | | 2,546,952.00 | | 2,546,952.00 | | | 2,546,952.00 |
| 12-23 | Refunding Tax Appeal | | 803,726.03 | | 803,726.03 | | 803,726.03 | |
| | | $ 35,279,556.33 | $ 3,350,678.03 | $ 809,000.00 | $ 37,821,234.36 | $ 34,446,000.00 | $ 803,726.03 | $ 2,571,508.33 |
| | Ref. | C | C-12 | C-6 | C | C-11 | C-3 | C-12 |



See Independent Auditors' Report

# TOWNSHIP OF SOUTH ORANGE VILLAGE
## GENERAL CAPITAL FUND

## CAPITAL IMPROVEMENT FUND
## DECEMBER 31, 2012

C-9

| | Ref. | | |
|---|---|---|---|
| Balance, December 31, 2011 | C | $ | 326.53 |
| Increased by : | | | |
| Budget Appropriation | C-6 | | 150,000.00 |
| | | | 150,326.53 |
| Decreased by: | | | |
| Improvement Authorizations | C-12 | | 134,051.00 |
| Balance, December 31, 2012 | C | $ | 16,275.53 |

See Independent Auditors' Report

C-10

# TOWNSHIP OF SOUTH ORANGE VILLAGE
## GENERAL CAPITAL FUND

## SERIAL BONDS PAYABLE
## YEAR ENDED DECEMBER 31, 2012

| Purpose | Date of Issue | Amount of Original Issue | Maturities of Bonds Outstanding, December 31, 2012 Date | Maturities of Bonds Outstanding, December 31, 2012 Amount | Interest Rate | Balance December 31, 2011 | Increased | Decreased | Balance December 31, 2012 |
|---|---|---|---|---|---|---|---|---|---|
| Arts Center | 5/21/2001 | $ 5,200,000.00 | 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% | $ 2,935,000.00 | | $ 265,000.00 | $ 2,670,000.00 |
| General Improvements | 11/22/2005 | 12,118,000.00 | 11/1/2013 | 313,000.00 | 5.00% | 10,240,000.00 | | 9,927,000.00 | 313,000.00 |
| General Improvements | 08/15/2008 | 7,980,000.00 | 9/15/2013 | 1,735,000.00 | 3.997% | 3,415,000.00 | | 1,680,000.00 | 1,735,000.00 |
| Refunding Bonds | 1/31/2012 | 9,990,000.00 | 11/1/2013 | 50,000.00 | 3.00% | | | | |
| | | | 11/1/2014 | 625,000.00 | 3.00% | | | | |
| | | | 11/1/2015 | 620,000.00 | 3.00% | | | | |
| | | | 11/1/2016 | 615,000.00 | 3.00% | | | | |
| | | | 11/1/2017-18 | 605,000.00 | 3.00% | | | | |
| | | | 11/1/2019 | 600,000.00 | 4.00% | | | | |
| | | | 11/1/2020 | 595,000.00 | 3.00% | | | | |
| | | | 11/1/2021 | 610,000.00 | 5.00% | | | | |
| | | | 11/1/2022 | 630,000.00 | 4.00% | | | | |
| | | | 11/1/2023 | 635,000.00 | 2.50% | | | | |
| | | | 11/1/2024 | 620,000.00 | 4.00% | | | | |
| | | | 11/1/2025 | 625,000.00 | 4.00% | | | | |
| | | | 11/1/2026 | 620,000.00 | 2.75% | | | | |
| | | | 11/1/2027 | 610,000.00 | 3.00% | | | | |
| | | | 11/1/2028 | 600,000.00 | 3.125% | | | | |
| | | | 11/1/2029 | 590,000.00 | 3.25% | | 9,990,000.00 | 135,000.00 | 9,855,000.00 |
| | | | | | | $ 16,590,000.00 | $ 9,990,000.00 | $ 12,007,000.00 | $ 14,573,000.00 |
| | | | | | Ref. | C | C-7 | C-7 | C |

See Independent Auditors' Report

# TOWNSHIP OF SOUTH ORANGE VILLAGE
## GENERAL CAPITAL FUND

### BOND ANTICIPATION NOTES PAYABLE
### YEAR ENDED DECEMBER 31, 2012

C-11

| Ordinance Number | Improvement Description | Original Amount | Original Date | Date of Issue | Date of Maturity | Interest Rate | Balance December 31, 2011 | Increased | Decreased | Balance December 31, 2012 |
|---|---|---|---|---|---|---|---|---|---|---|
| 05-02 | Various Capital Improvements | $ 3,511,865.00 | | | | | $ 2,395,714.00 | $ 2,295,714.00 | $ 2,395,714.00 | $ 2,295,714.00 |
| 05-16 | Various Capital Improvements | 2,850,000.00 | | | | | 2,610,704.00 | 2,510,704.00 | 2,610,704.00 | 2,510,704.00 |
| 06-05 | Various Capital Improvements | 1,921,850.00 | | | | | 1,584,773.00 | 1,534,773.00 | 1,584,773.00 | 1,534,773.00 |
| | | 8,283,715.00 | 4/26/2006 | 1/31/2012 | 1/30/2013 | 2.00% | 6,591,191.00 | 6,341,191.00 | 6,591,191.00 | 6,341,191.00 |
| 06-11 | Various Capital Improvements | 3,695,373.00 | 9/14/2006 | 9/07/2012 | 1/30/2013 | 2.00% | 3,476,524.00 | 3,392,524.00 | 3,476,524.00 | 3,392,524.00 |
| 06-11 | | 665,000.00 | | | | | 507,986.00 | 507,986.00 | 507,986.00 | 507,986.00 |
| 04-08 | Various Capital Improvements | 2,966,883.00 | | | | | 2,617,821.00 | 2,517,821.00 | 2,617,821.00 | 2,517,821.00 |
| | | 3,631,883.00 | 9/14/2006 | 1/31/2012 | 1/30/2013 | 2.00% | 3,125,807.00 | 3,025,807.00 | 3,125,807.00 | 3,025,807.00 |
| 96-08,98-01,99-05,99-13 | Various Capital Improvements | 1,613.00 | | | | | | | | |
| 00-01 | | 1,577,978.00 | | | | | 1,519,484.00 | 1,469,484.00 | 1,519,484.00 | 1,469,484.00 |
| 01-08 | | 1,337,779.00 | | | | | 1,288,189.00 | 1,238,189.00 | 1,288,189.00 | 1,238,189.00 |
| 02-06 | | 1,257,430.00 | | | | | 1,132,349.00 | 1,082,349.00 | 1,132,349.00 | 1,082,349.00 |
| 08-22 | | 1,197,959.00 | | | | | 1,153,959.00 | 1,153,959.00 | 1,153,959.00 | 1,153,959.00 |
| | | 5,372,759.00 | 9/14/2008 | 1/31/2012 | 1/30/2013 | 2.00% | 5,093,981.00 | 4,943,981.00 | 5,093,981.00 | 4,943,981.00 |
| 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 | | | | | 475,384.00 | 355,384.00 | 475,384.00 | 355,384.00 |
| | | 3,190,745.00 | 12/22/2009 | 1/31/2012 | 1/30/2013 | 2.00% | 3,070,745.00 | 2,950,745.00 | 3,070,745.00 | 2,950,745.00 |
| 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 | 1/31/2012 | 1/30/2013 | 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 | 9/07/2012 | 1/30/2013 | 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 | 2,643,897.00 | 2,643,897.00 |
| 10-24 | Refunding Tax Appeals | 525,000.00 | | | | | 525,000.00 | 420,000.00 | 525,000.00 | 420,000.00 |
| 10-25 | Fire House Improvements | 105,173.00 | | | | | 105,173.00 | 105,173.00 | 105,173.00 | 105,173.00 |
| | | 3,274,070.00 | 2/1/2011 | 1/31/2012 | 1/30/2013 | 2.00% | 3,274,070.00 | 3,169,070.00 | 3,274,070.00 | 3,169,070.00 |
| 11-14 | Renovation/Reconstruction of Village Hall | 2,850,000.00 | | | | | 2,850,000.00 | 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 | 415,476.00 | 415,476.00 |
| | | 3,265,476.00 | 9/9/2011 | 9/07/2012 | 1/30/2013 | 2.00% | 3,265,476.00 | 3,265,476.00 | 3,265,476.00 | 3,265,476.00 |
| 11-18 | Refunding Tax Appeals | 575,000.00 | 1/31/2012 | 1/31/2012 | 1/30/2013 | 2.00% | | 575,000.00 | | 575,000.00 |
| | | | | | | | $ 34,680,000.00 | $ 34,446,000.00 | $ 34,680,000.00 | $ 34,446,000.00 |
| | | | | | | 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, 2012

C-12

| Ordinance Number | Improvement Description | Original Amount | Original Date | Balance, December 31, 2011 Funded | Balance, December 31, 2011 Unfunded | 2012 Authorizations | Paid or Charged | Balance December 31, 2012 Funded | Balance December 31, 2012 Unfunded |
|---|---|---|---|---|---|---|---|---|---|
| 00-01 | Various Capital Improvements | $ 1,730,070.00 | 2/28/00 | $ | $ 136,248.00 | $ | $ 67,478.96 | $ | $ 68,769.04 |
| 02-06 | Various Capital Improvements | 1,415,980.00 | 2/25/02 | | 5,929.74 | | | | 5,929.74 |
| 03-13 | Various Capital Improvements | 4,451,600.00 | 6/23/03 | | 60,610.38 | | 3,496.12 | | 57,114.26 |
| 04-08 | Various Capital Improvements | 3,125,850.00 | 8/2/04 | | 2,808.53 | | | | 2,808.53 |
| 05-02 | Various Capital Improvements | 3,696,700.00 | 2/28/05 | | 78,767.22 | | | | 78,767.22 |
| 06-05 | Various Capital Improvements | 2,023,000.00 | 3/27/06 | | 313.00 | | | | 313.00 |
| 07-12 | Various Capital Improvements | 1,538,500.00 | 11/19/07 | | 15,118.29 | | | | 15,118.29 |
| 09-14 | Improvements to Sewerage Facilities | 460,000.00 | 06/22/09 | | 24,556.25 | | | | 24,556.25 |
| 09-15 | Various Capital Improvements | 2,731,959.30 | 6/22/09 | | 13,034.14 | | | | 13,034.14 |
| 10-06 | Various Capital Improvements | 2,783,050.00 | 4/26/10 | | 2,186.67 | | 2,162.51 | | 24.16 |
| 11-14 | Renovation/Reconstruction - Village Hall | 3,000,000.00 | 7/25/11 | 139,087.78 | 2,850,000.00 | | | 139,087.78 | 2,850,000.00 |
| 11-15 | Fire House Improvements | 418,919.38 | 7/25/11 | | 63,191.83 | | | | 63,191.83 |
| 11-16 | Various Capital Improvements | 4,791,766.93 | 7/25/11 | | 4,248,205.60 | | 968,078.66 | | 3,280,126.94 |
| 11-18 | Refunding Tax Appeal | 575,000.00 | 11/14/11 | | 16,675.61 | | | | 16,675.61 |
| 12-10 | Various Capital Improvements | 2,681,003.00 | 9/24/12 | | | 2,681,003.00 | 111,205.26 | 22,845.74 | 2,546,952.00 |
| 12-23 | Refunding Tax Appeal | 803,726.03 | 12/31/12 | | | 803,726.03 | 803,726.03 | | |
| | | | | $ 139,087.78 | $ 7,517,645.26 | $ 3,484,729.03 | $ 1,956,147.54 | $ 161,933.52 | $ 9,023,381.01 |
| | | | Reference | C | C | Below | Below | C | C |

| | Ref. | 2012 Authorizations | Paid or Charged |
|---|---|---|---|
| Cash Disbursements | C-2 | $ | $ 1,152,421.51 |
| Interfunds | C-6 | | 803,726.03 |
| Deferred Charges Unfunded | C-8 | 3,350,678.03 | |
| Capital Improvement Fund | C-9 | 134,051.00 | |
| | | $ 3,484,729.03 | $ 1,956,147.54 |

## TOWNSHIP OF SOUTH ORANGE VILLAGE
## GENERAL CAPITAL FUND

### GREEN ACRES LOAN PAYABLE
### YEAR ENDED DECEMBER 31, 2012

C-13

| | Ref. | |
|---|---|---|
| Balance, December 31, 2011 | C | $ 110,129.78 |
| Decreased by: | | |
| Budget Appropriation for | | |
| Payment of Green Trust Loan | C-7 | 6,363.70 |
| Balance, December 31, 2012 | C | $ 103,766.08 |

### ENVIRONMENTAL INFRASTRUCTURE LOAN PAYABLE
### YEAR ENDED DECEMBER 31, 2012

C-14

| | Ref. | |
|---|---|---|
| Balance, December 31, 2011 | C | $ 228,481.25 |
| Decreased by: | | |
| Payment of Loan | C-7 | 10,622.95 |
| Balance, December 31, 2012 | C | $ 217,858.30 |

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, 2012

| Ordinance Number | Improvement Description | Balance December 31, 2011 | 2012 Authorizations | BANS Issued | Balance December 31, 2012 |
|---|---|---|---|---|---|
| 09-14 | Improvements to Sewerage Facilities | $ 24,556.25 | $ | $ | $ 24,556.25 |
| 11-15 | Fire House Improvements | 0.08 | | | 0.08 |
| 11-18 | Refunding Tax Appeal | 575,000.00 | | 575,000.00 | |
| 12-10 | Various Capital Improvements | | 2,546,952.00 | | 2,546,952.00 |
| 12-23 | Refunding Tax Appeal | | 803,726.03 | | 803,726.03 |
| | | $ 599,556.33 | $ 3,350,678.03 | $ 575,000.00 | $ 3,375,234.36 |
| | Ref. | C | | | C |



See Independent Auditors' Report

TOWNSHIP OF SOUTH ORANGE VILLAGE
WATER UTILITY

CASH RECEIPTS AND DISBURSEMENTS
COLLECTOR - TREASURER
DECEMBER 31, 2012

D-5

| | Ref. | Operating | | Capital | |
|---|---|---|---|---|---|
| Balance, December 31, 2011 | D | | $ 489,039.92 | | $ 0.19 |
| Increased by Receipts: | | | | | |
| Premium on Sale of Refunding Bonds | D-3, D-6 | $ | | $ 10,739.38 | |
| Miscellaneous Revenue | D-3 | 2,669.73 | | | |
| Consumer Accounts Receivable | D-3, D-7 | 387,632.35 | | | |
| | | | 390,302.08 | | 10,739.38 |
| | | | 879,342.00 | | 10,739.57 |
| Decreased by Disbursements: | | | | | |
| Budget Appropriations | D-4 | 248,368.49 | | | |
| Interfunds | D-8 | 397,493.69 | | | |
| Accrued Interest on Bonds | D-10 | 28,402.67 | | | |
| | | | 674,264.85 | | |
| Balance, December 31, 2012 | D | | $ 205,077.15 | | $ 10,739.57 |

See Independent Auditors' Report

TOWNSHIP OF SOUTH ORANGE VILLAGE
WATER UTILITY

ANALYSIS OF CASH AND INVESTMENTS
WATER CAPITAL FUND
YEAR ENDED DECEMBER 31, 2012

D-6

| | Balance Dec. 31, 2011 | Receipts | Balance Dec. 31, 2012 |
|---|---|---|---|
| Fund Balance | $ 0.19 | $ 10,739.38 | $ 10,739.57 |
| Due To/(From) General Capital Fund | 30,000.00 | | 30,000.00 |
| Improvement Authorizations: | | | |
| #96-00 Water Supply System | (30,000.00) | | (30,000.00) |
| | $ 0.19 | $ 10,739.38 | $ 10,739.57 |
| Ref. | D | D-5 | D |

See Independent Auditors' Report

## SCHEDULE OF EAST ORANGE WATER COMMISSION RECEIVABLE — D-7
## YEAR ENDED DECEMBER 31, 2012

| | Ref. | |
|---|---|---|
| Increased by: | | |
| Rent Billings | Reserve | $ 387,632.35 |
| Decreased by: | | |
| Collections | D-5 | 387,632.35 |
| Balance, December 31, 2012 | | $ |

## SCHEDULE OF INTERFUND RECEIVABLE
## WATER OPERATING FUND
## YEAR ENDED DECEMBER 31, 2012

D-8

| | Ref. | | Current Fund |
|---|---|---|---|
| Increased by: | | | |
| Cash Disbursements | D-5 | | $ 397,493.69 |
| Decreased by: | | | |
| Budget Appropriations | D-4 | | 197,493.69 |
| Fund Balance Utilized as Current Fund Revenue | D-1 | | 200,000.00 |
| | | | 397,493.69 |
| Balance, December 31, 2012 | | | $ |

See Independent Auditors' Report

## TOWNSHIP OF SOUTH ORANGE VILLAGE
## WATER UTILITY

## FIXED CAPITAL
## YEAR ENDED DECEMBER 31, 2012

D-9

| | | 2012 | 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, 2012

D-10

| | Ref. | |
|---|---|---|
| Balance December 31, 2011 | D | $ 8,334.37 |
| Increased by: | | |
| Budget Appropriation | D-4 | 26,351.61 |
| | | 34,685.98 |
| Decreased by: | | |
| Cash Disbursements | D-5 | 28,402.67 |
| Balance December 31, 2012 | D | $ 6,283.31 |

Analysis of Accrued Interest at December 31, 2012

| Date of Issue | Balance Dec. 31, 2012 | Interest Payable | Period | Amount |
|---|---|---|---|---|
| 11/22/05 | $ 45,000.00 | 5.00 % | 2 Months | $ 375.00 |
| 01/31/12 | 5,000.00 | 3.00 | 2 Months | 25.00 |
| | 325,000.00 | 3.00 | | 1,625.00 |
| | 65,000.00 | 4.00 | | 433.33 |
| | 60,000.00 | 3.00 | | 300.00 |
| | 60,000.00 | 5.00 | | 500.00 |
| | 65,000.00 | 4.00 | | 433.33 |
| | 65,000.00 | 2.50 | | 270.83 |
| | 140,000.00 | 4.00 | | 933.33 |
| | 70,000.00 | 2.75 | | 320.83 |
| | 70,000.00 | 3.00 | | 350.00 |
| | 70,000.00 | 3.125 | | 364.58 |
| | 65,000.00 | 3.25 | | 352.08 |
| | | | | $ 6,283.31 |

See Independent Auditors' Report

TOWNSHIP OF SOUTH ORANGE VILLAGE
WATER UTILITY CAPITAL FUND

SERIAL BONDS
YEAR ENDED DECEMBER 31, 2012

D-11

| Purpose | Date of Issue | Original Issue | Maturities of Bonds Outstanding Dec. 31, 2012 Date | Maturities of Bonds Outstanding Dec. 31, 2012 Amount | Interest Rate | Balance Dec. 31, 2011 | Bonds Issued | Bonds Redeemed | Balance Dec. 31, 2012 |
|---|---|---|---|---|---|---|---|---|---|
| Water Improvement Bonds | 11/22/2005 | $1,340,000.00 | 11/1/2013 | $ 45,000.00 | 5.00% | $ 1,115,000.00 | $ | $ 1,070,000.00 | $ 45,000.00 |
| Water Refunding Bonds | 01/31/2012 | 1,075,000.00 | 11/1/2013 | 5,000.00 | 3.00% | | | | |
| | | | 11/1/2014-18 | 65,000.00 | 3.00% | | | | |
| | | | 11/1/2019 | 65,000.00 | 4.00% | | | | |
| | | | 11/1/2020 | 60,000.00 | 3.00% | | | | |
| | | | 11/1/2021 | 60,000.00 | 5.00% | | | | |
| | | | 11/1/2022 | 65,000.00 | 4.00% | | | | |
| | | | 11/1/2023 | 65,000.00 | 2.50% | | | | |
| | | | 11/1/2024-25 | 70,000.00 | 4.00% | | | | |
| | | | 11/1/2026 | 70,000.00 | 2.75% | | | | |
| | | | 11/1/2027 | 70,000.00 | 3.00% | | | | |
| | | | 11/1/2028 | 70,000.00 | 3.125% | | | | |
| | | | 11/1/2029 | 65,000.00 | 3.25% | | 1,075,000.00 | 15,000.00 | 1,060,000.00 |
| | | | | | | $ 1,115,000.00 | $ 1,075,000.00 | $ 1,085,000.00 | $ 1,105,000.00 |
| | | | | | Ref. | D | D-12 | D-12 | D |



See Independent Auditors' Report

## TOWNSHIP OF SOUTH ORANGE VILLAGE
## WATER UTILITY

### RESERVE FOR AMORTIZATION
### YEAR ENDED DECEMBER 31, 2012

D-12

| | Ref. | |
|---|---|---|
| Balance, December 31, 2011 | D | $ 7,315,893.09 |
| Increased by: | | |
| Payment of Serial Bonds | D-11 | 1,085,000.00 |
| | | 8,400,893.09 |
| Decreased by: | | |
| Refunding Bonds | D-11 | 1,075,000.00 |
| Balance, December 31, 2012 | D | $ 7,325,893.09 |

### SCHEDULE OF INTERFUND PAYABLE - WATER CAPITAL FUND
### YEAR ENDED DECEMBER 31, 2012

D-13

| | Ref. | General Capital Fund |
|---|---|---|
| Balance, December 31, 2011 | D | $ 30,000.00 |
| Balance, December 31, 2012 | D | $ 30,000.00 |

### SCHEDULE OF BONDS AND NOTES
### AUTHORIZED BUT NOT ISSUED
### YEAR ENDED DECEMBER 31, 2012

D-14

| | Ref. | |
|---|---|---|
| Balance, December 31, 2011 | D | $ 30,000.00 |
| Balance, December 31, 2012 | 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, 2012 AND 2011

E-1

| | Ref. | 2012 | 2011 |
|---|---|---|---|
| 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, 2012

E-2

| | Ref. | | |
|---|---|---|---|
| Balance, December 31, 2011 | 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, 2012 | E | $ | 580.92 |

See Independent Auditors' Report

# TOWNSHIP OF SOUTH ORANGE VILLAGE
# TRUSTEES OF FREE PUBLIC LIBRARY

## STATEMENT OF CASH
## YEAR ENDED DECEMBER 31, 2012

F-2

| | Ref. | Unrestricted | Restricted | Total |
|---|---|---|---|---|
| Balance, December 31, 2011 | F | $ 79,202.73 | $ 198,694.53 | $ 277,897.26 |
| Increased By: | | | | |
| State Library Aid | F-1 | 7,168.00 | | 7,168.00 |
| Gifts & Grants | F-1 | 15,672.96 | | 15,672.96 |
| Miscellaneous | F-1 | 38,734.42 | | 38,734.42 |
| Interest on Deposits | F-1 | 12.95 | 212.03 | 224.98 |
| Current Fund Budget Appropriations | F-4 | 166,482.00 | | 166,482.00 |
| | | 228,070.33 | 212.03 | 228,282.36 |
| | | 307,273.06 | 198,906.56 | 506,179.62 |
| Decreased By: | | | | |
| Expenditures | F-1 | 161,643.29 | | 161,643.29 |
| Accounts Payable | F-5 | 30,328.40 | | 30,328.40 |
| | | 191,971.69 | | 191,971.69 |
| Balance, December 31, 2012 | F | $ 115,301.37 | $ 198,906.56 | $ 314,207.93 |

See Independent Auditors' Report

## TOWNSHIP OF SOUTH ORANGE VILLAGE
## TRUSTEES OF FREE PUBLIC LIBRARY

### STATEMENT OF BEQUESTS
### YEAR ENDED DECEMBER 31, 2012

F-3

| | Ref. | | |
|---|---|---|---|
| Balance, December 31, 2011 | F | $ | 88,629.52 |
| Decreased By: | | | |
| Basic Account Fee | F-1 | | 60.00 |
| Balance, December 31, 2012 | F | $ | 88,569.52 |

Analysis of Balance:

| | | |
|---|---|---|
| Wells Fargo - Account # 1614-5863 | | |
| Fixed Income Securities | $ | 15,000.00 |
| Money Market Assets | | 73,569.52 |
| | $ | 88,569.52 |

### DUE FROM LIBRARY TO TOWNSHIP OF SOUTH ORANGE VILLAGE
### YEAR ENDED DECEMBER 31, 2012

F-4

| | Ref. | | |
|---|---|---|---|
| Increased by: | | | |
| Budget Appropriation | F-1 | | $ 935,000.00 |
| Decreased by: | | | |
| Payments made Directly by Township | F-1 | $ 755,818.71 | |
| Transferred to Library | F-2 | 166,482.00 | |
| | | | 922,300.71 |
| Balance, December 31, 2012 | F | | $ 12,699.29 |

See Independent Auditors' Report

# TOWNSHIP OF SOUTH ORANGE VILLAGE
# TRUSTEES OF FREE PUBLIC LIBRARY

## STATEMENT OF ACCOUNTS PAYABLE
## YEAR ENDED DECEMBER 31, 2012

F-5

| | Ref. | | |
|---|---|---|---|
| Balance, December 31, 2011 | F | $ | 30,328.40 |
| Increased By: | | | |
| Operating Expenditures | F-1 | | 44,085.73 |
| | | | 74,414.13 |
| Decreased By: | | | |
| Cash Disbursement | F-3 | | 30,328.40 |
| Balance, December 31, 2012 | F | $ | 44,085.73 |

See Independent Auditors' Report

TOWNSHIP OF SOUTH ORANGE VILLAGE

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PART II

YEAR ENDED DECEMBER 31, 2012

MBC
McENERNEY, BRADY & COMPANY, LLC
Certified Public Accountants

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the regulatory basis financial statements of the various funds of the Township of South Orange Village, Essex County, New Jersey (the "Township"), as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise Township's basic financial statements, and have issued our report thereon dated September 20, 2013.

**Internal Control Over Financial Reporting**

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

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

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

293 Eisenhower Parkway, Livingston, NJ 07039
(973) 535-2880

832 McLean Avenue, Yonkers, NY 10704
(914) 237-3676

**Compliance and Other Matters**

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

The Township responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Township's response and accordingly, we express no opinion on it.

**Purpose of this Report**

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

McEnerney, Brady & Company, LLC

McEnerney, Brady & Co., LLC
Certified Public Accountants

Francis M. McEnerney

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

Livingston, New Jersey
September 20, 2013

MBC
McENERNEY, BRADY & COMPANY, LLC
Certified Public Accountants

**Report on Compliance For Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal and State Awards Required by OMB Circular A-133 and New Jersey OMB Circular 04-04**

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

**Report on Compliance for Each Major Federal and State Program**
We have audited the Township of South Orange Village, Essex County, New Jersey's (the "Township") compliance with the types of compliance requirements described in the *OMB Circular A-133* and *New Jersey OMB Circular 04-04 Compliance Supplements* that could have a direct and material effect on each of the Township's major programs for the year ended December 31, 2012. The Township's major programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Township's major programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and *New Jersey OMB Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Programs* (collectively, "OMB Circular A-133"). Those standards and OMB Circular A-133 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 program occurred. An audit includes examining, on a test basis, evidence about the Town'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 on compliance for each major program. However, our audit does not provide a legal determination of the Township's compliance.

***Opinion on Each Major Program***

In our opinion, the Township complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major programs for the year ended December 31, 2012.

**Report on Internal Control Over Compliance**

Management of the Township is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Township's internal control over compliance with the types of requirements that could have a direct and material effect on each major program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on

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compliance for each major program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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'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 on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of 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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

**Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

We have audited the regulatory basis financial statements of the Township as of and for the year ended December 31, 2012, and have issued our report thereon dated September 20, 2013, which contained an unmodified opinion on those financial statements on the basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Our audit was conducted for the purpose of forming an opinion on the regulatory basis financial statements as a whole. The accompanying schedules of expenditures of federal and state awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the regulatory basis financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the regulatory basis financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of expenditures of federal and state awards is fairly stated in all material respects in relation to the financial statements as a whole

McEnerney, Brady, Company, LLC

McEnerney, Brady & Co., LLC
Certified Public Accountants

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

Livingston, New Jersey
September 20, 2013

TOWNSHIP OF SOUTH ORANGE VILLAGE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2012

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, 2011 | 2012 Grant | Paid or Charged | Balance Dec. 31, 2012 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Department of Housing and Urban Development: | | | | | | | | | | | |
| Pass Through County of Essex | | | | | | | | | | | |
| Community Development Block Grant | B | | 14.218 | 7-1-11 | 6-30-12 | $ 149,640.00 | $ 149,640.00 | $ | $ 149,640.00 | $ 149,640.00 | |
| Department of Transportation: | | | | | | | | | | | |
| Highway Planning and Construction | | | | | | | | | | | |
| Safetea-LU | A | | 20.205 | 1-22-08 | 10-31-11 | 1,014,128.00 | 1,020,000.00 | 54,631.76 | | | 54,631.76 |
| Recreational Trails Program: | | | | | | | | | | | |
| Bikeway Program | | | 20.219 | 7-1-05 | 6-30-07 | 150,000.00 | | | | | |
| Bikeway Program | | | | 7-1-07 | 6-30-09 | 210,000.00 | | | | | |
| Bikeway Program - ARRA | | | | 7-1-08 | 6-30-10 | 30,000.00 | 300,000.00 | 137,500.00 | | | 137,500.00 |
| Bikeway Program | | | | 7-1-09 | 6-30-11 | 250,000.00 | 250,000.00 | 76,564.77 | | | 76,564.77 |
| Pass-ThroughState of New Jersey - Highway Safety Program: | | | | | | | | | | | |
| Comprehensive Traffic Study | | | | 7-1-10 | 6-30-11 | | 10,000.00 | 2,105.17 | | | 2,105.17 |
| | | | | | | | | 270,801.70 | | | 270,801.70 |
| Department of Homeland Security: | | | | | | | | | | | |
| Federal Emergency Management Assistance: | | | | | | | | | | | |
| Aerial Fire Truck | A | | 97.044 | 7-1-11 | 6-30-12 | | 698,997.00 | | 698,997.00 | | 698,997.00 |
| Presidential Declared Disasters | A | | 97.036 | 10-29-12 | Completion | | 458,694.00 | | 458,694.00 | 458,694.00 | |
| | | | | | | | | | 1,157,691.00 | 458,694.00 | 698,997.00 |
| Department of Justice: | | | | | | | | | | | |
| Pass-Thru State of New Jersey - Law and Public Safety: | | | | | | | | | | | |
| Juvenile Assistance | A | | 16.592 | 7-1-08 | 6-30-10 | | 37,321.00 | 14,791.79 | | 14,451.79 | 340.00 |
| COPS in Shops Program | | | 16.727 | 7-1-11 | 6-30-12 | 5,000.00 | 5,000.00 | | 5,000.00 | 5,000.00 | 0.00 |
| COPS in Shops Program | | | 16.727 | 7-1-10 | 6-30-11 | | 10,800.00 | 8,000.00 | | | 8,000.00 |
| Assistance to Firefighters | | | 16.726 | 7-1-10 | 6-30-11 | | 37,525.00 | 7,733.00 | | 691.80 | 7,041.20 |
| | | | | | | | | 30,524.79 | 5,000.00 | 20,143.59 | 15,381.20 |
| Total Federal Awards | | | | | | | | $ 301,326.49 | $ 1,312,331.00 | $ 628,477.59 | $ 985,179.90 |

**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, 2012

| State Funding Department and Description | Ref. | Grant Number | Grant Period From | Grant Period To | Cash Receipts | Balance Dec. 31, 2011 | 2012 Grant | Paid or Charged | Balance Dec. 31, 2012 | Cumulative Expenditures |
|---|---|---|---|---|---|---|---|---|---|---|
| Department of Treasury | | | | | | | | | | |
| Alcohol & Rehabilitation | A | 9355-760-098-4900 | 7-1-09 | 6-30-10 | $ | $ 16,724.95 | $ | $ | $ 16,724.95 | $ |
| County of Essex Open Space | | | | | | | | | | |
| Open Space Trust Fund - 2009 | | | 1-1-09 | 12-31-12 | | 1,739.26 | | | 1,739.26 | 223,260.74 |
| Department of Transportation | | | | | | | | | | |
| Turrell Avenue | A | | 1-1-12 | 12-31-12 | | | 230,000.00 | | 230,000.00 | |
| 2009 Ralston Drive | A | | 1-1-09 | 12-31-09 | 101,313.00 | 37,889.91 | | | 37,889.91 | 408,110.09 |
| Fairview Avenue | | | 1-1-11 | 12-31-11 | 168,000.00 | 224,000.00 | | 224,000.00 | | 244,280.00 |
| New Jersey Transit | | | | | | | | | | |
| 2010 NJ Transit Jitney Grant | A | | 1-1-10 | 12-31-10 | 30,000.00 | 6,533.52 | | | 6,533.52 | 53,466.48 |
| Division of Criminal Justice | | | | | | | | | | |
| 2011 Body Armor Replacement Fund | | | 7-1-10 | 6-30-12 | | 9,680.66 | | | 9,680.66 | |
| Department of Environmental Protection | | | | | | | | | | |
| 2002 Environmental Grant Match | A | | 1-1-02 | 12-31-02 | | 650.78 | | | 650.78 | 504.32 |
| 2006 Green Acres Acquisition | A | | 1-1-06 | 12-31-06 | | 1,143,845.64 | | 199,380.26 | 944,465.38 | 305,534.62 |
| 2012 Clean Communities Program | A | 4900-765-042-4900 | 1-1-12 | 12-31-12 | 21,894.17 | | 23,208.00 | | 23,208.00 | |
| 2010 Clean Communities Program | A | | 1-1-10 | 12-31-10 | | 24,119.20 | | 5,117.29 | 19,001.91 | 15,818.70 |
| 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 | |
| 2008 Green Acres River Corridor | A | | 1-1-08 | 12-31-08 | | 125,733.70 | | | 125,733.70 | 36,766.30 |
| 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 | |
| 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 | 10,000.00 | 1,300.00 | | | 1,300.00 | 8,700.00 |
| Emergency Management Preparedness | A | | 1-1-12 | 12-31-12 | | | | | | |
| Police Security Grant | | | 1-1-12 | 12-31-12 | | | 11,000.00 | 10,181.00 | 819.00 | 10,819.00 |
| Department of State | | | | | | | | | | |
| 2010 Council on the Arts | A | 0705X020053 | 1-1-10 | 12-31-10 | | 9,929.00 | | 6,453.68 | 3,475.32 | 6,453.68 |
| 2009 Council on the Arts | A | | 1-1-09 | 12-31-09 | | 3,435.61 | | | 3,435.61 | 519.89 |
| Department of Motor Vehicles | | | | | | | | | | |
| Drunk Driving Enforcement Fund | A | 6400-100-078-6400 | 1-1-10 | 12-31-11 | | 7,582.85 | | 4,460.00 | 3,122.85 | 5,447.47 |
| 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 | | 9,475.00 | | 9,475.00 | | 9,475.00 |
| Special Improvement District Grant | A | | 1-1-07 | 12-31-07 | | 9,775.00 | | | 9,775.00 | 225.00 |
| NJ Historic Trust | | | 1-1-10 | 12-31-10 | | 6,662.00 | | 6,662.00 | | 50,000.00 |
| NJ Historic Trust | | | 1-1-11 | Completion | | | 669,000.00 | 27,058.88 | 641,941.12 | 27,058.88 |

TOWNSHIP OF SOUTH ORANGE VILLAGE

SCHEDULE OF EXPENDITURES OF STATE AWARDS
YEAR ENDED DECEMBER 31, 2012

| State Funding Department and Description | Ref. | Grant Number | Grant Period From | Grant Period To | Cash Receipts | Balance Dec. 31, 2011 | 2012 Grant | Paid or Charged | Balance Dec. 31, 2012 | Cumulative Expenditures |
|---|---|---|---|---|---|---|---|---|---|---|
| Department of Health: | | | | | | | | | | |
| Municipal Alliance on Drugs and Alcohol | A | 201-5000-462.48-02 | 1-1-12 | 12-31-12 | $ 26,750.00 | $ | $ 26,750.00 | $ 9,027.16 | 17,722.84 | $ 9,027.16 |
| Flu Plannning Grant | A | | 1-1-11 | 12-31-11 | | 16.66 | | | 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 | | 53,438.00 | | 53,438.00 |
| 2010 Safe & Secure Communities Program | A | | 1-1-10 | 12-31-10 | | 20,000.00 | | 20,000.00 | | 60,000.00 |
| 2012 Safe & Secure Communities Program | | | 1-1-12 | 12-31-12 | | | 60,000.00 | 40,000.00 | 20,000.00 | 40,000.00 |
| EOC Grant | | | 1-1-10 | 12-31-10 | | 247,000.00 | | 146,335.80 | 100,664.20 | 146,335.80 |
| | | | | | | $ 2,545,308.39 | $1,019,958.00 | $ 761,589.07 | $ 2,803,677.32 | $1,914,523.57 |

**Legend (References)**

**A - Current Fund**

## 1. *General*

The accompanying schedule of expenditures of federal and state awards presents the activity of all federal and state financial assistance programs of the Township of South Orange Village (the "Township"). The Township is defined in Note 1 to the Township's financial statements. All federal and state financial assistance received directly from federal and state agencies, as well as federal and state expenditures of financial assistance passed through other government agencies is included on the schedule of federal and state 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, which is described in Note 1, 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, 2012:

General Capital Fund:

| | |
|---|---|
| Environmental Infrastructure | $217,858.30 |
| Green Acres | 103,766.08 |

## 5. *Federal Emergency Management Assistance*

The Township had eligible expenditures for the 2011 storms. The Federal government reimbursed the Township the sum of $56,467.88 for the storms in 2012.

TOWNSHIP OF SOUTH ORANGE VILLAGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2012

*Section 1 – Summary of Auditors' Results*

**Financial Statements**

| | |
|---|---|
| Type of auditors' report issued: | Unqualified |
| Internal control over financial reporting: | |
| Material weaknesses identified? | No |
| Significant deficiencies identified that are not considered to be material weaknesses? | No |
| Noncompliance material to financial statements noted? | No |

**Federal Awards**

| | |
|---|---|
| Internal control over major programs: | |
| Material weaknesses identified? | No |
| Significant deficiencies identified that are not considered to be material weaknesses? | No |
| Type of auditors' report issued on compliance for major programs: | Unqualified |
| Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? | No |

Identification of major federal and state program:

| CFDA/Grant Number | Name of Federal and State Program |
|---|---|
| 97.036 | FEMA Presidential Declared Disasters |
| n/a | New Jersey Department of Transportation-Fairview Ave |
| n/a | New Jersey Division of Criminal Justice-Safe and Secure Communities |

| | |
|---|---|
| Dollar threshold used to distinguish between type A and type B programs: | $300,000 |
| Auditee qualified as low-risk auditee? | Yes |

| | |
|---|---|
| *Section II* – Financial Statements 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 |

TOWNSHIP OF SOUTH ORANGE VILLAGE

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COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2012

TOWNSHIP OF SOUTH ORANGE VILLAGE
GENERAL COMMENTS
YEAR ENDED DECEMBER 31, 2012

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.

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, 2012 consist of unpaid taxes for the year 2012 and one property which has been in bankruptcy and includes taxes from 2008. It is quite evident, that a determined effort has been made to enforce the payment of delinquent taxes.

**Administrative Procedures**

Pension Eligibility

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

It appears that two individuals who are enrolled in PERS do not meet the requirements under the statutes (prosecutor and public defender). The Borough is awaiting an opinion from the State Division of Pensions.

TOWNSHIP OF SOUTH ORANGE VILLAGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2012

**Finding 2012-1**

**Water Capital Utility Fund**

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

***Condition and Effect***
During the course of our audit, it was noted that 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. This resulted in the incorrect Fund being charged for improvements, overstating the Current Fund and understating the Water Capital Utility Fund fund balances.

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

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

***Questioned Costs***
There are no known questioned costs.

***Management's Response***
The Village will finance this improvement authorization in its next financing.

Repeated from Prior Year

**Finding 2012-2**

**Municipal Court**

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

***Condition and Effect***
During the course of our audit, it was noted that payments to various agencies were not timely made. As a result, the Township was not compliant with remittances for amounts due.

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

***Recommendation***
The Township should implement month end closing procedures in order to ensure that amounts due to the State of New Jersey are timely remitted.

***Questioned Costs***
There are no known questioned costs.

***Management's Response***
The Village contracted with the Township of Maplewood in 2011 to provide municipal court services. As part of its agreement, Maplewood is required to operate the Village's court in accordance with the laws and standards put forth by the State. The Village will exercise its contract options to ensure compliance with this recommendation.

**Finding 2012-3**

**Bail Receipts**

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

***Condition and Effect***
During the course of our audit, it was noted that bail receipts were being used to record general fines.

***Cause***
The condition is a result of the Township not designing, implementing and adhering to relevant accounting policies and procedures, as well as maintaining sufficient records and documentation to support transactional activity and balances.

***Recommendation***
The Township should implement procedures in order to ensure that activity is being properly recorded, classified and reconciled to subsidiary ledgers, specifically with respect to bail receipt books to be used only for bail collection.

***Questioned Costs***
There are no known questioned costs.

***Management's Response***
The Village contracted with the Township of Maplewood in 2011 to provide municipal court services. As part of its agreement, Maplewood is required to operate the Village's court in accordance with the laws and standards put forth by the State. The Village will exercise its contract options to ensure compliance with this recommendation.

**Finding 2012-4**

**Bail Receipts**

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

***Condition and Effect***
During the course of our audit, it was noted that bail receipt books were not issued in numerical order and therefore, we were enable to determine if all receipts were accounted for. The effect could be to understate revenue.

***Cause***
The condition is a result of the Township not designing, implementing and adhering to relevant accounting policies and procedures, as well as maintaining sufficient records and documentation to support transactional activity and balances.

***Recommendation***
The Township should implement procedures in order to ensure that activity is being properly recorded, classified and reconciled to subsidiary ledgers, specifically that bail receipt books be issued in numerical and date order.

***Questioned Costs***
There are no known questioned costs.

***Management's Response***
The Village contracted with the Township of Maplewood in 2011 to provide municipal court services. As part of its agreement, Maplewood is required to operate the Village's court in accordance with the laws and standards put forth by the State. The Village will exercise its contract options to ensure compliance with this recommendation.

**Finding 2012-5**

**Clerk and Registrar's Department**

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

***Condition and Effect***
During the course of our audit, it was noted that the amount due to the State of New Jersey for marriage license surcharges was not in agreement with supporting documentation provided for examination, resulting in an amount due at year end.

***Cause***
The condition is a result of the Township not designing, implementing and adhering to relevant accounting policies and procedures, as well as maintaining sufficient records and documentation to support transactional activity and balances.

***Recommendation***
The Township should implement procedures in order to ensure that activity is being properly recorded, classified and reconciled to subsidiary ledgers.

***Questioned Costs***
There are no known questioned costs.

***Management's Response***
The Village's departmental cash receipts recording software program has fallen into disrepair because of the separation of an employee who maintained the system. The Village has contracted with a vendor to provide a new software solution that will bring the Clerk's office into compliance.

**Finding 2012-6**

<u>**Clerk and Registrar's Department**</u>

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

***Condition and Effect***
During the course of our audit, it was noted that the Clerk's monthly reports were inaccurate as a result of a computer malfunction. We were unable to reconcile the Clerk's revenue report to the Finance Department's records.

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

***Recommendation***
The Township should implement procedures to ensure information between departments are reconciled and discrepancies are investigated and resolved.

***Questioned Costs***
There are no known questioned costs.

***Management's Response***
The Village's departmental cash receipts recording software program has fallen into disrepair because of the separation of an employee who maintained the system. The Village has contracted with a vendor to provide a new software solution that will bring the Village into compliance for this recommendation.

Repeated from Prior Year

**Finding 2012-7**

<u>Contract Approvals</u>

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

***Condition and Effect***
During the course of our audit, it was noted that a contract with Rec-Net was approved in 2004 and there is no evidence that there has been a renewal. The effect is that the Township might have to go out to bid.

***Cause***
The condition is a result of the Township not designing, implementing and adhering to relevant accounting policies and procedures, as well as maintaining sufficient records and documentation to support transactional activity and balances.

***Recommendation***
The Township should review existing procedures with respect to contract expiration and renewal options.

***Questioned Costs***
There are no known questioned costs.

***Management's Response***
The Village has contracted with a software vendor to provide contract management software which when fully implemented will bring to light any contracts that have not been renewed.

Repeated from Prior Year

**Finding 2012-8**

__Resolutions__

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

***Condition and Effect***
During the course of our audit, it was noted that resolutions were not adopted to approval legal or bond counsel in 2012. The effect is that the Township is not in accordance with the Division's requirement to adopt resolutions for appointment of professionals for legal and bond counsel.

***Cause***
The condition is a result of the Township not designing, implementing and adhering to relevant accounting policies and procedures in compliance with Division regulations.

***Recommendation***
The Township should review existing procedures in order to ensure that resolutions be adopted approving all professional contracts.

***Questioned Costs***
There are no known questioned costs.

***Management's Response***
The Village has contracted with a software vendor to provide contract management software which when fully implemented will bring to light any contracts that have not been renewed.

Repeated from Prior Year

**Finding 2012-9**

**Clothing Allowances**

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

***Condition and Effect***
During the course of our audit, it was noted that clothing allowances paid to employees were not added to their gross wages, as required. The effect was to under report employee compensation and related payroll taxes, if applicable.

***Cause***
The condition is a result of the Township not designing, implementing and adhering to relevant accounting policies and procedures, in compliance with employee compensation requirements.

***Recommendation***
The Township should review existing policies with respect to employee compensation in order to ensure compliance with payroll reporting requirements.

***Questioned Costs***
There are no known questioned costs.

***Management's Response***
The Village contracted with its payroll vendor many years ago and was not aware of this longstanding issue. The Village's payroll vendor has been notified to correct this error and the Village is now in compliance with this request.

**Finding 2012-10**

**Revenue Department:**

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

***Condition and Effect***
During the course of our audit, we were unable to reconcile department collection turnovers to the records of the Treasurer. It appears that adjustments were made by the Treasurer, but not identified for reconciliation to each department.

***Cause***
The condition is a result of the Township not designing, implementing and adhering to relevant accounting policies and procedures, as well as maintaining sufficient records and documentation to support transactional activity and balances.

***Recommendation***
The Township should review existing procedures in order to ensure that activity is being properly recorded, classified and reconciled to subsidiary ledgers. All revenue collected by departments should be included in monthly reports and reconciled to amounts turned over to the Finance department.

***Questioned Costs***
There are no known questioned costs.

***Management's Response***
The Village's departmental cash receipts recording software program has fallen into disrepair because of the separation of an employee who maintained the system. The Village has contracted with a vendor to provide a new software solution that will bring the Village into compliance for this recommendation.

**Finding 2012-11**

**Length of Service Awards Program**

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

***Condition and Effect***
During the course of our engagement, it was noted that documentation was not available for examination in order to verify the amount of funds to be transferred to the retirement account of those eligible individuals for the Township's Emergency Medical Service.

***Cause***
The condition is a result of the Township not designing, implementing and adhering to relevant accounting policies and procedures, as well as statutory requirements, with respect to the Length of Service Awards Program.

***Recommendation***
The Township should review current policies and procedures with respect to statutory requirements, as well as implement procedures in order to ensure that all required funds are accurately and timely remitted to the retirement accounts.

***Questioned Costs***
There are no known questioned costs.

***Management's Response***
The Village will work with the South Orange Rescue Squad to provide the required documentation to the Village on a timely basis and the Village will continue to refrain from making such deposits until such documentation is presented by the South Orange Rescue Squad.

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

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

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

Respectfully submitted,

Mc Enerney, Brady, Company, LLC

McEnerney, Brady & Co., LLC
Certified Public Accountants

Francis M. McEnerney

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

Livingston, New Jersey
September 20, 2013