

CITY OF ORANGE TOWNSHIP

SUMMARY OF AUDIT REPORT FOR 2017
Synopsis of 2017 Audit Report as required by
N.J.S.A 40A:5-7.

COMBINED COMPARATIVE BALANCE SHEET

<u>ASSETS AND DEFERRED CHARGES</u>	<u>Balance</u> <u>Dec. 31, 2017</u>	<u>Balance</u> <u>Dec. 31, 2016</u>
Cash and Investments	\$ 26,215,302.40	\$ 21,947,530.89
Taxes, Assessments, Liens and Utility Charges Receivable	8,550,315.29	8,233,430.34
Property Acquired for Taxes at Assessed Value	856,500.00	856,500.00
Accounts Receivable and Inventories	307,399.78	1,151,214.30
Grants and Loans Receivable	10,825,853.28	8,802,938.35
Interfunds Receivable	2,053,643.24	1,220,742.95
Prepaid School Taxes		51,237.38
Fixed Capital Authorized and Uncompleted - Utility	2,350,000.00	3,182,715.66
Fixed Capital - Utility	44,749,593.68	44,739,593.68
Deferred Charges:		
Overexpenditures	1,829,793.89	355,604.07
Special Emergency Appropriation	2,833,117.08	3,746,210.16
To Future Taxation - Funded	11,323,982.40	3,484,041.30
To Future Taxation - Unfunded	5,763,246.00	11,452,246.00
	<u>\$ 117,658,747.04</u>	<u>\$ 109,224,005.08</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Bonds, Notes & Loans Payable	\$ 39,779,574.41	\$ 36,795,343.33
Improvement Authorizations	5,213,908.08	7,750,349.99
Other Cash Liabilities	29,780,595.51	22,301,803.71
Interfunds Payable	2,053,643.24	1,220,742.95
Amortization of Debt for Fixed Capital Acquired or Authorized	23,107,720.67	22,071,426.31
Reserve for Certain Assets Receivable	10,409,544.96	11,053,889.46
Fund Balance	7,313,760.17	8,030,449.33
	<u>\$ 117,658,747.04</u>	<u>\$ 109,224,005.08</u>
 Bonds and Notes Authorized but Not Issued	<u>\$ 3,519,527.00</u>	<u>\$ 3,526,746.00</u>

CITY OF ORANGE TOWNSHIP
CURRENT FUND

STATEMENTS OF OPERATIONS
AND CHANGES IN FUND BALANCE
REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
<u>REVENUE AND OTHER INCOME:</u>		
Anticipated Fund Balance	\$ 4,760,548.00	\$ 2,110,000.00
Miscellaneous Anticipated Revenue	15,749,551.17	18,243,639.45
Receipts from Delinquent Taxes	4,020,244.91	2,770,250.21
Receipts from Current Taxes	58,934,041.92	58,360,234.88
Non-Budget Revenues	324,968.99	877,283.62
Other Credit to Income:		
Grant Appropriation Adjustments		46,681.64
Interfund Returned	331,109.91	
Other Revenues	51,238.01	66,893.86
Other Accounts Receivable Realized	104,975.73	132,402.34
Lapsed Balances of Appropriation Reserves	<u>990,399.26</u>	<u>984,555.17</u>
TOTAL REVENUE AND OTHER INCOME	<u>85,267,077.90</u>	<u>83,591,941.17</u>
<u>EXPENDITURES:</u>		
Budget Appropriations:		
Operations Within "CAPS"	49,433,630.50	47,348,778.41
Deferred Charges and Statutory Expenditures - Municipal	5,929,793.07	5,747,544.43
Operations Excluded from "CAPS"	6,058,111.04	5,285,009.63
Municipal Debt Service	1,627,520.45	1,941,810.89
Deferred Charges	653,820.00	943,932.55
Type I School District Debt Service	<u>334,797.84</u>	<u>333,202.04</u>
	64,037,672.90	61,600,277.95
Prior Year Senior Citizens Disallowed	6,500.00	
Interfund Advance		844,518.94
Cancelations of Grant Receivables	104,148.68	
Prepaid Marriage License		1,800.00
Previous Year Reversal of Credit		315,653.00
County & State Tax Appeals	792,130.98	686,710.09
County Taxes	7,652,868.82	7,604,884.85
Local District Taxes	<u>12,045,401.00</u>	<u>11,809,218.00</u>
	<u>84,638,722.38</u>	<u>82,863,062.83</u>
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES	628,355.52	728,878.34
STATUTORY EXCESS	628,355.52	728,878.34
Expenditures Included Above Which By Statute Are		
Deferred Charges to Budget in Succeeding Year	<u>1,829,793.89</u>	<u>1,355,604.07</u>
STATUTORY EXCESS	2,458,149.41	2,084,482.41
FUND BALANCE, BEGINNING OF YEAR	<u>7,543,340.77</u>	<u>7,568,858.36</u>
Subtotal	10,001,490.18	9,653,340.77
UTILIZED AS ANTICIPATED REVENUE	<u>4,760,548.00</u>	<u>2,110,000.00</u>
FUND BALANCE, END OF YEAR	<u><u>\$ 5,240,942.18</u></u>	<u><u>\$ 7,543,340.77</u></u>

CITY OF ORANGE TOWNSHIP
WATER AND SEWER UTILITY

STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
Revenue and Other Income:		
Surplus Anticipated	\$ -	\$ 1,250,000.00
Water and Sewer Rents	9,017,959.39	8,208,347.31
Capital Fund Balance Anticipated	311,000.00	
Non-budget Revenue	47,232.07	102,353.12
Other Credits to Income:		
Due to American Water	214,980.68	
Unexpended Balance of Appropriation Reserves	632,203.61	51,327.39
	<u>10,223,375.75</u>	<u>9,612,027.82</u>
Expenditures:		
Budget Appropriations		
Operations	6,564,727.00	9,620,336.00
Deferred Charges	818,571.00	
Debt Service	2,625,454.94	2,530,262.61
	<u>10,008,752.94</u>	<u>12,150,598.61</u>
Excess in Revenue	214,622.81	(2,538,570.79)
Adjustment to Income:		
Emergency Appropriation	500,000.00	2,150,000.00
Operating Deficit		388,570.79
Fund Balance Utilized		(1,250,000.00)
Fund Balance, Beginning of Year	<u>331,070.80</u>	<u>1,581,070.80</u>
Fund Balance, End of Year	<u>\$ 1,045,693.61</u>	<u>\$ 331,070.80</u>

RECOMMENDATIONS

1. The City should implement payroll procedures so that required documentation is properly reviewed, approved and retained. The City should ensure that all salaries are covered by either ordinance or collective bargaining agreement.
2. The City should be in compliance with all New Jersey Public Contracts Law.
3. The City should implement procedures to record and periodically review all fixed assets.
4. The City should inform the Court's bank that any services charges not be charged to the associated Court account. Services charges should be charged to the Court's appropriation line item in the budget.
5. Old Outstanding checks in the Court's Bail account be reviewed for proper disposition.
6. All deposits should be made within 48 hours in accordance with N.J.S.A. 40A:5-15.
7. All Animal Control fees should be remitted to the State on a timely basis.
8. The City needs to maintain records related to police off-duty activities and to have them available for auditor review.
9. All PILOT agreements should be reviewed for proper budget revenue recognition and compliance.
10. The general ledger be maintained on a timely basis including Loan Agreements.
11. All journal entries be reviewed and approved by management prior to posting in the general ledger.
12. A review should be made of all grants to establish their availability and collectability.
13. A centralized grants monitoring system should be implemented and monitored on a timely basis.
14. The City should have all documentation available for audit review.
15. Receivables in various funds should be reviewed for their collectability.
16. The City should implement cash reconciliation procedures in order to ensure that activity is being properly recorded, classified and reconciled.
17. The payroll account be properly reconciled and any surplus funds be recognized as revenue.
18. A review should be made of all automobiles that the City owns or personal vehicles on City business be fueled.
19. The City should have staff to maintain accumulated sick and vacation pay records.
20. All State Board Judgments be refunded within 60 days.
21. The Finance Department needs to maintain the Recreation Department reconciliation schedule on a timely basis.
22. Controls should be established over police overtime.