

CITY OF ORANGE TOWNSHIP

SUMMARY OF AUDIT REPORT FOR 2018
Synopsis of 2018 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, 2018</u>	<u>Balance</u> <u>Dec. 31, 2017</u>
Cash and Investments	\$ 21,415,310.89	\$ 26,215,302.40
Taxes, Assessments, Liens and Utility Charges Receivable	9,180,393.17	8,550,315.29
Property Acquired for Taxes at Assessed Value	856,500.00	856,500.00
Accounts Receivable and Inventories	380,169.44	307,399.78
Grants and Loans Receivable	24,590,771.56	10,825,853.28
Interfunds Receivable	1,908,359.23	2,053,643.24
Prepaid School Taxes		
Fixed Capital Authorized and Uncompleted - Utility	2,350,000.00	2,350,000.00
Fixed Capital - Utility	44,749,593.68	44,749,593.68
Deferred Charges:		
Overexpenditures	1,086,367.67	1,829,793.89
Special Emergency Appropriation	1,702,754.86	2,833,117.08
To Future Taxation - Funded	9,837,842.33	11,323,982.40
To Future Taxation - Unfunded	21,660,246.00	5,763,246.00
	<u>\$ 139,718,308.83</u>	<u>\$ 117,658,747.04</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Bonds, Notes & Loans Payable	\$ 34,230,673.11	\$ 39,779,574.41
Improvement Authorizations	21,853,159.54	5,213,908.08
Other Cash Liabilities	39,068,579.18	29,780,595.51
Interfunds Payable	1,910,456.50	2,053,643.24
Amortization of Debt for Fixed Capital Acquired or Authorized	24,796,481.90	23,107,720.67
Reserve for Certain Assets Receivable	12,666,338.70	10,409,544.96
Fund Balance	<u>5,192,620.00</u>	<u>7,313,760.17</u>
	<u>\$ 139,718,308.93</u>	<u>\$ 117,658,747.04</u>
 Bonds and Notes Authorized but Not Issued	 <u>\$ 19,416,273.00</u>	 <u>\$ 3,519,527.00</u>

CITY OF ORANGE TOWNSHIP
CURRENT FUND

STATEMENTS OF OPERATIONS
AND CHANGES IN FUND BALANCE
REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
<u>REVENUE AND OTHER INCOME:</u>		
Anticipated Fund Balance	\$ 4,750,000.00	\$ 4,760,548.00
Miscellaneous Anticipated Revenue	17,204,540.86	15,749,551.17
Receipts from Delinquent Taxes	3,834,831.51	4,020,244.91
Receipts from Current Taxes	64,071,160.05	58,934,041.92
Non-Budget Revenues	556,867.61	324,968.99
Other Credit to Income:		
Grant Appropriation Adjustments	401,793.51	
Interfund Returned	-	331,109.91
Other Revenues	-	51,238.01
Other Accounts Receivable Realized	600.00	104,975.73
Lapsed Balances of Appropriation Reserves	<u>849,888.63</u>	<u>990,399.26</u>
TOTAL REVENUE AND OTHER INCOME	<u>91,669,682.17</u>	<u>85,267,077.90</u>
<u>EXPENDITURES:</u>		
Budget Appropriations:		
Operations Within "CAPS"	50,283,024.80	49,433,630.50
Deferred Charges and Statutory Expenditures - Municipal	6,263,835.00	5,929,793.07
Operations Excluded from "CAPS"	8,782,601.15	6,058,111.04
Municipal Debt Service	1,859,195.56	1,627,520.45
Deferred Charges	1,946,885.00	653,820.00
Type I School District Debt Service	<u>-</u>	<u>334,797.84</u>
	69,135,541.51	64,037,672.90
Prior Year Senior Citizens Disallowed	-	6,500.00
Interfund Advance	93,951.60	
Cancelations of Grant Receivables	30,977.24	104,148.68
Prepaid Marriage License		
Previous Year Reversal of Credit	445,471.61	
County & State Tax Appeals	-	792,130.98
County Taxes	7,901,631.51	7,652,868.82
Local District Taxes	<u>12,281,308.00</u>	<u>12,045,401.00</u>
	<u>89,888,881.47</u>	<u>84,638,722.38</u>
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES	1,780,800.70	628,355.52
STATUTORY EXCESS	1,780,800.70	628,355.52
Expenditures Included Above Which By Statute Are		
Deferred Charges to Budget in Succeeding Year	<u>1,086,367.67</u>	<u>1,829,793.89</u>
STATUTORY EXCESS	2,867,168.37	2,458,149.41
FUND BALANCE, BEGINNING OF YEAR	<u>5,240,942.18</u>	<u>7,543,340.77</u>
Subtotal	8,108,110.55	10,001,490.18
UTILIZED AS ANTICIPATED REVENUE	<u>4,750,000.00</u>	<u>4,760,548.00</u>
FUND BALANCE, END OF YEAR	<u>\$ 3,358,110.55</u>	<u>\$ 5,240,942.18</u>

CITY OF ORANGE TOWNSHIP
WATER AND SEWER UTILITY

STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Revenue and Other Income:		
Surplus Anticipated	\$ 1,000,000.00	
Water and Sewer Rents	10,578,923.87	9,017,959.39
Miscellaneous Revenues		
Utility Capital Surplus		311,000.00
Non-budget Revenue	5,120.56	47,232.07
Other Credits to Income:		
Due to American Water Cancelled		214,980.47
Adjustment		0.21
Unexpended Balance of Appropriation		
Reserves	<u>242,953.59</u>	<u>632,203.61</u>
	<u>11,826,998.02</u>	<u>10,223,375.75</u>
Expenditures:		
Budget Appropriations		
Operations	7,204,587.49	6,564,727.00
Debt Service	2,650,351.85	2,625,454.94
Deferred Charges	-	
Deferred Charges	<u>930,000.00</u>	<u>818,571.00</u>
	<u>10,784,939.34</u>	<u>10,008,752.94</u>
Excess (Deficit) in Revenues	1,042,058.68	214,622.81
Reserve for Other Accounts Receivable	<u>-</u>	<u>-</u>
	<u>1,042,058.68</u>	<u>214,622.81</u>
Adjustments To Income Before Surplus		
Emergency Appropriation	102,801.74	500,000.00
Overexpenditure of Appropriation	<u>656.04</u>	
	<u>103,457.78</u>	<u>500,000.00</u>
Excess in Revenue	1,145,516.46	714,622.81
Fund Balance, Beginning of Year	<u>1,045,693.61</u>	<u>331,070.80</u>
	2,191,210.07	1,045,693.610
Fund Balance Utilized	<u>1,000,000.00</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 1,191,210.07</u>	<u>\$ 1,045,693.61</u>

The attached summary was prepared from the Report of Audit of the City of Orange Township, County of Essex for the year 2018, filed by Francis M. McEnerney, Registered Municipal Accountant of the firm of PKF O'Connor Davies, LLP and is published in compliance with N.J.S.A. 40A:5-7. The Report is on file at the City Clerk's Office and may be inspected by any interested person.

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 adhere to the public bidding procurement requirements.
4. The City needs to maintain records related to police off-duty activities and to have them available for auditor review.
5. All PILOT agreements should be reviewed for proper budget revenue recognition and compliance.
6. All journal entries be reviewed and approved by management prior to posting in the general ledger.
7. Receivables in various funds should be reviewed for their collectability.
8. The City should implement cash reconciliation procedures in order to ensure that activity is being properly recorded, classified and reconciled.
9. The payroll account be properly reconciled and any surplus funds be recognized as revenue.
10. The City should have staff to maintain accumulated sick and vacation pay records.
- 11 All State Board Judgments be refunded within 60 days.
12. The City should establish reporting guidelines for utility management reporting.
13. Guidelines for the timely filing of the Annual Financial Report for Construction Code be established.

Joyce L. Lanier
City Clerk