

CITY OF ORANGE TOWNSHIP

SUMMARY OF AUDIT REPORT FOR 2019
Synopsis of 2019 Audit Report as required by
N.J.S.A 40A:5-7.

0.00

COMBINED COMPARATIVE BALANCE SHEET

<u>ASSETS AND DEFERRED CHARGES</u>	Balance <u>Dec. 31, 2019</u>	Balance <u>Dec. 31, 2018</u>
Cash and Investments	\$ 34,106,580.71	\$ 21,415,310.89
Taxes, Assessments, Liens and Utility Charges Receivable	6,639,755.56	9,180,393.17
Property Acquired for Taxes at Assessed Value	856,500.00	856,500.00
Accounts Receivable and Inventories	576,445.18	380,169.44
Grants and Loans Receivable	18,997,836.41	24,590,771.56
Interfunds Receivable	10,870,140.97	1,908,359.23
Prepaid School Taxes	0.00	0.00
Fixed Capital Authorized and Uncompleted - Utility	22,058,958.86	2,350,000.00
Fixed Capital - Utility	44,749,593.68	44,749,593.68
Deferred Charges:		
Overexpenditures	1,810,000.00	1,086,367.67
Special Emergency Appropriation	969,297.08	1,702,754.86
To Future Taxation - Funded	11,076,413.43	9,837,842.33
To Future Taxation - Unfunded	30,756,836.92	21,660,246.00
	0.00	
(0.00)		
	<u>\$ 183,468,358.80</u>	<u>\$ 139,718,308.83</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Bonds, Notes & Loans Payable	\$ 46,920,369.17	\$ 34,230,673.11
Improvement Authorizations	36,404,146.38	21,853,159.54
Other Cash Liabilities	43,805,018.43	39,068,579.08
Interfunds Payable	10,870,140.97	1,910,456.50
Amortization of Debt for Fixed Capital Acquired or Authorized	26,678,406.72	24,796,481.90
Reserve for Certain Assets Receivable	10,135,998.63	12,666,338.70
Fund Balance	8,654,278.50	5,192,620.00
	<u>\$ 183,468,358.80</u>	<u>\$ 139,718,308.83</u>
 Bonds and Notes Authorized but Not Issued	 <u>\$ 32,724,363.92</u>	 <u>\$ 19,416,273.00</u>

CITY OF ORANGE TOWNSHIP
CURRENT FUND

STATEMENTS OF OPERATIONS
AND CHANGES IN FUND BALANCE
REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
<u>REVENUE AND OTHER INCOME:</u>		
Anticipated Fund Balance	\$ 4,330,000.00	\$ 4,750,000.00
Miscellaneous Anticipated Revenue	16,657,863.59	17,204,540.86
Receipts from Delinquent Taxes	3,732,473.27	3,834,831.51
Receipts from Current Taxes	68,166,557.53	64,071,160.05
Non-Budget Revenues	1,456,586.41	556,867.51
Other Credit to Income:		
Cancellation of Accounts Payable	-	401,793.51
Interfund Returned	666,871.32	-
OtherAccounts Receivable Realized	-	600.00
Cancellation of Salary Reserve	-	1,600,000.00
Lapsed Balances of Appropriation Reserves	2,088,020.43	1,323,955.53
TOTAL REVENUE AND OTHER INCOME	97,098,372.55	93,743,748.97
<u>EXPENDITURES:</u>		
Budget Appropriations:		
Operations Within "CAPS"	53,512,279.16	50,283,024.80
Deferred Charges and Statutory Expenditures - Municipal	7,389,951.26	6,263,835.00
Operations Excluded from "CAPS"	9,498,979.44	8,757,782.26
Municipal Debt Service	1,878,613.37	1,883,491.04
Deferred Charges	1,200,000.00	1,946,885.00
	73,479,823.23	69,135,018.10
State Court Tax Appeal Judgements	203,358.81	353,375.35
Net Adjustment to Grants	44,197.76	30,977.24
Interfund Advances	-	132,006.27
Refund of Prior Year Revenue	367,869.61	445,399.61
County Taxes	7,491,405.36	7,901,631.51
Municipal Open Space	393,840.56	-
Local District Taxes	12,393,899.00	12,281,308.00
	94,374,394.33	90,279,716.08
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES	2,723,978.22	3,464,032.89
ADJUSTMENT TO INCOME BEFORE FUND BALANCE:		
Deferred Charges to Budget in Succeeding Year	1,810,000.00	1,086,367.67
STATUTORY EXCESS	4,533,978.22	4,550,400.56
FUND BALANCE, BEGINNING OF YEAR	5,041,342.74	5,240,942.18
Subtotal	9,575,320.96	9,791,342.74
UTILIZED AS ANTICIPATED REVENUE	4,330,000.00	4,750,000.00
FUND BALANCE, END OF YEAR	\$ 5,245,320.96	\$ 5,041,342.74

CITY OF ORANGE TOWNSHIP
WATER AND SEWER UTILITY

STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Revenue and Other Income:		
Surplus Anticipated	\$ 483,439.00	\$ 1,000,000.00
Water and Sewer Rents	11,321,110.59	10,578,923.87
Non-budget Revenue	106,272.16	8,912.87
Other Credits to Income:		
Accounts Payable Cancelled	153,307.13	
Unexpended Balance of Appropriation Reserves	897,699.29	242,953.59
	<u>12,961,828.17</u>	<u>11,830,790.33</u>
Expenditures:		
Budget Appropriations		
Operations	7,745,840.00	7,204,587.49
Debt Service	2,672,450.35	2,650,351.85
Deferred Charges	533,457.78	930,000.00
	<u>10,951,748.13</u>	<u>10,784,939.34</u>
Excess (Deficit) in Revenues	2,010,080.04	1,045,850.99
Adjustments To Income Before Surplus		
Emergency Appropriation		102,801.74
Overexpenditure of Appropriation		656.04
	<u>-</u>	<u>103,457.78</u>
Excess in Revenue	2,010,080.04	1,149,308.77
Fund Balance, Beginning of Year	1,195,002.38	1,045,693.61
	<u>3,205,082.42</u>	<u>2,195,002.380</u>
Fund Balance Utilized	<u>483,439.00</u>	<u>(1,000,000.00)</u>
Fund Balance, End of Year	<u>\$ 2,721,643.42</u>	<u>\$ 1,195,002.38</u>

**Summary of 2019 audit report of the City of Orange Township
as required by N.J.S. 40A:5-7
December 31, 2019**

We suggest the following:

- The City should implement procedures so that required documentation is properly reviewed, approved and retained. The City should also ensure that all salaries are paid in accordance with either ordinance or collective bargaining agreement.
- The Payroll Account should be reconciled on a timely basis and transfers to the payroll account should agree to the amounts specified in each pay period's payroll register.
- The City should provide greater oversight over the Off-Duty Police account and maintain a subsidiary ledger that is accurate. Off-duty police officers should not be assigned, where appropriate, prior to the collection of advance payments from vendors.
- The City should put procedures in place to ensure compliance with local public contracts law.
- All PILOT agreements should be reviewed to ensure that the appropriate amount of revenue is collected. Also, these agreements should be reviewed on an annual basis for proper compliance. Amounts due to the County should be remitted.
- We recommend all journal entries be reviewed and approved by management prior to posting in the general ledger.
- A review should be made of all grants to establish their availability and collectability. Funds should be expended, related receivables collected, or grants should be cancelled.
- The City should request additional information from Suez Water to improve the financial reporting of the City.
- The City should perform timely reconciliations of its bank and general ledger accounts in order to minimize the amount of interfunds at the end of the year.
- The City should ensure revenue from tax collections are properly recorded and classified.
- The City should ensure transactions related to emergencies are appropriately recorded.

The attached summary was prepared from the Report of Audit of the City of Orange Township, County of Essex for the year 2019, filed by David Gannon, 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.

Joyce L. Lanier
City Clerk