



***TOWNSHIP OF WEST ORANGE
COUNTY OF ESSEX, NEW JERSEY***

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY SCHEDULES**

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

TOWNSHIP OF WEST ORANGE
ESSEX COUNTY, NEW JERSEY

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ESSEX COUNTY, NEW JERSEY

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**TOWNSHIP OF WEST ORANGE
ESSEX COUNTY, NEW JERSEY**

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PART I

**ROSTER OF OFFICIALS
INDEPENDENT AUDITORS' REPORT
FINANCIAL STATEMENTS
AND NOTES TO THE FINANCIAL STATEMENTS**

ROSTER OF OFFICIALS

The following officials were in office as of December 31, 2018:

<u>Name</u>	<u>Title</u>
Robert D. Parisi	Mayor
Susan McCartney	Council President
Victor Cirilo	Councilman
Michelle Casalino	Councilwoman
Jerry Guarino	Councilman
Joseph Krakoviak	Councilman
John K. Sayers	Business Administrator
Karen J. Carnevale	Municipal Clerk
John O. Gross	Comptroller, Treasurer and Chief Financial Officer
Joanne Gagliardo	Tax Collector
Dennis O'Dowd	Chief Judge – Municipal Court
Dawn Donohue	Judge - Municipal Court
Yvonne Bowers	Municipal Court Administrator
Kevin Dillon	Tax Assessor

Independent Auditors' Report

The Honorable and Members of
the Town Council
Township of West Orange
County of Essex
West Orange, New Jersey

Report on the Financial Statements

We have audited the accompanying regulatory-basis financial statements of the various funds and the governmental fixed assets of the Township of West Orange, County of Essex, New Jersey (the "Township") which comprise the balance sheets as of and for the years ended December 31, 2018 and 2017, and the related statements of operations and changes in the fund balance for the years then ended, the statements of changes in fund balance, the statements of revenues and statements of expenditures for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the basic financial statements of the Township 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 the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") as described in Note 1. Management is also responsible for 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 error or fraud.

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, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the requirements prescribed by the Division. Those standards and requirements prescribed by the Division 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 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 Township'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.

PKF O'CONNOR DAVIES, LLP
20 Commerce Drive, Suite 301, Cranford, NJ 07016 | Tel: 908.272.6200 | Fax: 908.272.2416 | www.pkfod.com

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Basis for Adverse Opinion on U.S Generally Accepted Accounting Principles

As described in Note 1, the financial statements are prepared by the Township on the basis of the financial reporting provisions of the Division to demonstrate compliance with Division's regulatory basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to in the first paragraph do not present fairly in accordance with accounting principles generally accepted in the United States of America, the financial positions of the Township of West Orange, County of Essex, New Jersey, as of December 31, 2018 and 2017, the changes in financial position, and where applicable, its cash flows for the years then ended.

Unmodified Opinion on Regulatory Basis of Accounting

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 and the governmental fixed assets of the Township of West Orange, Essex County, New Jersey, as of December 31, 2018 and 2017, and the respective results of its operations and changes in fund balance for the year then ended and statements of change in fund balance, the statements of revenue and statements of expenditure of the various funds for the year ended December 31, 2018 and the related notes to the financial statements in accordance with the financial reporting provisions of the Division, as described in Note 1 to the financial statements.

Report on Supplementary Information as Required by the Division in Accordance with Regulatory Basis

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Township's basic financial statements. The information included in Part II – Supplementary Data (collectively, the "Supplementary Information"), is listed in the table of contents, is presented for purposes of additional analysis as required by the Division and is not a required part of the regulatory – basis financial statements of the Township. Such information has been subjected to 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 Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Report on Supplementary Information as Required by the Uniform Guidance

Our audit was conducted for the purpose of forming opinions on the regulatory-basis financial statements that collectively comprise the Township's basic financial statements. The accompanying schedule of expenditures of federal awards and financial data schedules related to Section 8 Program, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*; and related notes to the schedule of expenditures of federal awards are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards, financial data schedules related to Section 8 Program and related notes are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to 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 schedule of expenditures of federal awards, the financial data related to Section 8 Program and related notes are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 1, 2019 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.

PKF O'Connor Davies, LLP

August 1, 2019
Cranford, New Jersey

David J. Gannon

David J. Gannon, CPA
Licensed Registered Municipal Accountant, No. 520

**TOWNSHIP OF WEST ORANGE
CURRENT AND GRANT FUND**

A
Sheet # 1

**COMPARATIVE BALANCE SHEETS
REGULATORY BASIS
DECEMBER 31, 2018 AND 2017**

<u>ASSETS</u>	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
CURRENT FUND:			
Cash	A-4	\$ 12,294,547.75	\$ 27,593,762.66
Change Funds	A-6	650.00	650.00
Due from State of New Jersey - Ch. 20, P.L. 1971	A-16	<u>796.57</u>	<u>-</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes	A-7	2,769,463.70	3,309,924.85
Tax Title Liens Receivable	A-8	56,508.57	50,234.82
Property Acquired for Taxes - Assessed Valuation	A-9	1,652,465.00	1,652,465.00
Prepaid School Taxes	A-19	0.50	-
Revenue Accounts Receivable	A-11	37,062.34	43,673.82
Sewer User Charges Receivable	A-12	<u>387,497.34</u>	<u>362,308.37</u>
		<u>4,902,997.45</u>	<u>5,418,606.86</u>
		<u>17,198,991.77</u>	<u>33,013,019.52</u>
Deferred Charges:			
Special Emergency Authorizations (40A:4-55)	A-27	<u>1,768,359.00</u>	<u>2,658,384.00</u>
		<u>18,967,350.77</u>	<u>35,671,403.52</u>
GRANT FUND:			
Grants Receivable	A-23	2,210,130.42	998,277.11
Due from Current Fund	A-24	<u>227,418.88</u>	<u>729,557.52</u>
		<u>2,437,549.30</u>	<u>1,727,834.63</u>
		<u>\$ 21,404,900.07</u>	<u>\$ 37,399,238.15</u>

See Accompanying Notes to Financial Statements

**TOWNSHIP OF WEST ORANGE
CURRENT AND GRANT FUND**

A
Sheet # 2

**COMPARATIVE BALANCE SHEETS
REGULATORY BASIS
DECEMBER 31, 2018 AND 2017**

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
CURRENT FUND:			
Liabilities:			
Appropriation Reserves	A-3, A-15	\$ 504,247.67	\$ 546,691.98
Reserve for Encumbrances	A-3, A-15	1,870,252.26	716,753.83
Due to State of New Jersey - Ch. 20, P.L. 1971	A-16	-	1,451.37
Accounts Payable	A-17	-	8,658.80
County Taxes Payable	A-20	44,180.21	21,437.02
Fees Due to State of New Jersey	A-21	3,072.00	12,416.00
Prepaid Taxes	A-22	1,700,337.06	16,401,153.52
Special Emergency Notes Payable	A-14	1,768,359.00	2,660,052.00
Tax Appeals Payable	A-10	138,232.64	162,772.69
Tax Title Lienholders Payable	A-10A	257,437.54	247,832.62
Tax Title Lien Premiums Payable	A-10B	3,795,353.14	4,682,653.14
Interfunds Payable	A-13	432,068.16	729,557.52
Prepaid Health Licenses	A-14C	11,510.00	2,780.00
Sewer Rent Overpayments	A-17A	27,485.33	16,153.69
Reserve for Tax Appeals	A-18	19,554.48	256,466.47
		<u>10,572,089.49</u>	<u>26,466,830.65</u>
 Reserve for Receivables and Other Assets	 A	 <u>4,902,997.45</u>	 <u>5,419,256.86</u>
 Fund Balance	 A-1	 <u>3,492,263.83</u>	 <u>3,785,316.01</u>
		<u>18,967,350.77</u>	<u>35,671,403.52</u>
GRANT FUND:			
Reserve for appropriated grants	A-25	2,364,274.01	1,584,414.28
Reserve for unappropriated grants	A-26	73,275.29	143,420.35
		<u>2,437,549.30</u>	<u>1,727,834.63</u>
		<u>\$ 21,404,900.07</u>	<u>\$ 37,399,238.15</u>

**TOWNSHIP OF WEST ORANGE
CURRENT FUND**

A-1

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

	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
REVENUE AND OTHER INCOME:			
Fund Balance Utilized	A-2	\$ 3,262,227.48	\$ 3,022,376.78
Miscellaneous Anticipated Revenue	A-2	20,440,702.93	19,399,713.12
Receipts from Delinquent Taxes	A-2	3,234,828.04	2,593,966.13
Receipts from Current Taxes	A-2, A-7	223,357,490.11	219,892,502.43
Non-Budget Revenues	A-2	1,486,580.23	1,005,856.50
Other Credit to Income:			
Other Revenue	A-1	649.50	-
Cancellation of Note Payable	A-14	1,668.00	-
Appropriation Reserves Lapsed	A-15	714,049.04	1,145,852.47
Cancellation of Reserves for Federal and State grants	A-25	18,472.00	-
TOTAL REVENUE AND OTHER INCOME		<u>252,516,667.33</u>	<u>247,060,267.43</u>
EXPENDITURES:			
Budgeted and Emergency Appropriations	A-3	79,460,198.83	77,860,923.84
Unfunded Assessments	A-13	204,649.28	-
Cancellation of Grant Receivable	A-1	872.00	-
Open Space Trust	A-14A	145,602.62	145,575.16
Special Improvement District Assessment	A-14B	97,767.05	96,893.38
Local District School Tax	A-19	138,493,957.00	136,344,646.00
County Taxes	A-20	31,126,600.61	31,420,087.14
PILOT Payment - Due County	A-20	17,844.64	-
TOTAL EXPENDITURES		<u>249,547,492.03</u>	<u>245,868,125.52</u>
EXCESS OF REVENUE OVER EXPENDITURES		<u>2,969,175.30</u>	<u>1,192,141.91</u>
ADJUSTMENTS TO INCOME BEFORE FUND BALANCE:			
EXPENDITURES INCLUDED ABOVE WHICH ARE BY STATUTE DEFERRED CHARGES TO BUDGET OF SUCCEEDING YEAR		<u>-</u>	<u>1,200,000.00</u>
STATUTORY EXCESS TO FUND BALANCE		<u>2,969,175.30</u>	<u>2,392,141.91</u>
FUND BALANCE, BEGINNING OF YEAR	A	<u>3,785,316.01</u>	<u>4,415,550.88</u>
		6,754,491.31	6,807,692.79
UTILIZED AS ANTICIPATED REVENUE	A-2	<u>3,262,227.48</u>	<u>3,022,376.78</u>
FUND BALANCE, END OF YEAR	A	<u><u>\$ 3,492,263.83</u></u>	<u><u>\$ 3,785,316.01</u></u>

**TOWNSHIP OF WEST ORANGE
CURRENT FUND**

A-2
Sheet # 1

**STATEMENT OF REVENUES
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2018**

	<u>Ref.</u>	<u>Anticipated Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
FUND BALANCE ANTICIPATED	A-1	\$ 3,262,227.48	\$ 3,262,227.48	\$ -
MISCELLANEOUS REVENUES:				
Licenses:				
Alcoholic Beverages	A-11	\$ 69,209.22	\$ 121,223.12	\$ 52,013.90
Other	A-11	50,573.00	62,154.00	11,581.00
Fees and Permits	A-11	283,739.94	275,518.88	(8,221.06)
Fines and Costs - Municipal Court	A-11	581,817.44	527,492.62	(54,324.82)
Interest and Costs on Taxes	A-11	787,097.48	847,580.86	60,483.38
Parking Meters	A-11	13,027.29	5,348.43	(7,678.86)
Interest on Investments	A-11	43,747.92	70,037.47	26,289.55
Payments in Lieu of Taxes:				
West Orange Senior Citizen Housing	A-11	117,900.00	117,900.00	-
Jewish Federation Plaza	A-11	100,762.82	116,145.43	15,382.61
Eagle Rock Senior Citizen Housing	A-11	60,407.00	60,407.00	-
Woodland Valley	A-11	27,463.50	27,857.25	393.75
St. Barnabas	A-11	289,233.00	292,640.25	3,407.25
Sewer User Charges	A-12	7,225,389.92	7,040,459.51	(184,930.41)
Energy Receipts Tax	A-11	4,691,252.00	4,691,252.00	-
Watershed Moratorium Offset Aid	A-11	5,217.00	5,217.00	-
Uniform Construction Code Fees	A-11	724,360.00	724,360.00	-
Interlocal Service Agreements	A-11	10,474.00	10,474.00	-
Uniform Fire Safety Act	A-11	66,542.49	84,550.92	18,008.43
General Capital Fund Surplus	A-11	257,946.03	257,946.03	-
Supplemental Sewer Fees	A-11	33,482.86	37,730.00	4,247.14
Cable TV Franchise Fees	A-11	670,746.50	677,782.01	7,035.51
Ground Leases	A-11	136,030.15	153,235.50	17,205.35
Hotel Tax	A-11	493,797.83	515,311.11	21,513.28
Open Space Trust Fund-Debt Service	A-11	12,922.60	12,922.60	-
Medical Transport Billing Service	A-11	1,395,358.94	1,243,241.96	(152,116.98)
Reserve to Pay Debt Service	A-11	90,598.63	90,598.63	-
Assessment Trust Fund Balance	A-11	331,613.70	331,613.70	-
Trust Fund Balance	A-11	105,210.26	105,210.26	-
Swimming Pool Fund Balance	A-11	50,000.00	50,000.00	-
Extra Duty Fees	A-11	183,597.68	148,340.89	(35,256.79)
		<u>18,909,519.20</u>	<u>18,704,551.43</u>	<u>(204,967.77)</u>

**TOWNSHIP OF WEST ORANGE
CURRENT FUND**

A-2
Sheet # 2

**STATEMENT OF REVENUES
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2018**

	<u>Ref.</u>	<u>Anticipated Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
State Grants:				
Clean Communities Program	A-13	\$ 76,506.14	\$ 76,506.14	\$ -
Click It or Ticket	A-13	5,500.00	5,500.00	-
Municipal Alliance for Alcoholism and Drug Abuse	A-13	59,202.00	59,202.00	-
U Drive, U Text, U Pay	A-13	5,500.00	5,500.00	-
Community Stewardship Incentive Grant- Reserve	A-13	30,000.00	30,000.00	-
COPS grant	A-13	500,000.00	500,000.00	-
Essex County DOA Senior Citizens	A-13	16,127.00	16,127.00	-
Essex County Delinquency Prevention Grant	A-13	25,463.00	25,463.00	-
Body Armor Replacement Fund	A-13	8,293.48	8,293.48	-
Bullet Proof Vest Fund	A-13	10,967.67	10,967.67	-
N.J. Transportation Trust Fund Authority Act	A-13	820,000.00	820,000.00	-
Recycling Tonnage Grant	A-13	52,524.21	52,524.21	-
Drunk Driving Enforcement Fund	A-13	10,890.00	10,890.00	-
NJ Healthy Communities	A-13	20,000.00	20,000.00	-
NJ Prevention Network	A-13	1,500.00	1,500.00	-
NJ ROID Grant	A-13	17,053.00	17,053.00	-
Essex County Arts Council grant	A-13	2,000.00	2,000.00	-
Green Acres Grant	A-13	45,525.00	45,525.00	-
EMMA Fire Grant	A-13	2,000.00	2,000.00	-
Drive Sober Labor Day	A-13	5,500.00	5,500.00	-
Distracted Driver Grant	A-13	6,600.00	6,600.00	-
NJ Dept. of Law and Public Safety - Pedestrian Safety Grant	A-13	15,000.00	15,000.00	-
		<u>1,736,151.50</u>	<u>1,736,151.50</u>	<u>-</u>
 TOTAL MISCELLANEOUS ANTICIPATED REVENUES	 A-1	 <u>20,645,670.70</u>	 <u>20,440,702.93</u>	 <u>(204,967.77)</u>
 RECEIPTS FROM DELINQUENT TAXES	 A-1,A-2	 <u>3,227,097.35</u>	 <u>3,234,828.04</u>	 <u>7,730.69</u>
 AMOUNT TO BE RAISED BY TAXES FOR SUPPORT OF MUNICIPAL BUDGET	 A-2	 <u>56,100,488.47</u>	 <u>56,813,562.83</u>	 <u>713,074.36</u>
 BUDGET TOTALS	 A-3	 <u>83,235,484.00</u>	 <u>83,751,321.28</u>	 <u>515,837.28</u>
 NON-BUDGET REVENUES				
Miscellaneous Revenues Not Anticipated	A-1, A-11		<u>\$ 1,486,580.23</u>	
			<u>\$ 85,237,901.51</u>	

**TOWNSHIP OF WEST ORANGE
CURRENT FUND**

A-2
Sheet # 3

**STATEMENT OF REVENUE
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2018**

	<u>Ref.</u>	
ANALYSIS OF REALIZED REVENUES:		
Allocation of Current Tax Collection:		
Revenue from Collections	A-1, A-7	<u>\$ 223,357,490.11</u>
Allocated to - Municipal Open Space Tax	A-1, A-7	145,602.62
Allocated to - Special Improvement District	A-1, A-7	97,767.05
Allocated to - School Taxes	A-1, A-7	138,493,957.00
Allocated to - County Taxes	A-1, A-7	31,126,600.61
Total Allocated to Other Agencies		<u>169,863,927.28</u>
Balance for Support of Municipal Budget Appropriations		53,493,562.83
Add Appropriation Reserve for Uncollected Taxes	A-3	<u>3,320,000.00</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u><u>\$ 56,813,562.83</u></u>
Delinquent Tax Collections		
Cash Received		
Taxes	A-7	\$ 3,227,369.98
Tax Title Lien Redemption	A-8	7,458.06
Total Delinquent Tax Collections	A-1	<u><u>\$ 3,234,828.04</u></u>

**TOWNSHIP OF WEST ORANGE
CURRENT FUND**

A-3
Sheet # 1

**STATEMENT OF EXPENDITURES
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2018**

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Expended</u>			<u>Unexpended Balance Canceled</u>
			<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	
GENERAL APPROPRIATIONS						
(A) Operations - within "CAPS"						
EXECUTIVE AND LEGISLATIVE DEPARTMENT						
Office of the Mayor and Agencies						
Office of the Mayor						
Salaries and Wages	\$ 103,126.00	\$ 103,126.00	\$ 103,125.88		\$ 0.12	
Other Expenses	21,446.00	2,263.04	2,245.54	\$ 17.50		
Governing Body						
Town Council						
Salaries and Wages	62,435.00	62,435.10	62,435.10			
Other Expenses	32,400.00	18,818.99	16,692.94	2,126.05		
Litigation Expenses						
Other Expenses	275,000.00	286,079.09	242,713.44	43,365.65		
Office of the Township Clerk						
Township Clerk						
Salaries and Wages	200,780.00	190,288.12	190,288.12			
Other Expenses	21,250.00	21,250.00	20,003.29		1,246.71	
Office of the Township Attorney						
Township Attorney						
Salaries and Wages	53,000.00	53,000.48	53,000.48			
Other Expenses	92,940.00	72,875.00	72,875.00			
Statutory Agencies						
Planning Board						
Other Expenses	50,400.00	7,384.49	6,828.67	555.82		
Board of Adjustment						
Other Expenses	4,530.00	4,530.00	303.69	175.00	4,051.31	
Support for Commissions						
Other Expenses	56,429.00	56,429.00	45,299.28	6,815.13	4,314.59	
Waste Management						
Other Expenses	417,180.93	364,523.36	292,273.36	72,250.00		
Municipal Court						
Salaries and Wages	349,068.00	355,581.09	355,581.09			
Other Expenses	31,300.00	17,262.83	16,834.93	427.90		
Public Defender (P.L. 1997, C.256)						
Other Expenses	<u>24,200.00</u>	<u>24,200.00</u>	<u>18,915.00</u>		<u>5,285.00</u>	
TOTAL EXECUTIVE AND LEGISLATIVE DEPT.	<u>1,795,484.93</u>	<u>1,640,046.59</u>	<u>1,499,415.81</u>	<u>125,733.05</u>	<u>14,897.73</u>	
DEPT. OF ADMINISTRATION AND FINANCE						
Office of the Business Administrator						
Director						
Salaries and Wages	269,004.00	269,119.70	269,119.70			
Other Expenses	173,200.00	173,200.00	102,593.13	15,728.57	54,878.30	
Administration of Township Owned Property						
Other Expenses	3,500.00	3,500.00			3,500.00	
Division of Administration						
Central Purchasing						
Salaries and Wages	169,677.00	169,677.00	169,676.78		0.22	
Other Expenses	38,400.00	38,400.00	32,367.13	5,101.26	931.61	
Central Printing and Supplies						
Other Expenses	6,700.00	6,700.00	6,137.66	38.00	524.34	
Central Telephone						
Other Expenses	256,000.00	256,000.00	198,372.29	31,812.86	25,814.85	
Central Insurance						
Employee Group Health (Emergency)	13,649,731.89	13,391,229.98	12,796,083.73	595,146.25		
Unemployment Compensation Insurance	80,000.00	80,000.00	80,000.00			
General Liability	857,873.00	857,873.00	857,873.00			
Workers Compensation	500,000.00	500,000.00	500,000.00			
Central Mailing Service						
Other Expenses	73,750.00	73,750.00	47,990.59	17,474.20	8,285.21	

**TOWNSHIP OF WEST ORANGE
CURRENT FUND**

A-3
Sheet # 2

**STATEMENT OF EXPENDITURES
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2018**

	Budget	Budget After Modification	Expended			Unexpended Balance Canceled
			Paid or Charged	Encumbered	Reserved	
Township Physician						
Other Expenses	\$ 9,365.00	\$ 9,365.00	\$ 1,592.00	\$ 212.00	\$ 7,561.00	
Division of Treasury						
Collector's Office						
Salaries and Wages	231,795.00	231,795.00	229,084.67		2,710.33	
Other Expenses	20,900.00	22,039.32	21,348.94	690.38		
Township Treasurer						
Other Expenses	9,900.00	9,900.00	1,550.00	190.00	8,160.00	
Division of Accounts and Control						
Comptroller's Office						
Salaries and Wages	580,267.00	581,229.99	581,229.99			
Other Expenses	189,285.00	189,285.00	186,428.66	645.93	2,210.41	
TOTAL DEPARTMENT OF ADMINISTRATION AND FINANCE	17,119,347.89	16,863,063.99	16,081,448.27	667,039.45	114,576.27	
DEPARTMENT OF PLANNING AND DEVELOPMENT						
Director						
Planning Department						
Salaries and Wages	114,980.00	114,980.00	111,976.66		3,003.34	
Other Expenses	32,045.00	32,045.00	26,019.23	5,337.92	687.85	
Housing Code Enforcement						
Salaries and Wages	263,972.00	266,464.92	266,464.92			
Other Expenses	5,725.00	5,725.00	1,036.90		4,688.10	
TOTAL DEPARTMENT OF PLANNING AND DEVELOPMENT	416,722.00	419,214.92	405,497.71	5,337.92	8,379.29	
DEPARTMENT OF ASSESSMENT						
Assessor's Office						
Salaries and Wages	264,855.00	264,855.24	264,855.24			
Other Expenses	10,600.00	10,600.00	291.39	7,500.00	2,808.61	
TOTAL DEPARTMENT OF ASSESSMENT	275,455.00	275,455.24	265,146.63	7,500.00	2,808.61	
DEPARTMENT OF POLICE						
Division of Police						
Salaries and Wages	12,540,188.00	12,354,297.87	12,354,297.87			
Other Expenses	484,845.31	484,845.31	409,282.28	17,158.03	58,405.00	
TOTAL DEPARTMENT OF POLICE	13,025,033.31	12,839,143.18	12,763,580.15	17,158.03	58,405.00	
DEPARTMENT OF FIRE						
Division of Fire						
Salaries and Wages	9,924,889.00	10,103,892.32	10,103,892.32			
Other Expenses	132,800.00	132,800.00	79,980.36	52,162.78	656.86	
Uniform Fire Safety Act (C. 383, P.L. 1983)						
Salaries and Wages	28,250.00	28,250.00	28,250.00			
Other Expenses	38,530.00	38,530.00	26,738.96	8,269.51	3,521.53	
Emergency Management Service						
Salaries and Wages	5,445.00	5,445.00	5,445.00			
Other Expenses	10,800.00	10,800.00	6,891.10	1,932.75	1,976.15	
TOTAL DEPARTMENT OF FIRE	10,140,714.00	10,319,717.32	10,251,197.74	62,365.04	6,154.54	
DEPARTMENT OF PUBLIC WORKS						
Division of Engineering						
Office of the Township Engineer						
Salaries and Wages	512,720.00	523,639.61	523,639.61			
Other Expenses	12,500.00	12,500.00	3,705.10	3,235.79	5,559.11	
Division of Building and Property						
Public Building Operations and Maintenance						
Other Expenses	395,100.00	411,845.29	335,606.67	76,238.62		
Shade Tree Care and Pruning						
Other Expenses	70,250.00	94,953.37	81,408.55	13,544.82		
Parking Facilities, Maintenance and Repairs						
Other Expenses	2,970.00	2,970.00	565.00		2,405.00	
Division of Public Works						
Salaries and Wages	2,505,631.00	2,642,751.90	2,642,751.90			
Division of Street Services						
Street Service, Cleaning and Drainage						
Salt, Chloride and Plowing	800,000.00	1,180,998.66	1,089,552.31	91,446.35		
Other Expenses	48,600.00	18,321.43	14,539.19	3,782.24		
Street Repairs						
Other Expenses	70,350.00	38,748.85	15,226.83	23,522.02		

**TOWNSHIP OF WEST ORANGE
CURRENT FUND**

A-3
Sheet # 3

**STATEMENT OF EXPENDITURES
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2018**

	Budget	Budget After Modification	Expended			Unexpended Balance Canceled
			Paid or Charged	Encumbered	Reserved	
Street Services and Traffic						
Other Expenses	\$ 13,100.00	\$ 13,100.00	\$ 7,235.74	\$ 3,487.00	\$ 2,377.26	
Division of Sewers and Sanitation						
Sanitation and General Township Service Force						
Other Expenses	6,100.00	6,100.00	4,299.68	400.00	1,400.32	
Central Automotive						
Other Expenses	498,500.00	384,330.27	289,066.63	95,263.64		
Sewage and Pumping Stations						
Other Expenses	65,800.00	65,800.00	45,067.60	12,076.56	8,655.84	
TOTAL DEPARTMENT OF PUBLIC WORKS	5,001,621.00	5,396,059.38	5,052,664.81	322,997.04	20,397.53	
DEPARTMENT OF HEALTH AND WELFARE						
Division of Health						
General Health Services						
Salaries and Wages	618,996.00	618,996.00	618,258.54		737.46	
Other Expenses	26,397.00	26,397.00	18,661.13	409.17	7,326.70	
Senior Citizen's Transportation Program						
Salaries and Wages	203,954.00	203,954.00	197,246.71		6,707.29	
Other Expenses	950.00	950.00	553.58	188.02	208.40	
Aid to Health Care Facilities (N.J.S.A. 44:5-2 as Amended)						
Other Expenses	1,500.00	1,500.00			1,500.00	
Division of Welfare						
Administration of Public Assistance						
Salaries and Wages	140,213.00	140,213.00	139,022.33		1,190.67	
Other Expenses	5,050.00	5,050.00	825.00		4,225.00	
Animal Control						
Salaries and Wages	122,408.00	122,408.00	120,200.10		2,207.90	
Other Expenses	3,175.00	3,175.00	2,845.32	200.00	129.68	
Podiatry Clinic						
Other Expenses	9,500.00	9,500.00	4,633.91	840.40	4,025.69	
Senior Citizen Health Center						
Salaries and Wages	187,393.00	187,393.00	176,783.92		10,609.08	
Other Expenses	4,775.00	4,775.00	3,302.75	250.38	1,221.87	
Child Health Clinic						
Other Expenses	4,150.00	4,150.00	400.00		3,750.00	
Retired Citizens Program	20,850.00	20,850.00	12,876.94	4,803.68	3,169.38	
Garbage and Trash Removal Contract						
Other Expenses	3,041,365.00	3,278,985.72	2,973,875.15	305,110.57	0.00	
TOTAL DEPARTMENT OF HEALTH AND WELFARE	4,390,676.00	4,628,296.72	4,269,485.38	311,802.22	47,009.12	
DEPARTMENT OF RECREATION						
Community Services, Recreational and Civic Contracts						
Other Expenses	76,250.00	76,250.00	73,888.00		2,362.00	
Parks and Playgrounds						
Salaries and Wages	652,832.00	621,876.12	621,876.12			
Other Expenses	151,740.00	122,742.79	103,893.95	18,848.84		
Celebration of Public Events, Anniversary or Holiday						
Other Expenses	55,600.00	55,600.00	49,609.90	1,028.84	4,961.26	
TOTAL DEPARTMENT OF RECREATION	936,422.00	876,468.91	849,267.97	19,877.68	7,323.26	
Uniform Construction Code-						
Appropriations Offset by Dedicated						
Revenues (N.J.A.C. 5:23-4.17)						
State Uniform Construction Code						
Construction Official						
Salaries and Wages	632,274.00	612,897.72	612,897.72			
Other Expenses	99,700.00	47,631.66	20,587.45	27,044.21		
TOTAL UNIFORM CONSTRUCTION CODE	731,974.00	660,529.38	633,485.17	27,044.21		
UNCLASSIFIED						
Utilities						
Electricity	545,000.00	545,000.00	390,253.73	103,013.44	51,732.83	
Street Lighting	650,000.00	617,740.34	556,472.90	61,267.44	(0.00)	
Gasoline	413,460.00	317,306.57	267,147.82	43,008.75	7,150.00	
Water	46,000.00	46,000.00	38,205.49	3,653.79	4,140.72	
Fire Hydrant Service	650,000.00	650,000.00	585,346.41	55,404.16	9,249.43	
Challenge Grant Bus Shuttle	278,148.00	278,148.00	270,004.89		8,143.11	
Compensated Absence Liability (Emergency)	5,000.00	66,965.20	66,965.20			
Membership-NJ League of Municipalities	3,696.00	3,696.00	3,290.00		406.00	
Medical Transport Billing Service	375,000.00	345,143.28	186,780.93	31,763.31	126,599.04	
TOTAL UNCLASSIFIED	2,966,304.00	2,869,999.39	2,364,467.37	298,110.89	207,421.13	
Total Operations {Item 8(A)} within "CAPS"	56,799,754.13	56,787,995.02	54,435,657.01	1,864,965.53	487,372.48	
B. Contingent	1,000.00	1,000.00			1,000.00	
Total Operations Including Contingent within "CAPS"	56,800,754.13	56,788,995.02	54,435,657.01	1,864,965.53	488,372.48	

**TOWNSHIP OF WEST ORANGE
CURRENT FUND**

A-3
Sheet # 4

**STATEMENT OF EXPENDITURES
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2018**

			<u>Expended</u>			<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	
Detail:						
Salaries & Wages	\$ 30,743,152.00	\$ 30,895,532.38	\$ 30,868,365.97		\$ 27,166.41	
Other Expenses (Including Contingent)	26,057,602.13	25,893,462.64	23,567,291.04	\$ 1,864,965.53	461,206.07	
(E) Deferred Charges and Statutory Expenditures - Municipal within "CAPS"	11,060.42	11,060.42	7,620.80		3,439.62	
(2) STATUTORY EXPENDITURES:						
Public Employees' Retirement System	1,124,080.83	1,124,080.83	1,113,313.26		10,767.57	
Social Security System (O.A.S.I.)	1,027,979.00	1,033,738.11	1,033,738.11			
Police and Firemen's Retirement System	4,926,415.94	4,926,415.94	4,926,415.94			
Defined Contribution Retirement Program	<u>10,000.00</u>	<u>16,000.00</u>	<u>16,000.00</u>			
Total Deferred Charges and Statutory	<u>7,099,536.19</u>	<u>7,111,295.30</u>	<u>7,097,088.11</u>		<u>14,207.19</u>	
(H-1) Total General Appropriations for Municipal Purposes within "CAPS"	<u>63,900,290.32</u>	<u>63,900,290.32</u>	<u>61,532,745.12</u>	<u>1,864,965.53</u>	<u>502,579.67</u>	
(A) Operations - Excluded from "CAPS"						
Chapter 10, P.L. 1977-Joint Outlet Sewer Maintenance	3,082,608.00	3,106,644.73	3,101,358.00	5,286.73		
Maintenance of Free Public Library (Ch. 541-82, P.L. 1985)	2,075,157.00	2,075,157.00	2,075,157.00			
Tax Appeal Refunds	<u>350,000.00</u>	<u>325,963.27</u>				\$ 325,963.27
Total Other Operations - Excluded from "CAPS"	<u>5,507,765.00</u>	<u>5,507,765.00</u>	<u>5,176,515.00</u>	<u>5,286.73</u>		<u>325,963.27</u>
Shared Service Agreements						
Borough of Essex Fells Health Services-Interlocal Contract						
Salaries and Wages	10,473.93	10,473.93	10,473.93			
Essex County CJIS	<u>5,018.53</u>	<u>5,018.53</u>				<u>5,018.53</u>
Total Shared Service Agreements	<u>15,492.46</u>	<u>15,492.46</u>	<u>10,473.93</u>			<u>5,018.53</u>
Public and Private Programs Offset by Revenues						
U Drive, U Text, U Pay	5,500.00	5,500.00	5,500.00			
Partners for Health	20,000.00	20,000.00	20,000.00			
Clean Communities	76,506.14	76,506.14	76,506.14			
Recycling Tonnage	52,524.21	52,524.21	52,524.21			
Essex County DOA Senior Citizens Grant	16,127.00	16,127.00	16,127.00			
Essex County DOA Senior Citizens Grant - Local match	164.00	164.00	164.00			
Municipal Alliance	59,202.00	59,202.00	59,202.00			
Municipal Alliance - Local match	14,950.00	14,950.00	14,950.00			
Essex County Delinquency Prevention Grant Exspan	6,900.00	6,900.00	6,900.00			
Essex County Delinquency Prevention Grant	18,563.00	18,563.00	18,563.00			
Drunk Driving Enforcement Fund	10,890.00	10,890.00	10,890.00			
NJPN Grant	1,500.00	1,500.00	1,500.00			
Click It or Ticket	5,500.00	5,500.00	5,500.00			
COPS Hiring Grant	500,000.00	500,000.00	500,000.00			
Community Stewardship	30,000.00	30,000.00	30,000.00			
NJ ROID Grant Match	3,846.67	3,846.67	3,846.67			
NJ ROID Grant	17,053.00	17,053.00	17,053.00			
NJ Dept. of Law and Public Safety Pedestrian Safety Enforcement	15,000.00	15,000.00	15,000.00			
County of Essex- Arts Council	2,000.00	2,000.00	2,000.00			
Body Armor Replacement Fund	8,293.48	8,293.48	8,293.48			
Bullet Proof Vest Partnership	10,967.67	10,967.67	10,967.67			
Community Stewardship Match	15,000.00	15,000.00	15,000.00			
EMMA Fire Grant	2,000.00	2,000.00	2,000.00			
Green Acres	45,525.00	45,525.00	45,525.00			
Drive SOBER Labor Day	5,500.00	5,500.00	5,500.00			
Distracted Driving Grant	6,600.00	6,600.00	6,600.00			
Total Public and Private Programs Offset by Revenue	<u>950,112.17</u>	<u>950,112.17</u>	<u>950,112.17</u>			
Total Operations - Excluded from "CAPS"	<u>6,473,369.63</u>	<u>6,473,369.63</u>	<u>6,137,101.10</u>	<u>5,286.73</u>		<u>330,981.80</u>
Detail:						
Salaries & Wages	10,473.93	10,473.93	10,473.93			
Other Expenses	<u>6,462,895.70</u>	<u>6,462,895.70</u>	<u>6,126,627.17</u>			
Capital Improvement Fund	<u>491,153.33</u>	<u>491,153.33</u>	<u>491,153.33</u>			
Total Capital Improvements - Excluded from "CAPS"	<u>491,153.33</u>	<u>491,153.33</u>	<u>491,153.33</u>			
New Jersey DOT Trust Fund Authority Act						
NJDOT-Misc Street	<u>820,000.00</u>	<u>820,000.00</u>	<u>820,000.00</u>			
Total New Jersey DOT Trust Fund Authority Act	<u>820,000.00</u>	<u>820,000.00</u>	<u>820,000.00</u>			

**TOWNSHIP OF WEST ORANGE
CURRENT FUND**

A-3
Sheet # 5

**STATEMENT OF EXPENDITURES
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2018**

			Expended		Unexpended
	Budget	Budget After Modification	Paid or Charged	Encumbered	Balance Canceled
(D) Municipal Debt Service - Excluded from "CAPS"					
Payment of Bond Principal	\$ 3,885,000.00	\$ 3,885,000.00	\$ 3,885,000.00		
Payment of Bond Anticipation Notes and Capital Notes	1,563,567.00	1,563,567.00	1,561,568.00		\$ 1,999.00
Interest on Bonds	1,088,711.25	1,088,711.25	1,086,838.20		1,873.05
Interest on Notes	438,523.85	438,523.85	419,206.43		19,317.42
NJ Environmental Infrastructure Trust and Fund Loans					
Principal	302,030.36	302,030.36	262,061.72		39,968.64
Interest	61,145.26	61,145.26			61,145.26
Total Municipal Debt Service - Excluded from "CAPS"	<u>7,338,977.72</u>	<u>7,338,977.72</u>	<u>7,214,674.35</u>		<u>124,303.37</u>
(E) Deferred Charges - Municipal - Excluded from "CAPS"					
Deferred Charges to Future Taxation-Unfunded					
2013 Severance Liability	240,000.00	240,000.00	240,000.00		
2014 Severance Liability	131,693.00	131,693.00	130,025.00	\$ 1,668.00	
2015 Severance Liability	160,000.00	160,000.00	160,000.00		
2016 Severance Liability	120,000.00	120,000.00	120,000.00		
2017 Severance Liability	240,000.00	240,000.00	240,000.00		
Total Deferred Charges - Municipal - Excluded from "CAPS"	<u>891,693.00</u>	<u>891,693.00</u>	<u>890,025.00</u>	<u>1,668.00</u>	
(H-2) Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>16,015,193.68</u>	<u>16,015,193.68</u>	<u>15,552,953.78</u>	<u>\$ 5,286.73</u>	<u>455,285.17</u>
(O) Total General Appropriations - Excluded from "CAPS"	<u>\$ 16,015,193.68</u>	<u>\$ 16,015,193.68</u>	<u>\$ 15,552,953.78</u>	<u>\$ 1,668.00</u>	<u>\$ 455,285.17</u>
(L) Subtotal General Appropriations	<u>79,915,484.00</u>	<u>79,915,484.00</u>	<u>77,085,698.90</u>	<u>\$ 1,870,252.26</u>	<u>455,285.17</u>
(M) Reserve for Uncollected Taxes	<u>3,320,000.00</u>	<u>3,320,000.00</u>	<u>3,320,000.00</u>		
Total General Appropriations	<u>\$ 83,235,484.00</u>	<u>\$ 83,235,484.00</u>	<u>\$ 80,405,698.90</u>	<u>\$ 1,870,252.26</u>	<u>\$ 455,285.17</u>
<u>Ref.</u>	A-2	A-2	Below	A	A
<u>Ref.</u>					
Budget	Above	\$ 83,235,484.00			
Reserve for Uncollected Taxes	A-2	(3,320,000.00)	\$ 3,320,000.00		
Cash Disbursed	A-4		74,425,561.73		
Deferred Charges	A-27		890,025.00		
Match	A-25		33,960.67		
Reserve for Grants	A-25		1,736,151.50		
Canceled	Above	<u>(455,285.17)</u>			
	A-1	<u>\$ 79,460,198.83</u>	<u>\$ 80,405,698.90</u>		

**TOWNSHIP OF WEST ORANGE
TRUST FUND**

B
Sheet # 1

**COMPARARTIVE BALANCE SHEETS
REGULATORY BASIS
DECEMBER 31, 2018 AND 2017**

<u>ASSETS</u>	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
ANIMAL CONTROL FUND:			
Cash	B-3	<u>\$ 55,535.17</u>	<u>\$ 64,144.22</u>
GENERAL TRUST FUND:			
Cash	B-3	<u>\$ 5,688,976.05</u>	<u>\$ 5,556,853.97</u>
INSURANCE TRUST FUND:			
Cash	B-4	<u>\$ 271,336.08</u>	<u>\$ 122,700.01</u>
FEDERAL GRANT TRUST FUND:			
Cash	B-5		\$ 12,063.63
Grant Receivable	B-6	<u>\$ 1,203,050.84</u>	<u>580,000.00</u>
		<u>\$ 1,203,050.84</u>	<u>\$ 592,063.63</u>
OPEN SPACE TRUST FUND:			
Cash	B-2	<u>\$ 920,475.53</u>	<u>\$ 828,939.68</u>
ASSESSMENT TRUST FUND:			
Cash	B-3	\$ 373,720.23	\$ 331,613.75
Assessments Receivable	B-7	2,785,570.26	3,159,594.71
Interfund Receivable	B-17	295,274.11	90,624.83
Assessments to be Raised by Taxation	B-18	630,155.63	720,780.46
		<u>\$ 4,084,720.23</u>	<u>\$ 4,302,613.75</u>

**TOWNSHIP OF WEST ORANGE
TRUST FUND**

B
Sheet # 2

**COMPARARTIVE BALANCE SHEETS
REGULATORY BASIS
DECEMBER 31, 2018 AND 2017**

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
ANIMAL CONTROL FUND:			
Prepaid License Fees	B-9	\$ 2,211.00	\$ 2,205.00
Due to State of New Jersey	B-8	15.00	
Reserve For Animal Control Fund Expenditures	B-12	53,309.17	61,939.22
		<u>\$ 55,535.17</u>	<u>\$ 64,144.22</u>
GENERAL TRUST FUND:			
Special Deposits	B-10	\$ 5,688,976.05	\$ 5,451,643.71
Fund Balance	B-1A		105,210.26
		<u>\$ 5,688,976.05</u>	<u>\$ 5,556,853.97</u>
INSURANCE TRUST FUND:			
Reserve for Insurance Claims	B-13	\$ 271,336.08	\$ 122,700.01
		<u>\$ 271,336.08</u>	<u>\$ 122,700.01</u>
FEDERAL GRANT TRUST FUND:			
Reserve for Grant Expenditures:			
Community Development Block Grant	B-14	\$ 813,400.00	\$ 580,000.00
Due to Capital	B-11	389,650.84	
Section 8 Housing	B-15		12,063.63
		<u>\$ 1,203,050.84</u>	<u>\$ 592,063.63</u>
OPEN SPACE TRUST FUND:			
Reserve for Open Space Expenditures	B-16	\$ 920,475.53	\$ 828,939.68
ASSESSMENT TRUST FUND:			
Serial Bonds Payable	B-19	\$ 3,711,000.00	\$ 3,971,000.00
Fund Balance	B-1	373,720.23	331,613.75
		<u>\$ 4,084,720.23</u>	<u>\$ 4,302,613.75</u>

**TOWNSHIP OF WEST ORANGE
TRUST FUNDS**

**STATEMENT OF FUND BALANCE
ASSESSMENT TRUST
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2018**

	<u>Ref.</u>	B-1
Balance, December 31, 2017	B	\$ 331,613.75
Increased by:		
Due from Current Fund	B-17	204,345.01
Serial Bonds Payable	B-19	260,000.00
		<u>795,958.76</u>
Decreased by:		
Adjustment to Unfunded Assessment Bonds	B-18	90,624.83
Anticipated Revenue in Current Fund	B-3	331,613.70
		<u>422,238.53</u>
Balance, December 31, 2018	B	<u><u>\$ 373,720.23</u></u>

**STATEMENT OF FUND BALANCE
GENERAL TRUST FUND
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2018**

	<u>Ref.</u>	B-1A
Balance, December 31, 2017	B	\$ 105,210.26
Decreased by:		
Anticipated Revenue in Current Fund	B-3	105,210.26
		<u>105,210.26</u>
Balance, December 31, 2018	B	<u><u>\$ -</u></u>

**TOWNSHIP OF WEST ORANGE
GENERAL CAPITAL FUND**

C

**COMPARATIVE BALANCE SHEETS
REGULATORY BASIS
DECEMBER 31, 2018 AND 2017**

<u>ASSETS</u>	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
Cash	C-2	\$ 5,116,076.88	\$ 1,417,548.81
Notes Receivable	C-16	240,000.00	1,200,000.00
NJEPA Trust and Fund Loan Receivable	C-14	284,270.00	284,270.00
State Grants Receivable	C-13	1,125,200.55	1,450,068.97
Interfunds Receivable	C-17	389,650.84	
		<u>2,039,121.39</u>	<u>2,934,338.97</u>
Deferred Charges to Future Taxation:			
Funded	C-6	33,637,986.97	37,550,674.93
Unfunded	C-7	43,014,588.86	34,349,678.00
		<u>76,652,575.83</u>	<u>71,900,352.93</u>
		<u>\$ 83,807,774.10</u>	<u>\$ 76,252,240.71</u>
<u>LIABILITIES AND FUND BALANCE</u>			
Serial Bonds	C-8	\$ 31,080,000.00	\$ 34,705,000.00
NJEPA Trust and Fund Loan-ORD#1823-02	C-4	223,163.72	275,482.87
NJEPA Trust and Fund Loan-ORD#2017-05	C-4	771,701.65	892,553.54
NJEPA Trust and Fund Loan-ORD#2050-05	C-4	351,867.78	389,475.80
NJEPA Trust and Fund Loan-ORD#2214-09	C-4	325,635.14	354,692.88
NJEPA Trust and Fund Loan-ORD#2425-14	C-4	885,618.68	933,469.84
Bond Anticipation Notes	C-9	25,821,186.00	18,275,253.00
Improvement Authorizations:			
Funded	C-10	2,226,200.41	2,406,589.65
Unfunded	C-10	20,496,847.48	16,185,608.41
Capital Improvement Fund	C-11	155,455.15	130,546.96
Reserve to Pay Debt service	C-5	112,404.02	970.83
Reserve for Grants Receivable	C-15	1,027,489.65	1,352,358.07
Interfund Payable	C-17	90,624.83	90,624.83
Fund Balance	C-1	239,579.59	259,614.03
		<u>\$ 83,807,774.10</u>	<u>\$ 76,252,240.71</u>
Bonds and Notes Authorized but Not Issued	C-12	<u>\$ 17,193,402.86</u>	<u>\$ 16,074,425.00</u>

**TOWNSHIP OF WEST ORANGE
GENERAL CAPITAL FUND**

C-1

**STATEMENT OF FUND BALANCE
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2018**

	<u>Ref.</u>	
Balance, December 31, 2017	C	\$ 259,614.03
Increased by:		
Premium on Sale of Bond Anticipation Notes	C-2	237,911.59
		497,525.62
Decreased by:		
Payment to Current Fund as Anticipated Revenue	C-2	257,946.03
Balance, December 31, 2018	C	\$ 239,579.59

**TOWNSHIP OF WEST ORANGE
SWIMMING POOL UTILITY FUND**

D

**BALANCE SHEETS
REGULATORY BASIS
DECEMBER 31, 2018 AND 2017**

<u>ASSETS</u>	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
OPERATING FUND:			
Cash	D-4	<u>\$ 34,836.59</u>	<u>\$ 94,883.93</u>
 CAPITAL FUND:			
Fixed Capital	D-5	<u>523,433.15</u>	<u>523,433.15</u>
		<u>\$ 558,269.74</u>	<u>\$ 618,317.08</u>
 <u>LIABILITIES AND FUND BALANCES</u>			
OPERATING FUND:			
Appropriation reserves:			
Encumbered	D-3, D-7	\$ 11.88	\$ 1,465.00
Unencumbered	D-3, D-7	700.77	2,549.74
Fund Balance	D-1	<u>34,123.94</u>	<u>90,869.19</u>
		<u>34,836.59</u>	<u>94,883.93</u>
 CAPITAL FUND:			
Reserve for Amortization	D-6	<u>523,433.15</u>	<u>523,433.15</u>
		<u>\$ 558,269.74</u>	<u>\$ 618,317.08</u>

**TOWNSHIP OF WEST ORANGE
SWIMMING POOL UTILITY FUND**

D-1

**STATEMENT OF OPERATIONS
AND CHANGES IN FUND BALANCE
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
REVENUE AND OTHER INCOME:			
Fund Balance Utilized	D-2	\$ 15,438.00	\$ 16,055.00
Membership Fees	D-2	227,530.00	222,741.00
Miscellaneous Revenue Anticipated	D-2	60,987.01	61,098.00
Other Credits to Income:			
Appropriation Reserves Lapsed	D-7	<u>4,014.74</u>	<u>34,723.11</u>
TOTAL REVENUE AND OTHER INCOME		<u>307,969.75</u>	<u>334,617.11</u>
EXPENDITURES:			
Budgeted Appropriations:			
Salaries and Wages	D-3	183,362.59	173,706.34
Other Expenses	D-3	104,627.41	94,423.71
Statutory Expenditures	D-3	<u>11,287.00</u>	<u>-</u>
TOTAL EXPENDITURES	D-3	<u>299,277.00</u>	<u>268,130.05</u>
EXCESS OF REVENUE OVER EXPENDITURES		8,692.75	66,487.06
FUND BALANCE, BEGINNING OF YEAR	D	<u>90,869.19</u>	<u>40,437.13</u>
		99,561.94	106,924.19
UTILIZED AS ANTICIPATED REVENUE IN CURRENT FUND	D-4	50,000.00	-
UTILIZED AS ANTICIPATED REVENUE IN POOL UTILITY	D-2	<u>15,438.00</u>	<u>16,055.00</u>
FUND BALANCE, END OF YEAR	D	<u>\$ 34,123.94</u>	<u>\$ 90,869.19</u>

See accompanying notes to financial statements

**TOWNSHIP OF WEST ORANGE
SWIMMING POOL UTILITY FUND**

D-2

**STATEMENT OF REVENUES
YEAR ENDED DECEMBER 31, 2018**

	<u>Ref.</u>	<u>Anticipated Budget</u>	<u>Realized</u>	<u>Excess (Deficit)</u>
Fund Balance Anticipated	D-1	\$ 15,438.00	\$ 15,438.00	
Membership Fees	D-1, D-4	222,741.00	227,530.00	\$ 4,789.00
Miscellaneous	D-1, D-4	<u>61,098.00</u>	<u>60,987.01</u>	<u>(110.99)</u>
	D-3	<u>\$ 299,277.00</u>	<u>\$ 303,955.01</u>	<u>\$ 4,678.01</u>

**TOWNSHIP OF WEST ORANGE
SWIMMING POOL UTILITY FUND**

D-3

**STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2018**

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Expended</u>		
			<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>
OPERATING:					
Salaries and Wages	\$ 169,665.00	\$ 183,362.59	\$ 183,362.59		
Other Expenses	118,325.00	104,627.41	103,915.76	\$ 11.88	\$ 699.77
STATUTORY EXPENDITURES:					
Social Security	11,286.00	11,286.00	11,286.00		
Unemployment Insurance	<u>1.00</u>	<u>1.00</u>			<u>1.00</u>
	<u>\$ 299,277.00</u>	<u>\$ 299,277.00</u>	<u>\$ 298,564.35</u>	<u>\$ 11.88</u>	<u>\$ 700.77</u>
<u>Ref.</u>	D-1, D-2	D-1, D-2	D-4	D	D

**TOWNSHIP OF WEST ORANGE
PUBLIC ASSISTANCE FUND**

E

**COMPARATIVE BALANCE SHEETS
REGULATORY BASIS
DECEMBER 31, 2018 AND 2017**

<u>ASSETS</u>	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
Cash:			
Trust Fund Account #1	E-5	\$ 836.28	\$ 836.28
Trust Fund Account #2	E-5	<u>60,725.00</u>	<u>65,057.00</u>
		<u>\$ 61,561.28</u>	<u>\$ 65,893.28</u>
 <u>LIABILITIES AND RESERVES</u>			
Fund Balance:			
Trust Fund Account #1	E-1	\$ 836.28	\$ 836.28
Trust Fund Account #2	E-2	<u>60,725.00</u>	<u>65,057.00</u>
		<u>\$ 61,561.28</u>	<u>\$ 65,893.28</u>

**TOWNSHIP OF WEST ORANGE
PUBLIC ASSISTANCE FUND**

E-1

**STATEMENTS OF OPERATIONS
AND CHANGES IN FUND BALANCE - TRUST I
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
REVENUE AND OTHER INCOME:			
Misc. Revenues		\$ -	\$ 7,292.97
TOTAL REVENUE AND OTHER INCOME		-	7,292.97
EXPENDITURES:			
Due to Current Fund		-	8,010.28
TOTAL EXPENDITURES		-	8,010.28
(DEFICIT) OF REVENUE OVER EXPENDITURES		-	(717.31)
FUND BALANCE, BEGINNING OF YEAR	E	836.28	1,553.59
FUND BALANCE, END OF YEAR	E	\$ 836.28	\$ 836.28

**TOWNSHIP OF WEST ORANGE
PUBLIC ASSISTANCE FUND**

E-2

**STATEMENTS OF OPERATIONS
AND CHANGES IN FUND BALANCE - TRUST II
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
REVENUE AND OTHER INCOME:			
State Aid	E-3	\$ 95,400.00	\$ 188,600.00
Supplemental Security Income			
Reimbursements	E-3	7,840.00	39,276.00
TOTAL REVENUE AND OTHER INCOME	E-3	<u>103,240.00</u>	<u>227,876.00</u>
EXPENDITURES:			
Public Assistance	E-4	107,572.00	162,819.00
TOTAL EXPENDITURES		<u>107,572.00</u>	<u>162,819.00</u>
(DEFICIT) EXCESS OF REVENUE OVER EXPENDITURES		(4,332.00)	65,057.00
FUND BALANCE, BEGINNING OF YEAR	E	<u>65,057.00</u>	<u>-</u>
FUND BALANCE, END OF YEAR	E	<u><u>\$ 60,725.00</u></u>	<u><u>\$ 65,057.00</u></u>

See accompanying notes to financial statements

**TOWNSHIP OF WEST ORANGE
GENERAL FIXED ASSETS GROUP
BALANCE SHEETS
REGULATORY BASIS
DECEMBER 2018 AND 2017**

F

ASSETS

	December 31,	
	2018	2017
Movable Fixed Assets		
Office Equipment	\$ 3,231,866.70	\$ 3,056,956.71
Vehicles	15,039,967.10	14,571,225.99
Other Equipment	5,970,347.03	5,904,527.20
	<u>24,242,180.83</u>	<u>23,532,709.90</u>
Building	17,290,328.00	17,290,328.00
Land	12,325,854.00	11,925,932.00
	<u>29,616,182.00</u>	<u>29,216,260.00</u>
	<u>\$ 53,858,362.83</u>	<u>\$ 52,748,969.90</u>
FUND BALANCE		
Investments in General Fixed Assets	<u>\$ 53,858,362.83</u>	<u>\$ 52,748,969.90</u>

NOTES TO FINANCIAL STATEMENTS

TOWNSHIP OF WEST ORANGE

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Township of West Orange, Essex County, New Jersey (the "Township") was incorporated in 1863 and operates under an elected Mayor/Council form of government. The Town's major operations include public safety, road repair and maintenance, sanitation, fire protection, recreation and parks, health services, and general administrative services.

The Governmental Accounting Standards Board and subsequent Codification (collectively, "GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB statement No. 14 as amended by GASB Statement No. 61 establishes certain standards for defining and reporting on the financial reporting entity. In accordance with these standards, the reporting entity should include the primary government and those component units which are fiscally accountable to the primary government. The municipalities in the State of New Jersey do not prepare financial statements in accordance with accounting principles generally accepted in the United States of America ("US GAAP") and thus do not comply with all of the GASB pronouncements.

The financial statements of the Township have been prepared on a basis of accounting in conformity with accounting principles and practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), which is a regulatory basis of accounting other than US GAAP. 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 separate funds, which differ from the fund structure required by US GAAP.

GASB requires the financial reporting entity to include both the primary government and component units. Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Township is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Township in that the Township approves the budget, the issuance of debt or the levying of taxes. The Township is not includable in any other reporting entity as a component unit.

The financial statements contained herein include only those boards, bodies, officers or commissions as required by N.J.S.A. 40A:5-5. Accordingly, the financial statements of the Township do not include the Library or the Board of Education.

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. The Township also uses an account group, which is designed to provide accountability for certain assets that are not recorded in those funds.

TOWNSHIP OF WEST ORANGE

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurements Focus, Basis of Accounting and Basis of Presentation

The Township has the following funds and account groups:

Current Fund – This fund is used to account for the revenues and expenditures for governmental operations of a general nature and the assets and liabilities related to such activities, including Federal and State grants not accounted for in another fund.

Trust Funds – Trust funds are used to account for assets held by the government in a trustee capacity. Funds held by the Township as an agent for individuals, private organizations, or other governments are recorded in Trust Funds. These funds include dedicated fees/proceeds collected, developer deposits, payroll related deposits and funds deposited with the Township as collateral.

Animal Control Fund – This fund is used to account for fees collected from dog and cat licenses and expenditures which are regulated by N.J.S.A. 4:19-15.11.

General Capital Fund – This fund is used to account for the receipt and disbursement of funds used and related financial transactions related to the acquisition or improvement of general capital facilities and other capital assets, other than those acquired in the Current Fund.

Swimming Pool Utility Fund – This fund is used to account for the revenues and expenditures for operation of the Township's swimming pool and the assets and liabilities related to such activities. Acquisition or improvement of capital facilities and other capital assets for the swimming pool utility is accounted for in the capital section of the fund.

Public Assistance Fund – This fund is used to account for the receipts and disbursements of funds that provide assistance to certain residents of the Township pursuant to Title 44 of New Jersey Statutes.

General Fixed Assets Account Group – This account group is used to account for all general fixed assets of the Township, other than those accounted for in the Swimming Pool Utility Fund. The Township's infrastructure is not reported in the account group.

Basis of Accounting

The Township follows the regulatory basis of accounting. Under this method of accounting, revenues, except for Federal and State Aid, are recognized when received and expenditures are recorded when incurred. The accounting principles and practices prescribed or permitted for municipalities by the Division ("regulatory basis of accounting") differ in certain respects from US GAAP applicable to local government units.

TOWNSHIP OF WEST ORANGE

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The more significant differences are as follows:

Property Tax Revenues – Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County, and School purposes. The bills are mailed annually in June for that calendar year's levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1, and November 1. The amounts of the first and second installments are determined as one-quarter of the total tax levied against the property for the preceding year. The installment due the third and fourth quarters is determined by taking the current year levy less the amount previously charged for the first and second installments, with the remainder being divided equally. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500. The School levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of June 30 of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15, to the County by the Township. When unpaid taxes or any municipal lien, or part thereof, on real property, remains in arrears on April 1 in the year following the calendar year levy when the same became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing the property on a standard tax sale. The Township also has the option when unpaid taxes or any municipal lien, or part thereof, on real property remains in arrears on the 11th day of the 11th month in the fiscal year when the taxes or lien became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing property on an accelerated tax sale, provided that the sale is conducted and completed no earlier than in the last month of the fiscal year. The Township may institute annual in rem tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the tax receivable and tax title liens that are uncollectible. US GAAP requires property tax revenues to be recognized in the accounting period when they become susceptible to accrual (i.e., when they are both levied and available), reduced by an allowance for doubtful accounts.

Miscellaneous Revenues - Miscellaneous revenues are recognized on a cash basis. Receivables for miscellaneous items that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Township's Current Fund. US GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual (i.e., when they are both measurable and available).

Sewer Rents - Sewer charges are levied quarterly based upon a consumption or usage charge. Revenues from these sources are recognized on a cash basis. Receivables that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Township's Current Fund. US GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual (i.e. when they are both levied and available).

Grant and Similar Award Revenues - Federal and State grants, entitlements or shared revenues received, for purposes normally financed through the Current Fund, are recognized when anticipated in the Township's budget. US GAAP requires such revenues to be recognized as soon as all eligibility requirements imposed by the grantor or provider have been met.

TOWNSHIP OF WEST ORANGE

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budgets and Budgetary Accounting - An annual budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures. Budget amounts presented in the accompanying financial statements represent amounts adopted by the Township and approved by the Division per N.J.S.A. 40A:4 et seq.

The Township is not required to adopt budgets for the following funds:

Trust Funds
General Capital Fund

Swimming Pool Utility Capital Fund
Public Assistance Fund

The governing body is required to introduce and approve the annual budget no later than the last day in February of the fiscal year. The budget is required to be adopted no later than April 20, and prior to adoption, must be certified by the Division. The Director of the Division, with the approval of the Local Finance Board, may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. The governing body of the municipality may authorize emergency appropriations and the inclusion of certain special items of revenue to the budget after its adoption and determination of the tax rate. During the last two months of the fiscal year, the governing body may, by a 2/3 vote, amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the governing body. Expenditures may not legally exceed budgeted appropriations at the line item level. In addition, the governing body approved several budget transfers during 2018.

Expenditures - Expenditures are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with an encumbrance accounting system. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements. Unexpended or uncommitted appropriations at December 31 are reported as expenditures through the establishment of appropriation reserves, unless cancelled by the governing body. US 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, as well as expenditures related to compensated absences and claims and judgments, which are recognized when due.

Encumbrances - Contractual orders outstanding at December 31 are reported as expenditures and liabilities through the establishment of an encumbrance payable. Encumbrances do not constitute expenditures or liabilities under US GAAP.

Appropriation Reserves - Appropriation reserves are recorded as liabilities and 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 US GAAP.

Operating Deficits - Deficits resulting from expenditures and other debits which exceed cash revenues, other realized revenues and credits to income in such fiscal year, are recorded as deferred charges on the balance sheet of the respective operating fund at year end and are required to be funded in the succeeding year's budget. US GAAP does not permit the deferral of operating deficits at year end.

TOWNSHIP OF WEST ORANGE

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Compensated Absences - Expenditures relating to obligations for unused vested accumulated vacation and sick leave are not recorded until paid; however, municipalities may establish and budget reserve funds subject to N.J.S.A. 40A:4-39 for the future payment of compensated absences. US GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the operating funds and the remaining obligations are recorded as a long-term obligation in the government-wide financial statements.

Property Acquired for Taxes - Property acquired for taxes is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. US GAAP requires such property to be recorded as a capital asset in the government-wide financial statements at fair value on the date of acquisition.

Interfund Receivables - Interfund receivables in the Current Fund are recorded with offsetting reserves, which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves. US GAAP does not require the establishment of an offsetting reserve for interfunds and, therefore, does not recognize income in the year liquidated.

Inventories - The cost of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets. US GAAP requires inventories to be recorded as assets in proprietary-type funds.

Cash and Investments - Cash includes amounts in demand deposits, as well as short-term investments with a maturity date within three months of the date acquired by the government. Investments are reported at cost and are limited by N.J.S.A. 40A:5-15.1 et seq. US GAAP requires that all investments be reported at fair value.

Tax Appeals and Other Contingent Losses - Losses arising from tax appeals and other contingent losses are recognized at the time a decision is rendered by an administrative or judicial body; however, municipalities may establish reserves transferred from tax collections or by budget appropriation for future payments of tax appeal losses. US GAAP requires such amounts to be recorded when it is probable that a loss has been incurred and the amount of such loss can be reasonably estimated.

General Fixed Assets - In accordance with N.J.A.C. 5:30-5.6, Accounting for Governmental Fixed Assets, the Township has developed a fixed assets accounting and reporting system. Fixed assets are defined by the Township as assets with an initial, individual cost of \$2,000 and an estimated useful life in excess of two years.

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

Fixed Assets purchased after December 31, 1999 are stated at cost. Donated fixed assets are recorded at estimated fair market value at the date of donation.

Fixed Assets purchased prior to December 31, 1999 are stated as follows:

Land and Buildings	Assessed Value
Machinery and Equipment	Replacement Costs

TOWNSHIP OF WEST ORANGE

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

No depreciation has been provided for in the financial statements.

Expenditures for construction in progress are recorded in the Capital Funds until such time as the construction is completed and put into operation.

Accounting for Utility Fund "fixed capital" remains unchanged under N.J.A.C. 5:30-5.6.

Property and equipment purchased by the Swimming Pool Utility fund is recorded in the capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not purport to represent replacement cost or current value. Contributions in aid of construction are not capitalized. The balance in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the Utility Capital Fund represents charges to operations for the costs of acquisitions of property, equipment and improvements. The Utility Capital Fund does not record depreciation on fixed assets.

US GAAP requires that capital assets be recorded in proprietary-type funds, as well as the government-wide financial statement at historical or estimated historical cost if actual historical cost is not available. In addition, US GAAP requires depreciation on capital assets to be recorded in proprietary-type funds as well as in the government-wide financial statements.

Length of Service Awards program (LOSAP) - Financial reporting standards established by the DLGS exclude the financial information relating to a LOSAP program from the scope of the statutory audit. Accordingly, financial information relating to the Township's LOSAP program, a deferred income program created pursuant to Section 457 of the Internal Revenue Code for the benefit of the members of the volunteer fire company and volunteer first aid and rescue squad, is not reported as part of the Township's basic financial statements. As the LOSAP Plan's assets remain the property of the Township until withdrawn by participants, GAAP requires that the Plan's financial information be included in the Township's basic financial statements. See Note 11 regarding the availability of LOSAP Plan financial information.

Recent Pronouncements

The GASB issued Statement 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions in June 2015. This Statement replaces the requirements of Statement 45 and the primary objective of this Statement is to improve accounting and reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local government employers about financial support for OPEB that is provided by other entities. The requirements of this Statement are effective for financial statements for reporting periods beginning after June 15, 2017. Management has implemented this standard in the 2018 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 accrued revenues and expenditures 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 because their inclusion would make certain statements unduly complex and difficult to understand.

TOWNSHIP OF WEST ORANGE

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

2. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basic Financial Statements

GASB also requires the financial statements of a governmental unit to be presented in the basic financial statements in accordance with US GAAP. The Township presents the financial statements listed in the table of contents, which are required by the Division, to be referenced to the supplementary schedules. This practice differs from reporting requirements under US GAAP.

2. DEPOSITS AND INVESTMENTS

The Township considers petty cash, change funds, cash in banks, certificates of deposit and deposits with the New Jersey Cash Management Fund as cash and cash equivalents.

Deposits

The Township's deposits are insured through either the Federal Deposit Insurance Corporation ("FDIC") or New Jersey's Governmental Unit Deposit Protection Act ("GUDPA"). The Township is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. GUDPA requires all banks doing business in the State of New Jersey to maintain additional collateral in the amount of 5% of the average public deposits and to deposit these amounts with the Federal Reserve Bank for all deposits not covered by the FDIC.

Custodial Credit Risk – the custodial credit risk for deposits is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. Although the Township does not have a formal deposit policy for custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in a public depositories protected from loss under the provisions of GUDPA. Public funds owned by the municipality in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds, or funds that may pass to the municipality relative to the happening of a future condition. As of December 31, 2018 and 2017 the Township's bank balances were exposed to custodial credit risk.

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank for periods ending December 31, 2018 and 2017. At December 31, 2018 and 2017, the book value of the Township's deposits was \$24,817,066 and \$36,239,124, respectively. The Township's deposits, which are displayed on the various fund Balance Sheets as "Cash", are categorized as:

	December 31, 2018	December 31, 2017
<u>Depository Account</u>		
Insured	\$ 600,000	\$ 600,000
Uninsured and Collateralized	\$ 26,054,702	\$ 32,447,291
	<u>\$ 26,654,702</u>	<u>\$ 33,047,291</u>

TOWNSHIP OF WEST ORANGE

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

2. DEPOSITS AND INVESTMENTS (continued)

Investments

The Township is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 40A:515.1. Investments include bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, bonds or other obligations of the Township or bonds or other obligations of the School Districts which are a part of the Township or School Districts located within the Township, Local Government investment pools, and agreements for the repurchase of fully collateralized securities, if transacted in accordance with N.J.S.A. 40A:5-15.1 (8a-8e).

As of December 31, 2018 and 2017, the Township had no investments.

Interest earned in the General Capital Fund, Animal Control Fund and certain Other Trust Funds are assigned to the Current Fund in accordance with the regulatory basis of accounting. Interest earned in the Utility Capital Fund is assigned to the Utility Operating Fund in accordance with the regulatory basis of accounting.

3. MUNICIPAL DEBT

The Local Bond Law governs the issuance of bonds and notes used to finance capital expenditures. General obligation bonds have been issued for both General Capital and Utility Funds. 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 four months or retired by the issuance of bonds.

The Township's debt as of December 31, is summarized as follows:

	<u>2018</u>	<u>2017</u>
<u>Issued</u>		
General Capital and Trust Assessment Funds		
Bonds, Notes and Loans	\$ 63,170,173	\$ 59,796,928
Net Debt Issued	<u>63,170,173</u>	<u>59,796,928</u>
 <u>Authorized but Not Issued</u>		
General Capital Fund		
Bonds, Notes and Loans	<u>17,193,403</u>	<u>16,074,425</u>
 Net Bonds and Notes Issued and Authorized but Not Issued	<u>\$ 80,363,576</u>	<u>\$ 75,871,353</u>

The statement of debt condition that follows is extracted from the Township's Annual Debt Statement and indicates a statutory net debt of 1.287% at December 31, 2018.

TOWNSHIP OF WEST ORANGE

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

3. MUNICIPAL DEBT (continued)

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
General Debt	\$ 80,363,576	\$ -	\$ 80,363,576
School Debt	27,405,000	27,405,000	-
Total	<u>\$ 107,768,576</u>	<u>\$ 27,405,000</u>	<u>\$ 80,363,576</u>

The Township's remaining borrowing power under N.J.S.A. 40A:2-6, as amended, at December 31, 2018 as follows:

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 217,275,178
Net Debt	<u>80,363,576</u>
Remaining Statutory Borrowing Power	<u>\$ 136,911,602</u>

General Obligation Bonds

The Township's principal and interest for general obligation bonds issued and outstanding as of December 31, 2018 is as follows:

	<u>General</u>	
<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 4,000,000	\$ 854,802
2020	4,120,000	758,948
2021	4,175,000	612,696
2022	4,075,000	514,733
2023	3,160,000	419,226
2024-2028	14,445,000	1,019,515
2029-2031	<u>816,000</u>	<u>36,306</u>
	<u>\$ 34,791,000</u>	<u>\$ 4,216,226</u>

TOWNSHIP OF WEST ORANGE

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

3. MUNICIPAL DEBT (continued)

The Township levies ad valorem taxes to pay debt service on general obligation bonds. General obligation bonds outstanding at December 31, 2018 and 2017 are as follows:

	<u>2018</u>	<u>2017</u>
\$1,770,000, 2003 General Obligation Refunding Bonds, due in annual installments of \$55,000 to \$245,000 through April 2023, interest at 5.63% to 5.70%	\$780,000	\$950,000
\$8,735,000, 2008 General Improvement Bonds, due in an annual installment of \$900,000 through August 2018, interest at 3.75%	-	900,000
\$11,505,000, 2011 General Improvement Bonds and 2011 Tax Appeal Refunding Bonds, due in annual installments of \$800,000 to \$850,000 through May 2026, interest at 3.00% to 4.00%	6,650,000	7,450,000
\$13,770,000, 2016 General Improvement Bonds and 2016 Open Space Bonds, due in annual Installments of \$1,090,000 to \$1,235,000 through February 2028, interest at 2.00% to 4.00%	11,670,000	12,750,000
\$3,805,000, 2016 General Obligation Refunding Bonds, due in annual Installments of \$905,000 to \$970,000 through August 2022, interest at 4.00%	3,805,000	3,805,000
\$8,850,000, 2017 General Improvement Bond, due in annual Installments of \$745,000 to \$910,000 through February 2028, interest at 2.00% to 2.75%	8,175,000	8,850,000
\$3,621,000, 2016 Special Assessment Bond, due in annual Installments of \$220,000 to \$276,000 through February 2031, interest at 2.00% to 4.00%	3,201,000	3,421,000
\$550,000, 2017 Special Assessment Bond, due in annual Installments of \$45,000 to \$55,000 through February 2028, interest at 2.00% to 2.75%	510,000	550,000
	<u>\$34,791,000</u>	<u>\$38,676,000</u>

TOWNSHIP OF WEST ORANGE

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

3. MUNICIPAL DEBT (continued)

New Jersey Environmental Trust and Fund Loans

On November 7, 2002, the Township of West Orange entered into a program, New Jersey Environmental Trust 2002A, for Capital Acquisitions of the Joint Meeting of Essex and Union Counties, of which it is a member. The Trust Loan of \$385,000.00 is being amortized over 20 years at 4.00-5.25% per annum, payable semiannually. The Fund Loan of \$338,473.72 is being amortized over 20 years, and is an interest free loan. This agreement represents a general obligation of the Township, which the Township has pledged its full faith and credit for the payment of the principal of and interest on the agreement.

On October 25, 2005, the Township entered into a program, New Jersey Environmental Trust 2005, for Storm Drainage Improvements. The Trust Loan Series 2005A of \$1,145,000.00 is being amortized over 20 years at 4.00-5.00% per annum, payable semiannually. The Fund Loan of \$1,064,001.37 is being amortized over 20 years, interest free. This agreement represents a general obligation of the Township, which the Township has pledged its full faith and credit for the payment of the principal and interest.

On October 24, 2006, the Township entered into a program, New Jersey Environmental Trust, 2006 for Capital Acquisitions of the Joint Meeting of Essex and Union Counties, of which it is a member. The Trust Loan of \$210,000.00 is being amortized over twenty (20) years at 4.00-5.00% per annum, payable semi-annually. The Fund Loan of \$567,187.84 is being amortized over twenty (20) years, interest free. This agreement represents a general obligation of the Township, which the Township has pledged its full faith and credit for the payment of the principal and interest.

On October 25, 2010, the Township entered into a program, New Jersey Environmental Trust, 2010 for Capital Improvements of the Joint Meeting of Essex and Union Counties, of which it is a member. The Trust Loan of \$270,000.00 is being amortized over twenty (20) years at 3.00-5.00% per annum, payable semi-annually. The Fund Loan of \$276,469.00 is being amortized over twenty (20) years, interest free. This agreement represents a general obligation of the Township, which the Township has pledged its full faith and credit for the payment of the principal and interest. It is noted that the Trust Loan was reduced by \$552,937.00 due to funding through the American Resource Recovery Act.

On October 24, 2015, the Township entered into a program, New Jersey Environmental Trust, 2015 for Capital Acquisitions of the Joint Meeting of Essex and Union Counties, of which it is a member. The Trust Loan of \$300,000.00 is being amortized over twenty (20) years at 4.00-5.00% per annum, payable semi-annually. The Fund Loan of \$681,321 is being amortized over twenty (20) years, interest free. This agreement represents a general obligation of the Township, which the Township has pledged its full faith and credit for the payment of the principal and interest.

TOWNSHIP OF WEST ORANGE

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

3. MUNICIPAL DEBT (continued)

The Township's principal and interest for New Jersey Environmental Trust and Fund Loans outstanding as of December 31, 2018 is as follows:

	<u>General</u>	
<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 284,019	\$ 48,445
2020	299,465	43,213
2021	316,469	37,767
2022	311,780	31,215
2023	256,502	25,120
2024-2028	708,587	62,734
2029-2033	318,314	17,600
2034-2035	62,851	1,000
	<u>\$ 2,557,987</u>	<u>\$ 267,094</u>

Changes in Long-Term Municipal Debt

The Township's long-term capital debt activity for 2018 and 2017 is as follows:

	Balance December 31, 2017	Increases	Reductions	Balance December 31, 2018	Due Within One Year
General Capital Fund*					
Bonds Payable	\$ 38,676,000	\$ -	\$ 3,885,000	\$ 34,791,000	\$ 4,000,000
NJEPA Trust and Fund Loan Payable	<u>2,845,675</u>		<u>287,688</u>	<u>2,557,987</u>	<u>284,019</u>
	<u>\$ 41,521,675</u>	<u>\$ -</u>	<u>\$ 4,172,688</u>	<u>\$ 37,348,987</u>	<u>\$ 4,284,019</u>
	Balance December 31, 2016	Increases	Reductions	Balance December 31, 2017	Due Within One Year
General Capital Fund					
Bonds Payable	\$ 33,416,000	\$ 9,400,000	\$ 4,140,000	\$ 38,676,000	\$ 3,885,000
NJEPA Trust and Fund Loan Payable	<u>3,642,618</u>		<u>796,943</u>	<u>2,845,675</u>	<u>287,688</u>
	<u>\$ 37,058,618</u>	<u>\$ 9,400,000</u>	<u>\$ 4,936,943</u>	<u>\$ 41,521,675</u>	<u>\$ 4,172,688</u>

* Includes Trust Assessment Fund

TOWNSHIP OF WEST ORANGE

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

3. MUNICIPAL DEBT (continued)

Short-Term Debt

The Township's short-term capital debt activity for 2018 and 2017 is as follows:

	Balance, December 31, 2017	Additions	Reductions	Balance, December 31, 2018
Bond Anticipation Notes	\$ 18,275,253	\$ 24,321,186	\$ 16,775,253	\$ 25,821,186
Emergency Note	2,660,052		891,693	1,768,359
Total	<u>\$ 20,935,305</u>	<u>\$ 24,321,186</u>	<u>\$ 17,666,946</u>	<u>\$ 27,589,545</u>
	Balance, December 31, 2016	Additions	Reductions	Balance, December 31, 2017
Bond Anticipation Notes	\$ 19,384,340	\$ 18,275,253	\$ 19,384,340	\$ 18,275,253
Emergency Note	2,110,077	2,660,052	2,110,077	2,660,052
Total	<u>\$ 21,494,417</u>	<u>\$ 20,935,305</u>	<u>\$ 21,494,417</u>	<u>\$ 20,935,305</u>

4. FIXED ASSETS

General Fixed Assets

The following is a summary of changes in the General Fixed Assets account group as of December 31, 2018 and 2017:

	Balance December 31, 2017	Additions	Reductions	Balance December 31, 2018
Land and Land Improvements	\$ 11,925,932	\$ 399,922		\$ 12,325,854
Buildings and Building Improvements	17,290,328			17,290,328
Machinery and Equipment	23,532,710	709,471		24,242,181
	<u>\$ 52,748,970</u>	<u>\$ 1,109,393</u>	<u>\$ -</u>	<u>\$ 53,858,363</u>
	Balance December 31, 2016	Additions	Reductions	Balance December 31, 2017
Land and Land Improvements	\$ 12,019,932		\$ 94,000	\$ 11,925,932
Buildings and Building Improvements	17,471,253		180,925	17,290,328
Machinery and Equipment	21,866,753	\$ 1,665,957		23,532,710
	<u>\$ 51,357,938</u>	<u>\$ 1,665,957</u>	<u>\$ 274,925</u>	<u>\$ 52,748,970</u>

TOWNSHIP OF WEST ORANGE

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

4. FIXED ASSETS (continued)

Utility Fund Fixed Assets

The following is a summary of changes in the Utility Fund fixed assets as of December 31, 2018 and 2017:

	Balance December 31, <u>2017</u>	<u>Additions</u>	<u>Reductions</u>	Balance December 31, <u>2018</u>
Swimming Pool Utility Fund				
Fixed Capital				
Land and Land Improvements	\$ 64,600			\$ 64,600
Buildings and Building Improvements	453,088			453,088
Machinery and Equipment	5,745			5,745
	<u>\$ 523,433</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 523,433</u>
	Balance December 31, <u>2016</u>	<u>Additions</u>	<u>Reductions</u>	Balance December 31, <u>2017</u>
Swimming Pool Utility Fund				
Fixed Capital				
Land and Land Improvements	\$ 64,600			\$ 64,600
Buildings and Building Improvements	453,088			453,088
Machinery and Equipment	5,745			5,745
	<u>\$ 523,433</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 523,433</u>

5. DUE TO/FROM OTHER FUNDS

As of December 31, 2018 and 2017, interfund receivables and payables that resulted from various interfund transactions are as follows:

	2018		2017	
	Due From Other Funds	Due To Other Funds	Due From Other Funds	Due To Other Funds
Current Fund:				
Regular	\$ -	\$ 432,068	\$ -	\$ 729,558
Grant	227,419		729,558	
Trust Fund - Section 8		389,651		
General Capital Fund	389,651	90,625		90,625
Assessment Trust Fund	295,274		90,625	
	<u>\$ 912,344</u>	<u>\$ 912,344</u>	<u>\$ 820,183</u>	<u>\$ 820,183</u>

The above balances are the result of expenditures being paid by one fund on behalf of another. The Township expects all interfund balances to be liquidated within one year.

TOWNSHIP OF WEST ORANGE

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

6. FUND BALANCES APPROPRIATED

Under the regulatory basis of accounting, fund balances in the Current Fund and Utility Operating Fund are comprised of cash surplus (fund balance) and non-cash surplus (fund balance). All or part of cash surplus as of December 31 may be anticipated in the subsequent year's budget. The non-cash surplus portion of fund balance may be utilized in the subsequent year's budget with the prior written consent of the Director of the Division of Local Government Services, if certain guidelines are met as to its availability. Fund balances at December 31, which were appropriated and included as anticipated revenue in their own respective fund's budget for the succeeding year, were as follows:

	2018		2017	
	Fund Balance <u>December 31,</u>	Utilized in Subsequent <u>Year's Budget</u>	Fund Balance <u>December 31,</u>	Utilized in Subsequent <u>Year's Budget</u>
Current Fund				
Cash Surplus	\$ 3,492,264	\$ 1,404,010	\$ 3,785,316	\$ 3,262,227
Swimming Pool Utility Operating Fund				
Cash Surplus	\$ 34,124	\$ 21,523	\$ 90,869	\$ 15,438

The above fund balance amounts utilized represents the surplus anticipated in the 2018 and 2017 municipal budgets.

7. COMPENSATED ABSENCES

Under the existing policies and labor agreements of the Township, employees are allowed to accumulate, with certain restrictions, unused vacation benefits, sick leave and compensation time in lieu of overtime over the life of their working careers and to redeem such unused leave time in cash upon death, retirement or by extended absence immediately preceding retirement.

It is estimated that the current cost of such unpaid compensation and salary related payments would approximate \$8,392,553.42 and \$11,528,051.29 at December 31, 2018 and 2017 respectively. This estimate by management is unaudited.

As of December 31, 2017, the Township had reserved \$181,500.80 to fund compensated absences in accordance with N.J.S.A. 40A:4-39 and did not have a reserve as of December 31, 2018.

8. EMPLOYEE RETIREMENT SYSTEMS

Public Employee Retirement System

The Public Employee Retirement System is a cost-sharing, multiple employer defined benefit pension plan as defined in GASB Statement No. 68. The Plan is administered by The New Jersey Division of Pensions and Benefits (Division). The more significant aspects of the PERS Plan are as follows:

Plan Membership and Contributing Employers- Substantially all full-time employees of the State of New Jersey or any county, municipality, school district or public agency are enrolled in PERS, provided the employee is not required to be a member of another state-administered retirement

TOWNSHIP OF WEST ORANGE

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

8. EMPLOYEE RETIREMENT SYSTEMS (continued)

system or other state pension fund or other jurisdiction's pension fund. Membership and contributing employers of the defined benefit pension plans consisted of the following at June 30, 2018 and 2017:

	2018	2017
Inactive plan members or beneficiaries currently receiving benefits	174,904	170,124
Inactive plan members entitled to but not yet receiving benefits	589	650
Active plan members	254,780	254,685
Total	430,273	425,459

Contributing Employers – 1,703

Significant Legislation – For State of New Jersey contributions to PERS, Chapter 1, P.L. 2010, effective May 21, 2010, required the State to resume making actuarially recommended contributions to the pension plan on a phased-in basis over a seven-year period beginning in the fiscal year ended June 30, 2012.

The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers were credited with full payment and any such amounts were not to be included in their unfunded liability. The actuaries determined the unfunded liability of the System, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability is being paid by the employer in level annual payments over a period of 15 years, which began with the payments due in the fiscal year ended June 30, 2012 and are adjusted by the rate of return on the actuarial value of assets.

Each member contributes a percentage of compensation. Effective October 1, 2011, Chapter 78, P.L. 2011, Chapter 78, P.L. 2011 set the member contribution rate at 6.5% and caused it to increase by 1/7th of 1% each July thereafter. On July 1, 2018, the full rate implemented by this law was achieved, and therefore the full 7.5% will be the required 2018 contribution.

Pursuant to the provision of Chapter 78, P.L. 2011, COLA increases were suspended for all current and future retirees of PERS.

For the year ended December 31, 2018 and 2017 the Township's total payroll for all employees was \$31,062,202 and \$31,623,739. Total PERS covered payroll was \$8,062,816 and \$8,010,986. Due to payroll system limitations, covered payroll refers to pensionable compensation, rather than total compensation, paid by the Town to active employees covered by the Plan.

Specific Contribution Requirements and benefit provisions – The contribution policy is set by N.J.S.A 43:15 and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contributions are based on an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year, 2018, the State's pension contribution was less than the actuarial determined amount. Employers' contribution amounts are based on an actuarially determined rate. The annual employer contributions include funding for basic retirement allowances and noncontributory death benefits. Township contributions are due and payable on April 1st in the second fiscal period subsequent to plan year for which the contributions requirements were calculated.

TOWNSHIP OF WEST ORANGE

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

8. EMPLOYEE RETIREMENT SYSTEMS (continued)

It is assumed that the Local employers will contribute 100% of their actuarially determined contribution and 100% of their Non-Contributory Group Insurance Premium Fund (NCGIPF) contribution while the State will contribute 50% of its actuarially determined contribution and 100% of its NCGIPF contribution. The 50% contribution rate is the actual total State contribution rate paid in fiscal year ending June 30, 2018 with respect to the actuarially determined contribution for the fiscal year ending June 30, 2018 for all State administered retirement systems.

In accordance with Chapter 98, P.L. 2017, PERS receives 21.02% of the proceeds of the Lottery Enterprise for a period of 30 years. Revenues received from lottery proceeds are assumed to be contributed to the System on a monthly basis.

	2018	2017
Total Regular Billing	\$ 1,098,779	\$ 1,014,943

The Township recognizes liabilities to PERS and records expenditures for same in the fiscal period that bills become due.

The vesting and benefit provisions are set by N.J.S.A. 43:15. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007.
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

A service retirement benefit of 1/55th of final average salary for each year of service credit is available to tier 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, to tier 3 and 4 members before age 62 and tier 5 members with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age of his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – The regulatory basis of accounting which is basis for the preparation of the Township's basic financial statements does not require or permit the inclusion of entity-wide, full accrual basis financial statements. Accordingly, the Township does not recognize pension liabilities for any current or prior period until the fiscal period in which such payments will become due and payable.

TOWNSHIP OF WEST ORANGE

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

8. EMPLOYEE RETIREMENT SYSTEMS (continued)

At June 30, 2018, the PERS reported a net pension liability of \$19,689,501,539 for its Non-State Employer Member Group. The Township's proportionate share of the net pension liability for the Non-State Employer Member Group that is attributable to the Township was \$22,540,737 or 0.1144809916%, which was an decrease of 0.0041272839% from its proportion measured as of June 30, 2018.

At June 30, 2017, the PERS reported a net pension liability of \$23,278,401,588 for its Non-State Employer Member Group. The Township's proportionate share of the net pension liability for the Non-State Employer Member Group that is attributable to the Township was \$27,610,111 or 0.1186082755%.

At December 31, 2018 the Township deferred outflows of resources and deferred inflows of resources related to PERS from the following sources, if GASB #68 was recognized:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expensed and actual experience	\$ 429,855	\$ 116,227
Changes of assumptions	3,714,340	7,207,329
Net difference between projected and actual investment earnings on pension plan investments	-	211,433
Changes in proportion	745,300	1,029,938
Township contributions subsequent to the measurement date	1,138,716	
	<u>\$ 6,028,211</u>	<u>\$ 8,564,927</u>

\$1,138,716 is reflected above as deferred outflows of resources related to PERS resulting from Township contributions subsequent to the measurement date. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS should have been recognized in pension expense on the GAAP basis as follows:

Year ended December 31,	Amount
2019	\$ 71,586
2020	(306,709)
2021	(1,363,351)
2022	(1,546,836)
2023	(530,122)
Total	<u>\$ (3,675,432)</u>

TOWNSHIP OF WEST ORANGE

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

8. EMPLOYEE RETIREMENT SYSTEMS (continued)

Actuarial Assumptions- The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	June 30, 2018	June 30, 2017
Inflation	2.25%	2.25%
Salary Increases (2026)	1.65% - 4.15% based on age	1.65 - 4.15% Based on age
Thereafter	2.65% - 5.15% based on age	2.65 - 5.15% Based on age
Investment rate of return	7.00%	7.00%

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the Conduent modified 2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and using a generational approach based on the Conduent 2014 projection scale thereafter. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2018 and 2017 are summarized in the following table:

TOWNSHIP OF WEST ORANGE

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

8. EMPLOYEE RETIREMENT SYSTEMS (continued)

<u>Asset Class</u>	<u>June 30, 2018</u>		<u>June 30, 2017</u>	
	<u>Target</u>	<u>Long-Term</u>	<u>Target</u>	<u>Long-Term</u>
	<u>Allocation</u>	<u>Expected Real</u>	<u>Allocation</u>	<u>Expected Real</u>
		<u>Rate of Return</u>		<u>Rate of Return</u>
Cash equivalents	5.50%	1.00%	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%	3.00%	1.87%
Global diversified credit	5.00%	7.10%	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%	1.00%	6.60%
Debt related private equity	2.00%	10.63%	2.00%	10.63%
Debt related real estate	1.00%	6.61%	1.00%	6.61%
Private real asset	2.50%	11.83%	2.50%	11.83%
Equity related real estate	6.25%	9.23%	6.25%	9.23%
U.S. equity	30.00%	8.19%	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%	11.50%	9.00%
Emerging markets equity	6.50%	11.64%	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%	8.25%	13.08%
Absolute return/risk mitigation	5.00%	5.51%	5.00%	5.51%
Investment grade credit	10.00%	3.78%	10.00%	3.78%
Public high yield	2.50%	6.82%	2.50%	6.82%
	<u>100.00%</u>		<u>100.00%</u>	

Discount Rate – The discount rate used to measure the total pension liability was 5.66% as of June 30, 2018 and 5.00% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.87% as of June 30, 2018 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year.

The State employer contributed 50% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through June 30, 2046 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

TOWNSHIP OF WEST ORANGE

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

8. EMPLOYEE RETIREMENT SYSTEMS (continued)

Sensitivity of Net Pension Liability – the following presents the net pension liability of PERS calculated using the discount rates as disclosed above as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage rate higher than the current rate:

	At 1% Decrease	At Current Discount Rate	At 1% Increase
PERS	\$ 28,342,380	\$ 22,540,737	\$ 17,673,530

Plan Fiduciary Net Position – The plan fiduciary net position for PERS including the State of New Jersey at June 30, 2018 and 2017 were \$29,472,374,536 and \$28,464,239,518, respectively. The portion of the Plan Fiduciary Net Position that was allocable to the Local (Non-State) Group at June 30, 2018 and 2017 was \$22,742,071,972 and \$21,573,965,463, respectively.

Additional information

Collective Local Group balances at June 30, 2018 are as follows:

Collective balances at June 30, 2018 are as follows:

Collective deferred outflows of resources	4,684,852,302
Collective deferred inflows of resources	7,646,736,226
Collective net pension liability - Local group	19,689,501,539

Township's Proportion 0.1144809916%

Collective Local Group pension expense for the Local Group for the measurement period ended June 30, 2018 and 2017 was \$1,099,708,157 and \$1,694,305,613, respectively. The average of the expected remaining service lives of all plan members is 5.63, 5.48, 5.57, 5.72 and 6.44 years for 2018, 2017, 2016, 2015 and 2014, respectively.

State Contribution Payable Dates

Prior to July 1, 2017 valuation, it is assumed the State will make pension contributions the June 30th following the valuation date. Effective with the July 1, 2017 valuation Chapter 83 P.L. 2016 requires the State to make pension contributions on a quarterly basis at least 25% by September 30, at least 50% by December 31, at least 75% by March 31, and at least 100% by June 30.

TOWNSHIP OF WEST ORANGE

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

8. EMPLOYEE RETIREMENT SYSTEMS (continued)

Receivable Contributions

The Fiduciary Net Position (FNP), includes Local employers' contributions receivable as reported in the financial statements provided by the Division of Pensions and Benefits. In determining the discount rate, the FNP at the beginning of each year does not reflect receivable contributions as those amounts are not available at the beginning of the year to pay benefits. The receivable contributions for the years ended June 30, 2018 and June 30, 2017 are \$1,017,878,064 and \$1,073,054,740, respectively.

Police and Firemen's Retirement System

The Police and Firemen's Retirement System is a cost-sharing, multiple employer defined benefit pension plan as defined in GASB Statement No. 68. The Plan is administered by The New Jersey Division of Pensions and Benefits (Division). The more significant aspects of the PFRS Plan are as follows:

Plan Membership and Contributing Employers- Substantially all full-time county and municipal police and firemen and state firemen or officer employees with police powers appointed after June 30, 1944 are enrolled in PFRS Membership and contributing employers of the defined benefit pension plans consisted of the following at June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Inactive plan members or beneficiaries currently receiving benefits	43,755	43,011
Inactive plan members entitled to but not yet receiving benefits	39	47
Active plan members	<u>41,517</u>	<u>40,789</u>
Total	<u><u>85,311</u></u>	<u><u>83,847</u></u>

Contributing Employers – 585

Significant Legislation – For State of New Jersey contributions to PFRS, Chapter 1, P.L. 2010, effective May 21, 2010, required the State to resume making actuarially recommended contributions to the pension plan on a phased-in basis over a seven-year period beginning in the fiscal year ended June 30, 2012.

For the year ended June 30, 2018, it is assumed that the Local employers will contribute 100% of their actuarially determined contribution and 100% of their Non-Contributory Group Insurance Premium Fund (NCGIPF) contribution while the State will contribute 50% of its actuarially determined contribution and 100% of its NCGIPF contribution. The 50% contribution rate is the actual total State contribution rate paid in fiscal year ending June 30, 2018 with respect to the actuarially determined contribution for the fiscal year ending June 30, 2018 for all State administered retirement systems.

TOWNSHIP OF WEST ORANGE

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

8. EMPLOYEE RETIREMENT SYSTEMS (continued)

In accordance with Chapter 98, P.L. 2017, PERS receives 1.2% of the proceeds of the Lottery Enterprise for a period of 30 years. Revenues received from lottery proceeds are assumed to be contributed to the System on a monthly basis.

Pursuant to the provision of Chapter 78, P.L. 2011, COLA increases were suspended for all current and future retirees of PFRS.

For the year ended December 2018 and 2017 the Township's total payroll for all employees was \$31,062,202 and \$31,623,739, respectively. Total PFRS covered payroll was \$18,734,009 and \$18,379,475, respectively. Covered payroll refers to pensionable compensation, rather than total compensation, paid by the Township to active employees covered by the Plan.

Specific Contribution Requirements and benefit provisions – The contribution policy is set by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contributions rate increased from 8.5% of annual compensation to 10.0% in October 2011. Employer contribution amounts are based on an actuarially determined rate. The annual employer contributions include funding for basic retirement allowances and noncontributory death benefits. Township contributions are due and payable on April 1st in the second fiscal period subsequent to plan year for which the contributions requirements were calculated.

Township payments to PFRS for the years ending December 31, 2018 and 2017 consisted of the following:

	<u>2018</u>	<u>2017</u>
Total Regular Billing	\$ 4,899,919	\$ 4,376,544

The Township recognizes liabilities to PFRS and records expenditures for same in the fiscal period that bills become due.

The vesting and benefit provisions are set by N.J.S.A. 43:16A. PFRS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for disability benefits, which vest after 4 years of service.

The following represents the membership tiers for PFRS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to May 22, 2010
2	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
3	Members who were eligible on or after June 28, 2011

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service, as defined, up to 30 years plus 1% for each year of service in excess of 30 years. Members may seek special retirement after achieving 25 years of creditable service, in which benefits would equal 65% (tiers 1 and 2 members) and 60% (tier 3 members) of final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years. Members may elect deferred retirement benefits after achieving ten years of service, in which case benefits would begin at age 55 equal to 2% of final compensation for each year of service.

TOWNSHIP OF WEST ORANGE

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

8. EMPLOYEE RETIREMENT SYSTEMS (continued)

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – The regulatory basis of accounting which is basis for the preparation of the Township's basic financial statements does not require or permit the inclusion of entity-wide, full accrual basis financial statements. Accordingly, the Town does not recognize pension liabilities for any current or prior period until the fiscal period in which such payments will become due and payable.

At June 30, 2018, the PFRS reported a net pension liability of \$15,369,699,278 for its Non-State, Non-Special Funding Situation Employer Member Group. The Township's proportionate share of the net pension liability for the Non-State Non-Special Funding Situation Employer Member Group was \$75,812,221, or 0.5602585733% which was an increase of 0.0066069567% from its proportion measured as of June 30, 2018. Then pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018.

At June 30, 2017, the PFRS reported a net pension liability of \$17,167,260 for its Non-State, Non-Special Funding Situation Employer Member Group. The Township's proportionate share of the net pension liability for the Non-State Non-Special Funding Situation Employer Member Group was \$85,473.106, or 0.5536516166%. The pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017.

At December 31, 2018 the Township would have reported deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources, if GASB #68 was recognized:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expended and actual experience	\$ 771,290	\$ 313,729
Changes of assumptions	-	19,429,364
Net difference between projected and actual investment earnings		
on pension plan investments	6,507,459	414,762
Changes in proportion	3,768,535	407,197
Township contributions subsequent to the measurement date	5,477,353	
	<u>\$ 16,524,637</u>	<u>\$ 20,565,052</u>

TOWNSHIP OF WEST ORANGE

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

8. EMPLOYEE RETIREMENT SYSTEMS (continued)

\$5,477,353 is reflected above as deferred outflows of resources related to pensions resulting from Township contributions subsequent to the measurement date. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions would be recognized in pension expense on the GAAP basis as follows:

Year ended December 31,	Amount
2019	\$ 33,816
2020	(676,344)
2021	(3,656,778)
2022	(3,846,322)
2023	(1,372,140)
Total	<u>\$ (9,517,768)</u>

Actuarial Assumptions- The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	June 30, 2018	June 30, 2017
Inflation	2.25%	2.25%
Salary Increases (2026)	2.10% - 8.98% based on age	2.10 -8.98% Based on age
Thereafter	3.10% - 9.98% based on age	3.10 - 9.98% Based on age
Investment rate of return	7.00%	7.00%

Pre-retirement mortality rates were based on the RP-2000 Combined Healthy Mortality tables projected on a generational basis from the base year of 2000 to 2013 using Projection Scale BB and the Conduent modified 2014 projection scale thereafter. For preretirement accidental mortality, a custom table with representative rates was used and there is no mortality improvement assumed. Post-retirement mortality rates for male service retirements are based on the RP-2000 Combined Healthy Mortality tables projected on a generational basis using Projection Scale AA from the base year of 2012 to 2013 and the Conduent modified 2014 projection scale thereafter. Post-retirement mortality rates for female service retirements and beneficiaries were based on the RP-2000 Combined Healthy Mortality tables projected on a generational basis from the base year of 2000 to 2013 using Projection Scale BB and the Conduent modified 2014 projection scale thereafter. Disability mortality rates were based on a custom table with representative rates and no mortality improvement assumed.

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

TOWNSHIP OF WEST ORANGE

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

8. EMPLOYEE RETIREMENT SYSTEMS (continued)

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2018 and 2017 are summarized in the following table:

<u>Asset Class</u>	<u>June 30, 2018</u>		<u>June 30, 2017</u>	
	Target	Long-Term Expected Real	Target	Long-Term Expected Real
	<u>Allocation</u>	<u>Rate of Return</u>	<u>Allocation</u>	<u>Rate of Return</u>
Cash equivalents	5.50%	1.00%	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%	3.00%	1.87%
Global diversified credit	5.00%	7.10%	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%	1.00%	6.60%
Debt related private equity	2.00%	10.63%	2.00%	10.63%
Debt related real estate	1.00%	6.61%	1.00%	6.61%
Private real asset	2.50%	11.83%	2.50%	11.83%
Equity related real estate	6.25%	9.23%	6.25%	9.23%
U.S. equity	30.00%	8.19%	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%	11.50%	9.00%
Emerging markets equity	6.50%	11.64%	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%	8.25%	13.08%
Absolute return/risk mitigation	5.00%	5.51%	5.00%	5.51%
Investment grade credit	10.00%	3.78%	10.00%	3.78%
Public high yield	2.50%	6.82%	2.50%	6.82%
	<u>100.00%</u>		<u>100.00%</u>	

Discount Rate – The discount rate used to measure the total pension liability was 6.51% as of June 30, 2018 and 6.14% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.87% as of June 30, 2018 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 50% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through June 30, 2062. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through June 30, 2062, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

TOWNSHIP OF WEST ORANGE

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

8. EMPLOYEE RETIREMENT SYSTEMS (continued)

Sensitivity of Net Pension Liability – the following presents the net pension liability of PFRS calculated using the discount rates as disclosed above as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage rate higher than the current rate:

	At 1% Decrease	At Current Discount Rate	At 1% Increase
PFRS	\$ 99,888,845	\$ 75,812,221	\$ 56,030,537

Plan Fiduciary Net Position – The plan fiduciary net position for PFRS at June 30, 2018 and 2017 was \$27,098,556,100 and \$25,847,718,399, respectively.

Additional information

Collective Local Group balances at June 30, 2018 are as follows:

Collective deferred outflows of resources	\$ 1,988,215,695
Collective deferred inflows of resources	4,286,994,294
Collective net pension liability	15,369,699,278
Township's Proportion	0.5602585733%

Collective pension expense for the Local Group for the measurement period ended June 30, 2018 and 2017 is \$1,270,762,352, and \$1,624,455,951, respectively. The average of the expected remaining service lives of all plan members is 5.73, 5.59, 5.58, 5.53 and 6.17 years for 2018, 2017, 2016, 2015 and 2014, respectively.

State Contribution Payable Dates

Effective with the July 1, 2017 valuation Chapter 83 P.L. 2016 requires the State to make pension contributions on a quarterly basis at least 25% by September 30, at least 50% by December 31, at least 75% by March 31, and at least 100% by June 30.

Receivable Contributions

The Fiduciary Net Position (FNP), includes Local employers' contributions receivable as reported in the financial statements provided by the Division of Pensions and Benefits. In determining the discount rate, the FNP at the beginning of each year does not reflect receivable contributions as those amounts are not available at the beginning of the year to pay benefits. The receivable contributions for the years ended June 30, 2018 and June 30, 2017 are \$1,017,878,064 and \$1,073,054,740, respectively.

Local contributions expected to be paid the April 1st, following the valuation are discounted by the interest rate used at the valuation date.

TOWNSHIP OF WEST ORANGE

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

8. EMPLOYEE RETIREMENT SYSTEMS (continued)

Special Funding Situation

Under N.J.S.A 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The amounts contributed on behalf of the local participating employers under this legislation is considered to be a special funding situation and state is treated as a non-employer entity. The non-employer contributing entities' total proportionate share of the collective net pension liability that is associated with the Township as of June 30, 2018 and 2017 for police and fire is 0.5602585733% and 0.5536516166%, respectively. The non-employer contributing entities' contribution for the year ended June 30, 2018 and 2017 was \$609,881 and \$478,726, respectively. The state's proportionate share of net pension liability attributable to the Township as of June 30, 2018 and 2017 was \$10,297,837 and \$9,573,708, respectively.

Defined Contribution Retirement Plan

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.

The Defined Contribution Retirement Plan (DCRP) is a multiple employer defined contribution plan as defined in GASB Statement No. 68. The Plan is administered by The New Jersey Division of Pensions and Benefits (Division). The more significant aspects of the DCRP are as follows:

Plan Membership and Contributing Employers- Enrollment in the DCRP is required for state or local officials, elected or appointed on or after July 1, 2007; employees enrolled in PFRS or PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in PFRS or PERS on or after November 2, 2008, who do not earn the minimum annual salary for tier 3 enrollment but who earn salary of at least \$5,000 annually; and employees otherwise eligible to enroll in PFRS or PERS after May 21, 2010, who do not work the minimum number of hours per week required for tier 4 or tier 5 enrollment, but who earn salary of at least \$5,000 annually. The maximum wage limit for 2018 is \$128,400 and is subject to annual adjustment. Members who earn in excess of the annual maximum wage will be enrolled in the DCRP in addition to the PERS. The minimum salary will be increased to \$8,000 for the period ended June 30, 2019. At June 30, 2018 and 2017, the membership in the DCRP, based on the information within the Division's database, was 57,893 and 56,044, respectively.

Contribution Requirement and Benefit Provisions - State and local government employers contribute 3% of the employee's base salary. Active members contribute 5.5% of base salary.

Eligible members are provided with a defined contribution retirement plan intended to qualify for favorable Federal income tax treatment under IRC Section 401(a), a noncontributory group life insurance plan and a noncontributory group disability benefit plan. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employee contributions shall immediately become and shall at all times remain fully vested and non-forfeitable.

A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employer contributions shall be vested and non-forfeitable on the date the participant commences the second year of employment or upon his or her attainment of age 65, while employed by an employer, whichever occurs first.

TOWNSHIP OF WEST ORANGE

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

8. EMPLOYEE RETIREMENT SYSTEMS (continued)

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation, with the amount of contributions by the State of New Jersey contingent upon the annual Appropriations Act. As defined, the various retirement systems require employee contributions based on 7.20% for PERS, 10% for PFRS and 5.5% for DCRP of employees' base wages.

9. DEFERRED COMPENSATION PLAN

The Township offers its employees a deferred compensation plan (the "DC Plan") created in accordance with Internal Revenue Code Section 457. The DC Plan is administered by the Variable Annuity Life Insurance Company ("VALIC"). The DC Plan, available to all Township employees, permits them to defer a portion of their salary until future years. The Township adopted necessary changes to the DC Plan as required by the Economic Growth and Tax Reform Act of 2001 by resolution #9834-02.

As a result of legislative changes, all amounts of compensation deferred, all property and rights purchased, and all income, property, or rights are (until paid or made available to the employee or other beneficiary) held in trust for the exclusive benefit of the participants and their beneficiaries, whereas, prior to these legislative changes, these amounts were solely the property rights of the Township subject only to the claims of the Township's general creditors. As a result, the deferred compensation investments are no longer reported in the Township financial statements.

A separate report on the DC Plan is filed with the Division of Local Government Services and a copy with the Township Clerk's office.

10. HEALTH BENEFITS

The State of New Jersey adopted P.L. 2011 Chapter 78 which requires all municipalities to increase the share of health benefit coverage paid by public employees and retirees who receive employer paid health benefits. The law changes the health care contributions standards set in Chapter 2 of 2010, by increasing the amounts contributed. The contribution rates are increased over a four-year period and are based on an employee's contractual salary. The law became effective for non-union contract agreements on July 1, 2011, which was then extended to October 1 and for all union contracts after they expire. In the Township, all union contracts expired December 31, 2011. The new contribution rates began on January 1, 2012.

11. LENGTH OF SERVICE AWARD PROGRAM (LOSAP)

The Township has authorized a Length of Service Award Program (LOSAP) pursuant to section 457(e) of the Internal Revenue Code and P.L. 1997, C. 388 as amended by P.L. 2001, C. 272 of the Statutes of New Jersey. The Program provides for fixed annual contributions to a deferred income account for volunteer firefighters and first aid and rescue squad members who meet specified service criteria. The Township sponsors the Program, which is administered by a private contractor. The LOSAP Program is subject to an annual review in accordance with AICPA standards for attestation engagements. LOSAP review reports are available in the office of the Township Clerk during scheduled working hours.

TOWNSHIP OF WEST ORANGE

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

12. DEFERRED CHARGES TO BE RAISED IN SUCCEEDING YEARS BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2018 and 2017, the following deferred charges existed:

	2018	2017
Severance liabilities	<u>\$ 1,768,359</u>	<u>\$ 2,658,384</u>

13. TAX APPEALS

There are several tax appeals pending before the State Tax Court of New Jersey requesting a reduction of assessments for the year 2018 and prior. Any reduction in assessed valuation will result in a refund of prior years' taxes in the year of settlement, which may be funded from tax revenues, through the establishment of a reserve or by the issuance of refunding bonds per N.J.S. 40A:2-51. The Township made a provision from tax revenues, in the amount of \$350,000 for these appeals in the event that the tax reductions are granted as of December 31, 2017. The Township did not make this provision during the year ended December 31, 2018. In accordance with the National Council on Governmental Accounting Statement 4, Accounting and Financial Reporting Principles for Claims and Judgments and Compensated Absences, the Township charges to current fund operations or a reduction of current tax collections, all state board judgments rendered during the year which will be paid from expendable available resources. The Township's share of the County taxes paid on any successful tax appeal would result in appropriate reductions applied against the County tax levy of the following year.

14. COMMITMENTS AND CONTINGENCIES

The Township receives financial assistance from the State of New Jersey and U.S. Government in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of the funds for eligible purposes.

Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by the grantors. As a result of these audits, costs previously reimbursed could be disallowed and require repayment to the grantor agency. As of December 31, 2018, the Township estimates that no material liabilities will result from such audits.

The Township is involved in certain legal proceedings, the resolution and impact on the financial statements of which, individually or in the aggregate, in the opinion of management as advised by legal counsel, would not be significant to the accompanying financial statements.

15. FEDERAL ARBITRAGE REGULATIONS

The Township is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service ("IRS") required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At December 31, 2018, the Township had no estimated arbitrage earnings due to the IRS.

TOWNSHIP OF WEST ORANGE

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

16. GASB 77 TAX ABATEMENTS

The Township has entered into several property tax abatement agreements in order to provide incentives to redevelop areas that are in need for improvement or to create economic growth. These agreements are authorized under various New Jersey state statutes. The following represent the Township's most significant tax abatement agreements:

Entity Name	Commencement Date	Termination Date	Pilot Billing	Taxes If Billed In Full	Abated Taxes
PILOT - St. Barnabas	December 18, 1999	Open	\$ 292,640	\$ 459,403	\$ 166,763
PILOT - Woodland Valley	June 9, 1992	Open	27,857	309,658	281,801
PILOT - Eagle Rock	August 17, 1978	Open	116,145	923,947	807,801
PILOT - Jewish Federation	September 26, 1978	Open	60,407	438,664	378,257
PILOT - WO Senior Housing	September 5, 1972	Open	117,900	1,093,062	975,162
Total			<u>\$ 614,950</u>	<u>\$ 3,224,735</u>	<u>\$ 2,609,785</u>

17. POST-RETIREMENT BENEFITS

Township's OPEB Plan

General Information about the OPEB Plan

The Township provides a single employer post-employment health benefits plan for its employees and retirees through a single employer defined benefit healthcare plan. The Township followed the accounting provisions of GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This statement established guidelines for reporting costs associated with "other postemployment benefits" (OPEB). OPEB costs are calculated based on plan benefits (other than pensions), that the retired employees and their spouses have accrued as a result of their respective years of employment service.

Plan description and benefits provided – The Township's post-employment healthcare benefit plan provides health benefits to all retired township employees who have at least 25 years of service with the Township at the time of retirement and their dependents. The Plan is a comprehensive health benefits plan which pays for hospital services, doctor expenses and other medical related necessities which include prescription drugs, and mental health/substance abuse services, subject to provisions and limitations. The Plan is not a separate entity or trust and does not issue stand-alone financial statements.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB No. 75.

Total OPEB Liability

The Township's total OPEB liability of \$97,984,467 was measured as of December 31, 2018, and was determined by an actuarial valuation as of that date. There were 341 retirees and surviving spouses and 307 active employees as part of the plan.

TOWNSHIP OF WEST ORANGE

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

17. POST-RETIREMENT BENEFITS (continued)

Actuarial assumptions and other imputes – The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

Discount rate 4.50%

Healthcare cost trend rate Range from 5.0% to 6.0%

Retirees' share of benefit-related costs Subject to the requirements of Chapter 78

Mortality rates were based on the RP 2000 Combined Healthy Male Mortality Rates Set Forward Three Years.

Turnover rates were based on NJ State Pensions Ultimate Withdrawal Rates – prior to benefits eligibility.

Medical Cost Aging Factor rates were based on NJ SHBP Medical Morbidity Rates.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at 12/31/2017	\$ 91,717,923
Annual Required Contribution (Annual OPEB Cost)	
Normal cost	635,839
30 year amortization of UAAL at Discount Rate (4.5%)	<u>5,630,705</u>
Net changes	6,266,544
Balance at 12/31/2018	<u><u>\$ 97,984,467</u></u>

Sensitivity of the total OPEB liability to changes in the discount rate – The following presents the total OPEB liability of the Township, as well as what the Township's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current discount rate:

	<u>June 30, 2018</u>		
	<u>1% Decrease</u>	<u>At Discount Rate</u>	<u>1% Increase</u>
	<u>(5.50%)</u>	<u>(4.50%)</u>	<u>(3.50%)</u>
Total OPEB Liability	\$ 96,958,452	\$ 97,984,467	\$ 99,010,482

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates – The following presents the total OPEB liability of the Township, as well as what the Township's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<u>June 30, 2018</u>		
	<u>1% Decrease</u>	<u>Healthcare Cost</u>	<u>1% Increase</u>
	<u>Trend Rate</u>	<u>Trend Rate</u>	<u>Trend Rate</u>
Total OPEB Liability	\$ 99,025,747	\$ 97,984,467	\$ 96,943,187

TOWNSHIP OF WEST ORANGE

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

17. POST-RETIREMENT BENEFITS (continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2018, the Township recognized OPEB expense of \$6,266,544.

State of New Jersey's OPEB Plan

Nonspecial Funding Situation – The State of New Jersey's Total OPEB Liability for nonspecial funding situation was \$9,452,773,649 and \$11,720,375,604 at June 30, 2018 and 2017, respectively.

Components of Net OPEB Liability – The components of the collective net OPEB liability for Local Government Retired Employees Plan, including the State of New Jersey, is as follows:

	<u>June 30, 2017</u>	<u>June 30, 2018</u>
Total OPEB Liability	\$ 20,629,044,656	\$ 15,981,103,227
Plan Fiduciary Net Position	<u>213,255,917</u>	<u>314,485,086</u>
Net OPEB Liability	<u>\$ 20,415,788,739</u>	<u>\$ 15,666,618,141</u>
Plan fiduciary net position as a percentage of the total OPEB liability	1.03%	1.97%

Actuarial Assumptions and Other Inputs – The total OPEB liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018. The total OPEB liability as of June 30, 2017 was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2017. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. These actuarial valuations used the following actuarial assumptions, applied to all periods (2017 and 2018) in the measurement:

Inflation	2.50%
Salary Increases*:	
Through 2026	1.65% - 8.98%
Thereafter	2.65% - 9.98%

*Salary increases are based on the defined benefit plan that the member is enrolled in and his or her age.

Preretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using MP-2017 scale.

Certain actuarial assumptions used in the July 1, 2016 and July 1, 2017 valuations were based on the results of the pension plans' experience studies for which the members are eligible for coverage under this Plan – the Police and Firemen Retirement System (PFRS) and the Public Employees' Retirement System (PERS). The PFRS and PERS experience studies were prepared for the periods July 1, 2010 to June 30, 2013 and July 1, 2011 to June 30, 2014, respectively.

100% of active members are considered to participate in the Plan upon retirement.

TOWNSHIP OF WEST ORANGE

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

17. POST-RETIREMENT BENEFITS (continued)

Healthcare Trend 2018 Assumptions – For pre-Medicare preferred provider organization (PPO) and health maintenance organization (HMO) medical benefits, the trend rate is initially 5.8% and decreases to a 5.0% long-term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drugs benefits, the initial trend rate is 8.00% decreasing to a 5.0% trend rate after seven years. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

Discount Rate – The discount rate for June 30, 2018 and 2017 was 3.87% and 3.58%, respectively. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20- Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Sensitivity of the State's Net OPEB Liability to Changes in the Discount Rate – The following presents the collective net OPEB liability of the participating employers as of June 30, 2018 and 2017, calculated using the discount rate as disclosed above as well as what the collective net OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

	1% Decrease	At Discount Rate	1% Increase
Total Net OPEB Liability - 2017	\$ 24,081,031,440	\$ 20,415,788,739	\$ 17,507,480,418
Total Net OPEB Liability - 2018	18,381,085,096	15,666,618,141	13,498,373,388

Sensitivity of the State's Net OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the net OPEB liability as of June 30, 2018 and 2017, respectively, calculated using the healthcare trend rate as disclosed above as well as what the net OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total Net OPEB Liability - 2017	\$ 16,966,116,709	\$ 20,415,788,739	\$ 24,907,661,428
Total Net OPEB Liability - 2018	13,068,471,450	15,666,618,141	19,029,006,023

Special Funding Situation – The State of New Jersey's Total OPEB Liability for special funding situation was \$6,213,844,492 and \$8,695,413,315 at June 30, 2018 and 2017, respectively.

Under Chapter 330, P.L. 1997, the State shall pay the premium or periodic charges for the qualified local police and firefighter retirees and dependents equal to 80 percent of the premium or periodic charge for the category of coverage elected by the qualified retiree under the State managed care plan or a health maintenance organization participating in the program providing the lowest premium or periodic charge. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L. 1989.

Therefore, those employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan, there is no net OPEB liability, deferred outflows of resources or deferred inflows of resources to report in the financial statements of the local participating employers related to this legislation.

TOWNSHIP OF WEST ORANGE

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

17. POST-RETIREMENT BENEFITS (continued)

The amounts of the State's Non-employer OPEB Liability that are attributable to employees and retirees of the Township of West Orange was \$39,798,680 and \$55,293,263 at June 30, 2018 and 2017, respectively. These allocated liabilities represent 0.640484% and 0.635890% of the State's total Nonemployer OPEB Liability for June 30, 2018 and 2017, respectively. The OPEB Expense attributed to the Township was \$1,204,752 and \$3,957,123 at June 30, 2018 and 2017, respectively.

18. SUBSEQUENT EVENTS

The Township has evaluated subsequent events occurring after December 31, 2018 through August 1, 2019, which is the date the financial statements were available to be issued and identified the following financial transactions:

Rock Spring Golf Course

On March 19, 2019, the Township Council approved a \$12 million Bond Ordinance which would permit the Township to purchase the Rock Spring Club. In April 2019, the Township purchased the Rock Spring Club for \$11.2 million from the Montclair Country Club, which consists of 138 acres including an 18-hole golf course and related amenities including a clubhouse, all of the machinery, equipment and other components necessary to continue running a golf course. The Township desires to run the golf operations for at least two years and has entered into a contract with Kemper Sports of Northbrook, Illinois to manage the club as it is converted into a public daily fee golf facility. The course opened on May 19, 2019.

Bond Issuance

On June 25, 2019, the Township Council adopted a resolution providing for the authorization of \$7,621,000 in General Improvement Bonds. The bonds will be issued to fund various capital improvements and renovations to the Township of West Orange Library. This resolution provides for the combination of certain issues into a single issue of bonds.

***TOWNSHIP OF WEST ORANGE
ESSEX COUNTY, NEW JERSEY***

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PART II

***SUPPLEMENTARY SCHEDULES –
SUPPLEMENTARY INFORMATION –
AS REQUIRED BY THE DIVISION OF LOCAL GOVERNMENT SERVICES***

**TOWNSHIP OF WEST ORANGE
COUNTY OF ESSEX, NEW JERSEY
YEAR ENDED DECEMBER 31, 2018**

Comparative Schedule of Tax Rate Information

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Tax Rate	\$ <u>4.038</u>	\$ <u>3.986</u>	\$ <u>3.89</u>
Apportionment of Tax Rate:			
Municipal	0.966	0.948	0.927
Minimum Library Tax	0.037	0.036	0.035
County	0.539	0.545	0.540
School	2.476	2.438	2.369
Municipal - Open Space	0.003	0.003	0.003
County - Open Space	0.017	0.016	0.016
	\$ <u>4.038</u>	\$ <u>3.986</u>	\$ <u>3.890</u>
Assessed Valuation	\$ <u>5,593,516,832</u>	\$ <u>5,592,104,073</u>	\$ <u>5,599,688,525</u>

Comparison of Tax Levies and Collections

A study of this tabulation could indicate a possible trend in future tax levies. A decrease in the percentage of current collections could be an indication of a probable increase in future tax levies.

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percent of Collections</u>
2018	\$ 226,129,172.95	\$ 223,357,490.11	98.77%
2017	223,138,412.68	219,892,502.43	98.55%
2016	218,449,817.06	215,704,861.98	98.74%

**TOWNSHIP OF WEST ORANGE
COUNTY OF ESSEX, NEW JERSEY
YEAR ENDED DECEMBER 31, 2018**

Delinquent Taxes and Tax Title Liens

The delinquent taxes contained in the following tabulation are inclusive in each case, of delinquent taxes of the current year's levy. This tabulation includes a comparison, expressed in percentage, of the total of delinquent taxes and tax title liens, in relation to the tax levies of the last three years.

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2018	\$ 56,508.57	\$ 2,769,463.70	\$ 2,825,972.27	1.25%
2017	50,234.82	3,309,924.85	3,360,159.67	1.51%
2016	39,086.54	2,568,921.50	2,608,008.04	1.19

The last tax sale was held via the internet on October 5, 2018 and was complete.

Inspection of tax sale certificates on file revealed that all tax sale certificates tested were available for audit.

The following comparison is made of the number of tax title liens receivable on December 31 of the last three years:

<u>Years</u>	<u>Tax Title Liens</u>
2018	4
2017	9
2016	9

Property Acquired by Tax Title Lien Liquidation

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

<u>Years</u>	<u>Amount</u>
2018	\$ 1,652,465
2017	1,652,465
2016	1,652,465

Equalized Valuations – Real Property

<u>Year</u>	<u>Amount</u>
2018	\$ 6,364,242,854
2017	6,215,620,287
2016	6,043,723,568

**TOWNSHIP OF WEST ORANGE
COUNTY OF ESSEX, NEW JERSEY
YEAR ENDED DECEMBER 31, 2018**

Comparison of Sewer Utility Levies and Collections

<u>Year</u>	<u>Levy</u>	<u>Cash Collections(*)</u>	<u>Percentage of Collection</u>
2018	\$ 7,065,648.48	\$ 7,040,459.51	99.64%
2017	7,070,632.19	7,226,098.37	102.20%
2016	7,055,299.92	6,886,119.87	97.60%

* Includes collection of prior year receivables

Comparative Schedule of Fund Balances

Current Fund

<u>Year</u>	<u>Balance December 31</u>	<u>Utilized in Budget of Succeeding Year</u>
2018	\$ 3,492,263.83	\$ 1,404,009.99
2017	3,785,316.01	3,262,227.48
2016	4,415,550.88	3,022,376.78

Swimming Pool Utility Fund

<u>Year</u>	<u>Balance December 31</u>	<u>Utilized in Budget of Succeeding Year</u>
2018	\$ 34,123.94	\$ 21,522.51
2017	90,869.19	15,438.00
2016	40,437.13	16,055.00

*As Introduced

Bonded Officials

The following officials were bonded during the year ended December 31, 2018 through policies issued by Western Surety Company:

<u>Name</u>	<u>Title</u>	<u>Amount</u>
Yvonne Bowers	Municipal Court Administrator	\$ 75,000
Joanne Gagliardo	Tax Collector	720,000
John O. Gross	Chief Financial Officer	50,000
Dawn Donohue	Municipal Judge	75,000
Dennis O'Dowd	Chief Municipal Judge	75,000
Karen J. Carnevale	Township Clerk	5,000

The Public Employees' Blanket Bond is carried to cover all other officials not specifically covered by a separate bond.

**TOWNSHIP OF WEST ORANGE
CURRENT FUND**

A-4

**CASH RECEIPTS AND DISBURSEMENTS - TREASURER
YEAR ENDED DECEMBER 31, 2018**

	<u>Ref.</u>	Regular <u>Fund</u>
Balance, December 31, 2017	A	\$ 27,593,762.66
Increased by Receipts:		
Tax Collector	A-5	<u>237,252,600.24</u>
		<u>264,846,362.90</u>
Decreased by Disbursements:		
Budget Appropriations	A-3	74,425,561.73
State and County Judgments	A-10	24,540.05
Tax Title Lienholders Payable	A-10A	2,938,876.14
Tax Title Lien Premium Payable	A-10B	2,566,200.00
Interfund Advances	A-13	971,780.44
Appropriation Reserves	A-15	549,396.77
Accounts Payable	A-17	8,658.80
Special Emergency Notes	A-14	890,025.00
Open Space Trust	A-14A	145,602.62
Special Improvement District Assessment	A-14B	97,767.05
Tax Appeals Paid	A-18	236,911.99
School Tax Payable	A-19	138,493,957.50
County Tax Payable	A-20	31,121,702.06
Fees Due to State of New Jersey	A-21	<u>80,835.00</u>
		<u>252,551,815.15</u>
Balance, December 31, 2018	A	<u><u>\$ 12,294,547.75</u></u>

**TOWNSHIP OF WEST ORANGE
CURRENT FUND**

A-5

**CASH RECEIPTS AND DISBURSEMENTS - COLLECTOR
YEAR ENDED DECEMBER 31, 2018**

	<u>Ref.</u>	Regular <u>Fund</u>
Increased by Receipts:		
Taxes Receivable	A-7	\$ 210,033,238.08
Tax Title Liens Receivable	A-8	7,458.06
Tax Title Lienholders Payable	A-10A	2,948,481.06
Tax Title Lien Premium Payable	A-10B	1,678,900.00
Revenue Accounts Receivable	A-11	13,150,672.15
Sewer Rents	A-12	7,040,459.51
Interfund	A-13	453,281.13
Exemptions Due from State of New Jersey	A-16	148,220.55
Fees Due to State of New Jersey	A-21	71,491.00
Prepaid Taxes	A-22	1,700,337.06
Sewer Rent Overpayments	A-17A	11,331.64
Prepaid Health Licenses	A-14C	8,730.00
		237,252,600.24
Decreased by Disbursements:		
Township Treasurer	A-4	237,252,600.24

**TOWNSHIP OF WEST ORANGE
CURRENT FUND**

A-6

**SCHEDULE OF CASH - CHANGE FUNDS
YEAR ENDED DECEMBER 31, 2018**

	<u>Ref.</u>	
Balance, December 31, 2018 and 2017	A	<u>\$ 650.00</u>
Analysis of Balance:		
Tax Collector		\$ 300.00
Health Department		25.00
Police Department		25.00
Municipal Court		<u>300.00</u>
	Above	<u>\$ 650.00</u>

**TOWNSHIP OF WEST ORANGE
CURRENT FUND**

A-7

**TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY
YEAR ENDED DECEMBER 31, 2018**

Year	Balance, December 31, 2017	2018 Levy	Added Taxes	Collections		Canceled	Senior Citizens' and Veterans' Deductions (Net)	Tax Title Liens	Balance, December 31, 2018
				2017	2018				
2016	\$ 56,363.55				\$ 56,363.55				
2017	3,253,561.30				3,171,006.43	\$ 72,661.71			\$ 9,893.16
2018		\$ 225,937,942.72	\$ 191,230.23	\$ 16,401,153.52	206,805,868.10	2,281.51	\$ 150,468.49	\$ 9,830.79	2,759,570.54
	<u>\$ 3,309,924.85</u>	<u>\$ 225,937,942.72</u>	<u>\$ 191,230.23</u>	<u>\$ 16,401,153.52</u>	<u>\$ 210,033,238.08</u>	<u>\$ 74,943.22</u>	<u>\$ 150,468.49</u>	<u>\$ 9,830.79</u>	<u>\$ 2,769,463.70</u>
Ref.	A	Below	Reserve	A-22, Below	A-5, Below	Reserve	A-16	A-8	A
Collected in 2018					\$ 206,805,868.10				
Collected in 2017					16,401,153.52				
Senior citizens and veterans deductions (net)					150,468.49				
					<u>\$ 223,357,490.11</u>				
Local District School Tax Levy	A-19 \$ 138,493,957.00	A-2 \$ 138,493,957.00							
County Tax	A-20 30,158,467.03								
County Open Space Tax	A-20 941,802.68								
Due County for Added Taxes	A-20 <u>26,330.90</u>	A-2 31,126,600.61							
Local Tax for Municipal Purposes	54,025,331.47								
Add Additional Tax Levied	<u>163,004.95</u>	A-2 54,188,336.42							
Local Tax for Library Purposes	2,075,157.00								
Add Additional Tax Levied	<u>1,752.25</u>	A-2 2,076,909.25							
Open Space Tax	145,460.49								
Add Additional Open Space Tax	<u>142.13</u>	A-2 145,602.62							
SID Assessment	A-14A	A-2 <u>97,767.05</u>							
		<u>\$ 226,129,172.95</u>							

**TOWNSHIP OF WEST ORANGE
CURRENT FUND**

**TAX TITLE LIENS RECEIVABLE
YEAR ENDED DECEMBER 31, 2018**

A-8

	<u>Ref.</u>		
Balance, December 31, 2017	A	\$	50,234.82
Increased by:			
Transfer from Taxes Receivable	A-7	\$	9,830.79
Adjustment	Reserve		1,995.00
Interest and Costs	Reserve		<u>1,906.02</u>
			<u>13,731.81</u>
Decreased by:			
Cash Receipts	A-5		<u>7,458.06</u>
			<u>7,458.06</u>
Balance, December 31, 2018	A	\$	<u><u>56,508.57</u></u>

**PROPERTY ACQUIRED FOR TAXES - ASSESSED VALUATION
DECEMBER 31, 2018**

A-9

	<u>Ref.</u>		
Balance, December 31, 2018 and 2017	A	\$	<u><u>1,652,465.00</u></u>

**TOWNSHIP OF WEST ORANGE
CURRENT FUND**

**TAX APPEALS PAYABLE
YEAR ENDED DECEMBER 31, 2018**

A-10

	<u>Ref.</u>	
Balance, December 31, 2017	A	\$ 162,772.69
Decreased by:		
Tax Appeals Paid	A-4	<u>24,540.05</u>
Balance, December 31, 2018	A	<u><u>\$ 138,232.64</u></u>

**TAX TITLE LIENHOLDERS PAYABLE
YEAR ENDED DECEMBER 31, 2018**

A-10A

	<u>Ref.</u>	
Balance, December 31, 2017	A	\$ 247,832.62
Increased by:		
Tax Lien Sale	A-5	<u>2,948,481.06</u>
		3,196,313.68
Decreased by:		
Redemptions	A-4	<u>2,938,876.14</u>
Balance, December 31, 2018	A	<u><u>\$ 257,437.54</u></u>

**TAX TITLE LIEN PREMIUMS PAYABLE
YEAR ENDED DECEMBER 31, 2018**

A-10B

	<u>Ref.</u>	
Balance, December 31, 2017	A	\$ 4,682,653.14
Increased by:		
Tax Lien Sale	A-5	<u>1,678,900.00</u>
		6,361,553.14
Decreased by:		
Cash Disbursements	A-4	<u>2,566,200.00</u>
Balance, December 31, 2018	A	<u><u>\$ 3,795,353.14</u></u>

**TOWNSHIP OF WEST ORANGE
CURRENT FUND**

A-11

**REVENUE ACCOUNTS RECEIVABLE
YEAR ENDED DECEMBER 31, 2018**

	<u>Ref.</u>	Balance, December 31, <u>2017</u>	Accrued in <u>2018</u>	Collected by <u>Treasurer</u>	Balance, December 31, <u>2018</u>
BUDGET REVENUE:					
In Lieu of Taxes:					
West Orange Senior Citizens Housing	A-2		\$ 117,900.00	\$ 117,900.00	
Jewish Federation Plaza	A-2		116,145.43	116,145.43	
Eagle Rock Housing	A-2		60,407.00	60,407.00	
Woodland Valley	A-2		27,857.25	27,857.25	
St. Barnabas	A-2		292,640.25	292,640.25	
Twp Clerk: Alcoholic Beverages Licenses	A-2		121,223.12	121,223.12	
Twp Clerk: Other Licenses	A-2		62,154.00	62,154.00	
Fees and Permits	A-2		275,518.88	275,518.88	
Municipal Court Fines and Costs	A-2	\$ 31,006.25	533,548.71	527,492.62	\$ 37,062.34
Parking Meters	A-2		5,348.43	5,348.43	
Interest on Delinquent Taxes	A-2		847,580.86	847,580.86	
Interest on Investments	A-2		70,037.47	70,037.47	
State of New Jersey:					
Energy Receipts Tax	A-2		4,691,252.00	4,691,252.00	
Watershed Moratorium Offset Aid	A-2		5,217.00	5,217.00	
Construction Code Official: Permits and Fees	A-2		724,360.00	724,360.00	
Interlocal Service Agreements	A-2		10,474.00	10,474.00	
Uniform Fire Safety Act	A-2		84,550.92	84,550.92	
Supplemental Sewer Fees	A-2		37,730.00	37,730.00	
Medical Transport Billing Service	A-2		1,243,241.96	1,243,241.96	
Comcast Cable/Verizon Franchise Fee	A-2		677,782.01	677,782.01	
Ground Leases	A-2		153,235.50	153,235.50	
Hotel Tax	A-2		515,311.11	515,311.11	
Swim Pool Fund Balance	A-2		50,000.00	50,000.00	
Trust Fund Balance	A-2		105,210.26	105,210.26	
Reserve to Pay Debt Service	A-2		90,598.63	90,598.63	
General Capital Fund Balance	A-2		257,946.03	257,946.03	
Open Space Trust Fund-Debt Service	A-2		12,922.60	12,922.60	
Assessment Trust Fund Balance	A-2		331,613.70	331,613.70	
Extra Duty Fees	A-2	12,667.57	135,673.32	148,340.89	
Total Anticipated Revenues		\$ 43,673.82	\$ 11,657,480.44	\$ 11,664,091.92	\$ 37,062.34
Miscellaneous Revenue Not Anticipated	A-2		1,486,580.23	1,486,580.23	
		\$ 43,673.82	\$ 13,144,060.67	\$ 13,150,672.15	\$ 37,062.34
	Ref.	A	Reserve	A-5	A

See Independent Auditors' Report

**TOWNSHIP OF WEST ORANGE
CURRENT FUND**

A-12

**SEWER USER CHARGES RECEIVABLE
YEAR ENDED DECEMBER 31, 2018**

	<u>Ref.</u>	
Balance, December 31, 2017	A	\$ 362,308.37
Increased by:		
Sewer Charges	Reserve	7,065,648.48
		7,427,956.85
Decreased by:		
Cash Receipts	A-2, A-5	7,040,459.51
Balance, December 31, 2018	A	\$ 387,497.34

**TOWNSHIP OF WEST ORANGE
CURRENT FUND**

A-13

**INTERFUNDS PAYABLE
YEAR ENDED DECEMBER 31, 2018**

	<u>Ref.</u>	<u>Total</u>	<u>Assessment Trust Fund</u>	<u>Federal and State Grant Fund</u>
Balance, December 31, 2017	A	<u>\$ 729,557.52</u>		<u>\$ 729,557.52</u>
Increased by:				
Unfunded Assessments	A-1	204,649.28	\$ 204,649.28	
Budget Appropriation	A-3	1,770,112.17		1,770,112.17
Cash Receipts	A-5	380,005.84		380,005.84
Unappropriated Grants	A-5	<u>73,275.29</u>		<u>73,275.29</u>
		<u>2,428,042.58</u>	<u>204,649.28</u>	<u>2,223,393.30</u>
Decreased by:				
Revenue Anticipated	A-2	1,736,151.50		1,736,151.50
Cash Disbursements	A-4	971,780.44		971,780.44
Cancellation of Grants (Net)	A-1	<u>17,600.00</u>		<u>17,600.00</u>
		<u>2,725,531.94</u>		<u>2,725,531.94</u>
Balance, December 31, 2018	A	<u><u>\$ 432,068.16</u></u>	<u><u>\$ 204,649.28</u></u>	<u><u>\$ 227,418.88</u></u>

**TOWNSHIP OF WEST ORANGE
CURRENT FUND**

**SPECIAL EMERGENCY NOTES PAYABLE
YEAR ENDED DECEMBER 31, 2018**

	<u>Ref.</u>	A-14
Balance, December 31, 2017	A	\$ 2,660,052.00
Decreased by:		
Cancelations	A-1	1,668.00
Cash Disbursements	A-4	<u>890,025.00</u>
Balance, December 31, 2018	A	<u><u>\$ 1,768,359.00</u></u>

**LOCAL OPEN SPACE TAXES PAYABLE
YEAR ENDED DECEMBER 31, 2018**

	<u>Ref.</u>	A-14A
Balance, December 31, 2017	A	\$ -
Increased by:		
Local Open Space Taxes Levy	A-1, A-7	<u>145,602.62</u>
		145,602.62
Decreased by:		
Local Open Space Taxes Paid to Trust	A-4	<u>145,602.62</u>
Balance, December 31, 2018	A	<u><u>\$ -</u></u>

**SPECIAL IMPROVEMENT DISTRICT ASSESSMENT
YEAR ENDED DECEMBER 31, 2018**

	<u>Ref.</u>	A-14B
Balance, December 31, 2017	A	\$ -
Increased by:		
SID Funds Levy	A-1, A-7	<u>97,767.05</u>
		97,767.05
Decreased by:		
SID Funds Disbursed	A-4	<u>97,767.05</u>
Balance, December 31, 2018	A	<u><u>\$ -</u></u>

**PREPAID HEALTH LICENSES
YEAR ENDED DECEMBER 31, 2018**

	<u>Ref.</u>	A-14C
Balance, December 31, 2017	A	\$ 2,780.00
Increased by:		
Cash Receipts	A-5	<u>8,730.00</u>
Balance, December 31, 2018	A	<u><u>\$ 11,510.00</u></u>

**TOWNSHIP OF WEST ORANGE
CURRENT FUND**

A-15
Sheet # 1

**2017 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2018**

	Balance, December 31, <u>2017</u>	Encumbrances December 31, <u>2017</u>	Opening Balances January 1, <u>2018</u>	Balance, After <u>Transfer</u>	Paid or <u>Charged</u>	<u>Lapsed</u>
SALARIES AND WAGES:						
Department of Fire	\$ 10,411.49		\$ 10,411.49	\$ 10,411.49		\$ 10,411.49
Total Salaries and Wages	<u>10,411.49</u>		<u>10,411.49</u>	<u>10,411.49</u>		<u>10,411.49</u>
OTHER EXPENSES:						
Office of the Mayor	655.37	\$ 548.00	1,203.37	1,203.37	\$ 38.01	1,165.36
Public Information Officer	76.80		76.80	76.80		76.80
Township Council	16,181.35	507.34	16,688.69	16,688.69	1,201.78	15,486.91
Alcohol Beverage Control	52.00		52.00	52.00		52.00
Litigation - Arbitration		465.00	465.00	465.00		465.00
Township Clerk	1,590.82	182.19	1,773.01	1,773.01	182.19	1,590.82
Human Relations	450.54	56.13	506.67	506.67	56.13	450.54
Planning Board	8,117.47	240.55	8,358.02	8,358.02	240.55	8,117.47
Board of Adjustment	3,156.15	127.20	3,283.35	3,283.35	94.80	3,188.55
Waste Management	4,875.55		4,875.55	4,875.55		4,875.55
Municipal Court	4,282.30	2,714.99	6,997.29	6,997.29	2,324.48	4,672.81
Public Defender	6,400.00	200.00	6,600.00	6,600.00		6,600.00
Open Space Recreation	83.35	66.65	150.00	150.00	66.65	83.35
Rent Leveling Board	75.00		75.00	75.00		75.00
Business Administrator	35,180.56	16,834.18	52,014.74	52,014.74	6,603.89	45,410.85
Administration of Town-Owned Property	332.00		332.00	332.00	243.00	89.00
Central Purchasing	6,233.09	1,902.34	8,135.43	8,135.43	1,446.67	6,688.76
Central Printing and Supply		142.59	142.59	142.59	141.10	1.49
Central Telephone	21,518.03	19,600.45	41,118.48	41,118.48	12,981.01	28,137.47
Employee Group Health	164,018.53	629.40	164,647.93	164,647.93		164,647.93
Central Mailing	7,482.27	600.00	8,082.27	8,082.27	1,037.46	7,044.81
Township Physician	8,159.00	80.00	8,239.00	8,239.00	80.00	8,159.00
Treasurer	5,397.08	1,614.00	7,011.08	7,011.08	1,074.00	5,937.08
Comptroller	5,455.97	14,202.12	19,658.09	19,658.09	16,303.38	3,354.71
Planning Director	1,056.21	4,885.84	5,942.05	5,942.05	4,800.00	1,142.05
Housing Code Enforcement	4,437.94	17.83	4,455.77	4,455.77	17.83	4,437.94
Downtown W.O. Alliance	1,635.52		1,635.52	1,635.52		1,635.52
Energy Commission	950.00		950.00	950.00		950.00
Historical Commission	397.20	4,999.20	5,396.40	5,396.40		5,396.40
Tax Assessor	5,286.62	5,100.00	10,386.62	10,386.62	7,671.78	2,714.84
Police Uniform Allowance	2,300.00		2,300.00	2,300.00		2,300.00

See Independent Auditors' Report

**TOWNSHIP OF WEST ORANGE
CURRENT FUND**

A-15
Sheet # 2

**2017 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2018**

	Balance, December 31, <u>2017</u>	Encumbrances December 31, <u>2017</u>	Opening Balances January 1, <u>2018</u>	Balance, After <u>Transfer</u>	Paid or <u>Charged</u>	<u>Lapsed</u>
Police Department		\$ 42,822.91	\$ 42,822.91	\$ 42,822.91	\$ 42,145.24	\$ 677.67
Department of Fire	\$ 977.81	20,587.78	21,565.59	21,565.59	20,756.60	808.99
Fire Uniforms	4,600.00		4,600.00	4,600.00		4,600.00
Uniform Fire Safety	304.56	3,512.45	3,817.01	3,817.01	311.42	3,505.59
Emergency Management Services	61.37	2,368.15	2,429.52	2,429.52	2,359.42	70.10
Engineering	1,252.14	10,285.63	11,537.77	11,537.77	10,078.07	1,459.70
Building and Grounds		37,067.76	37,067.76	37,067.76	16,999.83	20,067.93
Arts Council	64.09	814.66	878.75	878.75	814.66	64.09
Shade Tree	2,074.51	16,965.71	19,040.22	19,040.22	2,070.54	16,969.68
Parking Facilities-Maint & Repair	660.00	1,765.00	2,425.00	2,425.00	1,765.00	660.00
Street Services-Cleaning & Drainage		117,452.21	117,452.21	117,452.21	117,268.30	183.91
Street Services-Other Expenses	19,252.18	8,733.14	27,985.32	27,985.32	6,081.81	21,903.51
Street Repairs	25,194.57	13,353.47	38,548.04	38,548.04	9,067.85	29,480.19
Street Services & Traffic	721.57	2,500.00	3,221.57	3,221.57	1,053.88	2,167.69
Sanitation	1,457.28	415.88	1,873.16	1,873.16	1,333.26	539.90
Automotive		114,964.96	114,964.96	114,964.96	20,067.14	94,897.82
Sewage and Pumping Stations	23,484.28	5,685.00	29,169.28	29,169.28	5,175.82	23,993.46
General Health	5,371.03	1,113.09	6,484.12	6,484.12	991.61	5,492.51
Senior Citizen Transportation	304.34	100.00	404.34	404.34	100.00	304.34
Public Assistance	4,574.24	1.66	4,575.90	4,575.90		4,575.90
Podiatry	4,820.37	500.00	5,320.37	5,320.37	123.15	5,197.22
Senior Citizen Health Center	1,288.44	1,053.13	2,341.57	2,341.57	56.47	2,285.10
Child Health Clinic	715.13		715.13	715.13		715.13
Retired Citizens Program	2,461.90	3,510.73	5,972.63	5,972.63	3,502.28	2,470.35
Right to Know Program	179.37		179.37	179.37		179.37
Garbage and Trash Removal		285.00	285.00	285.00	285.00	
Community Services	9,750.00	9,500.00	19,250.00	19,250.00	9,500.00	9,750.00
Parks and Playgrounds	9,523.11	12,740.63	22,263.74	22,263.74	3,702.46	18,561.28
Public Celebrations	2,799.06	825.76	3,624.82	3,624.82	575.00	3,049.82
Construction Official	25,707.21	6,114.55	31,821.76	31,821.76	1,912.59	29,909.17
Street Lighting	3,003.60	13,860.72	16,864.32	16,864.32	3,314.52	13,549.80
Gasoline		38,490.10	38,490.10	38,490.10	35,173.64	3,316.46

**TOWNSHIP OF WEST ORANGE
CURRENT FUND**

A-15
Sheet # 3

**2017 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2018**

	Balance, December 31, <u>2017</u>	Encumbrances December 31, <u>2017</u>	Opening Balances January 1, <u>2017</u>	Balance, After <u>Transfer</u>	Paid or <u>Charged</u>	<u>Lapsed</u>
Water	\$ 3,410.64	\$ 3,000.00	\$ 6,410.64	\$ 6,410.64	\$ 3,481.25	\$ 2,929.39
Fire Hydrant Service		104,812.40	104,812.40	104,812.40	104,812.40	
Challenge Grant Bus Shuttle	2,889.35		2,889.35	2,889.35		2,889.35
NJ League of Municipalities	406.00		406.00	406.00		406.00
Medical Transport Billing Service	28,857.50	45,835.35	74,692.85	74,692.85	62,204.22	12,488.63
Contingent	420.00		420.00	420.00		420.00
Total Other Expenses	<u>502,422.37</u>	<u>716,753.83</u>	<u>1,219,176.20</u>	<u>1,219,176.20</u>	<u>543,688.14</u>	<u>675,488.06</u>
STATUTORY EXPENDITURES:						
	8,514.46		8,514.46	8,514.46		8,514.46
Social Security System (O.A.S.I.)	<u>7,325.13</u>		<u>7,325.13</u>	<u>7,325.13</u>		<u>7,325.13</u>
Total Statutory Expenditures	<u>15,839.59</u>		<u>15,839.59</u>	<u>15,839.59</u>		<u>15,839.59</u>
Essex County CJIS	5,018.53		5,018.53	5,018.53		5,018.53
Chapter 10, P.L. 1977-Joint Outlet Sewer Maintenance	<u>13,000.00</u>		<u>13,000.00</u>	<u>13,000.00</u>	5,708.63	7,291.37
Total Other Operations - Excluded from "CAPS"	<u>18,018.53</u>		<u>18,018.53</u>	<u>18,018.53</u>	<u>5,708.63</u>	<u>12,309.90</u>
	<u>\$ 546,691.98</u>	<u>\$ 716,753.83</u>	<u>\$ 1,263,445.81</u>	<u>\$ 1,263,445.81</u>	<u>\$ 549,396.77</u>	<u>\$ 714,049.04</u>
<u>Ref.</u>	A	A			A-4	A-1

**TOWNSHIP OF WEST ORANGE
CURRENT FUND**

**DUE FROM (TO) STATE OF NEW JERSEY
YEAR ENDED DECEMBER 31, 2018**

	<u>Ref.</u>		A-16
Balance, December 31, 2017	A		\$ (1,451.37)
Increased by:			
Exemptions Granted per Billing		\$ 152,750.00	
Exemptions Granted by Tax Collector		<u>1,750.00</u>	
	A-7		<u>154,500.00</u>
			153,048.63
Decreased by:			
Exemptions Disallowed by Tax Collector			
2018 Taxes	A-7	4,031.51	
Cash Receipts	A-5	<u>148,220.55</u>	
			<u>\$ 152,252.06</u>
Balance, December 31, 2018	A		<u><u>\$ 796.57</u></u>

**ACCOUNTS PAYABLE
YEAR ENDED DECEMBER 31, 2018**

	<u>Ref.</u>		A-17
Balance, December 31, 2017	A		\$ 8,658.80
Decreased by:			
Cash Disbursements	A-4		<u>8,658.80</u>
Balance, December 31, 2018	A		<u><u>\$ -</u></u>

**SEWER RENT OVERPAYMENTS
YEAR ENDED DECEMBER 31, 2018**

	<u>Ref.</u>		A-17A
Balance, December 31, 2017	A		\$ 16,153.69
Increased by:			
Cash Receipts	A-5		<u>11,331.64</u>
Balance, December 31, 2018	A		<u><u>\$ 27,485.33</u></u>

**TOWNSHIP OF WEST ORANGE
CURRENT FUND**

**RESERVE FOR TAX APPEALS
YEAR ENDED DECEMBER 31, 2018**

A-18

	<u>Ref.</u>	
Balance, December 31, 2017	A	\$ 256,466.47
Decreased by:		
Cash Disbursements	A-4	<u>236,911.99</u>
Balance, December 31, 2018	A	<u>\$ 19,554.48</u>

**LOCAL DISTRICT SCHOOL TAXES PAYABLE
YEAR ENDED DECEMBER 31, 2018**

A-19

	<u>Ref.</u>	
Balance, December 31, 2017	A	\$ -
Increased by:		
Calendar Year Levy	A-1, A-7	<u>138,493,957.00</u>
		138,493,957.00
Decreased by:		
Cash Disbursements	A-4	<u>138,493,957.50</u>
Balance, December 31, 2018	A	<u>\$ (0.50)</u>

**COUNTY TAXES PAYABLE
YEAR ENDED DECEMBER 31, 2018**

A-20

	<u>Ref.</u>	
Balance December 31, 2017	A	\$ 21,437.02
Increased by:		
General Levy	A-1, A-2, A-7	\$ 30,158,467.03
Open Space Levy	A-1, A-2, A-7	941,802.68
General Levy Added/Omitted Taxes	A-1, A-2, A-7	26,330.90
County Pilot Payable	A-1	<u>17,844.64</u>
		<u>31,144,445.25</u>
		31,165,882.27
Decreased by:		
Cash Disbursements	A-4	<u>31,121,702.06</u>
Balance December 31, 2018	A	<u>\$ 44,180.21</u>

**TOWNSHIP OF WEST ORANGE
CURRENT FUND**

**FEES DUE TO STATE OF NEW JERSEY
YEAR ENDED DECEMBER 31, 2018**

A-21

	<u>Ref.</u>	<u>Total</u>	<u>Marriage License</u>	<u>Building Surcharge</u>
Balance, December 31, 2017	A	\$ 12,416.00	\$ 1,386.00	\$ 11,030.00
Increased by:				
Cash Receipts	A-5	<u>71,491.00</u>	<u>7,800.00</u>	<u>63,691.00</u>
		83,907.00	9,186.00	74,721.00
Decreased by:				
Cash Disbursements	A-4	<u>80,835.00</u>	<u>8,050.00</u>	<u>72,785.00</u>
Balance, December 31, 2018	A	<u><u>\$ 3,072.00</u></u>	<u><u>\$ 1,136.00</u></u>	<u><u>\$ 1,936.00</u></u>

**PREPAID TAXES
YEAR ENDED DECEMBER 31, 2018**

A-22

	<u>Ref.</u>	
Balance, December 31, 2017	A	\$ 16,401,153.52
Increased by:		
Cash Receipts	A-5	<u>1,700,337.06</u>
		18,101,490.58
Decreased by:		
Prepaid Applied	A-7	<u>16,401,153.52</u>
Balance, December 31, 2018	A	<u><u>\$ 1,700,337.06</u></u>

**TOWNSHIP OF WEST ORANGE
GRANT FUND**

A-23

**GRANTS RECEIVABLE
YEAR ENDED DECEMBER 31, 2018**

	<u>Balance</u> <u>Dec. 31, 2017</u>	<u>Grant</u> <u>Award</u>	<u>Collections</u>	<u>Canceled</u>	<u>Balance</u> <u>Dec. 31, 2018</u>
DOT - Various Streets	\$ 466,912.98	\$ 820,000.00	\$ 219,125.41		\$ 1,067,787.57
Municipal Alliance for Alcoholism and Drug Abuse	59,986.69	59,202.00	58,637.75		60,550.94
Essex County DOA Senior Citizens Grant	5,198.00	16,127.00	16,124.00		5,201.00
Essex County Delinquency Prevention Grant	21,875.99	18,563.00	21,405.47		19,033.52
ILEA Grant	27,840.00				27,840.00
Bullet Proof Vest Fund	18,232.41	10,967.67			29,200.08
Body Armour Replacement	13,965.73	8,293.48			22,259.21
COPS in Shops	1,320.21		1,320.21		0.00
Drive Sober or Get Pulled Over	2,000.00	5,500.00	7,500.00		
Hazardous Mitigation Grant	375,000.00				375,000.00
Hazardous Discharge Grant	0.10				0.10
ANJAC Grants	500.00				500.00
U Drive, U Text, U Pay		5,500.00	5,500.00		
Partners for Health		20,000.00	10,000.00		10,000.00
Click It or Ticket	5,445.00	5,500.00	10,945.00		
Essex County Delinquency Prevention Grant Expans		6,900.00			6,900.00
COP Hiring Grant		500,000.00			500,000.00
Districted Driver Grant		6,600.00	6,600.00		
Green Acres		45,525.00			45,525.00
Essex County- Art Council		2,000.00			2,000.00
NJ ROID		17,053.00	8,720.00		8,333.00
Pedestrian Safety Enforcement		15,000.00	14,128.00	\$ 872.00	
Communities Stewardship		30,000.00			30,000.00
	<u>\$ 998,277.11</u>	<u>\$ 1,592,731.15</u>	<u>\$ 380,005.84</u>	<u>\$ 872.00</u>	<u>\$ 2,210,130.42</u>
<u>Ref.</u>	A	A-25	A-24	A-25	A

**TOWNSHIP OF WEST ORANGE
GRANT FUND**

A-24

**DUE FROM CURRENT FUND
YEAR ENDED DECEMBER 31, 2018**

	<u>Ref.</u>		
Balance, December 31, 2017	A	\$	729,557.52
Increased by:			
Collection of Grant Receivable	A-23	\$	380,005.84
Unappropriated Grants	A-26		73,275.29
Municipal Match	A-25		33,960.67
			<u>487,241.80</u>
			1,216,799.32
Decreased by:			
Cancellation of Grants	A-25,A-23		17,600.00
Cash Disbursed	A-25		<u>971,780.44</u>
Balance, December 31, 2018	A	<u>\$</u>	<u>227,418.88</u>

**TOWNSHIP OF WEST ORANGE
GRANT FUND**

A-25

**RESERVE FOR APPROPRIATED GRANTS
YEAR ENDED DECEMBER 31, 2018**

	Balance <u>Dec. 31, 2016</u>	Budget <u>Appropriation</u>	Cash <u>Disbursed</u>	<u>Canceled</u>	Balance <u>Dec. 31, 2017</u>
Drunk Driving Enforcement Fund	\$ 17,710.91	\$ 10,890.00	\$ 428.10		\$ 28,172.81
DOT - Various Streets	221,000.00	820,000.00			1,041,000.00
Clean Communities	270,060.03	76,506.14	266,060.03		80,506.14
Municipal Alliance for Alcoholism and Drug Abuse	45,894.96	59,202.00	72,303.81		32,793.15
Municipal Alliance for Alcoholism and Drug Abuse- Match		14,950.00			14,950.00
Body Armor Replacement Fund	17,871.40	8,293.48	21,626.55		4,538.33
Municipal Stormwater Regulation Program	15,464.00				15,464.00
Bullet Proof Vest Partnership	4,941.63	10,967.67	1,272.15		14,637.15
Pedestrian Safety Enforcement		15,000.00	14,348.00	\$ 652.00	
Byrne Memorial Justice Assistance	10,049.95				10,049.95
Wastewater Treatment Fund	155,459.00		107,406.50		48,052.50
Hazardous Discharge Site Remediation	72,321.95		21,397.05		50,924.90
Essex County DOA Senior Citizens Grant		16,127.00	16,127.00		
Essex County DOA Senior Citizens Grant- Local Match		164.00	164.00		
Essex County Delinquency Prevention Grant		18,563.00	18,544.92		18.08
Essex County Delinquency Prevention Grant- Exspan		6,900.00	6,900.00		
Recycling Tonnage Grant	82,349.13	52,524.21	119,150.00		15,723.34
Essex County ILEA Grant	18,560.00				18,560.00
CTTEC Grant	13,648.15		940.00		12,708.15
NJPN Grant	3,000.00	1,500.00			4,500.00
NJACCHO Grant	2,579.85		1,657.71		922.14
EMMA Grant	1,240.57	2,000.00			3,240.57
PSE&G Grant	251,969.75		246,058.00		5,911.75
Drive Sober or Get Pulled Over		5,500.00		5,500.00	
U Drive, U Text, U Pay		5,500.00		5,500.00	
Distracted Driving Grant		6,600.00	5,280.00	1,320.00	
Partners for Health	5,000.00	20,000.00	5,000.00		20,000.00
Historical Preservation Grant					
Click It or Ticket		5,500.00		5,500.00	
Hazardous Mitigation Grant	375,000.00		17,616.62		357,383.38
Community Stewardship Match		15,000.00			15,000.00
Community Stewardship Program	293.00	30,000.00	29,500.00		793.00
COPS Hiring grant		500,000.00			500,000.00
NJ RIOD Grant		17,053.00			17,053.00
NJ RIOD Grant- Match		3,846.67			3,846.67
County of Essex- Art Council		2,000.00			2,000.00
Green Acres		45,525.00			45,525.00
	<u>\$ 1,584,414.28</u>	<u>\$ 1,770,112.17</u>	<u>\$ 971,780.44</u>	<u>\$ 18,472.00</u>	<u>\$ 2,364,274.01</u>
<u>Ref.</u>	A	Below	A-24	A	A
Budget Appropriation	A-23	\$ 1,592,731.15			
Transfer from Reserve for Unappropriated Grants	A-26	143,420.35			
Match	A-24	33,960.67			
	Above, A-3	<u>\$ 1,770,112.17</u>			

**TOWNSHIP OF WEST ORANGE
GRANT FUND**

**RESERVE FOR UNAPPROPRIATED GRANTS
YEAR ENDED DECEMBER 31, 2018**

A-26

	Balance <u>Dec. 31, 2017</u>	<u>Increased</u>	<u>Decreased</u>	Balance <u>Dec. 31, 2018</u>
NJ Prevention	\$ 1,500.00		\$ 1,500.00	
EMMA Assistance	2,000.00		2,000.00	
Drunk Driving	10,890.00		10,890.00	
Clean Communities Grant 2017	76,506.14		76,506.14	
Recycling Tonnage Grant 2017	52,524.21		52,524.21	
Clean Communities Grant 2018		\$ 73,275.29		\$ 73,275.29
	<u>\$ 143,420.35</u>	<u>\$ 73,275.29</u>	<u>\$ 143,420.35</u>	<u>\$ 73,275.29</u>
<u>Ref.</u>	A	A-24	A-25	A

**TOWNSHIP OF WEST ORANGE
GRANT FUND**

**DEFERRED CHARGES
N.J.S.A. 40A:4-55 SPECIAL EMERGENCY
YEAR ENDED DECEMBER 31, 2018**

A-27

<u>Purpose</u>	<u>Net Amount Authorized</u>	<u>1/5 of Net Amount Authorized</u>	<u>Balance Dec. 31, 2017</u>	<u>Decrease</u>	<u>Balance Dec. 31, 2018</u>
2013 Severance Liability	\$ 1,200,000.00	\$ 240,000.00	\$ 240,000.00	\$ 240,000.00	
2014 Severance Liability	658,465.00	131,693.00	258,384.00	130,025.00	\$ 128,359.00
2015 Severance Liability	800,000.00	160,000.00	480,000.00	160,000.00	320,000.00
2016 Severance Liability	600,000.00	120,000.00	480,000.00	120,000.00	360,000.00
2017 Severance Liability	1,200,000.00	240,000.00	1,200,000.00	240,000.00	960,000.00
	<u>\$ 4,458,465.00</u>	<u>\$ 891,693.00</u>	<u>\$ 2,658,384.00</u>	<u>\$ 890,025.00</u>	<u>\$ 1,768,359.00</u>
		<u>Ref.</u>	A	A-3	A

**TOWNSHIP OF WEST ORANGE
TRUST FUND**

B-2

**OPEN SPACE FUND
SCHEDULE OF CASH
YEAR ENDED DECEMBER 31, 2018**

	<u>Ref.</u>		
Balance, December 31, 2017	B		\$ 828,939.68
Increased by:			
2018 Open Space Tax	B-16	\$ 145,773.21	
Miscellaneous Cash Receipts	B-16	5.65	
Interest on Investments	B-16	<u>1,838.79</u>	
			<u>147,617.65</u>
			976,557.33
Decreased by:			
Open Space Expenditures	B-16		<u>56,081.80</u>
Balance, December 31, 2018	B		<u><u>\$ 920,475.53</u></u>

**TOWNSHIP OF WEST ORANGE
TRUST FUND**

B-3

**CASH - TREASURER
YEAR ENDED DECEMBER 31, 2018**

	<u>Ref.</u>	<u>Animal Control Fund</u>	<u>General Trust Fund</u>	<u>Assessment Trust Fund</u>
Balance, December 31, 2017	B	<u>\$ 64,144.22</u>	<u>\$ 5,556,853.97</u>	<u>\$ 331,613.75</u>
Increased by:				
Dog license fees	B-12	31,432.74		
Cat license fees	B-12	1,827.00		
Due to State of New Jersey	B-8	2,833.20		
Collections of Prepaid License Fees	B-9	2,211.00		
Assessments Received	B-7			373,720.18
Special Deposits	B-10		5,706,310.50	
		<u>38,303.94</u>	<u>5,706,310.50</u>	<u>373,720.18</u>
		<u>102,448.16</u>	<u>11,263,164.47</u>	<u>705,333.93</u>
Decreased by:				
Expenditures	B-10, B-12	41,889.79	5,468,978.16	
Anticipated Revenue in Current Fund	B-1A		105,210.26	
Due to State of New Jersey	B-8	2,818.20		
Refunds of Prepaid License Fees	B-9	2,205.00		
Current Fund Anticipated Revenue	B-1			331,613.70
		<u>46,912.99</u>	<u>5,574,188.42</u>	<u>331,613.70</u>
Balance, December 31, 2018	B	<u><u>\$ 55,535.17</u></u>	<u><u>\$ 5,688,976.05</u></u>	<u><u>\$ 373,720.23</u></u>

**TOWNSHIP OF WEST ORANGE
TRUST FUND**

B-4

**CASH - INSURANCE TRUST FUND - TREASURER
YEAR ENDED DECEMBER 31, 2018**

	<u>Ref.</u>	<u>Total</u>	<u>Workers' Compensation</u>	<u>Unemployment Compensation</u>	<u>Municipal Insurance</u>	<u>Health Benefits</u>
Balance, December 31, 2017	B	<u>\$ 122,700.01</u>	<u>\$ 32,313.54</u>	<u>\$ 1,410.94</u>	<u>\$ 6,978.49</u>	<u>\$ 81,997.04</u>
Increased by:						
Current Fund Budget Appropriation	B-13	1,437,873.00	500,000.00	80,000.00	857,873.00	
Health Benefit Contributions	B-13	10,131,579.38				10,131,579.38
Refunds and Subrogation	B-13	128,589.57	21,141.17		107,448.40	
Interest on Deposits	B-13	1,025.59	437.93		587.66	
		<u>11,699,067.54</u>	<u>521,579.10</u>	<u>80,000.00</u>	<u>965,909.06</u>	<u>10,131,579.38</u>
		<u>11,821,767.55</u>	<u>553,892.64</u>	<u>81,410.94</u>	<u>972,887.55</u>	<u>10,213,576.42</u>
Decreased by:						
Workers' Compensation Claims and Administrative Fees	B-13	367,471.23	367,471.23			
Health Benefit Payments	B-13	10,144,644.34				10,144,644.34
Insurance Settlements and Premiums	B-13	958,881.24			958,881.24	
Due to Current Fund	B-13	587.66			587.66	
Due To State of New Jersey	B-13	78,847.00		78,847.00		
		<u>11,550,431.47</u>	<u>367,471.23</u>	<u>78,847.00</u>	<u>959,468.90</u>	<u>10,144,644.34</u>
Balance, December 31, 2018	B	<u><u>\$ 271,336.08</u></u>	<u><u>\$ 186,421.41</u></u>	<u><u>\$ 2,563.94</u></u>	<u><u>\$ 13,418.65</u></u>	<u><u>\$ 68,932.08</u></u>

**TOWNSHIP OF WEST ORANGE
TRUST FUND**

B-5

**CASH - FEDERAL GRANT TRUST FUND - TREASURER
YEAR ENDED DECEMBER 31, 2018**

	<u>Ref.</u>	<u>Total</u>	<u>Community Development Block Grant</u>	<u>Section 8 Housing</u>
Balance, December 31, 2017	B	\$ 12,063.63	\$ -	\$ 12,063.63
Increased by:				
Interfund Advances	B-11	825,001.00	808,005.73	16,995.27
Collection of Grants Receivable	B-6, B-15	1,487,311.86	256,344.43	1,230,967.43
		<u>2,312,312.86</u>	<u>1,064,350.16</u>	<u>1,247,962.70</u>
Decreased by:				
Interfund Returned	B-11	435,350.16	435,350.16	
Grant Expenditures	B-14, B-1A	1,889,026.33	629,000.00	1,260,026.33
		<u>2,324,376.49</u>	<u>1,064,350.16</u>	<u>1,260,026.33</u>
Balance, December 31, 2018	B	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**TOWNSHIP OF WEST ORANGE
TRUST FUND**

B-6

**FEDERAL GRANTS RECEIVABLE
YEAR ENDED DECEMBER 31, 2018**

	<u>Ref.</u>	<u>Total</u>	<u>Community Development Block Grant</u>	<u>Section 8 Housing</u>
Balance, December 31, 2017	B	\$ 580,000.00	\$ 580,000.00	\$ -
Increased by:				
Community Development	B-14	862,400.00	862,400.00	
Section 8 Housing	B-15	<u>1,247,962.70</u>		<u>1,247,962.70</u>
		2,690,362.70	<u>1,442,400.00</u>	<u>1,247,962.70</u>
Decreased by:				
Cash Receipts	B-5	<u>1,487,311.86</u>	<u>256,344.43</u>	<u>1,230,967.43</u>
Balance, December 31, 2018	B	<u><u>\$ 1,203,050.84</u></u>	<u><u>\$ 1,186,055.57</u></u>	<u><u>\$ 16,995.27</u></u>

**TOWNSHIP OF WEST ORANGE
TRUST FUND**

B-7

**ASSESSMENTS RECEIVABLE
YEAR ENDED DECEMBER 31, 2018**

	<u>Ref.</u>	Assessment <u>Fund</u>
Balance, December 31, 2017	B	\$ 3,159,594.71
Decreased by:		
Cash Receipts	B-3	373,720.18
Cancellation	B-17	<u>304.27</u>
Balance, December 31, 2018	B	<u><u>\$ 2,785,570.26</u></u>
Analysis of Balance:		
<u>Ordinance Number</u>	<u>Improvement Description</u>	
2358-12/2409-14	Liewellyn Park Sanitation Project	<u><u>\$ 2,785,570.26</u></u>

**TOWNSHIP OF WEST ORANGE
TRUST FUND**

B-8

**ANIMAL CONTROL FUND
DUE TO STATE OF NEW JERSEY
YEAR ENDED DECEMBER 31, 2018**

	<u>Ref.</u>	
Balance, December 31, 2017	B	\$ -
Increased by:		
Cash Receipts	B-3	2,833.20
Decreased by:		
Paid to State	B-3	<u>2,818.20</u>
Balance, December 31, 2018	B	<u><u>\$ 15.00</u></u>

**TOWNSHIP OF WEST ORANGE
TRUST FUND**

B-9

**ANIMAL CONTROL FUND
PREPAID LICENSES
YEAR ENDED DECEMBER 31, 2018**

	<u>Ref.</u>	
Balance, December 31, 2017	B	\$ 2,205.00
Increased by:		
Cash Receipts	B-3	2,211.00
		4,416.00
Decreased by:		
Refunds of Prepaid License Fees	B-3	2,205.00
Balance, December 31, 2018	B	\$ 2,211.00
Analysis of Balance:		
Dog Licenses		\$ 2,019.00
Cat Licenses		192.00
		\$ 2,211.00

**TOWNSHIP OF WEST ORANGE
TRUST FUND**

**SCHEDULE OF SPECIAL DEPOSITS
YEAR ENDED DECEMBER 31, 2018**

B-10

Purpose	Balance at Dec. 31, 2017	Receipts	Disbursements	Balance at Dec. 31, 2018
Accumulated Absence Trust	\$ 181,500.80	\$ 66,965.20	\$ 248,466.00	
Confiscated Funds	16,960.40			\$ 16,960.40
Digitizing Trust	213,017.60	7,230.00		220,247.60
Donation Trust	50,883.06	3,057.00	15,911.64	38,028.42
Uniform Fire Safety-Penalties	67,771.42	1,100.00	775.00	68,096.42
Human Relations Trust	1,996.81			1,996.81
Lake Management Trust	153,710.72			153,710.72
Parking Offenses Adjudication	38,973.91	3,808.00		42,781.91
Health Trust	3,211.56			3,211.56
Payroll Deposits	261,899.92	3,090,771.87	3,080,884.83	271,786.96
Public Defender Application	4,551.35	1,520.50		6,071.85
Public Safety Trust	3,818.90			3,818.90
Recycling-Local Program	27,760.60	6,990.01	10,625.13	24,125.48
Environmental Commission Trust	250.00			250.00
Health Trust #2	124,038.64	36,673.50	36,471.93	124,240.21
Planning Trust	70,172.03	194,831.56	137,789.02	127,214.57
Public Relations Trust	7,796.18			7,796.18
Energy Commission Trust	1,162.45			1,162.45
Cash Bonds/Other Deposits #1	84,426.39	2,100.00	1,500.00	85,026.39
Cash Bonds/Other Deposits #2	206,611.00	138,839.40	2,000.00	343,450.40
Cash Bonds/Other Deposits#3	153,683.97	199,617.82	182,631.15	170,670.64
Planning and Zoning Escrow	12,294.34			12,294.34
Recreation Trip Account	167,402.40	180,575.02	162,576.60	185,400.82
Extra Duty Security	61,115.26	1,314,855.22	1,311,079.35	64,891.13
Bid Bonds	5,000.00	1,500.00		6,500.00
Growth Share-COAH	249,004.45	1,874.51		250,878.96
Developers Fees-COAH	3,067,090.12	254,647.92	125,906.53	3,195,831.51
Planning and Zoning Escrow II	107,736.18	88,909.72	55,594.03	141,051.87
Law Enforcement Trust	107,803.25	110,443.25	96,766.95	121,479.55
	<u>\$ 5,451,643.71</u>	<u>\$ 5,706,310.50</u>	<u>\$ 5,468,978.16</u>	<u>\$ 5,688,976.05</u>
Ref.	B	B-3	B-3	B

**TOWNSHIP OF WEST ORANGE
TRUST FUND**

B-11

**RESERVE FOR ASSESSMENTS RECEIVABLE
YEAR ENDED DECEMBER 31, 2018**

	<u>Ref.</u>	
Balance, December 31, 2017	B	\$ -
Increased by:		
Assessment Confirmed		3,159,594.71
Disbursements	B-7	<u>13,768.09</u>
		3,173,362.80
Decreased by:		
Cash Receipts	B-7	387,488.27
Assessments Funded by Serial Bonds	B-19	<u> </u>
Balance, December 31, 2018	B	<u><u>\$ 2,785,874.53</u></u>

**TOWNSHIP OF WEST ORANGE
TRUST FUND**

B-12

**RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES
YEAR ENDED DECEMBER 31, 2018**

	<u>Reference</u>	
Balance, December 31, 2017	B	\$ 61,939.22
Increased by:		
Dog license fees collected	B-3	31,432.74
Cat license fees collected	B-3	1,827.00
		<u>95,198.96</u>
Decreased by:		
Expenditures under R.S. 4:19-15.11:		
Cash	B-3	<u>41,889.79</u>
Balance, December 31, 2018	B	<u><u>\$ 53,309.17</u></u>
License fees collected:		
2017		\$ 36,092.02
2016		<u>39,421.50</u>
		<u><u>\$ 75,513.52</u></u>

**TOWNSHIP OF WEST ORANGE
TRUST FUND**

B-13

**RESERVE FOR INSURANCE TRUST FUND
YEAR ENDED DECEMBER 31, 2018**

	<u>Ref.</u>	<u>Total</u>	<u>Workers' Compensation</u>	<u>Unemployment Compensation</u>	<u>Municipal Insurance</u>	<u>Health Benefits</u>
Balance, December 31, 2017	B	\$ 122,700.01	\$ 32,313.54	\$ 1,410.94	\$ 6,978.49	\$ 81,997.04
Increased by:						
Current Fund Budget Appropriation	B-4	1,437,873.00	500,000.00	80,000.00	857,873.00	
Health Benefit Contributions	B-4	10,131,579.38				10,131,579.38
Refunds and Subrogation	B-4	128,589.57	21,141.17		107,448.40	
Interest on Deposits	B-4	1,025.59	437.93		587.66	
		<u>11,699,067.54</u>	<u>521,579.10</u>	<u>80,000.00</u>	<u>965,909.06</u>	<u>10,131,579.38</u>
		<u>11,821,767.55</u>	<u>553,892.64</u>	<u>81,410.94</u>	<u>972,887.55</u>	<u>10,213,576.42</u>
Decreased by:						
Workers' Compensation Claims and Administrative Fees	B-4	367,471.23	367,471.23			
Health Benefit Payments	B-4	10,144,644.34				10,144,644
Insurance Settlements and Premiums	B-4	958,881.24			958,881.24	
Due to Current Fund	B-4	587.66			587.66	
Due To State of New Jersey: Unemployment	B-4	78,847.00		78,847.00		
		<u>11,550,431.47</u>	<u>367,471.23</u>	<u>78,847.00</u>	<u>959,468.90</u>	<u>10,144,644.34</u>
Balance, December 31, 2018	B	<u>\$ 271,336.08</u>	<u>\$ 186,421.41</u>	<u>\$ 2,563.94</u>	<u>\$ 13,418.65</u>	<u>\$ 68,932.08</u>

**TOWNSHIP OF WEST ORANGE
TRUST FUND**

B-14

**RESERVE FOR COMMUNITY DEVELOPMENT BLOCK GRANT
YEAR ENDED DECEMBER 31, 2018**

	Balance <u>Dec. 31, 2017</u>	Increase <u>2018</u> Grant <u>Award</u>	Expended By <u>Township</u>	Balance <u>Dec. 31, 2018</u>
Community Development Block Grant:				
Direct Funding:				
Project Year 2016				
West Orange Community House	\$ 200,000.00		\$ 200,000.00	
Project Year 2017				
Chestnut Street Roadway Improvements	146,000.00		146,000.00	
Samuel Street Roadway Improvements	115,000.00		115,000.00	
Ridge Avenue Roadway Improvements	119,000.00		119,000.00	
Project Year 2018				
Bethany Center - Outreach for At-Risk Youth		\$ 49,000.00	49,000.00	
Meade Street Roadway Improvements		116,620.00		\$ 116,620.00
Columbia Street Roadway Improvements		102,900.00		102,900.00
Ginny Duenkel Municipal Pool ADA Improvements		152,880.00		152,880.00
Main Street Counseling - Renovations & Building Accessibility		9,800.00		9,800.00
Tompkins Street Roadway Improvements		179,000.00		179,000.00
Stockman Street Roadway Improvements		186,000.00		186,000.00
Bethany Center - Outreach for At-Risk Youth		49,000.00		49,000.00
Main Street Counseling - Window Renovation		17,200.00		17,200.00
	<u>\$ 580,000.00</u>	<u>\$ 862,400.00</u>	<u>\$ 629,000.00</u>	<u>\$ 813,400.00</u>
<u>Ref.</u>	B	B-6	B-5	B

**TOWNSHIP OF WEST ORANGE
TRUST FUND**

B-15

**RESERVE FOR SECTION 8 HOUSING
YEAR ENDED DECEMBER 31, 2018**

	<u>Ref.</u>	
Balance, December 31, 2017	B	\$ 12,063.63
Increased by:		
Grant Awards	B-6	<u>1,247,962.70</u>
		1,260,026.33
Decreased by:		
Housing Choice Voucher Payments	B-5	<u>1,260,026.33</u>
Balance, December 31, 2018	B	<u><u>\$ -</u></u>

**TOWNSHIP OF WEST ORANGE
TRUST FUND**

B-16

**RESERVE FOR OPEN SPACE EXPENDITURES
YEAR ENDED DECEMBER 31, 2018**

	<u>Ref.</u>		
Balance, December 31, 2017	B		\$ 828,939.68
Increased by:			
2018 Open Space Tax	B-2	\$ 145,773.21	
Miscellaneous Receipts	B-2	5.65	
Interest Earned	B-2	<u>1,838.79</u>	
			<u>147,617.65</u>
			976,557.33
Decreased by:			
Open Space Expenditures	B-2		<u>56,081.80</u>
Balance, December 31, 2018	B		<u><u>\$ 920,475.53</u></u>

**TOWNSHIP OF WEST ORANGE
TRUST FUND**

**INTERFUND RECEIVABLE
YEAR ENDED DECEMBER 31, 2018**

	<u>Ref.</u>	Assessment Trust Fund
Balance, December 31, 2017	B	\$ 90,624.83
Increased by:		
Excess Payments to Current Fund	B-1	204,345.01
Cancelation of Assessment Receivable	B-7	<u>304.27</u>
Balance, December 31, 2018	B	<u><u>\$ 295,274.11</u></u>
<u>Analysis of Balance</u>		
Due from Current Fund		\$ 204,649.28
Due from General Capital Fund		<u>90,624.83</u>
		<u><u>\$ 295,274.11</u></u>

**TOWNSHIP OF WEST ORANGE
TRUST FUND**

B-18

**STATEMENT OF AMOUNT TO BE RAISED BY TAXATION - UNFUNDED ASSESSMENT BONDS
YEAR ENDED DECEMBER 31, 2018**

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance December 31, 2017</u>	<u>Decreased by</u>	<u>Balance December 31, 2018</u>
2358-12/2409-14	Liewellyn Park Sanitation Project	<u>\$ 720,780.46</u>	<u>\$ 90,624.83</u>	<u>\$ 630,155.63</u>
		Ref. B	B-1	B

**TOWNSHIP OF WEST ORANGE
TRUST FUND**

B-19

**STATEMENT OF ASSESSMENT SERIAL BONDS
YEAR ENDED DECEMBER 31, 2018**

Date of Issue	Amount of Original Issue	Title of Issue	Maturities of Bonds Outstanding, December 31, 2018		Interest Rate	Balance		Balance			
			Date	Amount		December 31, 2017	Decreased	December 31, 2018			
5/3/2016	\$ 3,621,000.00	Special Assessment Bonds, Series 2016	2/1/2019	\$ 220,000.00	2.00%	\$ 3,421,000.00	\$ 220,000.00	\$ 3,201,000.00			
			2/1/2020	225,000.00	4.00%						
			2/1/2021	225,000.00	2.00%						
			2/1/2022	230,000.00	2.00%						
			2/1/2023	235,000.00	2.00%						
			2/1/2024	240,000.00	2.00%						
			2/1/2025	245,000.00	2.00%						
			2/1/2026	250,000.00	2.00%						
			2/1/2027	255,000.00	2.00%						
			2/1/2028	260,000.00	2.00%						
			2/1/2029	265,000.00	2.00%						
			2/1/2030	275,000.00	2.25%						
			2/1/2031	276,000.00	2.25%						
4/4/2017	550,000.00	Special Assessment Bonds, Series 2017	2/1/2019	45,000.00	2.00%						
			2/1/2020	45,000.00	2.00%						
			2/1/2021	50,000.00	2.00%						
			2/1/2022	50,000.00	2.00%						
			2/1/2023	50,000.00	2.00%						
			2/1/2024	50,000.00	2.25%						
			2/1/2025	55,000.00	2.25%						
			2/1/2026	55,000.00	2.50%						
			2/1/2027	55,000.00	2.75%						
			2/1/2028	55,000.00	2.75%						
									550,000.00	40,000.00	510,000.00
									\$ 3,971,000.00	\$ 260,000.00	\$ 3,711,000.00
									Ref.	B	B-1
					Ref.						
			Interfund Receivable	B-17	\$ 295,274.11						
			Assessments to be Raised by Taxation	B-18	630,155.63						
			Assessment Receivable	B-7	2,785,570.26						
					\$ 3,711,000.00						
					Above						

**TOWNSHIP OF WEST ORANGE
TRUST FUND**

**INTERFUNDS PAYABLE
YEAR ENDED DECEMBER 31, 2018**

B-20

	<u>Ref.</u>	<u>Total</u>	<u>Federal Grant Trust Fund</u>	
			<u>General Capital Fund</u>	<u>Current Fund</u>
Balance, December 31, 2017 To (From)	B	\$ -	\$ -	\$ -
Increased by:				
Cash Receipts	B-5	825,001.00	425,000.00	400,001.00
		<u>825,001.00</u>	<u>425,000.00</u>	<u>400,001.00</u>
Decreased by:				
Disbursements	B-5	435,350.16	35,349.16	400,001.00
		<u>435,350.16</u>	<u>35,349.16</u>	<u>400,001.00</u>
Balance, December 31, 2018 To (From)	B	<u>\$ 389,650.84</u>	<u>\$ 389,650.84</u>	<u>\$ -</u>

**TOWNSHIP OF WEST ORANGE
GENERAL CAPITAL FUND**

C-2

**CASH - TREASURER
YEAR ENDED DECEMBER 31, 2018**

	<u>Ref.</u>		
Balance, December 31, 2017	C		\$ 1,417,548.81
Increased by Receipts:			
Notes Receivable	C-16	\$ 960,000.00	
Interfund Receivable	C-17	5,035,349.16	
Bond Anticipation Notes	C-9	9,107,500.00	
Reserve to Pay Debt Service	C-5	202,031.82	
Capital Improvement Fund	C-11	491,153.33	
Premium on Sale of Bond Anticipation Notes	C-1	<u>237,911.59</u>	
			<u>16,033,945.90</u>
			17,451,494.71
Decreased by Disbursements:			
Current Fund Anticipated Revenue - Fund Balance	C-1	257,946.03	
Current Fund Anticipated Revenue - Reserve to Pay Debt Service	C-5	90,598.63	
Improvement Authorizations	C-10	6,561,873.17	
Interfund Receivable	C-17	<u>5,425,000.00</u>	
			<u>12,335,417.83</u>
Balance, December 31, 2018	C		<u><u>\$ 5,116,076.88</u></u>

**TOWNSHIP OF WEST ORANGE
GENERAL CAPITAL FUND**

C-3

**ANALYSIS OF CASH
YEAR ENDED DECEMBER 31, 2018**

		Balance <u>Dec. 31, 2018</u>	Balance <u>Dec. 31, 2017</u>
	Fund Balance	\$ 239,579.59	\$ 259,614.03
	Capital Improvement Fund	155,455.15	130,546.96
	Interfund Receivable	(389,650.84)	
	Interfund Payable	90,624.83	90,624.83
	Reserve to Pay Debt Service	112,404.02	970.83
	NJEPA Trust and Fund Loan Receivable	(284,270.00)	(284,270.00)
	State Grants Receivable	(1,125,200.55)	(1,450,068.97)
	Reserve for Grants Receivable	1,027,489.65	1,352,358.07
	Notes Receivable	(240,000.00)	(1,200,000.00)
<u>Ordinance</u>	<u>Improvement Authorizations:</u>		
<u>Number</u>			
1122-92	Various Capital Improvements	109,315.61	109,315.61
1374-96	Regional Contribution Agreement	26,976.92	39,987.84
1760-01	Various Capital Improvements	3,433.68	8,115.00
1840-02	Various Capital Improvements	1,979.80	1,979.80
1905-03	Various Capital Improvements	5,168.07	5,168.07
2017-05	Storm Drainage Improvements	109,532.42	109,532.42
2018-05	Various Capital Improvements	292.58	292.58
2050-05	Joint Meeting Capital Assessment	59.00	59.00
2067-06	Redevelopment Study	285,700.93	305,063.43
2069-06	Various Capital Improvements	240.12	240.12
2070-06	Various Road Improvements	435.00	435.00
2078-06	Various Capital Improvements	164,545.97	164,545.97
2125-07	Various Capital Improvements	12,869.00	12,869.00
2127-07	Various Capital Improvements	65,171.65	65,171.65
2133-07	Various Capital Improvements	120,837.22	121,903.80
2166-08	Various Capital Improvements	7,925.68	32,874.38
2172-08	Various Capital Improvements	238,757.67	243,456.04
2176-08	Consulting Study-New Communications Study	2,417.82	2,417.82
2209-09	Various Capital Improvements	27,150.43	28,787.85
2211-09	Various Road Improvements	19,614.87	21,421.06
2216-09	Various Road Improvements	289.18	289.18
2222-09	Communications System Upgrade	6,536.67	6,536.67
2232-09	Various Capital Improvements	15,400.00	15,400.00
2237-09	Various Capital Improvements	59,026.25	59,026.25
2272-10	Various Capital Improvements	260,794.26	263,001.22
2290-10	Various Capital Improvements	78,972.58	88,156.58
2299-10	Telecommunications Systems	1,329.94	16,010.01
2366-12	Various Capital Improvements	23,010.64	30,761.45
2375-13	Ridgeway Ave. Park	53,994.04	53,994.04
2407-14	Various Capital Improvements	585,200.58	675,306.79
2408-14	Replacement of Bleachers	9,226.51	9,226.51
2450-15	Various Capital Improvements	711,265.79	945,194.60
2474-16	General Improvements	(357,140.00)	(357,140.00)
2475-16	Various Capital Improvements	(4,731,340.27)	(4,205,165.01)
2487-16	Various Capital Improvements	(565,861.97)	(504,847.73)
2507-17	Various Capital Improvements	279,069.94	4,120,886.06
2526-17	Various Capital Improvements	(497,408.25)	27,500.00
2536-18	Green Acres Multi-Park Development Project	7,000.00	
2544-18	Various Capital Improvements	8,387,854.70	
		<u>\$ 5,116,076.88</u>	<u>\$ 1,417,548.81</u>

Ref.

C

C

**TOWNSHIP OF WEST ORANGE
GENERAL CAPITAL FUND**

C-4

**NJEPA TRUST
AND FUND LOAN PAYABLE
YEAR ENDED DECEMBER 31, 2018**

	<u>Ref.</u>	
Balance, December 31, 2017	C	\$ 2,845,674.93
Decreased by:		
2018 Budget appropriation for payment of NJ Trust		
Fund loan bonds	C-6	262,061.72
Loan principal forgiveness	C-6	<u>25,626.24</u>
		287,687.96
 Balance, December 31, 2018	 C	 <u><u>\$ 2,557,986.97</u></u>
 Analysis		
	<u>ORD#</u>	
New Jersey Trust 2002 A	1823-02	C \$ 223,163.72
New Jersey Trust 2005 A	2017-05	C 771,701.65
New Jersey Trust 2006 A	2050-05	C 351,867.78
New Jersey Trust 2010 A	2214-09	C 325,635.14
New Jersey Trust 2015 A	2425-14	C <u>885,618.68</u>
 Balance, December 31, 2018		 <u><u>\$ 2,557,986.97</u></u>

**TOWNSHIP OF WEST ORANGE
GENERAL CAPITAL FUND**

C-5

**RESERVE TO PAY DEBT SERVICE
YEAR ENDED DECEMBER 31, 2018**

	<u>Ref.</u>	
Balance, December 31, 2017	C	\$ 970.83
Increased by:		
Cash Receipts	C-2	<u>202,031.82</u>
		203,002.65
Decreased by:		
Cash Disbursements	C-2	<u>90,598.63</u>
Balance, December 31, 2018	C	<u><u>\$ 112,404.02</u></u>

**TOWNSHIP OF WEST ORANGE
GENERAL CAPITAL FUND**

C-6

**DEFERRED CHARGES TO FUTURE TAXATION - FUNDED
YEAR ENDED DECEMBER 31, 2018**

	<u>Ref.</u>		
Balance, December 31, 2017	C		\$ 37,550,674.93
Decreased by:			
2018 Current Fund Budget Appropriation for Payment of Serial Bonds	C-8	\$ 3,625,000.00	
2018 Current Fund Budget Appropriation for Payment of NJEPA Trust and Fund Loans	C-4	262,061.72	
NJEPA Trust and Fund Loans Principal Forgiveness	C-4	<u>25,626.24</u>	
			<u>3,912,687.96</u>
Balance, December 31, 2018	C		<u><u>\$ 33,637,986.97</u></u>

TOWNSHIP OF WEST ORANGE
GENERAL CAPITAL FUND

C-7

DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED
YEAR ENDED DECEMBER 31, 2018

Ordinance Number	Improvement Description	Analysis of Balance						
		Balance, December 31, 2017	2018 Authorizations	Decrease	Balance, December 31, 2018	Bond Anticipation Notes	Expenditures	Unfunded Improvement Authorizations
2290-10	Various Capital Improvements	\$ 519.00			\$ 519.00	\$ 519.00		
2299-10	Telecommunications Improvements	750.00			750.00	750.00		
2354-12	Edison Redevelopment	6,300,000.00			6,300,000.00			\$ 6,300,000.00
2407-14	Various Capital Improvements	656.00			656.00	656.00		
2400-15	Refunding Tax Appeals	761,567.00		\$ 761,567.00				
2450-15	Various Capital Improvements	5,998,280.00			5,998,280.00	5,998,280.00		
2463-15	Renovation to Library	123,500.00			123,500.00	123,500.00		
2474-16	General Improvements	357,140.00			357,140.00		\$ 357,140.00	
2475-16	Various Capital Improvements	7,027,266.00			7,027,266.00	-	4,731,340.27	2,295,925.73
2485-16	Various Capital Improvements	665,000.00		665,000.00	-			
2487-16	Various Capital Improvements	807,500.00			807,500.00		565,861.97	241,638.03
2507-17	Various Capital Improvements	8,560,000.00			8,560,000.00	6,689,981.00		1,870,019.00
2526-17	Various Capital Improvements	547,500.00			547,500.00		497,408.25	50,091.75
2529-17	Tax Appeal-Refunding	3,200,000.00		800,000.00	2,400,000.00	2,400,000.00		
2536-18	Green Acres Multi-Park Development Project		\$ 136,575.00		136,575.00			136,575.00
2544-18	Various Capital Improvements		9,184,902.86		9,184,902.86	9,107,500.00		77,402.86
2556-18	Joint Meeting-Capital Assessment		1,570,000.00		1,570,000.00			1,570,000.00
		<u>\$ 34,349,678.00</u>	<u>\$ 10,891,477.86</u>	<u>\$ 2,226,567.00</u>	<u>\$ 43,014,588.86</u>	<u>\$ 24,321,186.00</u>	<u>\$ 6,151,750.49</u>	<u>\$ 12,541,652.37</u>
		Ref. C	C-10	Below	C	C-9		Below
	Budget Appropriation	C-9		\$ 1,561,567.00				
	Cancellations	C-10, C-12		665,000.00				
				<u>\$ 2,226,567.00</u>				
				Above				
	Improvement authorizations - unfunded	C-10						\$ 20,496,847.48
	Bond anticipation note proceeds unexpended:							
2366-12	Various Capital Improvements	C-3, C-10					\$ 23,010.64	
2375-13	Ridgeway Avenue Park	C-3, C-10					53,994.04	
2450-15	Various Capital Improvements	C-3, C-10					711,265.79	
2507-17	Various Capital Improvements	C-3, C-10					279,069.94	
2544-18	Various Capital Improvements	C-3, C-10					8,387,854.70	
								9,455,195.11
		Above						<u>\$ 11,041,652.37</u>

**TOWNSHIP OF WEST ORANGE
GENERAL CAPITAL FUND**

C-8

**SERIAL BONDS PAYABLE
YEAR ENDED DECEMBER 31, 2018**

Date of Issue	Amount of Original Issue	Title of Issue	Maturities of Bonds Outstanding, December 31, 2018		Interest Rate	Balance December 31, 2017	Decreased	Balance December 31, 2018
			Date	Amount				
3/20/2003	\$ 1,770,000.00	General Obligation Refunding Bonds, Series 2003	4/1/2019	\$ 195,000.00	5.63%	\$ 950,000.00	\$ 170,000.00	\$ 780,000.00
			4/1/2020	220,000.00	5.70%			
			4/1/2021	245,000.00	5.70%			
			4/1/2022	55,000.00	5.70%			
			4/1/2023	65,000.00	5.70%			
7/15/2008	8,735,000.00	General Improvement Bonds, Series 2008				900,000.00	900,000.00	-
5/18/2011	11,505,000.00	General Improvement Bonds, Series 2011 (\$11,275,000) Tax Appeal Refunding Bonds, Series 2011 (\$230,000)	5/1/2019	800,000.00	3.00%	7,450,000.00	800,000.00	6,650,000.00
			5/1/2020	800,000.00	3.00%			
			5/1/2021	800,000.00	3.25%			
			5/1/2022	850,000.00	3.25%			
			5/1/2023	850,000.00	3.50%			
			5/1/2024	850,000.00	4.00%			
			5/1/2025	850,000.00	4.00%			
			5/1/2026	850,000.00	4.00%			
5/3/2016	13,770,000.00	General Improvement Bonds, Series 2016 (\$13,295,000) Open Space Bonds, Series 2016 (\$475,000)	2/1/2019	1,090,000.00	2.00%	12,750,000.00	1,080,000.00	11,670,000.00
			2/1/2020	1,105,000.00	4.00%			
			2/1/2021	1,120,000.00	2.00%			
			2/1/2022	1,140,000.00	2.00%			
			2/1/2023	1,160,000.00	2.00%			
			2/1/2024	1,180,000.00	2.00%			
			2/1/2025	1,205,000.00	2.00%			
			2/1/2026	1,230,000.00	2.00%			
			2/1/2027	1,205,000.00	2.00%			
			2/1/2028	1,235,000.00	2.00%			
8/31/2016	3,805,000.00	General Obligation Refunding Bonds, Series 2016	8/1/2019	905,000.00	4.00%	3,805,000.00	-	3,805,000.00
			8/1/2020	970,000.00	4.00%			
			8/1/2021	965,000.00	4.00%			
			8/1/2022	965,000.00	4.00%			
4/4/2017	8,850,000.00	General Improvement Bonds, Series 2017	2/1/2019	745,000.00	2.00%			
			2/1/2020	755,000.00	2.00%			
			2/1/2021	770,000.00	2.00%			
			2/1/2022	785,000.00	2.00%			
			2/1/2023	800,000.00	2.00%			
			2/1/2024	820,000.00	2.25%			
			2/1/2025	840,000.00	2.25%			
			2/1/2026	865,000.00	2.50%			
			2/1/2027	885,000.00	2.75%			
			2/1/2028	910,000.00	2.75%	8,850,000.00	675,000.00	8,175,000.00
						\$ 34,705,000.00	\$ 3,625,000.00	\$ 31,080,000.00
					Ref.	C	C-6	C

**TOWNSHIP OF WEST ORANGE
GENERAL CAPITAL FUND**

C-9

**SCHEDULE OF BOND ANTICIPATION NOTES
YEAR ENDED DECEMBER 31, 2018**

Ordinance Number	Improvement Description	Original		Date of Issue	Date of Maturity*	Interest Rate	December 31, 2017	Increased	Decreased	December 31, 2018
		Amount	Date							
2290-10	Various Capital Improvements	\$ 482,840.00	07/20/15	4/14/2016	4/13/2017	2.00%	\$ 519.00		\$ 519.00	
2290-10	Various Capital Improvements	482,840.00	07/20/15	7/26/2018	7/26/2019	3.00%		\$ 519.00		\$ 519.00
2299-10	Telecommunications Equipment	232,750.00	07/20/15	4/14/2016	4/13/2017	2.00%	750.00		750.00	
2299-10	Telecommunications Equipment	232,750.00	07/20/15	7/26/2018	7/26/2019	3.00%		750.00		750.00
2407-14	Various Capital Improvements	6,649,656.00	11/13/14	4/14/2016	4/13/2017	2.00%	656.00		656.00	
2407-14	Various Capital Improvements	6,649,656.00	11/13/14	7/26/2018	7/26/2019	3.00%		656.00		656.00
2440-15	Refunding Tax Appeals	2,284,702.00	12/14/15	5/17/2016	5/16/2017	0.97%	761,567.00		761,567.00	
2450-15	Various Capital Improvements	5,998,280.00	09/09/16	9/9/2016	9/8/2017	2.00%	5,998,280.00		5,998,280.00	
2450-15	Various Capital Improvements	5,998,280.00	09/09/16	9/6/2018	9/6/2019	3.00%		5,998,280.00		5,998,280.00
2463-15	Renovations to the Public Library	123,500.00	09/09/16	9/9/2016	9/8/2017	2.00%	123,500.00		123,500.00	
2463-15	Renovations to the Public Library	123,500.00	09/09/16	9/6/2018	9/6/2019	3.00%		123,500.00		123,500.00
2475-16	Various Capital Improvements	1,500,000.00	12/29/16	05/16/17	5/15/2018	1.75%	1,500,000.00		1,500,000.00	
2475-16	Various Capital Improvements	1,500,000.00	12/29/16	05/15/18	5/14/2019	3.00%		1,500,000.00		1,500,000.00
2507-17	Various Capital Improvements	8,560,000.00	09/07/17	09/07/17	9/7/2018	2.25%	6,689,981.00		6,689,981.00	
2507-17	Various Capital Improvements	8,560,000.00	09/07/17	7/26/2018	7/26/2019	3.00%		6,689,981.00		6,689,981.00
2529-17	Tax Appeal Refunding	3,200,000.00	12/21/17	12/21/17	12/21/2018	2.50%	3,200,000.00		3,200,000.00	
2529-17	Tax Appeal Refunding	3,200,000.00	12/21/17	12/20/18	12/20/2019	3.25%		2,400,000.00		2,400,000.00
2544-18	Various Capital Improvements	9,107,500.00	08/09/18	08/09/18	8/9/2019	2.75%		9,107,500.00		9,107,500.00
							<u>\$ 18,275,253.00</u>	<u>\$ 25,821,186.00</u>	<u>\$ 18,275,253.00</u>	<u>\$ 25,821,186.00</u>
Ref.							C			C
Bond anticipation notes issued							C-2, C-12	\$ 9,107,500.00		
Bond anticipation notes reissued							Contra	16,713,686.00	\$ 16,713,686.00	
Payment of BAN principal by budget appropriation							C-7		1,561,567.00	
							Above	<u>\$ 25,821,186.00</u>	<u>\$ 18,275,253.00</u>	

TOWNSHIP OF WEST ORANGE
GENERAL CAPITAL FUND

IMPROVEMENT AUTHORIZATIONS
YEAR ENDED DECEMBER 31, 2018

Ordinance Number	Improvement Description	Original Date	Balance December 31, 2017		2018 Authorizations	Cancellations	Paid or Charged	Balance December 31, 2018	
			Funded	Unfunded				Funded	Unfunded
1122-92	Various Capital Improvements	08/18/92	\$ 109,315.61					\$ 109,315.61	
1374-96	Regional Contribution Agreement	02/06/96	39,987.84				\$ 13,010.92	26,976.92	
1760-01	Various Capital Improvements	04/10/01	8,115.00				4,681.32	3,433.68	
1840-02	Various Capital Improvements	09/03/02	1,979.80					1,979.80	
1905-03	Various Capital Improvements	09/23/03	5,168.07					5,168.07	
2017-05	Storm Drainage Improvements	07/19/05	109,532.42					109,532.42	
2018-05	Various Capital Improvements	06/14/05	292.58					292.58	
2050-05	Joint Meeting-Capital Assessment	12/20/05	59.00					59.00	
2067-06	Redevelopment Study	03/21/06	305,063.43				19,362.50	285,700.93	
2069-06	Various Capital Improvements	04/11/06	240.12					240.12	
2070-06	Various Road Improvements	04/11/06	435.00					435.00	
2078-06	Various Capital Improvements	06/27/06	164,545.97					164,545.97	
2125-07	Various Capital Improvements	03/20/07	12,869.00					12,869.00	
2127-07	Various Capital Improvements	04/10/07	65,171.65					65,171.65	
2133-07	Various Capital Improvements	05/22/07	121,903.80				1,066.58	120,837.22	
2166-08	Various Capital Improvements	04/29/08	32,874.38				24,948.70	7,925.68	
2172-08	Various Capital Improvements	06/10/08	243,456.04				4,698.37	238,757.67	
2176-08	Consulting Study-New Communications System	06/24/08	2,417.82					2,417.82	
2209-09	Various Capital Improvements	05/12/09	28,787.85				1,637.42	27,150.43	
2211-09	Various Road Improvements	05/26/09	21,421.06				1,806.19	19,614.87	
2216-09	Various Road Improvements	06/30/09	289.18					289.18	
2222-09	Upgrade to the Communications Systems	08/11/09	6,536.67					6,536.67	
2232-09	Various Capital Improvements	09/15/09	15,400.00					15,400.00	
2237-09	Various Capital Improvements	10/13/09	59,026.25					59,026.25	
2272-10	Various Capital Improvements	06/29/10	263,001.22				2,206.96	260,794.26	
2290-10	Various Capital Improvements	10/12/10	88,156.58				9,184.00	78,972.58	
2299-10	Telecommunications System	01/15/11	16,010.01				14,680.07	1,329.94	
2354-12	Edison Redevelopment	03/20/12		\$ 6,300,000.00					\$ 6,300,000.00
2366-12	Various Capital Improvements	12/18/12		30,761.45			7,750.81		23,010.64
2375-13	Ridgeway Avenue Park	05/21/13		53,994.04					53,994.04
2407-14	Various Capital Improvements	05/06/14	675,306.79				90,106.21	585,200.58	
2408-14	Replacement of Bleachers	05/06/14	9,226.51					9,226.51	
2450-15	Various Capital Improvements	02/24/15		945,194.60			233,928.81		711,265.79
2475-16	Various Capital Improvements	02/09/16		1,322,100.99			526,175.26		795,925.73
2485-16	Various Capital Improvements	06/14/16		665,000.00		\$ 665,000.00			
2487-16	Various Capital Improvements	06/28/16		302,652.27			61,014.24		241,638.03
2507-17	Various Capital Improvements	Not available		5,990,905.06			3,841,816.12		2,149,088.94
2526-17	Various Capital Improvements	Not available		575,000.00			524,908.25		50,091.75
2536-18	Green Acres Multi-Park Development Project	01/23/18			\$ 143,575.00			7,000.00	136,575.00
2544-18	Various Capital Improvements	05/22/18			9,644,148.00		1,178,890.44		8,465,257.56
2556-18	Joint Meeting-Capital Assessment	11/27/18			1,570,000.00				1,570,000.00
			<u>\$ 2,406,589.65</u>	<u>\$ 16,185,608.41</u>	<u>\$ 11,357,723.00</u>	<u>\$ 665,000.00</u>	<u>\$ 6,561,873.17</u>	<u>\$ 2,226,200.41</u>	<u>\$ 20,496,847.48</u>
	<u>Ref.</u>		C	C	Below	C-7	C-2	C	C
	Deferred Charges Unfunded			<u>Ref.</u>					
	Capital Improvement Fund			C-7	\$ 10,891,477.86				
				C-11	466,245.14				
					<u>\$ 11,357,723.00</u>				

**TOWNSHIP OF WEST ORANGE
GENERAL CAPITAL FUND**

C-11

**CAPITAL IMPROVEMENT FUND
YEAR ENDED DECEMBER 31, 2018**

	<u>Ref.</u>	
Balance, December 31, 2017	C	\$ 130,546.96
Increased by Receipts:		
Budget Appropriation	C-2	<u>491,153.33</u>
		621,700.29
Decreased by Funding of Ordinances:		
Improvement Authorizations	C-10	<u>466,245.14</u>
Balance, December 31, 2018	C	<u><u>\$ 155,455.15</u></u>

**TOWNSHIP OF WEST ORANGE
GENERAL CAPITAL FUND**

C-12

**BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
YEAR ENDED DECEMBER 31, 2018**

<u>Ordinance Number</u>	<u>Improvement Description</u>	Balance December 31, <u>2017</u>	2018 <u>Authorizations/Transfers</u>	Debt <u>Issued</u>	<u>Canceled</u>	Balance December 31, <u>2018</u>
2354-12	Edison Redevelopment	\$ 6,300,000.00				\$ 6,300,000.00
2474-16	General Improvements	357,140.00				357,140.00
2475-16	Various Capital Improvements	5,527,266.00				5,527,266.00
2485-16	Various Capital Improvements	665,000.00			\$ 665,000.00	-
2487-16	Various Capital Improvements	807,500.00				807,500.00
2507-17	Various Capital Improvements	1,870,019.00				1,870,019.00
2526-17	Various Capital Improvements	547,500.00				547,500.00
2536-18	Green Acres Multi-Park Development Project		\$ 136,575.00			136,575.00
2544-18	Various Capital Improvements		9,184,902.86	\$ 9,107,500.00		77,402.86
2556-18	Joint Meeting-Capital Assessment		1,570,000.00			1,570,000.00
		<u>\$ 16,074,425.00</u>	<u>\$ 10,891,477.86</u>	<u>\$ 9,107,500.00</u>	<u>\$ 665,000.00</u>	<u>\$ 17,193,402.86</u>
<u>Ref.</u>		C	C-7	C-9	C-7	C

**TOWNSHIP OF WEST ORANGE
GENERAL CAPITAL FUND**

C-13

**STATE GRANTS RECEIVABLE
YEAR ENDED DECEMBER 31, 2018**

	<u>Ref.</u>	
Balance, December 31, 2017	C	\$ 1,450,068.97
Increased by:		
2018 Award	C-15	400,000.00
		<u>1,850,068.97</u>
Decreased by:		
Cancellations	C-15	724,868.42
		<u>724,868.42</u>
Balance, December 31, 2018	C	<u>\$ 1,125,200.55</u>

Analysis of Balance:

	<u>ORD#</u>	
West Orange Board of Education	2125-07	\$ 26,666.67
NJ Transportation Trust Fund-Byrne Road	2209-09	35,210.90
NJ Transportation Trust Fund-Undercliff Terrace	2209-09	62,500.00
West Orange Board of Education	2237-09	600,822.98
West Orange Board of Education	2544-18	400,000.00
		<u>400,000.00</u>
Balance, December 31, 2018	C	<u>\$ 1,125,200.55</u>

**TOWNSHIP OF WEST ORANGE
GENERAL CAPITAL FUND**

**NJEPA TRUST AND FUND LOAN RECEIVABLE
YEAR ENDED DECEMBER 31, 2018**

C-14

	<u>Ref.</u>	
Balance, December 31, 2018 and 2017	C	<u>\$ 284,270.00</u>

**RESERVE FOR GRANTS RECEIVABLE
YEAR ENDED DECEMBER 31, 2018**

C-15

	<u>Ref.</u>	
Balance, December 31, 2017	C	\$ 1,352,358.07
Increased by:		
Grant Awards	C-13	<u>400,000.00</u>
		1,752,358.07
Decreased by:		
Cancellations	C-13	<u>724,868.42</u>
Balance, December 31, 2018	C	<u>\$ 1,027,489.65</u>

**NOTES RECEIVABLE
YEAR ENDED DECEMBER 31, 2018**

C-16

	<u>Ref.</u>	
Balance, December 31, 2017	C	\$ 1,200,000.00
Decreased by:		
Cash Receipts	C-2	<u>960,000.00</u>
Balance, December 31, 2018	C	<u>\$ 240,000.00</u>

**TOWNSHIP OF WEST ORANGE
GENERAL CAPITAL FUND**

C-17

**INTERFUND PAYABLE (RECEIVABLE)
YEAR ENDED DECEMBER 31, 2018**

Balance, December 31, 2017	<u>Ref.</u> C	\$ 90,624.83
Increased by:		
Cash Receipts	C-2	<u>5,035,349.16</u>
		5,125,973.99
Decreased by:		
Cash Disbursements	C-2	<u>5,425,000.00</u>
Balance, December 31, 2018	C	<u><u>\$ (299,026.01)</u></u>
<u>Analysis of Balance</u>		
Due to Trust Assessment Fund		\$ 90,624.83
Due from Grant Trust Fund		<u>(389,650.84)</u>
		<u><u>\$ (299,026.01)</u></u>

**TOWNSHIP OF WEST ORANGE
SWIMMING POOL UTILITY FUND**

D-4

**SCHEDULE OF CASH - TREASURER
YEAR ENDED DECEMBER 31, 2018**

	<u>Ref.</u>		
Balance, December 31, 2017	D	\$	94,883.93
Increased by Receipts:			
Membership Fees	D-2	\$	227,530.00
Miscellaneous Revenue Anticipated	D-2		<u>60,987.01</u>
			<u>288,517.01</u>
			383,400.94
Decreased by Disbursements:			
Appropriations	D-3		298,564.35
Transfer to Current Fund	D-1		<u>50,000.00</u>
			<u>348,564.35</u>
Balance, December 31, 2018	D	\$	<u><u>34,836.59</u></u>

**TOWNSHIP OF WEST ORANGE
SWIMMING POOL UTILITY FUND**

D-5

**SCHEDULE OF FIXED CAPITAL
YEAR ENDED DECEMBER 31, 2018**

	<u>Ref.</u>	
Balance, December 31, 2018 and 2017	D	<u>\$ 523,433.15</u>
Analysis of Balance:		
Swimming Pool and Bathhouse		\$ 378,557.15
Architect, Planning and Promotion		52,165.00
Pool Equipment		5,745.00
Tennis Courts		22,366.00
Landscaping and Paving		<u>64,600.00</u>
		<u>\$ 523,433.15</u>

**TOWNSHIP OF WEST ORANGE
SWIMMING POOL UTILITY FUND**

D-6

**SCHEDULE OF RESERVE FOR AMORTIZATION
YEAR ENDED DECEMBER 31, 2018**

	<u>Ref.</u>	
Balance, December 31, 2018 and 2017	D	<u>\$ 523,433.15</u>

**TOWNSHIP OF WEST ORANGE
SWIMMING POOL UTILITY FUND**

**2017 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2018**

D-7

<u>Appropriation</u>	<u>Balance Dec. 31 2017</u>	<u>Reserve for Encumbrances Dec. 31 2017</u>	<u>Amount After Modification</u>	<u>Paid or Charged</u>	<u>Balance Lapsed Canceled</u>
<u>Operating</u>					
Other Expenses	\$ 2,549.74	\$ 1,465.00	\$ 4,014.74	\$ -	\$ 4,014.74
	<u>\$ 2,549.74</u>	<u>\$ 1,465.00</u>	<u>\$ 4,014.74</u>	<u>\$ -</u>	<u>\$ 4,014.74</u>
<u>Ref.</u>	D	D		D-4	D-1

**TOWNSHIP OF WEST ORANGE
PUBLIC ASSISTANCE FUND**

**STATEMENT OF REVENUES
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2018**

E-3

Ref

State Aid Payments	E-2	\$ 95,400.00
Supplemental Security Income:		
State Refund	E-2	<u>7,840.00</u>
		<u><u>\$ 103,240.00</u></u>

**STATEMENT OF EXPENDITURES
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2018**

E-4

Ref

Maintenance Payments		\$ 65,499.00
Other:		
Temporary Rental Assistance		31,288.00
Emergency Services		<u>2,945.00</u>
		99,732.00
Supplemental Security Income		<u>7,840.00</u>
	E-2, E-5	<u><u>\$ 107,572.00</u></u>

**TOWNSHIP OF WEST ORANGE
PUBLIC ASSISTANCE FUND**

E-5

**RECEIPTS AND DISBURSEMENTS
YEAR ENDED DECEMBER 31, 2018**

	<u>Ref.</u>	<u>Trust Fund Account #1</u>	<u>Trust Fund Account #2</u>
Balance, December 31, 2017	E	\$ 836.28	\$ 65,057.00
Increase by:			
Due from State of New Jersey	E-6	<u>836.28</u>	<u>103,240.00</u>
			168,297.00
Decreased by:			
Supplemental Security Income			
Reimbursements	E-4		99,732.00
Due to State of New Jersey	E-4	<u> </u>	<u>7,840.00</u>
Balance, December 31, 2018	E	<u>\$ 836.28</u>	<u>\$ 60,725.00</u>

**TOWNSHIP OF WEST ORANGE
PUBLIC ASSISTANCE FUND**

E-6

**DUE FROM (TO) STATE OF NEW JERSEY
YEAR ENDED DECEMBER 31, 2018**

	<u>Ref.</u>	<u>Trust Fund Account #2</u>
Balance December 31, 2017	E	\$ -
Increased by:		
2018 State Aid Allotments		\$ 95,400.00
Supplemental Security Income		
Reimbursements		<u>7,840.00</u>
	E-5	<u>103,240.00</u>
Decreased by:		
Collections:		
State Aid Allotments	E-5	<u>103,240.00</u>
Balance December 31, 2018	E	<u><u>\$ -</u></u>

***TOWNSHIP OF WEST ORANGE
ESSEX COUNTY, NEW JERSEY***

- - -

PART III

SINGLE AUDIT SECTION

**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***

Independent Auditors' Report

**The Honorable and Members of
the Township Council
Township of West Orange
County of Essex
West Orange, New Jersey**

We have audited, in accordance with the 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 the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), the regulatory basis financial statements of the various funds and account group of the Township of West Orange, Essex County, New Jersey (the "Township"), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated August 1, 2019, in which we expressed an adverse opinion on the conformity of the statements with accounting principles generally accepted in the United States of America due to the differences between those principles and the financial reporting provisions of the Division.

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.

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*.

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.

PKF O'Connor Davies, LLP

August 1, 2019
Cranford, New Jersey

David J. Gannon

David J. Gannon, CPA
Licensed Registered Municipal Accountant, No. 520

**Report on Compliance For Each Major Federal Program and Report on Internal Control Over
Compliance and Required by The Uniform Guidance**

Independent Auditors' Report

The Honorable and Members of
the Township Council
Township of West Orange
County of Essex
West Orange, New Jersey

Report on Compliance for Each Major Federal Program

We have audited the Township of West Orange, Essex County, New Jersey's (the "Township") compliance with the types of compliance requirements described in the *OMB Uniform Guidance* that could have a direct and material effect on each of the Township's major federal programs for the year ended December 31, 2018. The Township's major federal 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Township's major federal 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 the Audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Township's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Township's compliance.

Opinion on Each Major Federal 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 federal programs for the year ended December 31, 2018.

PKF O'CONNOR DAVIES, LLP
20 Commerce Drive, Suite 301, Cranford, NJ 07016 | Tel: 908.272.6200 | Fax: 908.272.2416 | www.pkfod.com

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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 compliance for each major program and to test and report on internal control over compliance in accordance with Uniform Guidance, 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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

PKF O'Connor Davies, LLP

August 1, 2019
Cranford, New Jersey



David J. Gannon, CPA
Licensed Registered Municipal Accountant, No. 520

TOWNSHIP OF WEST ORANGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
THROUGH DECEMBER 31, 2018

Federal Funding Department and Description	Ref.	Grant Number	Catalog Number	Pass Through Entity Identifying Number	Pass Through to Sub-recipients	Total Awards	2018 Funds Received	Paid or Charged	Cumulative Program Expenditures
<u>U.S. Department of Housing and Urban Development</u>									
Community Development Block Grant: Housing Choice Voucher Program	B	NJ39V-108	14.871			\$ 1,260,026.33	\$ 1,247,962.70	\$ 1,260,026.33	\$ 1,293,852.83
						<u>1,260,026.33</u>	<u>1,247,962.70</u>	<u>1,260,026.33</u>	<u>1,293,852.83</u>
<u>Passed Through County of Essex: Housing and Urban Development:</u>									
Community Development Block Grant: Program Year 2018	B	B-12-UC-34-0101	14.218	22-6002433		862,400.00	256,344.43	629,000.00	689,000.00
						<u>862,400.00</u>	<u>256,344.43</u>	<u>629,000.00</u>	<u>689,000.00</u>
Total U.S. Department of Housing and Urban Development						<u>2,122,426.33</u>	<u>1,504,307.13</u>	<u>1,889,026.33</u>	<u>1,982,852.83</u>
<u>U.S. Department of Justice</u>									
<u>Passed Through the New Jersey Department of Justice</u>									
<u>Office of Juvenile Justice and Delinquency Prevention</u>									
COPS in Shops	A	Not available	16.727			14,652.06	1,320.21		14,287.48
<u>Bureau of Justice Assistance</u>									
Bullet Proof Vest Partnership	A	Not available	16.607			10,967.67		1,272.15	18,809.10
Total U.S. Department of Justice						<u>25,619.73</u>	<u>1,320.21</u>	<u>1,272.15</u>	<u>33,096.58</u>
<u>U.S. Department of Transportation</u>									
<u>Passed Through New Jersey Department of Transportation</u>									
<u>National Highway Traffic Safety Administration</u>									
Driver Sober or Get Pulled Over	A	Not available	20.601	078-6320-480		7,500.00	7,500.00		1,910.27
Pedestrian Safety Enforcement	A	PS094660118	20.205	078-6320-480		15,000.00	14,128.00	14,348.00	14,348.00
DOT - Various Streets	A	Not available	20.600	078-6320-480		820,000.00	219,125.41		379,405.51
Total U.S. Department of Transportation						<u>842,500.00</u>	<u>240,753.41</u>	<u>14,348.00</u>	<u>395,663.78</u>
<u>U.S. Department of Homeland Security</u>									
<u>Passed Through the New Jersey Department of Homeland Security</u>									
<u>Federal Emergency Management Agency</u>									
Hazardous Mitigation Grant	A	Not available	97.039			375,000.00		17,616.62	17,616.62
<u>Science and Technology</u>									
CTTEC Grant - Active Shooter Scenario	A	505036-78052	97.061			110,702.53		940.00	19,662.10
Total U.S. Department of Homeland Security						<u>485,702.53</u>		<u>18,556.62</u>	<u>37,278.72</u>
						<u>\$ 3,476,248.59</u>	<u>\$ 1,746,380.75</u>	<u>\$ 1,923,203.10</u>	<u>\$ 2,448,891.91</u>

See Notes to Schedule of Expenditures of Federal Awards

TOWNSHIP OF WEST ORANGE

SUPPLEMENTARY INFORMATION

FINANCIAL DATA SCHEDULE -

BALANCE SHEET

SECTION 8 HOUSING CHOICE VOUCHER PROGRAM

FOR THE YEAR ENDED DECEMBER 31, 2018

<u>Line Item No./Description</u>	<u>14.871 Housing Choice Vouchers</u>	<u>Total</u>
Cash	\$ -	\$ -
Reserve for Grant Expenditures	\$ -	\$ -

See Notes to Schedule of Expenditures of Federal Awards

TOWNSHIP OF WEST ORANGE

SUPPLEMENTARY INFORMATION

FINANCIAL DATA SCHEDULE -

SCHEDULE OF CHANGES TO RESERVE

SECTION 8 HOUSING CHOICE VOUCHER PROGRAM

FOR THE YEAR ENDED DECEMBER 31, 2018

<u>Line Item No./Description</u>	<u>14.871 Housing Choice Vouchers</u>	<u>Total</u>
Grant Awards	\$ 1,247,962.70	\$ 1,247,962.70
	<u>1,247,962.70</u>	<u>1,247,962.70</u>
Choice Housing Voucher Payments	<u>1,260,026.33</u>	<u>1,260,026.33</u>
(Deficit) of Revenue over Payments	(12,063.63)	(12,063.63)
Beginning Reserve	<u>12,063.63</u>	<u>12,063.63</u>
Ending Reserve	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See Notes to Schedule of Expenditures of Federal Awards

TOWNSHIP OF WEST ORANGE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2018

1. General

The accompanying schedule of expenditures of federal awards present the activity of all federal awards programs of the Township of West Orange. The Township is defined in Note 1 to the Township's financial statements. All federal awards received directly from federal agencies, as well as federal awards passed through other government agencies is included on the schedule of expenditures of federal awards.

2. Basis of Accounting

The accompanying schedule of expenditures of federal awards is presented using the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is described in Note 1, Summary of Significant Accounting Policies, of the Township's financial statements. The information in the schedule of expenditures of federal awards is presented in accordance with OMB Uniform Guidance.

3. Relationship to Basic Regulatory-Basis Financial Statements

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

4. Indirect Cost Rate

The Township has elected not to use the ten percent de minimis indirect cost rate as allowed by the Uniform Guidance.

**TOWNSHIP OF WEST ORANGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2018**

Part I – Summary of Auditors’ Results

Financial Statements

Type of auditors' report issued on financial statements Unmodified for Regulatory Basis

Internal control over financial reporting:

- | | | | |
|---|-----------|----------------------|------|
| 1) Material weakness(es) identified | _____ Yes | _____ <u>X</u> _____ | No |
| 2) Significant deficiency(ies) that are not considered to be material weakness(es)? | _____ Yes | _____ <u>X</u> _____ | None |

Noncompliance material to the financial statements noted?	_____ Yes	_____ <u>X</u> _____	No
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Federal Awards Section

Internal Control over major programs:

- | | | | |
|---|-----------|----------------------|----|
| 1) Material weakness(es) identified | _____ Yes | _____ <u>X</u> _____ | No |
| 2) Significant deficiency(ies) that are not considered to be material weakness(es)? | _____ Yes | _____ <u>X</u> _____ | No |

Type of auditor's report used on compliance for major programs	<u>Unmodified</u>
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Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance	_____ Yes	_____ <u>X</u> _____	No
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Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.871	Section 8 Housing Choice Vouchers

Dollar threshold used to distinguish between Type A and Type B Programs	_____ <u>\$750,000</u> _____
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Auditee qualified as low-risk auditee?	_____ Yes	_____ <u>X</u> _____	No
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**TOWNSHIP OF WEST ORANGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2018**

Part II – Schedule of Financial Statement Findings

No financial statement findings noted that are required to be reported under *Government Auditing Standards*.

**TOWNSHIP OF WEST ORANGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2018**

Part III – Schedule of Federal Award Findings and Questioned Costs

No federal award compliance findings or questioned costs were noted that are required to be reported in accordance with 2 CFR 200 section .516(a).

**TOWNSHIP OF WEST ORANGE
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2018**

Part IV – Schedule of Prior Year Federal Award Findings and Questioned Costs

No prior year federal award compliance findings or questioned costs were noted that are required to be reported in accordance with 2 CFR 200 section .516(a).

***TOWNSHIP OF WEST ORANGE
ESSEX COUNTY, NEW JERSEY***

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PART IV

***SUPPLEMENTARY DATA AND SCHEDULES –
OTHER SUPPLEMENTARY INFORMATION –
AS REQUIRED BY THE DIVISION OF LOCAL GOVERNMENT SERVICES***

**TOWNSHIP OF WEST ORANGE
COUNTY OF ESSEX, NEW JERSEY
YEAR ENDED DECEMBER 31, 2018**

COMMENTS

An audit of the financial accounts and transactions for the Township of West Orange, County of Essex, New Jersey, for the year ended December 31, 2018, has recently been completed. The results of the audit are herewith set forth:

Scope of Audit

The audit covered the financial transactions of the Tax Collector and Treasurer, the activities of the Mayor and Township Council and the records of various outside departments.

Cash and investment balances were reconciled with independent certifications obtained directly from the depositories.

Revenues and receipts were established and verified as to source and amount insofar as the records permitted on a test basis.

Our audit was made in accordance with auditing standards generally accepted in the United States and in compliance with the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey ("Division"). Therefore, our audit included the procedures noted above as well as tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Contracts and Agreements Required to be Advertised Per 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 bid threshold as set forth in New Jersey Statute 40A:11-4". The bidding threshold for the period under audit was \$17,500 in accordance with the provisions of N.J.S.A. 40A:11-3a since the Township does not have a qualified purchasing agent.

The Township Council 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 contract or agreement might result in violation of the statute, the opinion of the Township Attorney should be sought before a commitment is made.

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 a municipality is prohibited from executing any contract 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 or 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.

The minutes indicate that bids were requested by public advertising for all required purchases.

The minutes indicate that resolutions were adopted and advertised, authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. 40A:11-5.

Inasmuch as the system of records did not provide for an accumulation of payments for categories of materials and supplies or related work or labor, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

**TOWNSHIP OF WEST ORANGE
COUNTY OF ESSEX, NEW JERSEY
YEAR ENDED DECEMBER 31, 2018**

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, "Except 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 fifteen percent of the bid threshold or \$6,000, at least two quotations as to the cost or price, 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."

Reference is made to the Local Public Contract Guidelines and Local Public Contract Regulations (1977) promulgated by the New Jersey Division of Local Government Services in the Department of Community Affairs.

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.

Collection of Interest on Delinquent Taxes and Assessments

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,

Inspection of tax sale certificates on file revealed that all tax sale certificates were available for audit.

Purchase Order System and Encumbrance System

The Township's budgetary operation is on a full encumbrance system with the exception of payrolls and other direct costs. All purchases are made directly by the purchasing department or subsequently confirmed on an emergency basis. Tests of the system disclosed exceptions during 2018, noted in the recommendations section of the report. Blanket orders and other outstanding encumbrances were reviewed at the close of the year, and adjustments and cancellations were made where appropriate to reflect actual commitments outstanding for budgetary control.

**TOWNSHIP OF WEST ORANGE
COUNTY OF ESSEX, NEW JERSEY
YEAR ENDED DECEMBER 31, 2018**

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 establishes that individuals performing professional services 1) under a contract awarded pursuant to N.J.S.A. 40A:11.5 and 1 or 2 under an independent contract as determined in accordance with rules and policy of the IRS are eligible 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 there are no individuals who are enrolled in PERS who do not meet the requirements under the statutes.

Payment of Claims

The examination 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. Authorization for payment of claims is delegated to the Chief Financial Officer and bill lists are submitted to the Township Council for approval and recorded as a supplement to the official minutes.

Claims were examined on a test basis for the year under audit and the following opportunity for improvement was noted.

In accordance with N.J.A.C. 5:30-5.3, a certification of availability of funds must be made prior to any commitment of rendered services or purchased goods. Certain departments had confirming orders and thus a commitment of funds prior to the certification to availability of funds.

- 1.) We recommend that all requisitions are submitted prior to any commitment of services to avoid confirming orders.

Capital Fixed Assets

The Division of Local Government Services in the Department of Community Affairs in the State of New Jersey requires all municipalities in the State to establish and maintain sets of accounts and inventories reflecting costs of other valuations of all of its fixed assets, including land, buildings, improvement, machinery, furniture and equipment. Such accounts, to be included under “Capital Fixed Assets”, would insure complete fiscal reliability of records, establish a basis for claims of losses and other insurance purposes, augment protective measures against the misuse or theft of property and furnish data on aging, anticipated life and other information on assets. Failure to maintain fixed asset records could jeopardize the Township's eligibility for future Federal and State Grants.

Cybersecurity

As part of its overall risk management, the Township reviews security measures in place relating to its Information Technology (IT), including the use of specialized assessments. With the ever increasing challenges relating to cybersecurity, each organization determines what particular assessment or combination of assessments best fits its information security strategy. We suggest management continue to assess risks related to cybersecurity along with utilization of specialized assessments, which would also include a periodic reporting mechanism to those charged with governance.

**TOWNSHIP OF WEST ORANGE
COUNTY OF ESSEX, NEW JERSEY
YEAR ENDED DECEMBER 31, 2018**

Status of Prior Years' Audit Recommendation

In accordance with regulations promulgated by the Single Audit Act and the Division of Local Government Services, all municipalities are required to prepare and submit to the Division of Local Government Services, a Corrective Action Plan with regard to audit deficiencies. This plan must be approved by formal resolution of the Governing Body and submitted within 60 days from the date the audit is received. A plan was prepared for items found in the CY 2017 Report on Examination of Accounts.

A review was performed on all prior years' recommendations and corrective action was taken on all.

Miscellaneous

A separate report summarizing collections of Dog License Fees and remittances of State Registration Fees was also prepared and filed with the New Jersey Department of Health and the Division of Local Government Services.

A statutory report on the operations of the Municipal Court was prepared as part of our examination and copies were filed with the New Jersey Administrative Office of the Courts, the Division of Local Government Services, the Municipal Court and the Township Clerk.

A separate report on the operations of the Uniform Construction Code office was also prepared and filed with the New Jersey Division of Local Government Services.

Revenue and receipts were established and verified as to source and amount only insofar as the local records permitted.

In verifying expenditures, computations were tested on claims approved and paid. No attempt was made in this connection to establish proof of rendition, character or extent of services, nor quantities, nature, propriety of prices or receipt of materials, these elements being left necessarily to internal review in connection with approval of claims.

The propriety of deductions for pensions, withholding tax, social security and other purposes from individual employee salaries was not verified as part of this examination.

Activity of the State Unemployment Compensation Insurance Trust Fund, established for the accumulation of pertinent payroll deductions, municipal contributions and interest on deposits, appears in Section "B" of the report.

A copy of this report was filed with the New Jersey Division of Local Government Services.

A summary or synopsis of this report was prepared for publication and filed with the Township Clerk.

A separate report on the operations of the Uniform Construction Code office was also prepared and filed with the New Jersey Division of Local Government Services.

TOWNSHIP OF WEST ORANGE

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COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2018

Purchasing

FINDING: During our internal control testing over cash disbursements, we identified several instances in which the Township did not properly encumber funds prior to placing an order with a vendor for the procurement of goods or services. This was mainly the result of departments not following Township procedures in the ordering of goods and services.

RECOMMENDATION: It is recommended that the Township properly encumber funds prior to procuring goods and/or services.

We shall be pleased to confer on any questions that might arise with respect to any matters in this report and to assist in the implementation of recommendations.

Respectfully submitted,

PKF O'Connor Davies, LLP

Cranford, New Jersey
August 1, 2019

David J. Gannon

David J. Gannon, CPA
Licensed Registered Municipal Accountant, No. 520