

**PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 24, 2025**

**NEW ISSUE  
BOOK-ENTRY**

**RATING: S&P: "SP-1+"  
(See "RATING" herein)**

*In the opinion of Wilentz, Goldman & Spitzer, P.A., Woodbridge, New Jersey, Bond Counsel ("Bond Counsel") to the City (as hereinafter defined), under existing statutes, regulations, rulings and court decisions, and assuming continuing compliance with certain covenants described herein, interest on the Notes (as hereinafter defined) (i) is not includable in gross income for Federal income tax purposes pursuant to section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) will not be treated as a preference item under section 57 of the Code for purposes of calculating the Federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the Federal alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022. Bond Counsel is further of the opinion that, under existing laws of the State of New Jersey, interest on the Notes and any gain on the sale thereof are not includable in gross income under the New Jersey Gross Income Tax Act, as amended. Bond Counsel's opinions described herein are given in reliance on representations, certifications of fact, and statements of reasonable expectations made by the City in its Tax Certificate (as defined herein), assume continuing compliance by the City with certain covenants set forth in its Tax Certificate, and are based on existing statutes, regulations, administrative pronouncements and judicial decisions. See "TAX MATTERS" herein.*

**CITY OF EAST ORANGE  
IN THE COUNTY OF ESSEX, STATE OF NEW JERSEY**

**\$25,240,900 BOND ANTICIPATION NOTES, SERIES 2025**

**(NON-CALLABLE)**

**Dated: Date of Delivery**  
**Maturity Date: October 14, 2026**  
**Coupon: \_\_\_\_%**  
**Yield: \_\_\_\_%**  
**CUSIP\*: 274137 \_\_\_\_**

The City of East Orange, in the County of Essex, State of New Jersey (the "City") is offering \$25,240,900 aggregate principal amount of Bond Anticipation Notes, Series 2025 (the "Notes") for sale to prospective purchasers.

The Notes are authorized by, and are being issued pursuant to: (i) the Local Bond Law of the State of New Jersey, N.J.S.A. 40A:2-1 et seq., as amended and supplemented (the "Local Bond Law"); (ii) various bond ordinances duly adopted by the City Council of the City, approved by the Mayor, and published as required by law; and (iii) a resolution duly adopted by the City Council of the City on September 29, 2025.

The Notes are being issued to refund, on a current basis, a \$25,240,900 portion of \$25,405,900 General Obligation Notes, Series 2024 issued on October 17, 2024 and maturing on October 16, 2025 (the "Prior Notes") (the remaining balance of the Prior Notes will be paid by the City with a 2025 budgetary appropriation in the amount of \$165,000).

One certificate for the aggregate principal amount of the Notes will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), Brooklyn, New York, which will act as securities depository for the Notes. The Notes will be on deposit with DTC. DTC will be responsible for maintaining a book-entry system for recording the interests of its participants and transfers of the interests among its participants. The participants will be responsible for maintaining records regarding the beneficial ownership interests in the Notes on behalf of the individual purchasers of the Notes. Purchases of the Notes will be made in book-entry form (without certificates) in denominations of \$5,000 each or any integral multiple of \$1,000 in excess thereof, or, as applicable, any odd denomination in excess thereof, through book entries made on the books and records of DTC. Individual purchasers of the Notes will not receive certificates representing their beneficial ownership interests in the Notes, but each book-entry Note owner will receive a credit balance on the books of its nominee. See "THE DEPOSITORY TRUST COMPANY ("DTC") INFORMATION" herein.

The Notes shall be dated and bear interest from their date of delivery, shall mature on October 14, 2026, shall bear interest at the rate of interest set forth above, payable at maturity, and interest shall be calculated on the basis of twelve (12) thirty (30) day months in a 360-day year. The Notes are not subject to redemption prior to maturity. Principal of and interest on the Notes will be paid to DTC by the City.

The Notes are general obligations of the City and are secured by a pledge of the full faith and credit of the City for the payment of the principal thereof and interest thereon. The Notes are payable from the levy of *ad valorem* taxes upon all the taxable property located within the City without limitation as to rate or amount unless paid from other sources.

This cover page contains information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement, including the appendices, to obtain information essential to the making of an informed investment decision.

***The Notes are offered when, as and if issued by the City and delivered to the purchaser thereof, subject to the approval of the legality thereof by Wilentz, Goldman & Spitzer, P.A., Woodbridge, New Jersey, Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for the City by its Corporation Counsel, Ronald C. Hunt, Esq., East Orange, New Jersey. NW Financial Group, LLC serves as Municipal Advisor to the City in connection with the sale and issuance of the Notes. It is anticipated that the Notes will be available for delivery through DTC on or about October 15, 2025.***

**BIDS FOR THE NOTES, IN ACCORDANCE WITH THE NOTICE OF SALE, WILL BE RECEIVED BY THE CITY UNTIL 11:00 A.M., PREVAILING NEW JERSEY TIME, ON OCTOBER 1, 2025 VIA THE PARITY ELECTRONIC BID SYSTEM OF I-DEAL LLC AT [HTTPS://NEWISSUE.MUNI.SPGLOBAL.COM](https://newissue.muni.spglobal.com), AND BY ELECTRONIC MAIL TO TIMOTHY EISMEIER AT [TEISMEIER@NWFINANCIAL.COM](mailto:TEISMEIER@NWFINANCIAL.COM). FOR MORE DETAILS ON HOW TO BID ELECTRONICALLY ON THE NOTES, VIEW THE NOTICE OF SALE POSTED AT [WWW.MUNIHUB.COM](http://WWW.MUNIHUB.COM).**

\*Registered trademark of the American Bankers Association. CUSIP numbers are provided by CUSIP Global Services, which is operated on behalf of the American Bankers Association by FactSet Research Systems Inc. The CUSIP number listed above is being provided solely for the convenience of Noteholders only at the time of issuance of the Notes and the City does not make any representation with respect to such number or undertake any responsibility for its accuracy now or at any time in the future. The CUSIP number is subject to being changed after the issuance of the Notes as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to the Notes.

**CITY OF EAST ORANGE  
IN THE COUNTY OF ESSEX  
STATE OF NEW JERSEY**

**MAYOR**

Theodore R. Green

**CITY COUNCIL MEMBERS**

Vernon Pullins, Jr., Chairman  
Christopher D. James  
Amy Lewis  
Christopher Awe  
Sammed R. Monk  
Bergson Leneus  
Casim L. Gomez  
Tameika Garrett-Ward  
Alicia Holman  
Naiima Fauntleroy

**CITY ADMINISTRATOR**

Solomon Steplight

**CHIEF FINANCIAL OFFICER**

Daphne Gamboa

**CITY CLERK**

Cynthia S. Brown

**CORPORATION COUNSEL**

Ronald C. Hunt, Esq.  
Newark, New Jersey

**CITY AUDITOR**

PKF O'Connor Davies, LLP  
Cranford, New Jersey

**MUNICIPAL ADVISOR**

NW Financial Group, LLC  
Bloomfield, New Jersey

**BOND COUNSEL**

Wilentz, Goldman & Spitzer, P.A.  
Woodbridge, New Jersey

No dealer, broker, salesperson or other person has been authorized by the City of East Orange, in the County of Essex, State of New Jersey (the "City") to give any information or to make any representations with respect to the Notes other than those contained in this Official Statement and, if given or made, such information or representations must not be relied upon as having been authorized by the City. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Notes in any jurisdiction in which it is unlawful for any person to make such an offer, solicitation or sale.

The information contained herein has been provided by the City, The Depository Trust Company, Brooklyn, New York ("DTC") and other sources deemed reliable by the City; however, no representation or warranty is made as to its accuracy or completeness and, as to the information from sources other than the City, such information is not to be construed as a representation or warranty by the City.

This Official Statement is not to be construed as a contract or agreement between the City and the purchasers or owners of any of the Notes. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinions and not as representations of fact. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder shall, under any circumstance, create an implication that there has been no change in any of the information provided herein since the date hereof or the date as of which such information is given, if earlier. The City has not confirmed the accuracy or completeness of information relating to DTC, which information has been provided by DTC.

References in this Official Statement to laws, rules, regulations, resolutions, ordinances, agreements, reports and documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of, and exceptions to, statements made herein. This Official Statement should be read in its entirety.

The presentation of information is intended to show recent historical information, except as expressly stated otherwise, and is not intended to indicate future or continuing trends in the financial condition or other affairs of the City. No representation is made that past experience, as is shown by the financial and other information contained herein, will necessarily continue or be repeated in the future.

The order and placement of materials in this Official Statement, including the appendices, are not deemed to be a determination of the relevance, materiality or importance of such materials, and this Official Statement, including the appendices, must be considered in its entirety.

In order to facilitate the distribution of the Notes, the Underwriter may engage in transactions intended to stabilize the price of the Notes at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The prices at which the Notes are offered to the public by the Underwriter and the yields resulting therefrom may vary from the initial public offering prices or yields on the cover page hereof. In addition, the Underwriter may allow concessions or discounts from such initial public offering prices to dealers and others.

The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the Federal Securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

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**OFFICIAL STATEMENT  
OF THE  
CITY OF EAST ORANGE  
IN THE COUNTY OF ESSEX, STATE OF NEW JERSEY**

**\$25,240,900 BOND ANTICIPATION NOTES, SERIES 2025**

**INTRODUCTION**

This Official Statement, which includes the cover page and the appendices attached hereto, has been prepared by the City of East Orange (the "City"), in the County of Essex (the "County"), State of New Jersey (the "State"), in connection with the sale and issuance of \$25,240,900 aggregate principal amount of Bond Anticipation Notes, Series 2025 (the "Notes"). This Official Statement has been executed by and on behalf of the City by its Chief Financial Officer, and its distribution and use in connection with the marketing and sale of the Notes has been authorized by the City Council of the City.

This Official Statement contains specific information relating to the Notes, including their general description, the purposes of their issuance, a summary of borrowing procedures, certain matters affecting the financing, certain legal matters, historical financial information and other information pertinent to the issuance of the Notes. This Official Statement, including the appendices, should be read in its entirety.

All financial and other information presented herein has been provided by the City from its records, except for information expressly attributed to other sources. The presentation of information is intended to show recent historic information and, but only to the extent specifically provided herein, certain projections into the immediate future, and is not necessarily indicative of future or continuing trends in the financial position of the City.

**THE NOTES**

**General Description**

The Notes are general obligations of the City, and the full faith and credit of the City are pledged to the payment of the principal of and the interest on the Notes. The Notes are dated their date of delivery and will mature on October 14, 2026.

One certificate for the aggregate principal amount of the Notes will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), Brooklyn, New York, which will act as securities depository for the Notes. The Notes will be on deposit with DTC. DTC will be responsible for maintaining a book-entry system for recording the interests of its participants and transfers of the interests among its participants. The participants will be responsible for maintaining records regarding the beneficial ownership interests in the Notes on behalf of the individual purchasers of the Notes. Purchases of the Notes will be made in book-entry form (without certificates) in denominations of \$5,000 each or any integral multiple of \$1,000 in excess thereof, or, as applicable, any odd denomination in excess thereof, through book entries made on the books and records of DTC. Individual purchasers of the Notes will not receive certificates representing their beneficial ownership interests in the Notes, but each book-entry Note owner will receive a credit balance on the books of its nominee.

The Notes shall mature as stated above with interest payable at maturity, and interest shall be calculated on the basis of twelve (12) thirty (30) day months in a 360-day year. Principal of and interest on the Notes will be paid to DTC by the City. The Notes are not subject to redemption prior to maturity.

## AUTHORIZATION OF THE NOTES

The Notes are authorized by, and are being issued pursuant to: (i) the provisions of the Local Bond Law of the State of New Jersey, N.J.S.A. 40A:2-1 et seq., as amended and supplemented (the "Local Bond Law"); (ii) various bond ordinances duly adopted by the City Council of the City on the dates set forth in the chart below, approved by the Mayor, and published as required by law; and (iii) a resolution duly adopted by the City Council of the City on September 29, 2025.

The bond ordinances authorizing the Notes were published in full or in summary after their final adoption along with the statement that the twenty (20) day period of limitation within which a suit, action or proceeding questioning the validity of such bond ordinances could be commenced began to run from the respective dates of the first publication of such statement. The Local Bond Law provides that, after issuance, all obligations shall be conclusively presumed to be fully authorized and issued by all laws of the State, and all persons shall be estopped from questioning their sale, execution or delivery by the City. Such estoppel period has concluded as of the date of this Official Statement.

## PURPOSE OF THE NOTES

The Notes are being issued to refund, on a current basis, a \$25,240,900 portion of \$25,405,900 General Obligation Notes, Series 2024 issued on October 17, 2024 and maturing on October 16, 2025 (the "Prior Notes") (the remaining balance of the Prior Notes will be paid by the City with a 2025 budgetary appropriation in the amount of \$165,000).

The purposes for which the Notes are to be issued have been authorized by duly adopted, approved and published bond ordinances of the City, which bond ordinances are described in the following table by Ordinance Number, Description and Date of Final Adoption, and the Amount of Notes to be issued for such purposes. The bond ordinances are as follows:

Ordinance Number	Description and Date of Final Adoption	Amount of Bond Anticipation Notes
27 of 2022	Various 2022 capital acquisitions and improvements, finally adopted 9/12/22	\$8,000,000.00
24 of 2023	Various 2023 capital acquisitions and improvements, finally adopted 9/11/23	\$10,000,000.00
22 of 2024	Various 2024 capital acquisitions and improvements, finally adopted 9/9/2024	<u>\$7,240,900.00</u>
		<u>\$25,240,900.00</u>

## SECURITY FOR THE NOTES

The Notes are valid and legally binding general obligations of the City, and the City has pledged its full faith and credit for the payment of the principal of and the interest on the Notes. The City is required by law to levy *ad valorem* taxes upon all the taxable property within the City for the payment of the principal of and the interest on the Notes without limitation as to rate or amount unless paid from other sources.

## **RISK FACTORS**

### **Climate**

The State is naturally susceptible to the effects of extreme weather events and natural disasters, including floods, earthquakes and hurricanes, which could result in negative economic impacts on communities. Such effects can be exacerbated by a longer term shift in the climate over several decades (commonly referred to as climate change), including increasing global temperatures and rising sea levels. The occurrence of such extreme weather events could damage local infrastructure that provides essential services to the City as well as resulting in economic impacts such as loss of *ad valorem* tax revenue, interruption of municipal services, and escalated recovery costs. No assurance can be given as to whether future extreme weather events will occur that could materially adversely affect the financial condition of the City.

### **Cyber Security**

The City relies on a complex technology environment to conduct its various operations. As a result, the City faces certain cyber security threats at various times including, but not limited to, hacking, phishing, viruses, malware and other attacks on its computing and digital networks and systems. To mitigate the risks of business operations impact and/or damage from cybersecurity incidents or cyber-attacks, the City has invested in multiple forms of cybersecurity and operational safeguards. In addition, the City maintains certain insurance coverage for cyberattacks and related events. No assurances can be given that the City's efforts to manage cyber threats and attacks will be successful or that any such attack will not materially impact the operations or finances of the City.

## **NO DEFAULT**

There is no report of any default in the payment of the principal of, redemption premium, if any, and interest on the bonds, notes or other obligations of the City as of the date hereof.

## **MARKET PROTECTION**

The City anticipates issuing approximately \$5,000,000 in additional bond anticipation notes in calendar year 2025.

## **THE DEPOSITORY TRUST COMPANY ("DTC") INFORMATION**

The description which follows of the procedures and record keeping with respect to beneficial ownership interests in the Notes, payment of principal and interest, and other payments on the Notes to DTC Participants or Beneficial Owners (as such terms are defined or used herein), confirmation and transfer of beneficial ownership interests in the Notes and other related transactions by and between DTC, DTC Participants and Beneficial Owners, is based on certain information furnished by DTC to the City. Accordingly, the City does not make any representations concerning these matters.

The Depository Trust Company ("DTC"), Brooklyn, New York will act as securities depository for the Notes. The Notes will be issued as fully-registered securities which will be registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Note certificate will be issued for the Notes in the aggregate principal amount of the Notes, as set forth on the cover page hereof, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York

Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of "AA+". The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of the Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of the Notes ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of the Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Notes, such as redemptions, tenders, defaults, and proposed amendments to the Note documents. For example, Beneficial Owners of the Notes may wish to ascertain that the nominee holding the Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners, or in the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Notes, unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Notes will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC, nor its nominee, Paying Agent or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest on the Notes to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Notes at any time by giving reasonable notice to the City or Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Note certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Note certificates will be printed and delivered.

**The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.**

### **Discontinuance of Book-Entry System**

In the event that the book-entry system is discontinued and the Beneficial Owners become registered owners of the Notes, the following provisions apply: (i) the Notes may be exchanged for an equal aggregate principal amount of Notes in other authorized denominations and of the same maturity, upon surrender thereof at the office of the City or a duly designated paying agent (the "Paying Agent"); (ii) the transfer of any Notes may be registered on the books maintained by the City or Paying Agent for such purposes only upon the surrender thereof to the City or Paying Agent together with the duly executed assignment in form satisfactory to the City or Paying Agent; and (iii) for every exchange or registration of transfer of the Notes, the City or Paying Agent may make a charge sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer of the Notes. Interest on the Notes will be payable by check or draft, mailed on the Interest Payment Date to the registered owners thereof.

## **PROVISIONS FOR THE PROTECTION OF GENERAL OBLIGATION DEBT**

### **Procedure for Authorization**

The City has no constitutional limit on its power to incur indebtedness other than that it may issue obligations only for public purposes pursuant to State statutes. The authorization and issuance of City debt, including the purpose, amount and nature thereof, the method and manner of the incurrence of such debt, the maturity and terms of repayment thereof, and other related matters are statutory. The City is not required to submit the proposed incurrence of indebtedness to a public referendum.

The City, by bond ordinance, may authorize and issue negotiable obligations for the financing of any capital improvement or property which it may lawfully acquire, or any purpose for which it is authorized or required by law to make an appropriation, except current expenses and payment of obligations (other than those for temporary financings). Bond ordinances must be finally adopted by the recorded affirmative vote of at least two-thirds of the full membership of the City Council and approved by the Mayor. The Local Bond Law requires publication and posting of the bond ordinance. If the bond ordinance requires approval or

endorsement of the State, it cannot be finally adopted until such approval has been received. The Local Bond Law provides that a bond ordinance shall take effect twenty (20) days after the first publication thereof after final adoption. At the conclusion of the twenty-day period all challenges to the validity of the obligations authorized by such bond ordinance shall be precluded except for constitutional matters. Moreover, after issuance, all obligations are conclusively presumed to be fully authorized and issued by all laws of the State and any person shall be estopped from questioning their sale, execution or delivery by the City.

#### **Local Bond Law (N.J.S.A. 40A:2-1 et seq.)**

The Notes are being issued pursuant to the provisions of the Local Bond Law. The Local Bond Law governs the issuance of bonds and bond anticipation notes to finance certain municipal capital expenditures. Among its provisions are requirements that bonds or notes must mature within the statutory period of usefulness of the projects being financed, that bonds be retired in serial or sinking fund installments, and that, unlike school debt, and with some exceptions, including self-liquidating obligations and the improvements involving State grants, a five percent (5%) cash down payment must be generally provided. Such down payment must have been raised by budgetary appropriations, from cash on hand previously contributed for the purpose or by emergency resolution adopted pursuant to the Local Budget Law, N.J.S.A. 40A:4-1 et seq., as amended and supplemented (the "Local Budget Law"). All notes issued by the City are general "full faith and credit" obligations of the City.

#### **Short Term Financing**

Local governmental units (including the City) may issue bond anticipation notes to temporarily finance a capital improvement or project in anticipation of the issuance of bonds if the bond ordinance or subsequent resolution so provides. Such bond anticipation notes for capital improvements may be issued in an aggregate amount not exceeding the amount of bonds authorized in the ordinance, as may be amended and supplemented, creating such capital expenditure. A local unit's bond anticipation notes may be issued and renewed for periods not exceeding one (1) year, with the final maturity occurring and being paid no later than the first day of the fifth month following the close of the tenth fiscal year after the original issuance of the notes, provided that no notes may be renewed beyond the third anniversary date of the original notes and each anniversary date thereafter, unless an amount of such note at least equal to the first legally payable installment of the anticipated bonds (the first year's principal payment), is paid and retired from funds other than the proceeds of obligations on or before the third anniversary date and each anniversary date thereafter.

The issuance of tax anticipation notes by a municipality is limited in amount by the provisions of the Local Budget Law and may be renewed from time to time, but, in the case of a municipality such as the City, all such notes and renewals thereof must mature not later than 120 days after the end of the fiscal year in which such notes were issued.

#### **Refunding Bonds (N.J.S.A. 40A:2-51 et seq.)**

Refunding bonds may be issued by a local unit pursuant to the Local Bond Law for the purpose of paying, funding or refunding its outstanding bonds, including temporary emergency appropriations, emergency appropriations, the actuarial liabilities of a non-State administered public employee pension system, the present value of unfunded accrued liabilities for State administered early retirement incentive benefits, amounts owing to others for taxes levied in the local unit, or any renewals or extensions thereof, and for paying the cost of issuance of refunding bonds. Refunding bonds issued to pay, fund, or refund outstanding bonds may be issued in accordance with N.J.A.C. 5:30-2.5 and, therefore, no approval is required by the Local Finance Board, in the Division of Local Government Services, New Jersey Department of Community Affairs (the "Local Finance Board"); however, the details of the sale, issuance and delivery of the refunding bonds must be delivered to the Local Finance Board within ten (10) days of the delivery of the refunding bonds.

### **Statutory Debt Limitation (N.J.S.A. 40A:2-6 et seq.)**

There are statutory requirements which limit the amount of debt which the City is permitted to authorize. The authorized bonded indebtedness of a City is limited by the Local Bond Law and other laws to an amount equal to three and one-half percent (3.50%) of its stated average equalized valuation basis, subject to certain exceptions noted below. N.J.S.A. 40A:2-6. The stated equalized valuation basis is set by statute as the average of the equalized valuations of all taxable real property, together with improvements to such property, and the assessed valuation of certain Class II railroad property within the boundaries of the City for each of the last three (3) preceding years as annually certified in the valuation of all taxable real property, in the Table of Equalized Valuation by the Director of the Division of Taxation, in the New Jersey Department of the Treasury (the "Division of Taxation"). Certain categories of debt are permitted by statute to be deducted for the purposes of computing the statutory debt limit. The Local Bond Law permits the issuance of certain obligations, including obligations issued for certain emergency or self-liquidating purposes, notwithstanding the statutory debt limitation described above; but, with certain exceptions, it is then necessary to obtain the approval of the Local Finance Board. See "Exceptions to Debt Limitation-Extensions of Credit" below. As shown in Appendix A, the City has not exceeded its statutory debt limit.

### **Exceptions to Debt Limitation – Extensions of Credit (N.J.S.A. 40A:2-7 et seq.)**

The debt limit of the City may be exceeded with the approval of the Local Finance Board. If all or any part of a proposed debt authorization is to exceed its debt limit, the City must apply to the Local Finance Board for an extension of credit. The Local Finance Board considers the request, concentrating its review on the effect of the proposed authorization on outstanding obligations and operating expenses and the anticipated ability to meet the proposed obligations. If the Local Finance Board determines that a proposed debt authorization is not unreasonable or exorbitant, that the purposes or improvements for which the obligations are issued are in the public interest and for the health, welfare and convenience or betterment of the inhabitants of the City and that the proposed debt authorization would not materially impair the credit of the City or substantially reduce the ability of the City to meet its obligations or to provide essential services that are in the public interest and makes other statutory determinations, approval is granted. In addition to the aforesaid, debt in excess of the debt limit may be issued to fund certain obligations, for self-liquidating purposes and, in each fiscal year, in an amount not exceeding two-thirds of the amount budgeted in such fiscal year for the retirement of outstanding obligations (exclusive of obligations issued for utility or assessment purposes) plus two-thirds of the amount raised in the tax levy of the current fiscal year by the local unit for the payment of bonds or notes of any school district. The City has not exceeded its debt limit.

### **Local Fiscal Affairs Law (N.J.S.A. 40A:5-1 et seq.)**

The Local Fiscal Affairs, N.J.S.A. 40A:5-1 et seq., as amended and supplemented (the "Local Fiscal Affairs Law"), regulates the non-budgetary financial activities of local governments. An annual, independent audit of the local unit's accounts for the previous year must be performed by a Registered Municipal Accountant licensed in the State of New Jersey. The audit, conforming to the Division of Local Government Services, in the New Jersey Department of Community Affairs (the "Division") "Requirements of Audit", which must be completed within six (6) months (June 30) after the close of the City's fiscal year (December 31), includes recommendations for improvement of the local unit's financial procedures. The audit report must be filed with the City Clerk and is available for review during regular municipal business hours and shall, within five (5) days thereafter be filed with the Director of the Division (the "Director"). A synopsis of the audit report, together with all recommendations made, must be published in a local newspaper within thirty (30) days of the City Clerk's receipt of the audit report. Accounting methods utilized in the conduct of the audit conform to practices prescribed by the Division, which practices differ in some respects from generally accepted accounting principles in the United States.

### **Annual Financial Statement (N.J.S.A. 40A:5-12 et seq.)**

An annual financial statement ("Annual Financial Statement") which sets forth the financial condition of a local unit for the fiscal year must be filed with the Division not later than January 26 (in the case of a

county) and not later than February 10 (in the case of a municipality) after the close of the calendar fiscal year, such as the City, or not later than August 10 of the State fiscal year for those municipalities which operate on the State fiscal year. The Annual Financial Statement is prepared either by the Chief Financial Officer or the Registered Municipal Accountant for the local unit. Such Annual Financial Statement reflects the results of operations for the year of the Current and Utility Funds. If the statement of operations results in a cash deficit, the deficit must be included in full in the succeeding year's budget. The entire annual financial statement is filed with the clerk of the local unit and is available for review during business hours.

### **Investment of Municipal Funds**

Investment of funds by municipalities is governed by N.J.S.A. 40A:5-14 et seq. Such statute requires municipalities to adopt a cash management plan pursuant to the requirements outlined by said statute. Once a municipality adopts a cash management plan it must deposit or invest its funds pursuant to such plan. N.J.S.A. 40A:5-15.1 provides for the permitted securities a municipality may invest in pursuant to its cash management plan. Some of the permitted securities are as follows: (a) obligations of, or obligations guaranteed by, the United States of America ("Government Obligations"), (b) Government money market mutual funds which invest in securities permitted under the statute, (c) bonds of certain Federal Government agencies having a maturity date not greater than 397 days from the date of purchase, (d) bonds or other obligations of the particular municipality or school districts of which the local unit is a part or within which the school district is located, and (e) bonds or other obligations having a maturity date not greater than 397 days from the date of purchase and approved by the Division of Investment, in the New Jersey Department of the Treasury. Municipalities are required to deposit their funds in banks satisfying certain security requirements set forth in N.J.S.A. 17:9-41 et seq. Municipalities are required to deposit their funds in interest-bearing bank accounts to the extent practicable and other permitted investments.

### **DEBT INFORMATION OF THE CITY**

The City must report all new authorizations of debt or changes in previously authorized debt to the Division through the filing of Supplemental and Annual Debt Statements. The Supplemental Debt Statement must be submitted to the Division before final passage of any debt authorization. Before the end of the first month (January 31) of each fiscal year of the City, the City must file an Annual Debt Statement which is dated as of the last day of the preceding fiscal year (December 31) with the Division and with the City Clerk. This report is made under oath and states the authorized, issued and unissued debt of the City as of the previous December 31. Through the Annual and Supplemental Debt Statements, the Division monitors all local borrowing. Even though the City's authorizations are within its debt limits, the Division is able to enforce State regulations as to the amounts and purposes of local borrowings.

### **FINANCIAL MANAGEMENT**

#### **Accounting and Reporting Practices**

The accounting policies of the City conform to the accounting principles applicable to local governmental units which have been prescribed by the Division. A modified accrual basis of accounting is followed with minor exceptions. Revenues are recorded as received in cash except for certain amounts which may be due from other governmental units and which are accrued. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the City's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due to the City which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue only when received. Expenditures are generally recorded on the accrual basis, except that unexpended appropriations at December 31, unless canceled by the governing body, are reported as expenditures with offsetting appropriation reserves. Appropriation reserves are available, until lapsed at the close of the succeeding fiscal year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are credited to the results of operations. As is the prevailing

practice among municipalities and counties in the State, the City does not record obligations for accumulated unused vacation and sick pay.

#### **Local Budget Law (N.J.S.A. 40A:4-1 et seq.)**

The foundation of the State local finance system is the annual cash basis budget. Every local unit, including the City, must adopt an annual operating budget in the form required by the Division. Certain items of revenue and appropriation are regulated by law and the proposed operating budget cannot be finally adopted until it has been certified by the Director, or in the case of a local unit's examination of its own budget as described herein, such budget cannot be finally adopted until a local examination certificate has been approved by the Chief Financial Officer and governing body of the local unit. The Local Budget Law requires each local unit to appropriate sufficient funds for payment of current debt service and the Director, or in the case of the local examination, the local unit may review the adequacy of such appropriations. Among other restrictions, the Director or, in the case of local examination, the local unit may examine the budget with reference to all estimates of revenue and the following appropriations: (a) payment of interest and debt redemption charges, (b) deferred charges and statutory expenditures, (c) cash deficit of the preceding year, (d) reserve for uncollected taxes, and (e) other reserves and non-disbursement items. Taxes levied are a product of total appropriations, less non-tax revenues, plus a reserve predicated on the prior year's collection experience.

The Director, in reviewing the budget, has no authority over individual operating appropriations, unless a specific amount is required by law, but the Director's budgetary review functions, focusing on anticipated revenues, and serves to protect the solvency of the local unit. Local budgets, by law and regulation, must be in balance on a "cash basis", i.e., the total of anticipated revenues must equal the total of appropriation. N.J.S.A. 40A:4-22. If in any year the City's expenditures exceed its realized revenues for that year, then such excess (deficit) must be raised in the succeeding year's budget.

In accordance with the Local Budget Law and related regulations, (i) each local unit, with a population of 10,000 persons, must adopt and annually revise a six (6) year capital program, and (ii) each local unit, with a population under 10,000 persons, must adopt (with some exceptions) and annually revise a three (3) year capital program. The capital program, when adopted, does not constitute the appropriation of funds, but sets forth a plan of capital expenditures which the local unit may contemplate over the next six (6) years or the next three (3) years, as applicable. Expenditures for capital purposes may be made either by ordinances adopted by the governing body which set forth the items and the methods of financing, or from the annual operating budget. See "CAPITAL IMPROVEMENT PROGRAM" herein.

Municipal public utilities are supported by the revenues generated by the respective operations of the utilities, in addition to the general taxing power upon real property. For each utility, there is established a separate budget. The anticipated revenues and appropriations for each utility are set forth in the separate section of the budget. The budget is required to be balanced and to provide fully for debt service. The regulations regarding anticipation of revenues and deferral of charges apply equally to the budgets of the utilities. Deficits or anticipated deficits in utility operations which cannot be provided for from utility surplus, if any, are required to be raised in the "current" or operating budget.

#### **Local Examination of Budgets (N.J.S.A. 40A:4-78(b))**

Chapter 113 of the Laws of New Jersey of 1996 (N.J.S.A. 40A:4-78(b)) authorizes the Local Finance Board to adopt rules that permit certain municipalities to assume the responsibility, normally granted to the Director, of conducting the annual budget examination required by the Local Budget Law. Since 1997 the Local Finance Board has developed regulations that allow "eligible" and "qualifying" municipalities to locally examine their budget every two (2) of three (3) years. Under the regulations prescribed by the Local Finance Board, the City was not eligible for local examination of its budget in 2025. The City adopted its 2025 budget in accordance with the procedures described under the heading entitled, "FINANCIAL MANAGEMENT – Local Budget Law (N.J.S.A. 40A: 4-1 et seq.)"

## **State Supervision (N.J.S.A. 52:27BB-1 et seq.)**

State law authorizes State officials to supervise fiscal administration in any municipality which is in default on its obligations; which experiences severe tax collection problems for two (2) successive years; which has a deficit greater than four percent (4%) of its tax levy for two (2) successive years; which has failed to make payments due and owing to the State, county, school district or special district for two (2) consecutive years; which has an appropriation in its annual budget for the liquidation of debt which exceeds twenty-five percent (25%) of its total operating appropriations (except dedicated revenue appropriations) for the previous budget year; or which has been subject to a judicial determination of gross failure to comply with the Local Bond Law, the Local Budget Law or the Local Fiscal Affairs Law which substantially jeopardizes its fiscal integrity. State officials are authorized to continue such supervision for as long as any of the conditions exist and until the municipality operates for a fiscal year without incurring cash deficit.

## **Limitations on Expenditures ("Cap Law") (N.J.S.A. 40A:4-45.1, et seq.)**

N.J.S.A. 40A:4-45.3 places limits on municipal tax levies and expenditures. This law is commonly known as the "Cap Law" (the "Cap Law"). The Cap Law provides that the City shall limit any increase in its budget to 2.5% or the Cost-Of-Living Adjustment, whichever is less, of the previous year's final appropriations, subject to certain exceptions. The Cost-Of-Living Adjustment is defined as the rate of annual percentage increase, rounded to nearest half percent, in the Implicit Price Deflator for State and Local Government Purchases of Goods and Services produced by the United States Department of Commerce for the year preceding the current year as announced by the Director. However, in each year in which the Cost-Of-Living Adjustment is equal to or less than 2.5%, the City may, by ordinance, approved by a majority vote of the full membership of the governing body, provide that the final appropriations of the City for such year be increased by a percentage rate that is greater than the Cost-Of-Living Adjustment, but not more than 3.5% over the previous year's final appropriations. See N.J.S.A. 40A:4-45.14. In addition, N.J.S.A. 40A:4-45.15a restored "CAP" banking to the Local Budget Law. Municipalities are permitted to appropriate available "CAP Bank" in either of the next two (2) succeeding years' final appropriations. Along with the permitted increases for total general appropriations there are certain items that are allowed to increase outside the "CAP".

Additionally, P.L. 2010, c.44, effective July 13, 2010, imposes a two percent (2%) cap on the tax levy of a municipality, county, fire district or solid waste collection district, with certain exceptions and subject to a number of adjustments. The exclusions from the limit include increases required to be raised for capital expenditures, including debt service, increases in pension contributions in excess of two percent (2%), certain increases in health care costs in excess of two percent (2%), and extraordinary costs incurred by a local unit directly related to a declared emergency. The governing body of a local unit may request approval, through a public question submitted to the legal voters residing in its territory, to increase the amount to be raised by taxation, and voters may approve increases above two percent (2%) not otherwise permitted under the law by an affirmative vote of fifty percent (50%).

The Division of Local Government Services has advised that counties and municipalities must comply with both budget "CAP" and the tax levy limitation. Neither the tax levy limitation nor the "CAP Law", however, limits the obligation of the City to levy *ad valorem* taxes upon all taxable property within the boundaries of the City to pay debt service on bonds and notes, including the Notes.

## **Deferral of Current Expenses**

Supplemental appropriations made after the adoption of the budget and determination of the tax rate may be authorized by the governing body of a local unit, including the City, but only to meet unforeseen circumstances, to protect or promote public health, safety, morals or welfare, or to provide temporary housing or public assistance prior to the next succeeding fiscal year. However, with certain exceptions described below, such appropriations must be included in full as a deferred charge in the following year's budget. Any emergency appropriation must be declared by resolution according to the definition provided in a provision of the Local Budget Law, N.J.S.A. 40A:4-48, -49, and approved by at least two-thirds of the full membership of the governing body, and shall be filed with the Director. If such emergency appropriations exceed three percent (3%) of the adopted operating budget, consent of the Director is required. N.J.S.A. 40A:4-49.

The exceptions are certain enumerated quasi-capital projects ("special emergencies") such as (i) the repair and reconstruction of streets, roads or bridges damaged by snow, ice, frost, or floods, which may be amortized over three (3) years, and (ii) the repair and reconstruction of streets, roads, bridges or other public property damaged by flood or hurricane, where such expense was unforeseen at the time of budget adoption, the repair and reconstruction of private property damaged by flood or hurricane, tax map preparation, re-evaluation programs, revision and codification of ordinances, master plan preparations, drainage map preparation for flood control purposes, studies and planning associated with the construction and installation of sanitary sewers, authorized expenses of a consolidated commission, contractually required severance liabilities resulting from the layoff or retirement of employees and the preparation of sanitary and storm system maps, all of which projects set forth in this section (ii) may be amortized over five (5) years. N.J.S.A. 40A:4-53, -54, -55, -55.1. Additionally, a special emergency appropriation may be made to fund a deficit in prior year operations experienced by any municipality, utility, or enterprise during, or in the fiscal year immediately following, a fiscal year in which a public health emergency pursuant to the "Emergency Health Powers Act," P.L.2005, c.222 (C.26:13-1 et seq.), or a state of emergency, pursuant to P.L.1942, c.251 (C.App.A:9-33 et seq.), or both, has been declared by the Governor in response to COVID-19, the adoption of which shall be subject to approval of the Director. Such special emergency appropriation related to the COVID-19 pandemic may be amortized over five (5) years. Emergency appropriations for capital projects may be financed through the adoption of a bond ordinance and amortized over the useful life of the project as described above.

## **Budget Transfers**

Budget transfers provide a degree of flexibility and afford a control mechanism for local units. Pursuant to N.J.S.A. 40A:4-58, transfers between major appropriation accounts are prohibited until the last two (2) months of the municipality's fiscal year. Appropriation reserves may be transferred during the first three (3) months of the current fiscal year to the immediately preceding fiscal year's budget. N.J.S.A. 40A:4-59. Both types of transfers require a two-thirds vote of the full membership of the governing body. Although sub-accounts within an appropriation are not subject to the same year-end transfer restriction, they are subject to internal review and approval. Generally, transfers cannot be made from the down payment account, the capital improvement fund, contingent expenses or from other sources as provided in the statute.

## **Anticipation of Real Estate Taxes**

The same general principle that revenue cannot be anticipated in a budget in excess of that realized in the preceding year applies to property taxes. N.J.S.A. 40A:4-29 provides limits for the anticipation of delinquent tax collections and provides that, "[t]he maximum which may be anticipated is the sum produced by the multiplication of the amount of delinquent taxes unpaid and owing to the local unit on the first day of the current fiscal year by the percentage of collection of delinquent taxes for the year immediately preceding the current fiscal year."

In regard to current taxes, N.J.S.A. 40A:4-41(b) provides that, "[r]eceipts from the collection of taxes levied or to be levied in the municipality, or in the case of a county for general county purposes and payable in the fiscal year shall be anticipated in an amount which is not in excess of the percentage of taxes levied and payable during the next preceding fiscal year which was received in cash by the last day of the preceding fiscal year."

This provision requires that an additional amount (the "reserve for uncollected taxes") be added to the tax levy required to balance the budget so that when the percentage of the prior year's tax collection is applied to the combined total, the sum will at least equal the tax levy required to balance the budget. The reserve requirement is calculated as follows:

$$\begin{array}{rcl}
 \text{Total of Local, County,} & - & \text{Anticipated Revenues} \\
 \text{and School Levies} & & \\
 \hline
 \text{Cash Required from Taxes to Support} & = & \text{Cash Required from Taxes to Support} \\
 \text{Local Municipal Budget and Other Taxes} & & \text{Local Municipal Budget and Other Taxes} \\
 \hline
 \text{Prior Year's Percentage of Current Tax Collection (or Lesser \%)} & = & \text{Amount to be} \\
 & & \text{Raised by} \\
 & & \text{Taxation}
 \end{array}$$

## **Anticipation of Miscellaneous Revenues**

N.J.S.A 40A:4-26 provides that, "[n]o miscellaneous revenues from any source shall be included as an anticipated revenue in the budget in an amount in excess of the amount actually realized in cash from the same source during the next preceding fiscal year, unless the director shall determine upon application by the governing body that the facts clearly warrant the expectation that such excess amount will actually be realized in cash during the fiscal year and shall certify such determination, in writing, to the local unit."

No budget or amendment thereof shall be adopted unless the Director shall have previously certified his approval of such anticipated revenues except that categorical grants-in-aid contracts may be included for their face amount with an offsetting appropriation. The fiscal years of such grants rarely coincide with a municipality's calendar fiscal year. Grant revenues are fully realized in the year in which they are budgeted by the establishment of accounts receivable and offsetting reserves.

## **CAPITAL IMPROVEMENT PROGRAM**

In accordance with the Local Budget Law, the City must adopt and may from time to time amend rules and regulations for capital budgets, which rules and regulations must require a statement of capital undertakings underway or projected for a period not greater than over the next ensuing six (6) years as a general improvement program. The Capital Budget and Capital Improvement Program must be adopted as part of the annual budget pursuant to N.J.A.C. 5:30-4. The Capital Budget does not by itself confer any authorization to raise or expend funds, rather it is a document used for planning. Specific authorization to expend funds for such purposes must be granted, by a separate bond ordinance, by inclusion of a line item in the Capital Improvement Section of the budget, by an ordinance taking money from the Capital Improvement Fund, or other lawful means.

## **COVID-19 RISK FACTORS**

In early March of 2020, the World Health Organization declared a pandemic following the global outbreak of COVID-19, a respiratory disease caused by a newly discovered strain of coronavirus. On March 13, 2020, then President Trump declared a national emergency to unlock federal funds and assistance to help states and local governments fight the pandemic. Governor Phil Murphy (the "Governor") of the State of New Jersey declared a state of emergency and a public health emergency on March 9, 2020 due to the outbreak of COVID-19, which had spread throughout the State and to all counties within the State. The Governor also instituted mandatory measures via various executive orders to contain the spread of the virus. These measures, which alter the behavior of businesses and people, have had and may continue to have impacts on regional, state and local economies. The public health emergency was terminated on June 4, 2021, but the state of emergency remained in effect via Executive Order 244. However, on January 11, 2022, the Governor restated the existing state of emergency and reinstated a public health emergency via Executive Order 280, effective immediately, in order to ensure that the State was able to respond to the threat of COVID-19 and the Omicron variant. The public health emergency declaration, which allows existing orders to continue in effect, was set to expire thirty (30) days from January 11, 2022, unless renewed. On February 10, 2022, the Governor signed Executive Order 288 extending the public health emergency declared on January 11, 2022; however, the public health emergency was terminated on March 7, 2022 via Executive Order 292, while the existing state of emergency remains in effect. See <https://covid19.nj.gov> for further detail regarding the impact of COVID-19 on the State and the Governor's various executive orders.

In order to provide additional means for local governmental units to address the financial impact of the COVID-19 outbreak, the Governor signed into law P.L. 2020, c. 74 ("Chapter 74") on August 31, 2020. Chapter 74, which took effect immediately, adds two new purposes to the list of special emergency appropriations which may be raised by municipalities or counties over a five year period (either through the issuance of special emergency notes or raised internally without borrowing): Specifically, Chapter 74 authorizes special emergency appropriations for: (1) direct COVID-19 response expenses; and (2) deficits in prior year's operations attributable to COVID-19 (the beginning of the five year repayment schedule is delayed by one year for these new purposes). Upon approval by the Director of the Division of Local Government Services, New Jersey Department of Community Affairs, in cases of significant fiscal distress, the five (5) year period may be extended to up to ten (10) years. In addition, the statute permits school districts and public authorities to issue debt with a maximum five (5) year maturity schedule for direct COVID-19 expenses. Chapter 74 provides for State supervision of all local government unit borrowings related to the COVID-19 pandemic. The statute also grants the Director the authority to modify municipal budgeting rules concerning anticipated revenues in order to lessen the impact of revenue reductions due to COVID-19. The City adopted a special emergency ordinance to fund COVID-19 related expenses but did not issue special emergency notes to fund the special emergency. The special emergency notes are being paid through annual appropriations in the City's budgets.

## **AMERICAN RESCUE PLAN**

The American Rescue Plan Act of 2021, H.R. 1319 (the "Plan"), signed into law by President Biden on March 11, 2021, comprises \$1.9 trillion in relief designed to provide funding to address the COVID-19 pandemic and alleviate the economic and health effects of the COVID-19 pandemic.

The Plan includes various forms of financial relief, including an up to \$1,400 increase in direct stimulus payments and various other forms of economic relief, including extended unemployment benefits, continued eviction and foreclosure moratoriums, an increase in the child tax credit, an increase in food and housing aid, assistance grants to restaurants and bars, and other small business grants and loans. The Plan provides funding for state and local governments to offset costs to safely reopen schools during the COVID-19 pandemic and to subsidize COVID-19 testing and vaccination programs. In addition, the Plan includes \$350 billion in relief funds to public entities, such as the City.

The City received \$35,984,210 in Federal Aid under the Plan, \$17,992,105 of which amount was received by the City in 2021 and \$17,992,105 was received in 2022. The deadline to commit the funds was December 31, 2024 and to expend the funds is September 30, 2026 for public service activities and December 31, 2026 for capital expenditures.

## **TAX ASSESSMENT AND COLLECTION**

### **Assessment and Collection of Taxes**

Property valuations (assessments) are determined on true values as arrived at by the cost approach, market data approach and capitalization of net income (where applicable). Current assessments are the result of maintaining new assessments on a "like" basis with established comparable properties for newly assessed or purchased properties resulting in a decline of the assessment ratio to true value to its present level. This method assures equitable treatment to like property owners.

Upon the filing of certified adopted budgets by the City, the local school district and the County, the tax rate is struck by the County Board of Taxation based on the certified amounts in each of the taxing districts for collection to fund the budgets. The statutory provisions for the assessment of property, levying of taxes and the collection thereof are set forth in N.J.S.A. 54:4-1 et seq. Special taxing districts are permitted in New Jersey for various special services rendered to the properties located within the special district.

For calendar year municipalities, tax bills are sent in June of the current fiscal year. Taxes are payable in four quarterly installments on February 1, May 1, August 1 and November 1. The August and November tax bills are determined as the full tax levied for municipal, county and school purposes for the current municipal fiscal year, less the amount charged as the February and May installments for municipal, county and school purposes in the current fiscal year. The amounts due for the February and May installments are determined by the municipal governing body as either one-quarter or one-half of the full tax levied for municipal, county or school purposes for the preceding fiscal year.

Fiscal year municipalities follow the same general rationale for the billing of property taxes, however billing is processed semi-annually. The provisions of P.L. 1994, C. 72 changed the procedures for State fiscal year billing originally established in P.L. 1991, C. 75. Chapter 72 moves the billing calculation back on a calendar year basis, which permits tax levies to be proved more readily than before.

The formulae used to calculate tax bills under P.L. 1994, C. 72 are as follows:

The third and fourth installments, for municipal purposes, would equal one-half of an estimated annual tax levy, plus the balance of the full tax levied during the current tax year for school, county and special district purposes. The balance of the full tax for non-municipal purposes is calculated by subtracting amounts due on a preliminary basis from the full tax requirement for the tax year. The first and second installments, for municipal purposes, will be calculated on a percentage of the previous year's billing necessary to bill the amount required to collect the full tax levy, plus the non-municipal portion, which represents the amount payable to each taxing district for the period of January 1 through June 30.

Tax installments not paid on or before the due date are subject to interest penalties of eight percent (8%) on the first \$1,500 of the delinquency and, then eighteen percent (18%) per annum on any amount in excess of \$1,500. A penalty of up to six percent (6%) of the delinquency in excess of \$10,000 may be imposed on a taxpayer who fails to pay that delinquency prior to the end of the tax year in which the taxes become delinquent. Delinquent taxes open for one year or more are annually included in a tax sale in accordance with State Statutes. Tax title liens are periodically assigned to the Corporation Counsel (as defined herein) for in rem foreclosures in order to acquire title to these properties.

The provisions of chapter 99 of the Laws of New Jersey of 1997 allow a municipality to sell its total property tax levy to the highest bidder either by public sale with sealed bids or by public auction. The purchaser shall pay the total property tax levy bid amount in quarterly installments or in one annual installment. Property taxes will continue to be collected by the municipal tax collector and the purchaser will receive as a credit against his payment obligation the amount of taxes paid to the tax collector. The purchaser is required to secure his payment obligation to the municipality by an irrevocable letter of credit or surety bond. The purchaser is entitled to receive all delinquent taxes and other municipal charges owing, due and payable upon collection by the tax collector. The statute sets forth bidding procedures, minimum bidding terms and requires the review and approval of the sale by the Division.

## **Tax Appeals**

New Jersey Statutes provide a taxpayer with remedial procedures for appealing an assessed valuation that the taxpayer deems excessive. The taxpayer has a right to file a petition on or before the 1<sup>st</sup> day of April of the current tax year for its review or the 1<sup>st</sup> day of May for municipalities that have conducted revaluations. The County Board of Taxation and the Tax Court of New Jersey have the authority after a hearing to increase, decrease or reject the appeal petition. Adjustments by the County Board of Taxation are usually concluded within the current tax year and reductions are shown as cancelled or remitted taxes for that year. If the taxpayer believes the decision of the County Board of Taxation to be incorrect, appeal of the decision may be made to the Tax Court of New Jersey. Tax Court of New Jersey appeals tend to take several years to conclude by settlement or trial and any losses in tax collection from prior years, after an unsuccessful trial or by settlement, are charged directly to operations.

## **TAX MATTERS**

### **Federal Income Tax Treatment**

The Internal Revenue Code of 1986, as amended (the “Code”), establishes certain requirements which must be met at the time of, and on a continuing basis subsequent to, the issuance of the Notes in order for the interest on the Notes to be and remain excluded from gross income for Federal income tax purposes under Section 103 of the Code. Noncompliance with such requirements could cause the interest on the Notes to be included in gross income for Federal income tax purposes retroactive to the date of issuance of the Notes. The City will represent in its tax certificate (the “Tax Certificate”) relating to the Notes that it expects and intends to comply and will comply, to the extent permitted by law, with such requirements.

In the opinion of Wilentz, Goldman & Spitzer, P.A., Woodbridge, New Jersey, Bond Counsel to the City (“Bond Counsel”), under existing statutes, regulations, rulings and court decisions, and assuming continuing compliance by the City with the requirements of the Code and the representations and covenants in the Tax Certificate, interest on the Notes is not includable in gross income for Federal income tax purposes pursuant to Section 103 of the Code and will not be treated as a preference item under Section 57 of the Code for purposes of computing the Federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the Federal alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022.

### **Additional Federal Income Tax Consequences**

Prospective purchasers of the Notes should be aware that ownership of, accrual or receipt of interest on or disposition of tax-exempt obligations, such as the Notes, may have additional Federal income tax consequences for certain taxpayers, including, without limitation, taxpayers eligible for the earned income tax credit, recipients of certain Social Security and Railroad Retirement benefits, taxpayers that may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, financial institutions, property and casualty insurance companies, foreign corporations and certain S corporations. Prospective purchasers of the Notes should also consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

### **State Taxation**

Bond Counsel is further of the opinion that, under existing laws of the State, interest on the Notes and any gain realized on the sale thereof are not includable in gross income under the existing New Jersey Gross Income Tax Act, N.J.S.A. 54A:1-1 et seq., as amended.

### **Prospective Tax Law Changes**

Federal, state or local legislation, administrative pronouncements or court decisions may affect the Federal tax-exempt status of interest on the Notes and the State tax-exempt status of interest on the Notes, gain from the sale or other disposition of the Notes, the market value of the Notes or the marketability of the Notes. The effect of any legislation, administrative pronouncements or court decisions cannot be predicted. Prospective purchasers of the Notes should consult their own tax advisors regarding such matters.

### **Other Tax Consequences**

Except as described above, Bond Counsel expresses no opinion with respect to any Federal, state, local or foreign tax consequences of ownership of the Notes. Bond Counsel renders its opinion under existing statutes, regulations, rulings and court decisions as of the date of issuance and delivery of the Notes and assumes no obligation to update its opinion after such date to reflect any future action, fact, circumstance, change in law or interpretation thereof, or otherwise. Bond Counsel expresses no opinion as to the effect, if any, on the tax status of the interest paid or to be paid on the Notes as a result of any action hereafter taken or not taken in reliance upon an opinion of other counsel.

See Appendix C for the complete text of the proposed form of Bond Counsel's legal opinion with respect to the Notes.

**ALL POTENTIAL PURCHASERS OF THE NOTES SHOULD CONSULT WITH THEIR TAX ADVISORS WITH RESPECT TO THE FEDERAL, STATE AND LOCAL TAX CONSEQUENCES (INCLUDING BUT NOT LIMITED TO THOSE LISTED ABOVE) OF THE OWNERSHIP OF THE NOTES.**

### **QUALIFIED TAX-EXEMPT OBLIGATIONS**

The Notes are not "qualified tax-exempt obligations" as defined in and for the purpose of Section 265(b)(3) of the Code.

### **LEGALITY FOR INVESTMENT**

The State and all public officers, municipalities, counties, political subdivisions and public bodies, and agencies thereof, all banks, bankers, trust companies, savings and loan associations, savings banks and institutional building and loan associations, investment companies, and other persons carrying on banking business, all insurance companies, and all executors, administrators, guardians, trustees, and other fiduciaries may legally invest any sinking funds, moneys or other funds belonging to them or within their control in any obligations of the City, including the Notes, and such Notes are authorized security for any and all public deposits.

### **RISK TO HOLDERS OF THE NOTES**

It is understood that the rights of the holders of the Notes, and the enforceability thereof, may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

### **Municipal Bankruptcy**

**THE CITY HAS NOT AUTHORIZED THE FILING OF A BANKRUPTCY PETITION. THIS REFERENCE TO THE BANKRUPTCY CODE AND THE STATE STATUTE SHOULD NOT CREATE ANY IMPLICATION THAT THE CITY EXPECTS TO UTILIZE THE BENEFITS OF THEIR PROVISIONS, OR THAT IF UTILIZED, SUCH ACTION WOULD BE APPROVED BY THE LOCAL FINANCE BOARD, OR THAT ANY PROPOSED PLAN WOULD INCLUDE A DILUTION OF THE SOURCE OF PAYMENT OF AND SECURITY FOR THE NOTES, OR THAT THE BANKRUPTCY CODE COULD NOT BE AMENDED AFTER THE DATE HEREOF.**

The undertakings of the City should be considered with reference to 11 U.S.C. §101 et seq., as amended and supplemented (the "Bankruptcy Code"), and other bankruptcy laws affecting creditors' rights and municipalities in general. The Bankruptcy Code permits the State or any political subdivision, public agency, or instrumentality that is insolvent or unable to meet its debts to commence a voluntary bankruptcy case by filing a petition with a bankruptcy court for the purpose of effecting a plan to adjust its debts; directs such a petitioner to file with the court a list of petitioner's creditors; provides that a petition filed under this chapter shall operate as a stay of the commencement or continuation of any judicial or other proceeding against the petitioner; grants priority to certain debts owed, and provides that the plan must be accepted in writing by or on behalf of creditors holding at least two-thirds in amount and more than one half in number of the allowed claims of at least one (1) impaired class. The Bankruptcy Code specifically does not limit or impair the power of a state to control by legislation or otherwise, the procedures that a municipality must follow in order to take advantage of the provisions of the Bankruptcy Code.

The Bankruptcy Code provides that special revenue acquired by the debtor after the commencement of the case shall remain subject to any lien resulting from any security agreement entered into by such debtor before the commencement of such bankruptcy case. However, special revenues acquired by the debtor after commencement of the case shall continue to be available to pay debt service secured by those revenues. Furthermore, the Bankruptcy Code provides that a transfer of property of a debtor to or for the benefit of any holder of a bond or note, on account of such bond or note, may be avoided pursuant to certain preferential transfer provisions set forth in such code.

Reference should also be made to N.J.S.A. 52:27-40 et seq., which provides that a local unit, including the City, has the power to file a petition in bankruptcy with any United States Court or court in bankruptcy under the provisions of the Bankruptcy Code, for the purpose of effecting a plan of readjustment of its debts or for the composition of its debts; provided, however, the approval of the Local Finance Board, as successor to the Municipal Finance Commission, must be obtained.

#### **Remedies of Holders of the Notes (N.J.S.A. 52:27-1 et seq.)**

If the City defaults for over sixty (60) days in the payment of the principal of or interest on any bonds or notes outstanding, any holder of such bonds or notes may bring an action against the City in the Superior Court of New Jersey (the "Superior Court") to obtain a judgment that the City is so in default. Once a judgment is entered by the Superior Court to the effect that the City is in default, the Municipal Finance Commission (the "Commission") would become operative in the City. The Commission was created in 1931 to assist in the financial rehabilitation of municipalities which were in default in their obligations. The powers and duties of the Commission are exercised within the Division of Local Government Services of the State of New Jersey, which constitutes the Commission.

The Commission exercises direct supervision over the finances and accounts of any municipality which has been adjudged by the Superior Court to be in default of its obligations. The Commission continues in force in such municipalities until all bonds, notes or other indebtedness of the municipality which have fallen due, and all bonds or notes which will fall due within one (1) year (except tax anticipation or revenue anticipation notes), and the interest thereon, have been paid, funded or refunded, or the payment thereof has been adequately provided for by a cash reserve, at which time the Commission's authority over such municipality ceases. The Commission is authorized to supervise tax collections and assessments, to approve the funding or refunding of bonds, notes or other indebtedness of the municipality which the Commission has found to be outstanding and unpaid, and to approve the adjustment or composition of claims of creditors and the readjustment of debts under the Bankruptcy Code.

#### **CERTIFICATES OF THE CITY**

Upon the delivery of the Notes, the original purchaser shall receive a certificate, in form satisfactory to Bond Counsel and signed by officials of the City, stating to the best knowledge of said officials, that this Official Statement as of its date did not contain any untrue statement of a material fact, or omit to state a material fact necessary to make the statements herein, in light of the circumstances under which they were made, not misleading; and stating, to the best knowledge of said officials, that there has been no material adverse change in the condition, financial or otherwise, of the City from that set forth in or contemplated by this Official Statement. In addition, the original purchasers of the Notes shall also receive certificates in form satisfactory to Bond Counsel evidencing the proper execution and delivery of the Notes and receipt of payment therefor, and a certificate dated as of the date of the delivery of the Notes, and signed by the officers who signed the Notes, stating that no litigation is then pending or, to the knowledge of such officers, threatened to restrain or enjoin the issuance or delivery of the Notes or the levy or collection of taxes to pay the principal of or interest on the Notes, as applicable, or questioning the validity of the statutes or the proceedings under which the Notes are issued, and that neither the corporate existence nor boundaries of the City, nor the title of any of the said officers to their respective offices, is being contested.

## **APPROVAL OF LEGAL PROCEEDINGS**

All legal matters incident to the authorization, issuance, sale and delivery of the Notes are subject to the approval of Bond Counsel, whose approving legal opinion with respect to the Notes will be delivered with the Notes substantially in the form set forth as Appendix C hereto. Certain legal matters with respect to the Notes will be passed on for the City by its Corporation Counsel, Ronald C. Hunt, Esq., East Orange, New Jersey (the "Corporation Counsel"). The various legal opinions to be delivered concurrently with the delivery of the Notes express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or the future performance of parties to the transaction, nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

## **ADDITIONAL INFORMATION**

Inquiries regarding this Official Statement, including information additional to that contained herein, may be directed to: Daphne Gamboa, Chief Financial Officer, City of East Orange, 44 City Hall Plaza, East Orange, New Jersey, 07018, (973) 266-5155 ext. 5396, or e-mail: [daphne.gamboa@eastorange-nj.gov](mailto:daphne.gamboa@eastorange-nj.gov); Everett M. Johnson, Esq., Wilentz, Goldman & Spitzer, P.A., 90 Woodbridge Center Drive, Woodbridge, New Jersey 07095, (732) 855-6149 or e-mail: [ejohnson@wilentz.com](mailto:ejohnson@wilentz.com); or Tim Eismeier, NW Financial Group, LLC, 522 Broad Street, Bloomfield, New Jersey 07003, (551) 655-7595, or e-mail: [teismeier@nwfinancial.com](mailto:teismeier@nwfinancial.com).

## **MUNICIPAL ADVISOR**

NW Financial Group, LLC, Bloomfield, New Jersey (the "Municipal Advisor") has served as municipal advisor to the City with respect to the issuance of the Notes. The Municipal Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of, or to assume responsibility for the accuracy, completeness, or fairness of, the information contained in this Official Statement, including the appendices hereto. The Municipal Advisor is an independent firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

## **LITIGATION**

To the knowledge of the Corporation Counsel, after due inquiry, there is no litigation of any nature now pending or threatening, restraining or enjoining the issuance or the delivery of the Notes, or the levy or collection of any taxes to pay the principal of or the interest on said Notes, or in any manner questioning the authority or the proceedings for the issuance of the Notes or for the levy or collection of taxes to pay the principal of and interest on the Notes, or any action contesting the corporate existence or boundaries of the City or the title of any of its present officers. Further, to the knowledge of the Corporation Counsel, there is no litigation presently pending or threatened against the City that, in the opinion of the Corporation Counsel, would have a material adverse impact on the financial condition of the City if adversely decided. The original purchaser of the Notes will receive a certificate or opinion of the Corporation Counsel to such effect upon the closing of the Notes.

## **COMPLIANCE WITH SECONDARY MARKET DISCLOSURE REQUIREMENTS**

The City has covenanted for the benefit of the holders of the Notes to provide notices of the occurrence of certain enumerated events with respect to the Notes, as set forth in section (b)(5)(i)(C) of Rule 15c2-12 (the "Rule") of the Securities and Exchange Commission (the "Notices"). The Notices will be filed by or on behalf of the City with the Municipal Securities Rulemaking Board (the "MSRB"). The specific nature of the Notices will be detailed in the certificate (the "Note Disclosure Certificate") to be executed on behalf of the City by its Chief Financial Officer, in the form appearing in Appendix D hereto. The Note Disclosure Certificate will be delivered concurrently with the delivery of the Notes.

The City has previously failed to comply with prior undertakings to timely provide audited financial statements for the year ended December 31, 2019 without notice of late filing. In addition, the City did not timely file a rating change with respect to certain prior outstanding short-term notes. The City has implemented procedures to avoid future late filings by, among other things, retaining the services of a continuing disclosure agent to undertake its continuing disclosure obligations. The City has appointed NW Financial Group, LLC to serve as dissemination agent to the City.

## **PREPARATION OF OFFICIAL STATEMENT**

Bond Counsel has participated in the preparation and review of this Official Statement, but has not participated in the collection of financial, statistical or demographic information contained in this Official Statement, nor has Bond Counsel verified the accuracy, completeness, or fairness thereof, and, accordingly, expresses no opinion or other assurance with respect thereto, but takes responsibility for the information contained under the heading entitled "TAX MATTERS" and the information provided in APPENDIX C hereto.

The Municipal Advisor has participated in the review of this Official Statement, but has not participated in the collection of financial, statistical or demographic information contained in this Official Statement, nor verified the accuracy, completeness, or fairness thereof, and, accordingly, expresses no opinion or other assurance with respect thereto, but takes responsibility for the information contained under the heading entitled "MUNICIPAL ADVISOR" and expresses no opinion or other assurance other than that which is specifically set forth therein with respect thereto.

PKF O'Connor Davies, LLP, Cranford, New Jersey, the Auditor to the City, has not participated in the preparation of the information contained in this Official Statement, and has not verified the accuracy, completeness, or fairness thereof, and, accordingly, expresses no opinion or other assurance with respect thereto, but takes responsibility for the information contained in the financial statements described below under the heading entitled "FINANCIAL STATEMENTS" and contained in APPENDIX B hereto.

The Corporation Counsel has not participated in the preparation of the information contained in this Official Statement, nor has he verified the accuracy, completeness, or fairness thereof, and, accordingly, expresses no opinion or other assurance with respect thereto, but has reviewed the section under the caption entitled "LITIGATION" and expresses no opinion or assurance other than that which is specifically set forth therein with respect thereto.

All other information has been obtained from sources which the City considers to be reliable but it makes no warranty, guarantee or other representation with respect to the accuracy and completeness of such information.

## **RATING**

The City has applied to S&P Global Ratings, acting through Standard & Poor's Financial Services LLC (the "Rating Agency"), for a rating on the Notes. The Rating Agency has assigned a rating of "SP-1+" on the Notes.

An explanation of the significance of the rating on the Notes may be obtained from the Rating Agency. Such rating reflects only the views of the Rating Agency, and there is no assurance that the rating will continue for any period of time or that it will not be revised or withdrawn entirely, if, in the judgment of the Rating Agency, circumstances so warrant. Any revision or withdrawal of the rating may have an adverse effect on the market price of the Notes. Except as set forth in the Disclosure Certificate, the City has not agreed to take any action with respect to any proposed rating changes or to bring the rating changes, if any, to the attention of the owners of the Notes.

## **UNDERWRITING**

The Notes have been purchased from the City at a public sale by \_\_\_\_\_ (the "Underwriter") at a price of \$\_\_\_\_\_. The purchase price of the Notes reflects the par amount of the Notes, plus a bid premium in the amount of \$\_\_\_\_\_.

The Underwriter may offer and sell the Notes to certain dealers (including dealers depositing the Notes into investment trusts) at a yield higher than the public offering yield stated on the front cover page hereof.

## **FINANCIAL STATEMENTS**

The firm of PKF O'Connor Davies, LLP, Certified Public Accountants, takes responsibility for the financial statements to the extent specified in the Independent Auditor's Report and the Accountants' Compilation Report included in Appendix B, "Excerpts From Financial Statements of the City of East Orange, in the County of Essex, New Jersey".

The firm of PKF O'Connor Davies, LLP, assisted in the preparation of information contained in Appendix A of this Official Statement and information has been obtained from sources which PKF O'Connor Davies, LLP, considers to be reliable but they make no warranty, guarantee or other representation with respect to the accuracy and completeness of such information.

## **MISCELLANEOUS**

All quotations from summaries and explanations of the provisions of the laws of the State herein do not purport to be complete and are qualified in their entirety by reference to the official compilation thereof.

This Official Statement is not to be construed as a contract or an agreement between the City and the purchasers or holders of any of the Notes. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinions and not as representations of fact. The information and expressions of opinion contained herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale of Notes made hereunder shall, under any circumstances, create an implication that there has been no change in the affairs of the City, the State or any of their agencies or authorities, since the date hereof.

This Official Statement has been duly executed and delivered on behalf of the City by its Chief Financial Officer.

**CITY OF EAST ORANGE,  
IN THE COUNTY OF ESSEX,  
STATE OF NEW JERSEY**

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**DAPHNE GAMBOA,  
Chief Financial Officer**

DATED: October \_\_, 2025

**APPENDIX A**

**CERTAIN GENERAL INFORMATION CONCERNING  
THE CITY OF EAST ORANGE,  
IN THE COUNTY OF ESSEX, STATE OF NEW JERSEY**

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## **GENERAL INFORMATION REGARDING THE CITY**

Since becoming an independent municipality in 1863, the City of East Orange, in the County of Essex, New Jersey (the "City") has grown from a farmland region to a stable urban-suburban community. It was incorporated as a City in 1909. Approximately four-square miles in size, the City has been renowned as a community of luxurious apartment buildings and currently as a regional insurance, medical and communications center. The City enjoys a strategic location within the northeastern industrial corridor where the Garden State Parkway intersects with Interstate Route 280, which connects with the nearby New Jersey Turnpike. The City is part of a varied transportation network with several railroad stops along the New Jersey Transit rail route and approximately 21 bus routes, and convenient access to Newark International Airport, Port Newark and Port Elizabeth, New York City, and the New Jersey Meadowlands Sports Complex.

A variety of housing options are available ranging from small cottages to large high-rise apartments. There are several modern senior citizen high-rise complexes in the City, providing housing with security and health services to the region's elderly residents. The City has four business and main shopping areas: the Central Evergreen Arcade; Main Street; the Ampere Business District; and Brick Church Mall.

Located within the City are six secondary schools (three high schools and three middle schools), ten elementary schools, two Early Childhood Centers for Preschool and Kindergarten, as well as two alternative school programs. In and around the City are several technical, secretarial, and health care schools, which annually produce qualified, specialized office workers and health aides. Also, the CareWell Health Medical Center (the "Medical Center") operates an established accredited nursing school. Essex County College, located near the City's eastern border, is a co-educational two-year public college. Additionally, Seton Hall University, Rutgers University, Montclair State University, the New Jersey Institute of Technology and the College of Medicine and Dentistry of New Jersey are all located in communities adjacent to the City.

The East Orange Public Library system serves as a Federal book depository and area reference center for suburban Essex County. More than 382,000 volumes are available at the main library and in several neighborhood branches.

The East Orange Department of Recreation operates and maintains approximately 54 acres of parkland throughout the City. The 18-hole golf course at the East Orange Water Reserve in nearby Millburn is operated by the Department of Public Works.

The City operates a professionally staffed Health Department which conducts clinics, educational programs, and inspections. The Medical Center, formerly East Orange General Hospital, a 250-physician and 201-bed facility, is located on Central Avenue in the heart of the City. The Hospital was acquired by Prospect Medical Holdings, Inc. on or about March 1, 2016. The Hospital is now a for profit entity and as such, will be taxed as same. Adjacent to the Medical Center is the nationally known Kessler Institute for Rehabilitation, which is considered one of the largest rehabilitation hospitals of its kind in the world. Kessler Associates, a prosthetic and orthotic center, operates an ultramodern facility within the City. The Veterans Administration Medical Center located on a 32-acre tract serves 1.1 million veterans in New Jersey.

The East Orange Police Department employs 171 police officers, reflecting the City's commitment to public safety and aggressive posture towards crime. In addition, the department employs 57 civilians, 42 crossing guards and 9 police recruits.

The City offers a labor force of approximately 30,000 white and blue-collar workers. The City has an ample supply of modern office space for new and expanding businesses. Besides the various office centers, the City enjoys an important industrial base.

Among the major businesses located in the City are a branch office of American wear; Shauger Group; Verizon; PNC Bank; Wells Fargo Bank, Bank of America and Santander Bank as well as a diverse array of leading and savings institutions.

## TRANSPORTATION

### Train Service

The City is fortunate to have two New Jersey Transit train stations: Brick Church and East Orange stations provide service along the Morris & Essex Lines. Service is available via the Kearny Connection to Secaucus Junction and Penn Station in Midtown Manhattan and to Hoboken Terminal. Passengers can transfer at Newark Broad Street or Summit to reach other destinations.

### Bus Service

New Jersey Transit also provides bus service throughout City.

### Air Service

The nearest airport is Newark Liberty International Airport, located approximately eight miles - or approximately 15 minutes - from the City.

### Public Highways

The Garden State Parkway and Interstate 280 are both located within approximately 5 minutes of the City.

### Population Trends

Area	1990	2000	2010	2016	2020
City of East Orange	73,565	64,976	64,927	64,621	69,612
County of Essex	778,206	793,633	797,434	796,914	863,728
State of New Jersey	7,730,188	8,414,350	8,958,013	8,944,000	9,288,994

### SUMMARY OF THE CITY OF EAST ORANGE Current Fund Budgets

	2025	2024	2023	2022	2021
Anticipated Revenues:					
Surplus Anticipated	\$ 17,000,000	\$ 22,700,000	\$ 15,773,000	\$ 14,300,000	\$ 11,701,100
Miscellaneous Revenue	55,628,727	58,206,221	48,841,492	68,105,209	65,017,687
Receipts from Delinquent Taxes	4,268,710	5,989,000	5,463,000	6,000,000	6,576,000
Amounts to be Raised by Taxes for					
Support of Municipal Budget	96,206,674	98,233,800	98,572,176	96,849,725	92,763,217
	<u>\$ 173,104,111</u>	<u>\$ 185,129,021</u>	<u>\$ 168,649,668</u>	<u>\$ 185,254,934</u>	<u>\$ 176,058,004</u>
Appropriations:					
Salaries and Wages	\$ 83,344,360	\$ 79,846,266	\$ 74,943,493	\$ 74,069,920	\$ 72,030,730
Other Expenses	51,966,285	66,346,487	54,707,739	73,943,170	69,090,916
Deferred Charges and Statutory					
Expenditures	25,728,097	24,664,030	21,442,926	20,627,694	19,257,442
Capital Improvement Fund	250,000	500,000	778,000	1,000,000	200,000
Municipal Debt Service	6,858,611	6,899,651	8,977,849	7,482,254	7,308,954
Transfer to Board of Education	150,758	146,587	126,414	131,896	132,067
Reserve for Uncollected Taxes	4,806,000	6,726,000	7,673,247	8,000,000	8,037,895
	<u>\$ 173,104,111</u>	<u>\$ 185,129,021</u>	<u>\$ 168,649,668</u>	<u>\$ 185,254,934</u>	<u>\$ 176,058,004</u>

Source: Adopted Budgets for the years ending December 31, 2025, 2024, 2023, 2022 and 2021.

**CITY OF EAST ORANGE**  
**Summary of Current Fund Balance Sheet**

	Unaudited				
	Year Ended	Year ended	Year Ended	Year ended	Year ended
	12/31/24	12/31/23	12/31/22	12/31/21	12/31/20
<b>Assets:</b>					
Cash & Cash Equivalents	\$ 46,162,668	\$ 53,959,948	\$ 57,972,463	\$ 54,842,632	\$ 44,039,113
Change Funds	450	450	450	450	450
	<u>46,163,118</u>	<u>53,960,398</u>	<u>57,972,913</u>	<u>54,843,082</u>	<u>44,039,563</u>
Due from State of New Jersey	2,165,627	1,689,441	6,733,603	4,816,762	4,749,280
	<u>48,328,745</u>	<u>55,649,839</u>	<u>64,706,516</u>	<u>59,659,844</u>	<u>48,788,843</u>
Receivable and Other Assets with Full Reserves:					
Delinquent Property Taxes	5,892,121	7,162,234	7,184,474	7,233,129	8,179,733
Tax Title Liens	528,923	472,075	355,002	125,759	571,148
Property Acquired for Taxes - Assessed Valuation	11,753,244	11,753,244	11,753,244	11,753,244	11,753,244
Due from Board of Education	1,995	1,995	1,995	1,995	-
Revenue Account Receivable	333,770	236,293	247,339	252,359	185,199
Other Accounts Receivable	101,216	101,216	101,216	101,216	103,211
Prepaid Including School Taxes	673,069	1,169	464,471	247,880	291,820
Interfunds Receivable	186,178	-	130,004	130,006	2,195,518
	<u>19,470,516</u>	<u>19,728,226</u>	<u>20,237,745</u>	<u>19,845,588</u>	<u>23,279,873</u>
Deferred Charges:					
Over-expenditures	2,463,034	124,372	-	-	-
Special Emergency Appropriation	165,000	1,678,700	495,000	670,000	2,253,141
	<u>2,628,034</u>	<u>1,803,072</u>	<u>495,000</u>	<u>670,000</u>	<u>2,253,141</u>
<b>Total Current Fund</b>	<u>70,427,295</u>	<u>77,181,137</u>	<u>85,439,261</u>	<u>80,175,432</u>	<u>74,321,857</u>
Grant Fund:					
Cash	5,117,067	-	-	-	-
Interfunds	4,018,419	2,708,812	13,851,860	6,550,022	-
Overexpenditure of Appropriated Reserve	118,207	59,083	70,186	2,845,876	19,870
Grants Receivable	32,061,354	22,142,026	15,474,417	14,406,586	20,164,688
	<u>37,313,647</u>	<u>24,910,921</u>	<u>15,926,363</u>	<u>23,752,484</u>	<u>40,144,668</u>
<b>Total Assets</b>	<u>\$ 111,742,342</u>	<u>\$ 102,091,058</u>	<u>\$ 114,835,724</u>	<u>\$ 103,977,916</u>	<u>\$ 94,506,415</u>

Source: The City of East Orange Unaudited Financial Statements for the year ended December 31, 2024 and the Annual Audit Reports for the years ending December 31, 2023, 2022, 2021 and 2020.

	Unaudited				
	Year Ended	Year ended	Year Ended	Year ended	Year ended
	12/31/24	12/31/23	12/31/22	12/31/21	12/31/20
<b>Liabilities, Reserves &amp; Fund Balance</b>					
Appropriation Reserves:					
Encumbered	\$ 2,772,563	\$ 2,129,716	\$ 3,688,374	\$ 3,862,542	\$ 3,628,205
Unencumbered	5,338,603	10,287,257	10,354,140	7,681,804	13,542,414
Accounts Payable	1,917,588	1,750,417	1,649,853	697,438	790,774
Due State of New Jersey	62,145	72,460	40,673	45,213	43,602
Special Emergency Note Payable	165,000	330,000	495,000	825,000	825,000
Tax Overpayments	2,329,776	2,971,363	2,312,446	2,422,045	2,316,129
Various Reserves	961,225	789,533	881,346	1,302,842	1,323,264
Reserve for Municipal Relief Funds	-	2,306,999	-	-	-
Interfunds Payable	12,308,859	3,209,724	14,021,709	7,684,137	13,621
Prepaid Taxes	1,037,495	700,557	1,227,332	1,166,264	1,114,951
Taxes Payable	787	3,018,828		73,637	-
	<u>26,894,041</u>	<u>27,566,854</u>	<u>34,670,873</u>	<u>25,760,922</u>	<u>23,597,960</u>
Reserve for Receivables	19,470,516	19,728,226	20,237,745	19,845,588	23,279,873
Fund Balance	<u>24,062,738</u>	<u>29,886,057</u>	<u>30,530,643</u>	<u>34,568,922</u>	<u>27,444,024</u>
<b>Total Current Fund</b>	<u>70,427,295</u>	<u>77,181,137</u>	<u>85,439,261</u>	<u>80,175,432</u>	<u>74,321,857</u>
Grant Fund:					
Interfunds Payable	2,221,568	206,408	206,408	-	2,065,513
Appropriated Federal and State Grants	38,781,990	24,676,878	28,517,659	23,776,184	18,082,745
Unappropriated Federal and state Grants	<u>311,488</u>	<u>26,635</u>	<u>672,396</u>	<u>26,300</u>	<u>36,300</u>
<b>Total Liabilities, Reserves and Fund Balance</b>	<u>\$ 111,742,342</u>	<u>\$ 102,091,058</u>	<u>\$ 114,835,724</u>	<u>\$ 103,977,916</u>	<u>\$ 94,506,415</u>

Source: The City of East Orange Unaudited Financial Statements for the year ended December 31, 2024 and the Annual Audit Reports for the years ending December 31, 2023, 2022, 2021 and 2020

**CITY OR EAST ORANGE**  
**Summary of Current Fund Revenues, Expenditures and Fund Balance**

	Unaudited				
	Year Ended 12/31/24	Year ended 12/31/23	Year Ended 12/31/22	Year ended 12/31/21	Year ended 12/31/20
<b>Revenues and Other Income:</b>					
Anticipated Fund Balance	\$ 22,700,000	\$ 15,773,000	\$ 14,300,000	\$ 11,701,000	\$ 10,500,000
Miscellaneous Anticipated Revenue	73,172,421	59,943,930	67,829,446	65,073,888	47,843,627
Receipts from Delinquent Taxes	5,102,093	4,850,344	6,119,506	6,582,546	5,764,771
Receipts from Current Taxes	146,798,382	145,213,259	134,531,875	129,273,005	127,281,719
Non-Budget Revenues	2,265,321	4,702,534	1,722,896	1,234,105	1,517,088
Other Credit to Income:				-	
Other Accounts Receivable Realized	4,754	-	-	-	9,218
Cancellations	-	-	334,593	44,704	-
Lapsed Balances of Appropriation Reserves	8,463,930	5,411,327	6,399,982	12,881,220	7,682,594
Interfund Returned	1,168	593,307	-	1,788,104	9,053
<b>Total Revenues:</b>	<u>258,508,069</u>	<u>236,487,701</u>	<u>231,238,298</u>	<u>228,578,572</u>	<u>200,608,070</u>
<b>Expenditures:</b>					
Budget Appropriations:					
Salaies and Wages	80,112,126	75,827,970	73,391,620	66,473,625	68,511,729
Other Expenses	44,987,249	43,168,472	44,687,690	43,833,186	55,299,259
Deferred Charges & Statutory Expenditures	24,775,150	21,559,937	20,515,921	20,921,608	16,804,643
Transfer to Board of Education	146,587	126,414	131,896	132,067	131,296
Municipal Debt Service	6,890,310	7,928,901	7,340,527	7,154,131	8,550,209
Other Appropriations excluded from CAP	33,515,676	19,807,358	30,041,780	29,133,170	
Capital Improvements	500,000	2,126,700	1,000,000	200,000	175,000
	<u>190,927,098</u>	<u>170,545,752</u>	<u>177,109,434</u>	<u>167,847,787</u>	<u>149,472,136</u>
Interfund Advance	186,177	-	-	-	-
Refunds	3,416	23,618	84,027	2,450	1,855,021
Open Space	480,983	479,983	483,185	486,943	487,845
County Taxes	20,048,618	21,234,598	18,625,108	16,882,739	15,640,234
Local District Taxes	32,429,844	30,548,408	24,674,822	24,542,755	24,318,704
	<u>53,149,038</u>	<u>52,286,607</u>	<u>43,867,142</u>	<u>41,914,887</u>	<u>42,301,804</u>
<b>Total Expenditures</b>	<u>244,076,136</u>	<u>222,832,359</u>	<u>220,976,576</u>	<u>209,762,674</u>	<u>191,773,940</u>
<b>Excess of Revenues Over Expenditures</b>	<u>14,431,933</u>	<u>13,655,342</u>	<u>10,261,722</u>	<u>18,815,898</u>	<u>8,834,130</u>
<b>Adjustments to Income Before Fund Balance:</b>					
Expenditures included above which by statue are					
Deferred Charges to Budget in Succeeding Year	2,444,747	1,473,072	-	10,000	2,253,141
<b>Statutory Excess</b>	<u>16,876,680</u>	<u>15,128,414</u>	<u>10,261,722</u>	<u>18,825,898</u>	<u>11,087,271</u>
<b>Fund Balance, Beginning of Year</b>	<u>29,886,058</u>	<u>30,530,644</u>	<u>34,568,922</u>	<u>27,444,024</u>	<u>26,856,753</u>
Subtotal	<u>46,762,738</u>	<u>45,659,058</u>	<u>44,830,644</u>	<u>46,269,922</u>	<u>37,944,024</u>
<b>Utilized as Anticipated Revenue</b>	<u>22,700,000</u>	<u>15,773,000</u>	<u>14,300,000</u>	<u>11,701,000</u>	<u>10,500,000</u>
<b>Fund Balance, End of Year</b>	<u>\$ 24,062,738</u>	<u>\$ 29,886,058</u>	<u>\$ 30,530,644</u>	<u>\$ 34,568,922</u>	<u>\$ 27,444,024</u>

Source: The City of East Orange Unaudited Financial Statements for the year ended December 31, 2024 and the Annual Audit Reports for the years ending December 31, 2023, 2022, 2021 and 2020.

## Comparative Schedule of Fund Balances Current Fund

<b>Tax Year</b>	<b>Balance at December 31,</b>	<b>Utilized in Succeeding Budgets</b>
2024 (Unaudited)	\$ 24,062,738	\$ 17,000,000
2023	29,886,057	22,700,000
2022	30,530,643	15,773,000
2021	34,568,922	14,300,000
2020	27,444,024	11,701,100

Source: The City of East Orange Unaudited Financial Statements for the year ended December 31, 2024 and the Annual Audit Reports for the years ending December 31, 2023, 2022, 2021 and 2020.

## TAX INFORMATION ON THE CITY OF EAST ORANGE

### TEN LARGEST TAXPAYERS

The ten largest taxpayers in the City and their assessed valuations per City Tax Assessor records are listed below:

<b>Property Owner</b>	<b>2025 Assessed Valuation</b>
Brick Church Unban Renewal, LLC.	\$ 39,852,500
Harrison Park Owners	35,000,000
East Orange Portfolio, LLC.	29,121,300
175 Prospect, LLC.	26,540,000
EOA 206 LP	22,420,900
I&S Investment	20,796,300
Third GlenwoodAssociates, LLC	17,883,100
40 Washington Tower, LLC	16,600,000
Brokkhaven Realty, LLC.	16,020,000
State Properties, LLC	15,335,500
	<u>\$ 239,569,600</u>

### Current Tax Collections

<b>Tax Year</b>	<b>Tax Levy</b>	<b>Collections</b>	<b>Percentage of Collections</b>
2024 (Unaudited)	\$ 151,233,038	\$ 146,798,382	97.07%
2023	151,832,644	145,213,259	95.64%
2022	140,522,743	134,531,875	95.74%
2021	135,854,575	129,273,005	95.16%
2020	134,126,357	127,281,719	94.90%

Source: The City of East Orange Unaudited Financial Statements for the year ended December 31, 2024 and the Annual Audit Reports for the years ending December 31, 2023, 2022, 2021 and 2020.

## Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Amount of Tax Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2024 (Unaudited)	\$ 528,923	\$ 5,892,121	\$ 6,421,044	4.25%
2023	355,002	7,162,234	7,517,236	5.03%
2022	125,759	7,184,474	7,310,233	5.37%
2021	571,148	7,233,129	7,804,277	5.42%
2020	360,374	8,179,733	8,540,107	6.52%

Source: The City of East Orange Unaudited Financial Statements for the year ended December 31, 2024 and the Annual Audit Reports for the years ending December 31, 2023, 2022, 2021 and 2020.

## Components of Real Estate Tax Rate (per \$100 of assessment)

<u>Fiscal Year</u>	<u>Net Valuation Taxable</u>	<u>Municipal Rate</u>	<u>County Rate</u>	<u>Local School Rate</u>	<u>Total Tax Rate</u>
2024	\$ 4,790,277,370	\$ 2.061	\$ 0.416	\$ 0.664	\$ 3.14
2023	4,757,119,600	2.082	0.444	0.642	3.17
2022	4,831,848,900	2.015	0.383	0.508	2.91
2021	2,428,874,905	3.839	0.690	1.010	5.54
2020	2,434,713,214	3.830	0.640	0.999	5.47

Source: East Orange Tax Collector.

## Assessed Valuations/Land and Improvements by Class

<u>Year</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartment</u>	<u>Total</u>
2024	\$ 101,753,500	\$ 2,866,853,070	\$ 601,067,200	\$ 56,659,500	\$ 1,167,943,200	\$4,794,276,470
2023	103,219,600	2,810,565,400	585,410,700	53,959,500	1,191,674,400	4,744,829,600
2022	91,778,300	2,804,720,900	599,383,800	60,964,900	1,262,731,300	4,819,579,200
2021	27,562,200	1,460,102,790	323,398,900	21,805,300	587,216,900	2,420,086,090
2020	21,492,900	1,455,438,999	329,163,800	26,866,000	592,962,700	2,425,924,399

Source: City of East Orange Tax Duplicate.

## Assessed Valuations/Net Valuation Taxable

<u>Year</u>	<u>Real Property</u>	<u>Business Personal Property</u>	<u>Net Valuation taxable</u>	<u>Ratio of Assessed to True Value</u>	<u>Total True Value of Assessed Property</u>
2024	\$4,790,276,470	\$9,000,000	4,799,276,470	92.80%	\$5,171,635,851
2023	4,744,829,600	12,290,000	4,757,119,600	96.61%	4,988,695,994
2022 (1)	4,819,579,200	12,269,700	4,831,848,900	119.95%	4,030,259,863
2021	2,420,086,090	8,788,815	2,428,874,905	60.65%	3,990,249,118
2020	2,425,924,399	8,788,815	2,434,713,214	69.85%	3,473,048,531

Source: Essex County Abstract of Ratables.

(1) Revaluation effective January 1, 2022

**Total Tax Requirements  
Including School and County Purposes**

<u>Year</u>	<u>Total</u>	<u>County</u>	<u>Local School</u>	<u>Municipal</u>
2024 (unaudited)	\$ 153,043,398	\$ 20,027,159	\$ 31,778,235	\$ 101,238,004
2023	151,832,664	21,234,598	30,548,408	100,049,658
2022	140,522,743	18,540,414	24,542,926	97,439,403
2021	137,682,827	16,927,846	24,542,755	96,212,226
2020	133,159,899	15,591,513	24,318,704	93,249,682

Source: The City of East Orange Unaudited Financial Statements for the year ended December 31, 2024 and the Annual Audit Reports for the years ending December 31, 2023, 2022, 2021 and 2020.

**DEBT INFORMATION ON THE CITY**

**Debt Statements**

The City must report all new authorizations of debt or changes in previously authorized debt to the Division of Local Government Services, Department of Community Affairs of the State of New Jersey. The Supplemental Debt Statement, as this report is known, must be submitted to the Division before final passage of any debt authorization. Before December 31, of each year, the City must file an Annual Debt Statement with the Division. This report is made under oath and states the authorized, issued and unissued debt of the City as of the previous December 31. Through the Annual and Supplemental Debt Statements, the Division monitors all local borrowing.

**Debt Incurring Capacity as of December 31, 2024**

**Municipal**

Equalized Valuation Basis (2024, 2023 and 2022)	\$5,358,414,497
3-1/2% Borrowing Margin	187,544,507
Net Debt Issued, Outstanding and Authorized (Unaudited)	95,251,059
Remaining Municipal Borrowing Capacity	<u><u>\$92,293,448</u></u>

Source: City of East Orange's Annual Debt Statement.

**Gross and Statutory Net Debt**

<u>Date</u>	<u>Gross Debt Amount</u>	<u>Statutory Net Debt</u>	
		<u>Amount</u>	<u>Percentage</u>
December 31, 2024	\$ 176,808,834	\$ 95,251,059	1.78%
December 31, 2023	139,208,229	91,311,898	1.88%
December 31, 2022	123,572,762	69,828,649	1.65%
December 31, 2021	106,893,801	45,634,177	1.25%
December 31, 2020	105,832,405	39,173,796	1.17%

Source: Annual Debt Statements for December 31, 2024, 2023, 2022, 2021 and 2020.

**STATUTORY DEBT INFORMATION  
FOR THE CITY OF EAST ORANGE  
AS OF DECEMBER 31, 2024**

**GROSS DEBT:**

**Self Liquidating Utility Debt**

Serial Bonds Issued and Outstanding	\$ 6,720,000
Bond Anticipation Notes Issued	-
Bond Anticipation Notes Authorized, But Not Issued	37,502,189
Infrastructure Trust Loans	23,234,251
	<b><u>67,456,440</u></b>

**Municipal Debt (Other)**

Serial Bonds:	
Issued and Outstanding	\$ 30,385,348
Bond Anticipation Notes	25,240,900
Bond Anticipation Notes Authorized, But Not Issued	38,937,317
Green Trust Loan	878,829
	<b><u>95,442,394</u></b>

**School Debt**

Serial Bonds, Notes and Loans	
Issued and Outstanding	\$ 13,910,000
	<b><u>13,910,000</u></b>

<b>Total Gross Debt (Unaudited)</b>	<b><u>\$ 176,808,834</u></b>
-------------------------------------	------------------------------

**STATUTORY DEDUCTIONS:**

Self-Liquidating Debt	\$ 67,456,440
Deductions Applicable to Notes	2,193,067
Deductions Applicable to Serial Bonds	13,910,000
	<b><u>83,559,507</u></b>

<b>STATUTORY NET DEBT (Unaudited)</b>	<b><u>\$ 93,249,327</u></b>
---------------------------------------	-----------------------------

**OVERLAPPING DEBT**

County of Essex (1)	\$ 13,155,036
Essex County Utility Authority (2)	2,055,581

<b>TOTAL OVERLAPPING DEBT</b>	<b><u>\$ 15,210,617</u></b>
-------------------------------	-----------------------------

**GROSS DEBT**

Per Capita (2020 - 69,612)	\$ 2,540
Equalized Valuation - \$5,208,292,843	3.39%

**NET MUNICIPAL DEBT**

Per Capita (2020 - 69,612)	\$ 1,340
Equalized Valuation - \$5,208,292,843	1.79%

**OVERALL DEBT (Net and Overlapping)**

Per Capita (2020 - 69,612)	\$ 1,558
Equalized Valuation - \$5,208,292,843	2.08%

Note 1: Overlapping debt was computed based upon the real property ratio of equalized valuations of the City to all municipalities within the County, as provided in the Abstract of Ratables published by the Essex County Board of Taxation.

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## **APPENDIX B**

**ACCOUNTANTS' COMPILATION REPORT FOR THE YEAR ENDING DECEMBER 31, 2024 AND  
INDEPENDENT AUDITORS' REPORT FOR THE YEARS ENDING DECEMBER 31, 2023 AND 2022**

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**CITY OF EAST ORANGE**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**



## CITY OF EAST ORANGE

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## ACCOUNTANTS' COMPILATION REPORT

Honorable Mayor and Members  
of the City Council  
City of East Orange  
East Orange, New Jersey

Management is responsible for the accompanying balance sheets – regulatory basis of the various funds of the City of East Orange (“City”), as of December 31, 2024 and the related statements of operations and changes in fund balance – regulatory basis, the statements of changes in fund balance, the statements of revenues – regulatory basis and statements of expenditures – regulatory basis of the various funds for the year then ended in accordance with the regulatory basis of accounting. We have performed the compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements - regulatory basis nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any assurance on these financial statements.

The financial statements are prepared in accordance with the financial and accounting reporting provisions and practices that demonstrate compliance with the regulatory basis of accounting and budget laws prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Management has elected to omit substantially all the disclosures ordinarily included in financial statements prepared in accordance with the regulatory basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the City's assets, liabilities, fund balances, revenues and expenditures and results of operations. Accordingly, the financial statements are not designed for those who are not informed about such matters.

*PKF O'Connor Davies, LLP*

Cranford, New Jersey  
September 5, 2025

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

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CITY OF EAST ORANGE  
CURRENT AND FEDERAL AND STATE GRANT FUND

BALANCE SHEET  
REGULATORY BASIS  
AS OF DECEMBER 31, 2024 (UNAUDITED)

A  
Sheet # 1

ASSETS AND DEFERRED CHARGES

CURRENT FUND

	<u>2024</u>
Cash - Checking Accounts	\$ 46,161,967.83
Cash - Change Funds	450.00
Petty Cash	<u>700.00</u>
	46,163,117.83

Due from State of New Jersey - State Aid	<u>2,165,626.98</u>
	2,165,626.98

Receivables and Other Assets with Full Reserves

Delinquent Property Taxes	5,892,121.17
Tax Title Liens	528,923.05
Property Acquired for Taxes - Assessed Valuation	11,753,244.27
Revenue Accounts Receivable	333,769.83
Due From East Orange Public Library	1,995.00
Interfunds Receivable	186,177.37
Due from Central Avenue Improvement District	101,216.35
Prepaid County Taxes	21,459.30
Prepaid Local District School Taxes	<u>651,609.44</u>
	19,470,515.78

Deferred Charges:

Special Emergency Authorizations (40A:4-53)	165,000.00
Overexpenditure of Appropriations	2,444,747.71
Overexpenditure of Appropriation Reserves	<u>18,285.86</u>

70,427,294.16

FEDERAL AND STATE GRANT FUND

Cash	5,117,066.73
Grants Receivable	32,061,354.31
Due from Current Fund	4,018,418.59
Overexpenditure of Appropriated Reserve	<u>118,207.16</u>
	41,315,046.79
	<u>\$ 111,742,340.95</u>

CITY OF EAST ORANGE  
CURRENT AND FEDERAL AND STATE GRANT FUND

BALANCE SHEET  
REGULATORY BASIS  
AS OF DECEMBER 31, 2024 (UNAUDITED)

A  
Sheet # 2

2024

LIABILITIES, RESERVES AND FUND BALANCE

CURRENT FUND

Appropriation Reserves	
Encumbered	\$ 2,772,562.55
Unencumbered	5,338,603.44
Accounts Payable	1,917,587.58
Due to State of New Jersey	40,669.29
Tax Overpayments	2,329,776.12
Reserve for Revaluations	83,616.90
Reserve for Tax Appeals	260,162.15
Interfunds Payable	12,308,860.56
Special Emergency Notes Payable	165,000.00
Open Space Recreation Taxes Payable	787.49
Due to Library	180,354.08
Due to State of New Jersey - DCA State Training Fees	16,310.97
Due to State of New Jersey - Marriage License Fees	5,165.00
Prepaid Taxes	1,037,495.44
Reserve for Hurricane Irene	35,067.00
Accrued Salary & Wages	3,939.00
Special Reserves	398,082.53
	<u>26,894,040.10</u>
 Reserve for Receivables	 19,470,515.78
Fund Balance	<u>24,062,738.28</u>
	<u>70,427,294.16</u>

FEDERAL AND STATE GRANT FUND

Unappropriated Reserves	311,489.17
Appropriated Reserves for Grant Expenditures - Encumbered	5,572,933.99
Appropriated Reserves for Grant Expenditures	32,942,233.55
Due to General Capital Fund	2,221,567.83
Due to Grantor	266,822.25
	<u>41,315,046.79</u>
	<u>\$ 111,742,340.95</u>

CITY OF EAST ORANGE  
CURRENT FUND

A-1

STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE  
REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2024 (UNAUDITED)

	<u>2024</u>
<u>REVENUE AND OTHER INCOME REALIZED:</u>	
Anticipated Fund Balance	\$ 22,700,000.00
Miscellaneous Anticipated Revenue	73,172,421.10
Receipts from Delinquent Taxes	5,102,093.30
Receipts from Current Taxes	146,798,381.61
Non-Budget Revenues	2,265,321.07
Other Credits to Income:	
Statutory Exces - Animal Control Trust Fund	4,754.18
Interfund and Other Receivables Returned	1,168.02
Lapsed Balances of Appropriation Reserves	8,463,929.80
	<hr/>
TOTAL REVENUE AND OTHER INCOME	258,508,069.08
	<hr/>
<u>EXPENDITURES:</u>	
Budget Appropriations:	
Operations:	
Salaries & Wages	80,112,125.59
Other Expenses	44,987,249.24
Municipal Debt Service	6,890,310.29
Capital Improvements	500,000.00
Deferred Charges and Statutory Expenditures	24,775,149.81
Other Appropriations excluded from "CAP"	33,515,675.86
Transferred to Board of Education	146,587.00
	<hr/>
	190,927,097.79
	<hr/>
Interfund Advanced	186,177.37
Prior Year Refunds	1,796.50
Prior Year Senior Citizens/Veterans Deductions Disallowed	1,618.06
Local Open Space	480,983.16
County Taxes	20,027,159.12
Prepaid County Taxes	21,459.30
Local District School Taxes	31,778,235.00
Prepaid Local District School Taxes	651,609.44
	<hr/>
TOTAL EXPENDITURES	244,076,135.74
	<hr/>
EXCESS IN REVENUE	14,431,933.34
ADJUSTMENT TO INCOME BEFORE FUND BALANCE:	
Expenditures Included Above Which Are by Statute	
Deferred Charges to Budget of Succeeding Years:	
Overexpenditure of Appropriation	2,444,747.71
	<hr/>
STATUTORY EXCESS TO FUND BALANCE	16,876,681.05
<u>FUND BALANCE</u>	
BALANCE, BEGINNING OF YEAR	29,886,057.23
	<hr/>
	46,762,738.28
DECREASED BY:	
UTILIZED AS ANTICIPATED REVENUE	22,700,000.00
	<hr/>
BALANCE, END OF YEAR	\$ 24,062,738.28
	<hr/>

See Accountants' Compilation Report

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	Modified Budget	Realized	Excess or (Deficit)
Fund Balance	\$ 22,700,000.00	\$ 22,700,000.00	
Miscellaneous Revenues	68,299,860.92	73,172,421.10	\$ 4,872,560.18
Receipts from Delinquent Taxes	<u>5,989,000.00</u>	<u>5,102,093.30</u>	<u>(886,906.70)</u>
Sub - Total General Revenue	<u>96,988,860.92</u>	<u>100,974,514.40</u>	<u>3,985,653.48</u>
Amount to be Raised by Taxation:			
Local, Library and Additional School	<u>98,233,800.00</u>	<u>101,238,004.33</u>	<u>3,004,204.33</u>
	<u>98,233,800.00</u>	<u>101,238,004.33</u>	<u>3,004,204.33</u>
Total General Revenue	195,222,660.92	202,212,518.73	6,989,857.81
Non-Budget Revenues	<u></u>	<u>2,265,321.07</u>	<u>2,265,321.07</u>
	<u>\$ 195,222,660.92</u>	<u>\$ 204,477,839.80</u>	<u>\$ 9,255,178.88</u>

CITY OF EAST ORANGE  
CURRENT FUND  
STATEMENT OF REVENUES  
MISCELLANEOUS REVENUE ANTICIPATED  
REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2024 (UNAUDITED)

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	<u>Budget</u>	<u>Chapter 159</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
<b>MISCELLANEOUS REVENUES:</b>				
Licenses:				
Alcoholic Beverages	\$ 38,400.00		\$ 44,180.00	\$ 5,780.00
Other	254,000.00		258,309.05	4,309.05
Fees and Permits:				
Uniform Construction Code Fees	1,915,500.00		2,035,626.00	120,126.00
Other	97,400.00		157,811.23	60,411.23
Fines and Costs - Municipal Court	2,335,500.00		2,206,501.94	(128,998.06)
Interest and Costs on Taxes	1,281,700.00		1,274,924.44	(6,775.56)
Interest on Investments and Deposits	1,359,600.00		3,031,368.47	1,671,768.47
Code Enforcement	338,400.00		317,436.00	(20,964.00)
Payments in Lieu of Taxes:	6,056,800.00		9,291,671.40	3,234,871.40
Franchise Fee from Cable TV Gross Revenue	284,000.00		95,083.88	(188,916.12)
Energy Receipts Tax	22,381,416.00		22,381,416.00	
Municipal Relief Funds	2,306,998.87		2,306,998.87	
Alarm Registration Fees	17,800.00		7,350.00	(10,450.00)
State and Federal Revenue Offset with Appropriations:				
Vaccination Supplemental Grant	20,000.00		20,000.00	
COPS Grant	1,250,000.00		1,250,000.00	
Body Armor Replacement Fund	11,633.93		11,633.93	
Municipal Alliance Drug Abuse	11,321.27		11,321.27	
Recycling Tonnage Grant	101,348.98		101,348.98	
Summer Food Service Program	227,524.50		227,524.50	
HUD Grant - Lead	4,801,958.60		4,801,958.60	
Distracted Driving	7,000.00		7,000.00	
UEZ Cops on the Shopping Blocks	206,017.00		206,017.00	
United Way of Newark - MOET Vita Tax Program	3,000.00		3,000.00	
Stormwater Assistance Grant	15,000.00		15,000.00	
Click it or Ticket	7,000.00		7,000.00	
FY24 PSAP	2,064,813.35		2,064,813.35	
DHSTS - State HIV Services 2024	260,000.00		260,000.00	
ARP Firefighter Grant	70,000.00		70,000.00	
UEZ Admin. Budget FY24	188,000.00		188,000.00	
Growing Tennis Together Grant	3,000.00		3,000.00	
Statewide Ending the Epidemic	166,600.00		166,600.00	
National Opioid Settlement Proceeds	780,831.73		780,831.73	
Coronavirus State and Local Fiscal Recovery Funds	7,000,000.00		7,000,000.00	
Ending the Epidemic (EHE) Program Grant - Strengthening Local Public Health Capacity		74,664.00	74,664.00	
County of Essex - HOME Friends		288,000.00	288,000.00	
Emergency Management Performance Grant		10,000.00	10,000.00	
Enhancing Health Infrastructure Grant		168,049.00	168,049.00	
Child and Adult Care Food Program		2,842,866.00	2,842,866.00	
Clean Communities		145,225.05	145,225.05	
NJDOT - Transportation Trust Fund		1,006,082.00	1,006,082.00	
Ryan White Ending the HIV Epidemic		121,070.00	121,070.00	
Local Recreation Improvement Grant		69,000.00	69,000.00	
Substance Abuse Treatment Program Grant		23,370.00	23,370.00	
Childhood Lead Poisoning		630,294.00	630,294.00	
HOME Investment Program		469,055.28	469,055.28	
WIC Supplemental Food Program		1,407,754.00	1,407,754.00	
Growing Tennis Together Grant		3,500.00	3,500.00	
DHSTS State HIV Services 2024		260,000.00	260,000.00	
UEZ Revolving Loan Fund		350,000.00	350,000.00	
UEZ Professional Development		177,000.00	177,000.00	
UEZ Promotional and Marketing		60,000.00	60,000.00	
Community Development Block Grant		1,414,194.00	1,414,194.00	
National Opioid Settlement Proceeds		573,516.13	573,516.13	
Uniform Fire Safety Act	60,400.00		79,320.49	18,920.49
Bell Atlantic Contract	14,400.00		14,481.84	81.84
East Orange Golf Cart Fees	187,800.00		213,312.86	25,512.86
East Orange Gold Course Fees	1,069,200.00		1,334,716.93	265,516.93
Housing Inspection State Aid	65,300.00		67,841.00	2,541.00
Substance Abuse Fees	673,700.00		492,524.65	(181,175.35)
Reserve to Pay BAN's	272,857.23		272,857.23	
	<u>\$ 58,206,221.46</u>	<u>\$ 10,093,639.46</u>	<u>\$ 73,172,421.10</u>	<u>\$ 4,872,560.18</u>

CITY OF EAST ORANGE  
CURRENT FUND

A-2b

STATEMENT OF REVENUE  
ANALYSIS OF REALIZED TAX COLLECTIONS  
REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2024 (UNAUDITED)

Receipts from Delinquent Taxes			
Delinquent Tax Collections:			
2024 Collections	\$	5,029,302.28	
Tax Title Liens Collections		<u>72,791.02</u>	
			<u>\$ 5,102,093.30</u>
Allocation of Current Tax Collections			
Revenue from Collections:			
2024 Collections		146,030,570.54	
2023 Collections		700,556.89	
Due from State of New Jersey		<u>67,254.18</u>	
			146,798,381.61
Less: Allocated to:			
City Open Space		480,983.16	
Essex County		20,027,159.12	
Local School District		<u>31,778,235.00</u>	
			<u>52,286,377.28</u>
			94,512,004.33
Plus: Appropriation Reserve for Uncollected Taxes			<u>6,726,000.00</u>
Amount for Support of Municipal Budget			<u>\$ 101,238,004.33</u>

CITY OF EASTORANGE  
CURRENT FUND

STATEMENT OF REVENUE  
ANALYSIS OF NON-BUDGET REVENUE  
REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2024 (UNAUDITED)

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Miscellaneous Revenue Not Anticipated:	
Commission on Vending Machines	\$ 2,656.21
Commission Verizon	172,256.04
Commission T-Mobile Rents	21,422.44
Commission AT&T Cell Sites	54,027.63
Refund - Passaic Valley Sewerage	21,939.29
Refund - N.J. Turnpike Authority	775.00
Refunds - Miscellaneous Vendors	2,022.25
Unclaimed Property	761.45
Unclaimed Funds	424.00
Auction of Abandoned Vehicles	1,875.00
Law Department Restitution	1,565.00
MRNA - Finance Department	565,451.83
Finance - Settlements/Claims	3,510.00
Fire Report Fees	74.00
City Clerk - Copy Fees & Notary Fees	1,140.30
Police System Fees	94,972.00
Tax Collect Bounced Check Fees	2,042.45
Duplicate Tax Sale Certif Fee	4,300.00
Fee- Planning Board Cases	9,945.00
Fee - Zoning Board Cases	7,180.00
Fees - Child Support	2,134.00
Fees - Garnishes	4,672.26
Fees - Passport	11,238.98
Fees - Rent Leveling Division	148,758.00
Fees - Bingo & Raffle	300.00
Fees - Tax Sale Cost	49,761.02
2% Administrative Fee - Senior Citizens and Veterans Deductions	1,292.64
Tax Assessor - Exempt Application Fee	18,697.50
STD Clinic Fees	6,400.00
Foreclosure Fee	760.00
Fees - Use of Police Vehicles	103,022.00
Police Off-Duty Admin Fees	261,786.68
Fees - Vacant Properties	70,000.00
Fees - Fire Dept. EMS Dispatch	23,178.96
Fees - HHS ACH Death & Burial Fees	13,320.00
Fees - Property Sale Misc. Fees Collected	380,804.00
Prop Maint Property Clean Up	14,284.20
Fees - Gov Deals Auction Revenue	5,525.00
Fee - Cannabis	6,500.00
FEMA Grant	12,939.19
Special Events	260.00
Rent - Golf Course/Restaurant	48,000.00
Rent - Evergreen and Halsted Parking Lot	7,033.00
Fire Official LIU Fees	103,563.75
Essex County 2022 Local Arts	2,750.00
	<hr/>
	\$ 2,265,321.07

See Accountants' Comilation Report

CITY OF EAST ORANGE  
CURRENT FUND

STATEMENT OF EXPENDITURES  
REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2024 (UNAUDITED)

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Sheet # 1

	Appropriations		Expended		Reserved	Overexpended	Canceled
	Budget	Modified Budget	Paid or Charged	Encumbered			
OPERATIONS - WITHIN "CAPS":							
Office of the Mayor							
Salaries & Wages	\$ 760,682.79	\$ 760,682.79	\$ 775,481.78			\$ 14,798.99	
Other Expenses	124,700.00	104,700.00	89,056.64	\$ 11,532.37	\$ 4,110.99		
Division of Public Information & Consumer Services							
Salaries & Wages	178,640.99	189,640.99	189,474.17		166.82		
Other Expenses	63,500.00	63,500.00	57,946.72	5,208.93	344.35		
Office of the City Administrator							
Salaries & Wages	305,689.37	370,689.37	370,689.37				
Other Expenses	60,000.00	20,000.00	18,589.72	1,058.16	352.12		
Division of Procurement							
Salaries & Wages	409,617.90	424,617.90	423,524.28		1,093.62		
Other Expenses	43,000.00	48,000.00	35,833.37	12,031.04	35.59		
Duplicating Unit							
Other Expenses	75,000.00	118,000.00	66,916.08	26,261.00	24,822.92		
Public Defender							
Other Expenses	261,000.00	261,000.00	220,765.00	9,200.00	31,035.00		
Division Of Human Services							
Salaries & Wages	729,092.89	825,092.89	821,129.30		3,963.59		
Other Expenses	50,000.00	50,000.00	18,207.61	13,845.45	17,946.94		
Data Processing							
Salaries & Wages	757,386.58	832,386.58	831,755.50		631.08		
Other Expenses	886,000.00	886,000.00	1,308,302.31	309,611.03	-	731,913.34	
Board of Alcoholic Beverage Control							
Salaries and Wages	3,000.00	2,700.00	346.17		2,353.83		
Other Expenses	2,850.00	2,950.00	2,729.02	165.36	55.62		
Policy, Planning & Economic Development							
Salaries and Wages	452,282.22	512,282.22	505,322.54		6,959.68		
Other Expenses	142,000.00	142,000.00	20,537.75	51,369.23	70,093.02		
Division of Economic Development							
Salaries and Wages	153,707.91	93,707.91	77,874.17		15,833.74		
Other Expenses	18,800.00	18,800.00	8,722.24	621.69	9,456.07		
Division of Neighborhood Housing Revitalization							
Salaries and Wages	487,003.75	367,003.75	360,450.51		6,553.24		
Other Expenses	3,400.00	3,400.00	1,378.34		2,021.66		
Comprehensive Planning							
Salaries and Wages	249,410.60	399,410.60	378,648.80		20,761.80		
Other Expenses	119,700.00	119,700.00	107,707.26	5,459.33	6,533.41		
Zoning Board Adjustment							
Salaries and Wages	4,896.00	4,896.00	4,800.00		96.00		
Other Expenses	10,400.00	10,400.00	3,370.25	5,425.95	1,603.80		
Planning Board							
Salaries and Wages	6,000.00	6,000.00	5,192.36		807.64		
Other Expenses	16,800.00	16,800.00	8,432.09	4,759.08	3,608.83		
City Council							
Salaries and Wages	1,048,394.38	1,158,394.38	1,072,976.94		85,417.44		
Other Expenses	266,030.00	266,030.00	182,213.52	33,637.46	50,179.02		

CITY OF EAST ORANGE  
CURRENT FUND

STATEMENT OF EXPENDITURES  
REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2024 (UNAUDITED)

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Sheet # 2

	Appropriations		Expended				Overexpended	Canceled
	Budget	Modified Budget	Paid or Charged	Encumbered	Reserved			
OPERATIONS - WITHIN "CAPS" (Continued):								
City Clerk's Office								
Salaries and Wages	\$ 563,064.16	\$ 654,064.16	\$ 647,518.19		\$ 6,545.97			
Other Expenses	153,000.00	128,000.00	124,131.56	\$ 3,399.48	468.96			
City Clerk Election								
Salaries and Wages	42,000.00	22,000.00	17,500.00	125.00	4,375.00			
Other Expenses	27,700.00	47,700.00	44,747.23	60.47	2,892.30			
Department of Finance								
Salaries and Wages	261,486.36	281,486.36	279,059.30		2,427.06			
Other Expenses	360,000.00	360,000.00	357,648.72	2,343.33	7.95			
Claim Administration Fee	105,000.00	105,000.00	77,907.80		27,092.40			
Unemployment Insurance	180,000.00	180,000.00	239,436.20			\$ 59,436.20		
Group Insurance for Employees	13,913,034.00	14,852,034.00	14,860,854.85	16,954.23	321,015.14	346,790.22		
Insurance Claim Fund - Workers Compensation	2,400,000.00	2,775,000.00	2,721,058.50		53,941.50			
Health Benefit Waiver	275,000.00	275,000.00	275,458.34			458.34		
Miscellaneous Insurance	10,000.00	10,000.00	7,725.00		2,275.00			
Insurance Claim Fund ( Auto & General)	1,200,000.00	1,575,000.00	1,875,428.65			300,428.65		
City Insurance Premium	2,400,000.00	2,400,000.00	2,728,300.22			328,300.22		
Short Term Insurance	375,000.00	375,000.00	200,041.58		174,958.42			
Division of Accounts & Controls								
Salaries & Wages	234,821.73	234,821.73	234,715.21		106.52			
Other Expenses	3,800.00	3,800.00	3,630.86		169.14			
Division of Treasury								
Salaries and Wages	446,071.78	486,071.78	484,372.01		1,699.77			
Other Expenses	4,000.00	9,750.00	5,891.00	3,750.00	109.00			
Division of Tax Collection & Revenue								
Salaries and Wages	528,727.36	528,727.36	563,270.45			34,543.09		
Other Expenses	73,000.00	73,000.00	28,145.89	22,552.83	22,301.28			
Division of Property Taxation								
Salaries and Wages	509,825.07	509,825.07	469,506.06		40,319.01			
Other Expenses	297,000.00	297,000.00	267,370.23	1,947.33	27,682.44			
Department of Law								
Salaries and Wages	1,278,877.56	1,208,877.56	1,196,733.52		12,144.04			
Other Expenses	255,500.00	325,500.00	273,878.12	24,269.28	27,352.60			
Special Prosecutors								
Other Expenses	1,300.00	1,300.00	675.00		625.00			
Engineering Fees								
Other Expenses	100,000.00	92,000.00			92,000.00			
Municipal Court								
Salaries and Wages	2,383,528.69	2,383,528.69	2,246,157.69		137,371.00			
Other Expenses	203,900.00	203,900.00	158,038.18	34,508.64	11,353.18			
DEPARTMENT OF PUBLIC WORKS								
Office of Director								
Salaries and Wages	744,181.56	816,181.56	810,399.84		5,781.72			
Other Expenses	85,100.00	135,100.00	65,236.05	65,516.67	4,347.28			
Streets & Road Division								
Salaries and Wages	2,540,727.58	2,540,727.58	2,758,160.12			217,432.54		
Other Expenses	1,134,000.00	1,153,000.00	1,093,421.99	59,578.01				

CITY OF EAST ORANGE  
CURRENT FUND

STATEMENT OF EXPENDITURES  
REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2024 (UNAUDITED)

A-3  
Sheet # 3

	Appropriations		Expended				
	Budget	Modified Budget	Paid or Charged	Encumbered	Reserved	Overexpended	Canceled
OPERATIONS - WITHIN "CAPS" (Continued):							
Snow & Ice removal							
Salaries and Wages	\$ 50,000.00	\$ 10,000.00			\$ 10,000.00		
Other Expenses	131,000.00	371,000.00	\$ 353,293.69	\$ 240.32	17,465.99		
Plan & Construction Division							
Salaries and Wages	543,186.54	479,186.54	474,624.62		4,561.92		
Other Expenses	107,000.00	67,000.00	41,064.18	23,233.24	2,702.58		
Traffic Engineering Division							
Salaries and Wages	204,199.75	215,199.75	213,748.70		1,451.05		
Other Expenses	83,000.00	83,000.00	65,756.21	41,143.67		\$ 23,899.88	
Employee Safety Program							
Other Expenses	500.00	500.00	-		500.00		
East Orange Golf Course							
Salaries and Wages	748,488.95	738,488.95	731,069.81		7,419.14		
Other Expenses	653,000.00	568,000.00	503,222.84	64,306.68	470.48		
Sanitation							
Street Cleaning							
Salaries and Wages	623,653.80	383,653.80	362,614.57		21,039.23		
Other Expenses	51,000.00	51,000.00	(4,425.70)	1,650.00	53,775.70		
Garbage & Trash Removal - Solid Waste							
Salaries and Wages	179,481.74	189,481.74	187,862.64		1,619.10		
Other Expenses	8,127,337.00	7,377,337.00	4,789,634.71	741,367.58	1,846,334.71		
Public Buildings & Grounds							
Salaries and Wages	1,159,179.99	1,099,179.99	1,094,498.52		4,681.47		
Other Expenses	1,395,000.00	1,405,000.00	1,088,936.66	249,200.24	66,863.10		
DEPARTMENT OF PUBLIC WORKS							
Garage Division							
Salaries and Wages	629,728.03	579,728.03	579,621.51		106.52		
Other Expenses	649,000.00	709,000.00	532,085.38	166,147.52	10,767.10		
Parks Maintenance							
Salaries and Wages	682,038.84	722,038.84	711,779.35		10,259.49		
Other Expenses	100,000.00	100,000.00	72,747.18	22,822.13	4,430.69		
PUBLIC SAFETY							
Directors office							
Salaries and Wages	331,713.48	331,713.48	331,158.18		555.30		
Other Expenses	7,200.00	7,200.00	2,573.22	325.00	4,301.78		
Department of Fire							
Salaries and Wages	21,062,810.73	20,512,810.73	20,493,953.67		18,857.06		
Other Expenses	895,000.00	822,000.00	625,590.33	182,182.54	14,227.13		
Animal Control							
Salaries and Wages	332,200.58	332,200.58	326,990.11		5,210.47		
Other Expenses	44,000.00	44,000.00	28,295.25	2,824.05	12,880.70		
Office of Emergency Management							
Salaries and Wages	30,000.00	20,000.00	15,000.00		5,000.00		
Other Expenses	47,000.00	47,000.00	27,304.25	15,864.57	3,831.18		

CITY OF EAST ORANGE  
CURRENT FUND

STATEMENT OF EXPENDITURES  
REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2024 (UNAUDITED)

A-3  
Sheet # 4

	Appropriations		Expended		Reserved	Overexpended	Canceled
	Budget	Modified Budget	Paid or Charged	Encumbered			
OPERATIONS - WITHIN "CAPS" (Continued):							
Uniform Safety Act Salaries and Wages	\$ 74,000.00	\$ 74,000.00			\$ 74,000.00		
Department of Police Salaries and Wages Other Expenses	24,700,000.00 1,845,000.00	25,393,000.00 1,695,000.00	\$ 25,621,732.95 1,082,408.00	\$ 9,329.40 448,679.16		\$ 238,062.35	
School Traffic Guards Salaries and Wages Other Expenses	888,320.13 15,000.00	713,320.13 15,000.00	670,045.25 11,931.99	400.00	43,274.88 2,668.01		
DEPARTMENT OF HEALTH & HUMAN SERVICES							
Office of Director Salaries and Wages Other Expenses	1,360,822.57 210,200.00	985,822.57 210,200.00	744,900.33 80,774.60	31,029.71	240,922.24 98,395.69		
Division of Health Services Salaries and Wages Other Expenses	176,300.00 1,500.00	176,300.00 1,500.00	125,815.44 1,172.53		50,484.56 327.47		
Environmental Health Salaries and Wages Other Expenses	382,211.37 5,400.00	427,211.37 5,400.00	425,275.40 2,798.00	457.67	1,935.97 2,144.33		
Division of Weights & Measures Salaries and Wages	182,295.95	153,295.95	150,190.46		3,105.49		
HIV Counseling Salaries and Wages Other Expenses	22,169.22 5,000.00	22,169.22 5,000.00	1,852.64 1,401.00		20,316.58 3,599.00		
Public Health Nursing Salaries and Wages Other Expenses	443,283.28 4,000.00	443,283.28 4,800.00	432,788.11 8,318.84		10,495.17 -	3,518.84	
Substance Abuse Salaries and Wages Other Expenses	779,594.77 234,000.00	779,594.77 234,000.00	709,775.07 120,077.10	3,502.61	69,819.70 110,420.29		
Vital Statistics Salaries and Wages Other Expenses	259,716.77 3,500.00	239,966.77 3,500.00	235,039.75 3,702.55		4,927.02 -	202.55	

CITY OF EAST ORANGE  
CURRENT FUND

STATEMENT OF EXPENDITURES  
REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2024 (UNAUDITED)

A-3  
Sheet # 5

	Appropriations		Expended				
	Budget	Modified Budget	Paid or Charged	Encumbered	Reserved	Overexpended	Canceled
OPERATIONS - WITHIN "CAPS" (Continued):							
Emergency Medical Service	\$ 762,000.00	\$ 762,000.00	\$ 760,000.20		\$ 1,999.80		
Essex Regional Health Commission	35,000.00	35,000.00			35,000.00		
Division of Senior Citizens							
Salaries and Wages	1,578,969.41	1,178,969.41	1,162,735.88		16,233.53		
Other Expenses	96,000.00	121,000.00	115,267.86	\$ 3,161.01	2,571.13		
Division of Employment & Training							
Salaries and Wages	1,675,001.23	1,675,001.23	1,641,138.67		33,862.56		
Other Expenses	356,000.00	340,000.00	335,528.88	4,447.17	23.95		
Lead Poisoning							
Salaries and Wages	119,059.48	79,059.48	74,063.95		4,995.53		
DEPARTMENT OF RECREATION & CULTURAL AFFAIRS							
Directors Office							
Salaries and Wages	541,213.20	541,213.20	491,308.65		49,904.55		
Other Expenses	183,000.00	183,000.00	105,455.56	520.28	77,024.16		
Instructional & Recreational Leaders							
Salaries and Wages	1,441,598.19	1,441,598.19	1,398,771.84		42,826.35		
Other Expenses	33,000.00	33,000.00	16,889.95	55.23	16,054.82		
Day Camp Program							
Salaries and Wages	150,000.00	235,000.00	213,463.66		21,536.34		
Other Expenses	38,100.00	38,100.00	27,526.84	963.00	9,610.16		
WIC Supplemental Food Program							
Salaries and Wages	65,520.43	520.43			520.43		
Swimming Pool Program							
Salaries and Wages	235,000.00	235,000.00	198,687.75		36,312.25		
Other Expenses	700.00	700.00	470.82		229.18		
Division of Neighborhood Facilities							
Salaries and Wages	180,443.91	180,443.91	94,759.55		85,684.36		
Other Expenses	21,000.00	21,000.00	14,246.08	3,843.24	2,910.68		
STATE UNIFORM CONSTRUCTION CODE							
Construction Official							
Salaries and Wages	328,840.33	328,840.33	357,713.93			\$ 28,873.60	
Other Expenses	14,300.00	14,300.00	11,731.26	1,029.04	1,539.70		
Division of Building							
Salaries and Wages	869,294.48	796,294.48	780,599.43		15,695.05		
Other Expenses	31,000.00	31,000.00	19,907.36	1,267.37	9,825.27		
Code Enforcement							
Salaries and Wages	1,518,278.74	1,280,478.74	1,252,628.33		27,850.41		
Other Expenses	207,000.00	194,000.00	102,049.24	25,263.39	66,687.37		
Vacant & abandoned Properties							
Salaries and Wages	208,531.90	210,531.90	209,701.99		829.91		
Other Expenses	3,400.00	3,400.00	931.04	100.00	2,368.96		
Unclassifieds							
Salary Adjustments	10,000.00	10,000.00	5,191.96		4,808.04		
Accumulated Absence Liabilities	750,000.00	750,000.00	607,954.27		142,045.73		
Bond and Note Sales Expense	56,000.00	56,000.00	27,375.00		28,625.00		
OPERATIONS WITHIN CAP	122,745,716.02	122,745,716.02	117,189,991.81	2,770,547.17	5,113,835.85	2,328,658.81	
Contingent	25,000.00	25,000.00			25,000.00		
OPERATIONS WITHIN CAP INCLUDING CONTINGENT	122,770,716.02	122,770,716.02	117,189,991.81	2,770,547.17	5,138,835.85	2,328,658.81	
Salaries and Wages	80,596,265.02	79,578,415.02	78,654,115.22	9,454.40	1,448,555.97	533,710.57	
Other Expenses	42,174,451.00	43,192,301.00	38,535,876.59	2,761,092.77	3,690,279.88	1,794,948.24	
	122,770,716.02	122,770,716.02	117,189,991.81	2,770,547.17	5,138,835.85	2,328,658.81	
DEFERRED CHARGES							
Prior Years Bills	15,375.07	15,375.07	9,797.77	1,637.50			\$ 3,939.80
Over Expenditure- Appropriation Reserve	124,372.25	124,372.25	124,372.25				
Over Expenditure-Grant Appropriated Reserve	60,112.17	60,112.17	59,082.17				1,030.00
	199,859.49	199,859.49	193,252.19	1,637.50			4,969.80
STATUTORY EXPENDITURES							
Public Employees' Retirement System	5,091,065.47	5,091,065.47	5,021,413.83		69,651.64		
Social Security System ( O.A.S.I.)	3,400,000.00	3,400,000.00	3,516,088.90			116,088.90	
Police and Fire Retirement System	14,339,405.75	14,339,405.75	14,339,405.75				
Defined Contribution Retirement Program (DCRP)	120,000.00	120,000.00	117,197.16		2,802.84		
	22,950,471.22	22,950,471.22	22,994,105.64		72,454.48	116,088.90	
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	145,921,046.73	145,921,046.73	140,377,349.64	2,772,184.67	5,211,290.33	2,444,747.71	4,969.80

See Accountants' Compilation Report

CITY OF EAST ORANGE  
CURRENT FUND

STATEMENT OF EXPENDITURES  
REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2024 (UNAUDITED)

A-3  
Sheet # 6

	Appropriations		Expended		Reserved	Overexpended	Canceled
	Budget	Modified Budget	Paid or Charged	Encumbered			
OPERATIONS EXCLUDED FROM CAP							
Maintenance of Free Public Library	\$ 4,289,000.00	\$ 4,289,000.00	\$ 4,181,309.01	\$ 377.88	\$ 107,313.11		
Reserve for Tax Appeals	20,000.00	20,000.00			20,000.00		
Garbage and Trash Removal	667,463.00	667,463.00	667,463.00				
Public & Private Programs Offset by Revenues:							
Ending the Epidemic (EHE) Program Grant -							
Strengthening Local Public Health Capacity		74,664.00	74,664.00				
County of Essex - HOME Friends		288,000.00	288,000.00				
Emergency Management Performance Grant		10,000.00	10,000.00				
Enhancing Health Infrastructure Grant		168,049.00	168,049.00				
Child and Adult Care Food Program		2,842,866.00	2,842,866.00				
Body Armor Replacement Fund	11,633.93	11,633.93	11,633.93				
Municipal Alliance Drug Abuse	11,321.27	11,321.27	11,321.27				
Municipal Alliance Drug Abuse - Local Share	2,830.32	2,830.32	2,830.32				
Clean Communities		145,225.05	145,225.05				
NJDOT - Transportation Trust Fund		1,006,082.00	1,006,082.00				
Ryan White Ending the HIV Epidemic		121,070.00	121,070.00				
Local Recreation Improvement Grant		69,000.00	69,000.00				
Substance Abuse Treatment Program Grant		23,370.00	23,370.00				
Childhood Lead Poisoning		630,294.00	630,294.00				
Recycling Tonnage Grant	101,348.98	101,348.98	101,348.98				
Summer Food Program	227,524.50	227,524.50	227,524.50				
HOME Investment Program		469,055.28	469,055.28				
United Way of Newark - MOET Vita Tax Program	3,000.00	3,000.00	3,000.00				
COPS - Federal Share	1,250,000.00	1,250,000.00	1,250,000.00				
COPS - Local Share	763,750.00	763,750.00	763,750.00				
WIC Supplemental Food Program		1,407,754.00	1,407,754.00				
Growing Tennis Together Grant	3,000.00	6,500.00	6,500.00				
HUD Lead Hazard - Federal Share	4,801,958.60	4,801,958.60	4,801,958.60				
HUD Lead Hazard - Local Share	483,943.72	483,943.72	483,943.72				
Vaccination Supplemental Grant	20,000.00	20,000.00	20,000.00				
DHSTS State HIV Services 2024	260,000.00	520,000.00	520,000.00				
UEZ Cops on the Shopping Blocks	206,017.00	206,017.00	206,017.00				
UEZ Admin. Budget FY24	188,000.00	188,000.00	188,000.00				
ARP Firefighter Grant	70,000.00	70,000.00	70,000.00				
Stormwater Assistance Grant	15,000.00	15,000.00	15,000.00				
FY 2024 PSAP Grant	2,064,813.35	2,064,813.35	2,064,813.35				
Distracted Driving	7,000.00	7,000.00	7,000.00				
UEZ Revolving Loan Fund		350,000.00	350,000.00				
UEZ Professional Development		177,000.00	177,000.00				
UEZ Promotional and Marketing		60,000.00	60,000.00				
Community Development Block Grant		1,414,194.00	1,414,194.00				
Ending the Epidemic	166,600.00	166,600.00	166,600.00				
Click It or Ticket	7,000.00	7,000.00	7,000.00				
Coronavirus State and Local Fiscal Recovery	7,000,000.00	7,000,000.00	7,000,000.00				
National Opioid Settlement Proceeds	780,831.73	1,354,347.86	1,354,347.86				
	<u>18,445,573.40</u>	<u>28,539,212.86</u>	<u>28,539,212.86</u>				
CAPITAL IMPROVEMENTS							
Capital Improvement Fund	<u>500,000.00</u>	<u>500,000.00</u>	<u>500,000.00</u>				
MUNICIPAL DEBT SERVICE							
Payment of Bond Principal	2,867,576.00	2,867,576.00	2,867,576.00				
Payment of Bond Anticipation Notes & Capital Notes	559,000.00	559,000.00	559,000.00				
Interest on Bonds	1,446,511.25	1,446,511.25	1,446,511.25				
Interest on Notes	1,664,017.53	1,664,017.53	1,654,676.72			\$ 9,340.81	
Loan Repayments for Principal & Interest	61,670.21	61,670.21	61,669.88				0.23
Capital Lease Obligations	264,606.96	264,606.96	264,606.96				
Interest on Special Emergency Notes	17,325.00	17,325.00	17,325.00				
Garden State Preservation Loan (P&I)	18,944.38	18,944.38	18,944.38				
	<u>6,899,651.33</u>	<u>6,899,651.33</u>	<u>6,890,310.29</u>				<u>9,341.04</u>
DEFERRED CHARGES TO FUTURE TAXATION							
Emergency Authorizations	1,348,700.00	1,348,700.00	1,348,700.00				
Special Emergency - 5 Years	165,000.00	165,000.00	165,000.00				
	<u>1,513,700.00</u>	<u>1,513,700.00</u>	<u>1,513,700.00</u>				
TOTAL OPERATIONS EXCLUDED FROM CAP	32,335,387.73	42,429,027.19	42,291,995.16	377.88	127,313.11		9,341.04
TRANSFERRED TO BOARD OF EDUCATION	146,587.00	146,587.00	146,587.00				
TOTAL GENERAL APPROPRIATIONS EXCLUDED FROM CAP	<u>32,481,974.73</u>	<u>42,575,614.19</u>	<u>42,438,582.16</u>	<u>377.88</u>	<u>127,313.11</u>		<u>9,341.04</u>
SUBTOTAL GENERAL APPROPRIATIONS	178,403,021.46	188,496,660.92	182,815,931.80	2,772,562.55	5,338,603.44	\$ 2,444,747.71	14,310.84
RESERVE FOR UNCOLLECTED TAXES	6,726,000.00	6,726,000.00	6,726,000.00				
TOTAL GENERAL APPROPRIATIONS	<u>\$ 185,129,021.46</u>	<u>\$ 195,222,660.92</u>	<u>\$ 189,541,931.80</u>	<u>\$ 2,772,562.55</u>	<u>\$ 5,338,603.44</u>	<u>\$ 2,444,747.71</u>	<u>\$ 14,310.84</u>

CITY OF EAST ORANGE  
CURRENT FUND

STATEMENT OF EXPENDITURES  
REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2024 (UNAUDITED)

A-3  
Sheet # 7

	<u>Appropriations</u>		<u>Expended</u>				<u>Canceled</u>
	<u>Budget</u>	<u>Modified Budget</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	<u>Overexpended</u>	
Adopted budget	\$ 185,129,021.46						
Chapter 159s	10,093,639.46						
Canceled	(14,310.84)						
Overexpenditures	2,444,747.71						
Reserve for Uncollected Taxes	<u>(6,726,000.00)</u>						
	<u>\$ 190,927,097.79</u>						

Adopted budget	\$ 185,129,021.46
Chapter 159s	<u>10,093,639.46</u>
	<u>\$ 195,222,660.92</u>

Cash disbursed	\$ 148,840,002.61
Reserve for uncollected taxes	6,726,000.00
Due from State of New Jersey - Qualified Bonds	3,739,561.91
Reserve for grant expenditures - appropriated	28,539,212.86
Deferred charges - Overexpenditure of Appropriation	124,372.25
Deferred charges - Overexpenditure of Grant Reserve	59,082.17
Deferred charges - Emergency Authorization	1,348,700.00
Deferred charges - special emergency authorizations	<u>165,000.00</u>
	<u>\$ 189,541,931.80</u>

CITY OF EAST ORANGE  
TRUST FUND

B  
Sheet# 1

BALANCE SHEET  
REGULATORY BASIS  
AS OF DECEMBER 31, 2024 (UNAUDITED)

ASSETS	<u>2024</u>
ANIMAL CONTROL FUND:	
Cash	\$ 8,809.49
	<u>8,809.49</u>
TAX REDEMPTION FUND	
Cash	1,029,227.95
Interfund Receivable	0.01
	<u>1,029,227.96</u>
GENERAL TRUST FUND:	
Cash	15,799,122.21
Interfund Receivable	27,729.41
	<u>15,826,851.62</u>
COMMUNITY DEVELOPMENT TRUST FUND	
Cash	57,805.47
Due from H.U.D.	5,006,288.77
Interfunds Receivable	263,231.36
	<u>5,327,325.60</u>
SELF INSURANCE FUND	
Cash	1,062,560.47
	<u>1,062,560.47</u>
HOME LOAN PROGRAM FUND	
Cash	620,614.47
Due from H.U.D.	5,295,799.59
Other Loans Receivable	3,916,488.00
	<u>9,832,902.06</u>
TOTAL ASSETS	<u>\$ 33,087,677.20</u>

CITY OF EAST ORANGE  
TRUST FUND

B  
Sheet# 2

BALANCE SHEET  
REGULATORY BASIS  
AS OF DECEMBER 31, 2024 (UNAUDITED)

LIABILITIES, RESERVES AND FUND BALANCE	<u>2024</u>
ANIMAL CONTROL FUND	
Reserve for Expenditures	\$ 4,039.11
Interfunds Payable	4,754.18
Due to State of New Jersey	16.20
	<u>8,809.49</u>
TAX REDEMPTION FUND	
Reserve for Expenditures	1,029,227.96
	<u>1,029,227.96</u>
GENERAL TRUST FUND	
Reserve for:	
Other Deposits	14,552,257.39
Salary Account	129,972.59
Payroll and Deductions	1,144,621.64
	<u>15,826,851.62</u>
COMMUNITY DEVELOPMENT TRUST FUND	
Cash Deficit	
Reserve for Community Development	5,327,325.60
	<u>5,327,325.60</u>
SELF INSURANCE FUND	
Reserve for:	
Workers Compensation	738,469.78
Auto/General Liability	292,154.48
AFLAC Flex Plus	31,936.21
	<u>1,062,560.47</u>
HOME LOAN PROGRAM FUND	
Reserve for:	
Interfunds Payable	95,201.00
Program Expenditures	5,738,837.06
Loans Receivable	3,916,488.00
UDAG Expenditures	82,376.00
	<u>9,832,902.06</u>
TOTAL LIABILITIES AND RESERVES	<u>\$ 33,087,677.20</u>

CITY OF EAST ORANGE  
GENERAL CAPITAL FUND

C

BALANCE SHEET  
REGULATORY BASIS  
AS OF DECEMBER 31, 2024 (UNAUDITED)

ASSETS	<u>2024</u>
Cash	\$ 9,412,919.82
Loans Receivable	11,500.00
Grant Receivable	354,006.34
Interfund Receivable	10,316,250.02
Deferred Charges to Future Taxation:	
Funded	31,165,498.90
Unfunded	<u>64,000,310.44</u>
	<u>\$ 115,260,485.52</u>
LIABILITIES AND FUND BALANCE	
Serial Bonds Payable	\$ 30,385,348.00
Bond Anticipation Notes	25,240,900.00
Reserve to Pay Bonds and Notes	2,015,159.87
Green Acres Trust Loan Payable:	
General	620,526.27
Garden State Preservation Loan Payable	258,302.63
Improvement Authorizations:	
Funded	4,538,291.53
Unfunded	38,711,936.19
Encumbrances Payable	11,709,388.30
Reserves for:	
Capital Improvement Fund	375,900.00
Future Improvements	11,513.79
Grants Receivable	354,006.34
Fund Balance	<u>1,039,212.60</u>
	<u>\$ 115,260,485.52</u>
Bonds and Notes Authorized But Not Issued	<u>\$ 38,937,317.00</u>

CITY OF EAST ORANGE  
GENERAL CAPITAL FUND

C-1

STATEMENT OF FUND BALANCE  
REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2024 (UNAUDITED)

Balance, December 31, 2023	\$ 477,442.45
Increased by:	
Premium on Sale of Bonds and Notes	<u>561,770.15</u>
Balance, December 31, 2024	<u>\$ 1,039,212.60</u>

CITY OF EAST ORANGE  
WATER UTILITY FUND

D  
Sheet #1

BALANCE SHEET  
REGULATORY BASIS  
AS OF DECEMBER 31, 2024 (UNAUDITED)

<u>Assets</u>	<u>2024</u>
Operating Fund:	
Cash - Checking	\$ 26,882,388.45
	<u>26,882,388.45</u>
Receivables and Other Assets with Full Reserves:	
Consumer Accounts Receivable	5,520,374.06
Inventory - Materials & Supplies	1,754,445.78
	<u>7,274,819.84</u>
Interfund Receivable	109,051.97
	<u>109,051.97</u>
Total Operating Fund	<u>34,266,260.26</u>
Capital Fund:	
Cash - Checking	4,862,029.34
Fixed Capital	77,148,603.60
Fixed Capital Authorized and Uncompleted	72,162,225.78
NJIB Interim Financing Receivable	1,399,291.00
Total Capital Fund	<u>155,572,149.72</u>
Total Assets	<u>\$ 189,838,409.98</u>

CITY OF EAST ORANGE  
WATER UTILITY FUND

D  
Sheet #2

BALANCE SHEET  
REGULATORY BASIS  
AS OF DECEMBER 31, 2024 (UNAUDITED)

<u>Liabilities, Reserves and Fund Balance</u>	<u>2024</u>
Operating Fund:	
Appropriation Reserves:	
Encumbered	\$ 4,070,740.19
Unencumbered	2,834,801.50
Accounts Payable	1,967,142.78
Due to ILSA East Newark	485,645.93
Accrued Interest on Bonds and Loans	258,931.68
Reserve for Retirement	579,874.40
Reserve for Labor Union Negotiations	90,026.90
Reserve for Healthcare	15,000.00
Interfunds Payable	181,423.19
	<u>10,483,586.57</u>
Reserve for Receivables	7,274,819.84
Fund Balance	16,507,853.85
Total Operating Fund	<u>34,266,260.26</u>
Capital Fund:	
Serial Bonds Payable	6,270,000.00
N.J. Environmental Trust Loan Payable	23,684,251.20
Improvement Authorizations:	
Funded	4,502,437.88
Unfunded	32,675,133.41
Contracts Payable	328,120.82
Interfunds Payable	109,051.97
Capital Improvement Fund	3,682,235.50
Reserve for Capital Improvements	238,485.00
Reserve for Amortization	62,030,969.40
Deferred Reserve for Amortization	19,823,419.78
Reserve for Payment of Debt	690,188.00
Reserve for NJIB Interim Financing Receivable	1,399,291.00
Fund Balance	138,565.76
	<u>155,572,149.72</u>
Total Capital Fund	<u>155,572,149.72</u>
Total Liabilities, Reserves and Fund Balances	<u>\$ 189,838,409.98</u>
Bonds and Notes Authorized but Not Issued	<u>\$ 37,502,189.00</u>

See Accountants' Compilation Report

CITY OF EAST ORANGE  
WATER UTILITY FUND

D-1

STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE  
REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2024 (UNAUDITED)

	<u>2024</u>
Revenue and Other Income:	
Surplus Anticipated	\$ 7,076,911.62
Water and Sewer Rents	24,500,356.25
Miscellaneous Revenues	1,855,202.67
Other Credits to Income:	
Cancellation of Accrued Interest	300,920.09
Unexpended Balance of Appropriation	
Reserves	<u>5,068,566.73</u>
	<u>38,801,957.36</u>
Expenditures:	
Budget Appropriations	
Salaries & Wages	5,671,726.00
Other Expenses	13,166,049.00
Deferred Charges & Statutory Expenditures	987,243.12
Capital Improvement Fund	7,510,000.00
Debt Service	<u>3,779,393.50</u>
	<u>31,114,411.62</u>
Excess in Revenues	7,687,545.74
Fund Balance, Beginning of Year	<u>15,897,219.73</u>
	23,584,765.47
Fund Balance Utilized	<u>7,076,911.62</u>
Fund Balance, End of Year	<u><u>\$ 16,507,853.85</u></u>

CITY OF EAST ORANGE  
WATER UTILITY FUND

D-2

STATEMENT OF CAPITAL FUND BALANCE  
REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2024 (UNAUDITED)

Balance, December 31, 2024 and 2023	<u>\$ 138,565.76</u>
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CITY OF EAST ORANGE  
WATER UTILITY FUND

D-3

STATEMENT OF REVENUES  
REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2024 (UNAUDITED)

<u>Source</u>	<u>Budget</u>	<u>Realized</u>	<u>Excess</u>
Surplus Anticipated	\$ 7,076,911.62	\$ 7,076,911.62	
Water and Sewer Rents	24,250,000.00	24,500,356.25	\$ 250,356.25
Miscellaneous Revenues		1,855,202.67	1,855,202.67
	<u>\$ 31,326,911.62</u>	<u>\$ 33,432,470.54</u>	<u>\$ 2,105,558.92</u>

Analysis of Miscellaneous Revenues

Cash Receipts	\$ 1,687,254.05
Due from Water Capital Fund	<u>167,948.62</u>
	<u>\$ 1,855,202.67</u>

See Accountants' Compilation Report

CITY OF EAST ORANGE  
WATER UTILITY FUND

D-4

STATEMENT OF EXPENDITURES  
REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2024 (UNAUDITED)

	Appropriation Budget	Balance After Transfer	Paid or Charged	Encumbered	Reserved	Unencumbered	Unexpended Balance Canceled
Operating:							
Salaries and Wages	\$ 6,171,726.00	\$ 5,671,726.00	\$ 4,858,103.41		\$	813,622.59	
Other Expenses	12,666,049.00	13,166,049.00	11,750,970.33	\$ 1,328,255.95		86,822.72	
Deferred charges and statutory expenditures:							
Overexpenditure - Appropriations	44,828.59	44,828.59	44,828.59				
Contribution to PERS	503,747.53	503,747.53	503,747.53			-	
Contribution to Social Security	438,667.00	438,667.00	353,854.60	43,514.05		41,298.35	
Capital Outlay:							
Capital Improvement Fund	450,000.00	450,000.00	450,000.00				
Capital Outlay	7,060,000.00	7,060,000.00	2,467,971.97	2,698,970.19		1,893,057.84	
Debt Service:							
Payment of Bond Principal	2,262,500.00	2,262,500.00	2,050,000.00				\$ 212,500.00
Interest on Bonds	868,693.76	868,693.76	868,693.76				-
Principal on NJ I-Bank	676,087.24	676,087.24	676,087.24				
Interest on NJ I-Bank	184,612.50	184,612.50	184,612.50				
	<u>\$ 31,326,911.62</u>	<u>\$ 31,326,911.62</u>	<u>\$ 24,208,869.93</u>	<u>\$ 4,070,740.19</u>	<u>\$</u>	<u>2,834,801.50</u>	<u>\$ 212,500.00</u>
Cash Disbursements			\$ 23,110,735.08				
Encumbrances Payable				\$ 4,070,740.19			
Deferred Charges			44,828.59				
Accrued Interest			1,053,306.26				
			<u>\$ 24,208,869.93</u>	<u>\$ 4,070,740.19</u>			

CITY OF EAST ORANGE  
GOVERNMENTAL FIXED ASSETS

E

BALANCE SHEET  
REGULATORY BASIS  
FOR THE YEAR DECEMBER 31, 2024 (UNAUDITED)

ASSETS	December 31, 2024
Land	\$ 2,356,761.14
Land Improvements	8,079,279.04
Buildings	25,854,250.45
Machinery and Equipment	35,187,983.41
	<u>\$ 71,478,274.04</u>
Investment in Governmental Fixed Assets	<u>\$ 71,478,274.04</u>



**CITY OF EAST ORANGE**

**ESSEX COUNTY, NEW JERSEY**

**REPORT OF AUDIT**

**YEARS ENDED DECEMBER 31, 2023 AND 2022**



## CITY OF EAST ORANGE

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## **Independent Auditors' Report**

**The Honorable Mayor and Members  
of the City Council  
City of East Orange  
East Orange, New Jersey**

### **Report on the Audit of the Regulatory Basis Financial Statements**

#### **Opinions on Regulatory Basis Financial Statements**

We have audited the regulatory basis financial statements of the various funds and the governmental fixed assets of the City of East Orange, New Jersey, ("City") which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of operations and changes in 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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

#### **Unmodified Opinion on Regulatory Basis of Accounting**

In our opinion, the accompanying regulatory basis financial statements present fairly, in all material respects, the regulatory basis balance sheets of the City as of December 31, 2023 and 2022, and the regulatory basis revenues, expenditures, and changes in fund balances for the years then ended, the statement of changes in fund balance, the statements of revenues and statements of expenditures for the year ended December 31, 2023 and the related notes to the financial statements, in accordance with the financial reporting provisions of the Department of Community Affairs, Division of Local Government Services, State of New Jersey ("Division") described in Note 1.

#### **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 section of our report, the financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the City as of December 31, 2023 and 2022, or its revenues, expenditures and changes in fund balance thereof for the years then ended.

#### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the requirements prescribed by the Division. Our responsibilities under those standards and requirements are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to

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PKF O'Connor Davies, LLP is a member firm of the PKF International Limited network of legally independent firms and does not accept any responsibility or liability for the actions or inactions on the part of any other individual member firm or firms.

**The Honorable Mayor and Members  
of the City Council  
City of East Orange  
East Orange, New Jersey**

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

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

As described in Note 1 of the financial statements, the financial statements are prepared by the City on the basis of the financial reporting provisions of the Division (regulatory basis), which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the Division. 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 and pervasive.

**Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions of the Division. 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 fraud or error.

In preparing the financial statements management is required to evaluate whether there are conditions or events considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

**Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the requirements prescribed by the Division will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and the requirements prescribed by the Division, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

**The Honorable Mayor and Members  
of the City Council  
City of East Orange  
East Orange, New Jersey**

*Page 3*

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

*PKF O'Connor Davies, LLP*

Cranford, New Jersey  
June 28, 2024

*David J. Gannon*

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

CITY OF EAST ORANGE  
CURRENT AND FEDERAL AND STATE GRANT FUND

COMPARATIVE BALANCE SHEETS  
REGULATORY BASIS  
DECEMBER 31, 2023 AND 2022

A  
Sheet # 1

ASSETS

CURRENT FUND

	<u>2023</u>	<u>2022</u>
Cash - Checking Accounts	\$ 53,959,948.16	\$ 57,972,463.07
Cash - Change Funds	450.00	450.00
	<u>53,960,398.16</u>	<u>57,972,913.07</u>
Due from State of New Jersey - DCA State Training Fees		28,921.00
Due from State of New Jersey - Marriage License Fees		3,369.00
Due from State of New Jersey - State Aid	1,689,441.05	6,701,313.12
	<u>1,689,441.05</u>	<u>6,733,603.12</u>
Receivables and Other Assets with Full Reserves		
Delinquent Property Taxes	7,162,233.65	7,184,473.76
Tax Title Liens	472,075.40	355,002.11
Property Acquired for Taxes - Assessed Valuation	11,753,244.27	11,753,244.27
Revenue Accounts Receivable	236,293.03	247,339.08
Due From East Orange Public Library	1,995.00	1,995.00
Interfunds Receivable		130,003.76
Due from Central Avenue Improvement District	101,216.35	101,216.35
Prepaid County Taxes		84,694.49
Prepaid School Taxes		378,608.44
Prepaid Open Space Recreation Taxes	1,168.02	1,168.02
	<u>19,728,225.72</u>	<u>20,237,745.28</u>
Deferred Charges:		
Special Emergency Authorizations (40A:4-53)	330,000.00	495,000.00
Overexpenditure of Appropriation	124,372.25	
Emergency Authorization (40A:4-46)	1,348,700.00	
	<u>77,181,137.18</u>	<u>85,439,261.47</u>
<u>FEDERAL AND STATE GRANT FUND</u>		
Grants Receivable	22,142,025.90	15,474,416.83
Due from Current Fund	2,708,812.38	13,851,859.96
Overexpenditure of Appropriated Reserve	59,082.17	70,186.04
	<u>24,909,920.45</u>	<u>29,396,462.83</u>
	<u>\$ 102,091,057.63</u>	<u>\$ 114,835,724.30</u>

See accompanying notes to financial statements.

CITY OF EAST ORANGE  
CURRENT AND FEDERAL AND STATE GRANT FUND

COMPARATIVE BALANCE SHEETS  
REGULATORY BASIS  
DECEMBER 31, 2023 AND 2022

A  
Sheet # 2

	<u>2023</u>	<u>2022</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
<u>CURRENT FUND</u>		
Appropriation Reserves		
Encumbered	\$ 2,129,715.99	\$ 3,688,373.69
Unencumbered	10,287,256.91	10,354,139.93
Accounts Payable	1,750,417.47	1,649,852.60
Due to State of New Jersey	41,673.47	40,673.47
Tax Overpayments	2,971,362.72	2,312,445.67
Reserve for Revaluations	83,616.90	197,514.00
Reserve for Municipal Relief Funds	2,306,998.87	
Reserve for Tax Appeals	260,162.15	260,162.15
Interfunds Payable	3,209,723.56	14,021,708.69
Special Emergency Notes Payable	330,000.00	495,000.00
County Taxes Payable	23,849.57	
School Taxes Payable	2,994,977.54	
Due to State of New Jersey - DCA State Training Fees	25,987.00	
Due to State of New Jersey - Marriage License Fees	4,800.00	
Prepaid Taxes	700,556.89	1,227,331.80
Reserve for Hurricane Irene	35,067.00	35,067.00
Accrued Salary & Wages	3,939.00	3,939.00
Special Reserves	406,749.19	384,664.98
	<u>27,566,854.23</u>	<u>34,670,872.98</u>
 Reserve for Receivables	 19,728,225.72	 20,237,745.28
Fund Balance	29,886,057.23	30,530,643.21
	<u>77,181,137.18</u>	<u>85,439,261.47</u>
 <u>FEDERAL AND STATE GRANT FUND</u>		
Unappropriated Reserves	26,634.15	672,394.94
Appropriated Reserves for Grant Expenditures - Encumbered	8,264,946.33	4,927,878.22
Appropriated Reserves for Grant Expenditures	16,145,109.76	23,322,959.46
Due to General Capital Fund	206,407.96	206,407.96
Due to Grantor	266,822.25	266,822.25
	<u>24,909,920.45</u>	<u>29,396,462.83</u>
	<u>\$ 102,091,057.63</u>	<u>\$ 114,835,724.30</u>

See accompanying notes to financial statements.

CITY OF EAST ORANGE  
CURRENT FUND

A-1

COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE  
REGULATORY BASIS  
YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<b><u>REVENUE AND OTHER INCOME REALIZED:</u></b>		
Anticipated Fund Balance	\$ 15,773,000.00	\$ 14,300,000.00
Miscellaneous Anticipated Revenue	59,943,929.73	67,829,446.22
Receipts from Delinquent Taxes	4,850,344.15	6,119,506.27
Receipts from Current Taxes	145,213,259.47	134,531,874.51
Non-Budget Revenues	4,702,534.15	1,722,895.87
Other Credits to Income:		
Interfund and Other Receivables Returned	593,306.69	
Encumbrances Cancelled		334,593.04
Lapsed Balances of Appropriation Reserves	<u>5,411,326.65</u>	<u>6,399,982.28</u>
<b>TOTAL REVENUE AND OTHER INCOME</b>	<u>236,487,700.84</u>	<u>231,238,298.19</u>
<b><u>EXPENDITURES:</u></b>		
Budget Appropriations:		
Operations:		
Salaries & Wages	75,827,970.16	73,391,620.41
Other Expenses	43,168,472.01	44,687,690.32
Municipal Debt Service	7,928,900.63	7,340,526.63
Capital Improvements	2,126,700.00	1,000,000.00
Deferred Charges and Statutory Expenditures	21,559,937.47	20,515,921.18
Other Appropriations excluded from "CAP"	19,807,357.98	30,041,780.06
Transferred to Board of Education	<u>126,414.00</u>	<u>131,896.00</u>
	170,545,752.25	177,109,434.60
 Prior Year Refunds	 23,617.98	 84,027.47
Prior Year Senior Citizens/Veterans Deductions Disallowed	5,500.00	
Local Open Space	474,482.96	483,184.89
County Taxes	21,234,597.88	18,540,413.66
Prepaid County Taxes		84,694.49
Local District School Taxes	30,548,408.00	24,542,926.00
Prepaid Local District School Taxes		131,896.00
<b>TOTAL EXPENDITURES</b>	<u>222,832,359.07</u>	<u>220,976,577.11</u>
 EXCESS IN REVENUE	 13,655,341.77	 10,261,721.08
 ADJUSTMENT TO INCOME BEFORE FUND BALANCE:		
Expenditures Included Above Which Are by Statute		
Deferred Charges to Budget of Succeeding Years:		
Overexpenditure of Appropriation	124,372.25	
Emergency Authorization	<u>1,348,700.00</u>	
 STATUTORY EXCESS TO FUND BALANCE	 15,128,414.02	 10,261,721.08
 <b><u>FUND BALANCE</u></b>		
BALANCE, BEGINNING OF YEAR	<u>30,530,643.21</u>	<u>34,568,922.13</u>
	45,659,057.23	44,830,643.21
DECREASED BY:		
UTILIZED AS ANTICIPATED REVENUE	<u>15,773,000.00</u>	<u>14,300,000.00</u>
 BALANCE, END OF YEAR	 <u><u>\$ 29,886,057.23</u></u>	 <u><u>\$ 30,530,643.21</u></u>

See accompanying notes to financial statements.

STATEMENT OF REVENUES  
REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2023

	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance	\$ 15,773,000.00	\$ 15,773,000.00	
Miscellaneous Revenues	58,111,071.66	59,943,929.73	\$ 1,832,858.07
Receipts from Delinquent Taxes	<u>5,463,000.00</u>	<u>4,850,344.15</u>	<u>(612,655.85)</u>
Sub - Total General Revenue	<u>79,347,071.66</u>	<u>80,567,273.88</u>	<u>1,220,202.22</u>
Amount to be Raised by Taxation:			
Local, Library and Additional School	<u>98,572,176.47</u>	<u>100,629,017.30</u>	<u>2,056,840.83</u>
	<u>98,572,176.47</u>	<u>100,629,017.30</u>	<u>2,056,840.83</u>
Total General Revenue	177,919,248.13	181,196,291.18	3,277,043.05
Non-Budget Revenues	<u></u>	<u>4,702,534.15</u>	<u>4,702,534.15</u>
	<u>\$ 177,919,248.13</u>	<u>\$ 185,898,825.33</u>	<u>\$ 7,979,577.20</u>

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CITY OF EAST ORANGE  
CURRENT FUND  
STATEMENT OF REVENUES  
MISCELLANEOUS REVENUE ANTICIPATED  
REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2023

A-2a

	<u>Budget</u>	<u>Chapter 159</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
<b>MISCELLANEOUS REVENUES:</b>				
Licenses:				
Alcoholic Beverages	\$ 35,000.00		\$ 38,408.80	\$ 3,408.80
Other	230,000.00		254,096.53	24,096.53
Fees and Permits:				
Uniform Construction Code Fees	1,900,000.00		1,915,564.99	15,564.99
Other	100,000.00		97,456.92	(2,543.08)
Fines and Costs - Municipal Court	2,700,000.00		2,335,587.67	(364,412.33)
Interest and Costs on Taxes	1,100,000.00		1,281,785.72	181,785.72
Interest on Investments and Deposits	100,000.00		1,359,656.27	1,259,656.27
Code Enforcement	300,000.00		338,400.00	38,400.00
Payments in Lieu of Taxes:	4,800,000.00		6,056,895.72	1,256,895.72
Franchise Fee from Cable TV Gross Revenue	265,000.00		284,060.05	19,060.05
Energy Receipts Tax	22,270,561.00		22,270,561.00	
Alarm Registration Fees	13,000.00		17,896.20	4,896.20
Substance Abuse Fees	1,500,000.00		673,767.57	(826,232.43)
State and Federal Revenue Offset with Appropriations:				
Ending the Epidemic (EHE) Program Grant -				
Strengthening Local Public Health Capacity	274,735.00		274,735.00	
Ending the Epidemic (EHE) Program Grant -				
Strengthening Local Public Health Capacity		\$ 406,046.00	406,046.00	
2023 NJDOT Municipal Aid	803,210.00		803,210.00	
Green Acres - Oval Park	1,200,000.00		1,200,000.00	
Green Acres - Memorial Park Improvement Program		500,000.00	500,000.00	
Emergency Management Performance Grant	10,000.00		10,000.00	
Essex County Code Blue Program Grant	40,000.00		40,000.00	
Enhancing Health Infrastructure Grant	867,536.00		867,536.00	
NJACCHO -Enhancing Local Public Health Infrastructure Grant		701,536.00	701,536.00	
Municipal Alliance - Youth Leadership	11,501.85		11,501.85	
Drive Sober or Get Pulled Over - Year End Holiday Crackdown		7,000.00	7,000.00	
United Way Grant	2,800.00		2,800.00	
Pedestrian Safety, Education and Enforcement Fund		20,000.00	20,000.00	
Body Armor Replacement Fund	10,867.43		10,867.43	
Municipal Alliance Drug Abuse	11,321.27		11,321.27	
Clean Communities	127,857.00		127,857.00	
NJDOT - Transportation Trust Fund		641,773.00	641,773.00	
2023 MLK Streetscape Improvements Project Grant		2,000,000.00	2,000,000.00	
U.S. Dept. of Justice - Reducing Violent Crime Project Grant		300,000.00	300,000.00	
Substance Abuse Treatment Program Grant		23,368.00	23,368.00	
Childhood Lead Poisoning		617,794.00	617,794.00	
Lead Grant Assistance Program		80,200.00	80,200.00	
Recycling Tonnage Grant	97,253.19		97,253.19	
Summer Expansion Program	30,000.00		30,000.00	
HOME Investment Program		288,000.00	288,000.00	
Youth Corps Urban Gateway Enhancement		32,000.00	32,000.00	
Summer Food Service Program		170,836.20	170,836.20	
Child and Adult Food Care		1,977,390.12	1,977,390.12	
WIC Supplemental Food Program		1,196,378.00	1,196,378.00	
FEMA - Assistance to Firefighters Grant Program		62,278.19	62,278.19	
FFT 2023 WIC Health Services Grant	710.00		710.00	
FY23 Local Recreation Improvement Grant	90,000.00		90,000.00	
American Rescue Plan Firefighter 2022	41,000.00		41,000.00	
Gunshot Detection Technology Initiative	105,500.00		105,500.00	
Statewide Ending the Epidemic	10,000.00		10,000.00	
NJDOT - East Orange Trail Project	1,322,000.00		1,322,000.00	
National Opioid Settlement Proceeds		88,094.40	88,094.40	
National Opioid Settlement Proceeds		125,035.17	125,035.17	
National Opioid Settlement Proceeds		31,850.36	31,850.36	
National Opioid Settlement Proceeds	451,995.48		451,995.48	
American Rescue Plan (ARP) Lost Revenue	6,000,000.00		6,000,000.00	
Uniform Fire Safety Act	62,000.00		60,407.91	(1,592.09)
Bell Atlantic Contract	13,000.00		14,481.84	1,481.84
East Orange Golf Cart Fees	140,000.00		187,834.69	47,834.69
East Orange Gold Course Fees	900,000.00		1,069,236.19	169,236.19
Housing Inspection State Aid	60,000.00		65,321.00	5,321.00
Reserve to Pay BAN's	844,644.00		844,644.00	
	<u>\$ 48,841,492.22</u>	<u>\$ 9,269,579.44</u>	<u>\$ 59,943,929.73</u>	<u>\$ 1,832,858.07</u>

See accompanying notes to financial statements.

CITY OF EAST ORANGE  
CURRENT FUND

A-2b

STATEMENT OF REVENUE  
ANALYSIS OF REALIZED TAX COLLECTIONS  
REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2023

Receipts from Delinquent Taxes			
Delinquent Tax Collections:			
2023 Collections	\$	4,819,301.63	
Tax Title Lien Collections		<u>31,042.52</u>	
			<u>\$ 4,850,344.15</u>
Allocation of Current Tax Collections			
Revenue from Collections:			
2023 Collections		143,914,177.67	
2022 Collections		1,227,331.80	
Due from State of New Jersey		<u>71,750.00</u>	
			145,213,259.47
Less: Allocated to:			
City Open Space		474,482.96	
Essex County		21,234,597.88	
Local School District		<u>30,548,408.00</u>	
			<u>52,257,488.84</u>
			92,955,770.63
Plus: Appropriation Reserve for Uncollected Taxes			<u>7,673,246.67</u>
Amount for Support of Municipal Budget			<u>\$ 100,629,017.30</u>

See accompanying notes to financial statements.

CITY OF EASTORANGE  
CURRENT FUND

STATEMENT OF REVENUE  
ANALYSIS OF NON-BUDGET REVENUE  
REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2023

A-2c

Miscellaneous Revenue Not Anticipated	
Commission on Vending Machines	\$ 1,940.54
Commission T-Mobile Rents	19,184.41
Commission AT&T Cell Sites	52,454.02
Commission PNC Bank ATM Fees	70.00
Refund - Essex County Courts	60.00
Refund - N.J. Turnpike Authority	1,080.00
Refund - The Home Depot	6,228.97
Refunds - Miscellaneous Vendors	2,882.86
Finance - PILOT Agreement - Corinthian	1,274,510.51
Law Department Restitution	3,055.00
MRNA - Finance Department	85,427.00
Finance - Settlements/Claims	853,270.46
Fire Report Fees	536.00
City Clerk - Copy Fees & Notary Fees	2,863.74
Police System Fees	81,968.05
Law Copy Fees	28.15
Tax Collect Bounced Check Fees	1,956.35
Duplicate Tax Sale Certif Fee	4,800.00
Fee- Planning Board Cases	18,565.32
Fee - Zoning Board Cases	4,200.00
Fees - Child Support	1,941.00
Fees - Garnishes	3,356.10
Fees - Passport	13,253.60
Fees - Rent Leveling Division	137,575.00
Fees - Bingo & Raffle	20.00
Fees - Bid Specs	1,625.00
Escheatment of Tax Sale Premiums	1,048,261.52
Fees - Tax Sale Cost	53,766.98
2% Administrative Fee - Senior Citizens and Veterans Deductions	1,425.00
Tax Assessor - Exempt Application Fee	2,454.75
STD Clinic Fees	5,360.00
Victim of Crimes - Comp Board	50.00
Fees - Use of Police Vehicles	120,656.37
Police Off-Duty Admin Fees	311,425.95
Fees - Vacant Properties	72,500.00
Fees - Fire Dept. EMS Dispatch	46,960.24
Fees - HHS ACH Death & Burial Fees	11,405.74
Prop Maint Property Clean Up	897.86
Fee - Cannabis	2,375.00
Tropical Storm Isaiahs July 2020 Reimbursement	171,824.44
FEMA Grant	70,505.28
Rent - Golf Course/Restaurant	48,000.00
Rent - Parking Lot 20-30 Evergreen	48,000.00
Fire Official LIU Fees	100,752.00
Reserve for Litigation Settlements	13,060.94
	<hr/>
	\$ 4,702,534.15

See accompanying notes to financial statements.

CITY OF EAST ORANGE  
CURRENT FUND  
 STATEMENT OF EXPENDITURES  
 REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2023

A-3  
 Sheet # 1

	<u>Appropriations</u>		<u>Expended</u>		<u>Reserved</u>	<u>Overexpended</u>	<u>Canceled</u>
	<u>Budget</u>	<u>Modified Budget</u>	<u>Paid or Charged</u>	<u>Encumbered</u>			
OPERATIONS - WITHIN "CAPS":							
Office of the Mayor							
Salaries & Wages	\$ 674,673.18	\$ 787,901.86	\$ 692,781.73		\$ 95,120.13		
Other Expenses	76,000.00	88,000.00	85,057.67	\$ 2,329.99	612.34		
Division of Public Information & Consumer Services							
Salaries & Wages	174,243.66	215,684.08	203,830.78		11,853.30		
Other Expenses	45,000.00	51,000.00	46,885.05	3,048.85	1,066.10		
Office of the City Administrator							
Salaries & Wages	303,411.79	308,911.79	307,646.70		1,265.09		
Other Expenses	66,000.00	60,000.00	48,155.64	11,589.83	254.53		
Division of Procurement							
Salaries & Wages	367,302.61	369,702.61	369,700.61		2.00		
Other Expenses	43,000.00	43,000.00	37,017.98	5,894.49	87.53		
Duplicating Unit							
Other Expenses	75,000.00	75,000.00	74,779.33		220.67		
Public Defender							
Other Expenses	223,000.00	223,000.00	220,464.00	500.00	2,036.00		
Division Of Human Services							
Salaries & Wages	553,360.16	636,829.04	589,952.40		46,876.64		
Other Expenses	50,000.00	50,000.00	43,393.58	6,282.32	324.10		
Data Processing							
Salaries & Wages	869,382.59	1,000,243.93	882,239.93		118,004.00		
Other Expenses	811,000.00	781,000.00	682,075.71	92,317.65	6,606.64		
Board of Alcoholic Beverage Control							
Salaries and Wages	3,000.00	3,000.00	3,000.00		-		
Other Expenses	2,600.00	3,100.00	2,608.18		491.82		
Policy, Planning & Economic Development							
Salaries and Wages	360,457.20	361,457.20	361,399.48		57.72		
Other Expenses	22,000.00	22,000.00	21,953.86		46.14		
Division of Economic Development							
Salaries and Wages	175,450.65	178,450.65	178,327.15		123.50		
Other Expenses	19,000.00	19,000.00	17,932.42	774.00	293.58		
Division of Neighborhood Housing Revitalization							
Salaries and Wages	355,617.16	329,417.16	329,157.96		259.20		
Other Expenses	3,500.00	3,500.00	3,325.50		174.50		
Comprehensive Planning							
Salaries and Wages	308,749.89	345,749.89	345,731.01		18.88		
Other Expenses	152,000.00	127,000.00	119,496.40	162.38	7,341.22		
Zoning Board Adjustment							
Salaries and Wages	4,896.00	4,896.00	4,800.00		96.00		
Other Expenses	15,000.00	15,000.00	10,053.11	324.23	4,622.66		
Planning Board							
Salaries and Wages	5,018.00	5,018.00	5,000.00		18.00		
Other Expenses	30,000.00	20,000.00	15,662.69	1,004.56	3,332.75		
City Council							
Salaries and Wages	1,052,515.45	1,052,515.45	978,774.19		73,741.26		
Other Expenses	310,996.00	310,996.00	181,963.29	17,188.99	111,843.72		

See accompanying notes to financial statements.

CITY OF EAST ORANGE  
CURRENT FUND  
 STATEMENT OF EXPENDITURES  
 REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2023

A-3  
 Sheet # 2

	Appropriations		Expended				
	Budget	Modified Budget	Paid or Charged	Encumbered	Reserved	Overexpended	Canceled
OPERATIONS - WITHIN "CAPS" (Continued):							
City Clerk's Office							
Salaries and Wages	\$ 499,444.00	\$ 543,359.45	\$ 540,830.13		\$ 2,529.32		
Other Expenses	146,000.00	139,000.00	108,078.90	\$ 29,101.02	1,820.08		
City Clerk Election							
Salaries and Wages	12,000.00	12,000.00	9,400.00		2,600.00		
Other Expenses	28,000.00	28,000.00	27,592.29		407.71		
Department of Finance							
Salaries and Wages	195,986.30	211,986.30	211,658.95		327.35		
Other Expenses	360,000.00	360,000.00	352,766.81	7,200.82	32.37		
Claim Administration Fee	110,000.00	110,000.00	75,729.17	25,625.00	8,645.83		
Unemployment Insurance	200,000.00	200,000.00	170,088.58		29,911.42		
Group Insurance for Employees	16,197,464.18	15,278,486.28	10,622,083.58	513,815.51	4,142,587.19		
Insurance Claim Fund - Workers Compensation	2,000,000.00	2,500,000.00	2,249,070.61	45,824.23	205,105.16		
Health Benefit Waiver	270,000.00	270,000.00	269,325.05		674.95		
Miscellaneous Insurance	15,000.00	15,000.00	7,565.00		7,435.00		
Insurance Claim Fund ( Auto & General)	1,500,000.00	1,500,000.00	898,483.65	38,265.50	563,250.85		
City Insurance Premium	2,300,000.00	2,300,000.00	2,299,665.42		334.58		
Short Term Insurance	400,000.00	400,000.00	309,504.52		90,495.48		
Division of Audio Visual							
Salaries and Wages	60,000.00	60,000.00	-		60,000.00		
Other Expenses	30,000.00	30,000.00	-		30,000.00		
Division of Accounts & Controls							
Salaries & Wages	228,405.96	233,005.96	232,021.28		984.68		
Other Expenses	2,800.00	3,800.00	3,775.38		24.62		
Division of Treasury							
Salaries and Wages	377,834.68	404,834.68	404,784.03		50.65		
Other Expenses	3,000.00	4,000.00	3,594.10	395.00	10.90		
Division of Tax Collection & Revenue							
Salaries and Wages	514,131.53	541,631.53	535,397.92		6,233.61		
Other Expenses	82,000.00	82,000.00	61,821.44	10,175.14	10,003.42		
Division of Property Taxation							
Salaries and Wages	408,464.57	463,464.57	454,521.99		8,942.58		
Other Expenses	169,000.00	310,000.00	255,827.62	39,413.80	14,758.58		
Department of Law							
Salaries and Wages	1,185,180.49	1,043,180.49	1,043,142.88		37.61		
Other Expenses	249,000.00	349,000.00	207,421.33	47,638.52	93,940.15		
Special Prosecutors							
Other Expenses	1,300.00	1,300.00	1,300.00		-		
Municipal Court							
Salaries and Wages	2,213,551.40	2,260,426.89	2,255,077.69		5,349.20		
Other Expenses	167,000.00	182,000.00	160,235.78	19,420.03	2,344.19		
DEPARTMENT OF PUBLIC WORKS							
Office of Director							
Salaries and Wages	780,414.24	783,414.24	776,767.89		6,646.35		
Other Expenses	70,100.00	70,100.00	33,823.18	35,633.38	643.44		
Streets & Road Division							
Salaries and Wages	2,410,436.57	2,551,326.22	2,551,301.48		24.74		
Other Expenses	1,074,000.00	1,132,000.00	1,012,533.31	119,466.69	-		

See accompanying notes to financial statements.

CITY OF EAST ORANGE  
CURRENT FUND  
 STATEMENT OF EXPENDITURES  
 REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2023

A-3  
 Sheet # 3

	<u>Appropriations</u>		<u>Expended</u>				
	<u>Budget</u>	<u>Modified Budget</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	<u>Overexpended</u>	<u>Canceled</u>
OPERATIONS - WITHIN "CAPS" (Continued):							
Snow & Ice removal							
Salaries and Wages	\$ 100,000.00	\$ 100,000.00	\$ 11,462.44		\$ 88,537.56		
Other Expenses	162,000.00	162,000.00	123,140.96	\$ 6,794.88	32,064.16		
Plan & Construction Division							
Salaries and Wages	537,503.26	553,503.26	552,187.13		1,316.13		
Other Expenses	58,000.00	58,000.00	45,496.91	10,356.40	2,146.69		
Traffic Engineering Division							
Salaries and Wages	171,521.08	202,521.08	202,167.21		353.87		
Other Expenses	83,000.00	83,000.00	82,821.01		178.99		
Employee Safety Program							
Other Expenses	17,000.00	43,483.48	100.00	300.00	43,083.48		
East Orange Golf Course							
Salaries and Wages	782,911.00	856,869.43	852,345.94		4,523.49		
Other Expenses	599,000.00	744,251.68	581,543.32	69,761.09	92,947.27		
Sanitation							
Street Cleaning							
Salaries and Wages	377,109.75	367,176.75	361,183.30		5,993.45		
Other Expenses	51,000.00	51,000.00	47,255.01	2,771.22	973.77		
Garbage & Trash Removal - Solid Waste							
Salaries and Wages	237,233.35	211,085.94	211,057.87		28.07		
Other Expenses	7,852,500.00	7,852,500.00	6,201,738.38	124,000.49	1,526,761.13		
Public Buildings & Grounds							
Salaries and Wages	914,936.00	928,097.13	928,003.63		93.50		
Other Expenses	1,475,000.00	1,475,000.00	1,170,867.60	221,579.26	82,553.14		
DEPARTMENT OF PUBLIC WORKS							
Garage Division							
Salaries and Wages	530,642.21	530,642.21	511,119.50		19,522.71		
Other Expenses	699,000.00	744,000.00	558,293.91	88,954.93	96,751.16		
Parks Maintenance							
Salaries and Wages	670,724.56	711,724.56	711,068.14		656.42		
Other Expenses	103,000.00	103,000.00	79,506.84	18,899.39	4,593.77		
PUBLIC SAFETY							
Directors office							
Salaries and Wages	421,136.46	377,389.32	377,383.18		6.14		
Other Expenses	7,100.00	7,100.00	7,055.48		44.52		
Department of Fire							
Salaries and Wages	20,524,695.70	19,806,792.27	19,555,748.67		251,043.60		
Other Expenses	678,000.00	678,000.00	614,312.02	52,420.56	11,267.42		
Animal Control							
Salaries and Wages	279,921.38	306,921.38	306,902.97		18.41		
Other Expenses	44,000.00	44,000.00	42,873.22	749.74	377.04		
Office of Emergency Management							
Salaries and Wages	30,000.00	30,000.00	15,000.00		15,000.00		
Other Expenses	52,000.00	52,000.00	40,671.39	5,702.32	5,626.29		

See accompanying notes to financial statements.

CITY OF EAST ORANGE  
CURRENT FUND  
 STATEMENT OF EXPENDITURES  
 REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2023

A-3  
Sheet # 4

	Appropriations		Expended		Reserved	Overexpended	Canceled
	Budget	Modified Budget	Paid or Charged	Encumbered			
OPERATIONS - WITHIN "CAPS" (Continued):							
Uniform Safety Act							
Salaries and Wages	\$ 74,000.00	\$ 74,000.00	\$ 74,000.00				
Department of Police							
Salaries and Wages	18,341,701.65	18,528,166.37	18,306,820.83		\$ 221,345.54		
American Rescue Plan - Salaries and Wages	6,000,000.00	6,000,000.00	6,000,000.00				
Other Expenses	1,909,000.00	1,909,000.00	1,527,537.43	\$ 290,822.47	90,640.10		
School Traffic Guards							
Salaries and Wages	804,831.30	773,819.85	773,758.19		61.66		
Other Expenses	15,000.00	15,000.00	13,574.14	398.97	1,026.89		
DEPARTMENT OF HEALTH & HUMAN SERVICES							
Office of Director							
Salaries and Wages	388,491.40	388,491.40	388,128.74		362.66		
Other Expenses	56,000.00	56,000.00	48,395.13	4,468.70	2,136.17		
Division of Health Services							
Salaries and Wages	96,749.08	6,749.08	4,000.00		2,749.08		
Other Expenses	1,600.00	1,600.00	1,400.33		199.67		
Dental							
Salaries and Wages	105,492.41	30,492.41	24,437.58		6,054.83		
Environmental Health							
Salaries and Wages	298,042.85	380,042.85	380,042.85				
Other Expenses	5,400.00	5,400.00	5,206.07	138.22	55.71		
Division of Weights & Measures							
Salaries and Wages	79,824.40	94,113.51	94,113.51				
HIV Counseling							
Salaries and Wages	31,517.70	21,679.91	21,679.91				
Other Expenses	6,900.00	6,900.00	4,695.24		2,204.76		
Public Health Nursing							
Salaries and Wages	427,253.80	360,729.19	273,977.63		86,751.56		
Other Expenses	20,000.00	20,000.00	1,657.64	2,238.63	16,103.73		
Substance Abuse							
Salaries and Wages	751,761.70	751,761.70	751,761.70				
Other Expenses	464,000.00	246,154.57	214,728.68	17,316.63	14,109.26		
Vital Statistics							
Salaries and Wages	251,770.60	254,770.60	251,907.21		2,863.39		
Other Expenses	3,800.00	3,800.00	3,340.22	60.00	399.78		

See accompanying notes to financial statements.

CITY OF EAST ORANGE  
CURRENT FUND

STATEMENT OF EXPENDITURES  
REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2023

A-3  
Sheet # 5

	<u>Appropriations</u>		<u>Expended</u>		<u>Reserved</u>	<u>Overexpended</u>	<u>Canceled</u>
	<u>Budget</u>	<u>Modified Budget</u>	<u>Paid or Charged</u>	<u>Encumbered</u>			
OPERATIONS - WITHIN "CAPS" (Continued):							
Emergency Medical Service	\$ 760,000.00	\$ 760,100.00	\$ 760,000.20		\$ 99.80		
Essex Regional Health Commission	90,000.00	90,000.00	12,767.00		77,233.00		
Division of Senior Citizens							
Salaries and Wages	1,241,943.38	1,298,415.15	1,089,065.46		209,349.69		
Other Expenses	148,000.00	148,000.00	83,893.57	\$ 10,355.52	53,750.91		
Division of Employment & Training							
Salaries and Wages	1,200,774.87	1,167,892.85	1,118,900.69		48,992.16		
Other Expenses	270,000.00	270,000.00	264,564.92	2,386.36	3,048.72		
Child Food Program							
Salaries and Wages	58,115.38	66,694.30	26,457.93		40,236.37		
Lead Poisoning							
Salaries and Wages	84,783.46	105,622.43	105,622.43		0.00		
DEPARTMENT OF RECREATION & CULTURAL AFFAIRS							
Directors Office							
Salaries and Wages	536,283.51	526,283.51	521,822.34		4,461.17		
Other Expenses	125,000.00	125,000.00	119,149.21	2,891.69	2,959.10		
Instructional & Recreational Leaders							
Salaries and Wages	1,347,529.70	1,347,529.70	1,341,452.05		6,077.65		
Other Expenses	33,000.00	33,000.00	32,034.55		965.45		
Day Camp Program							
Salaries and Wages	120,000.00	140,000.00	138,102.86		1,897.14		
Other Expenses	3,600.00	3,600.00	2,136.39	673.95	789.66		
WIC Supplemental Food Program							
Salaries and Wages	59,219.33	59,219.33	36,006.28		23,213.05		
Swimming Pool Program							
Salaries and Wages	225,340.00	247,340.00	223,468.00		23,872.00		
Other Expenses	1,000.00	1,000.00	600.62		399.38		
Division of Neighborhood Facilities							
Salaries and Wages	135,750.30	135,750.30	133,865.37		1,884.93		
Other Expenses	21,000.00	21,000.00	18,381.47	2,084.01	534.52		
STATE UNIFORM CONSTRUCTION CODE							
Construction Official							
Salaries and Wages	328,340.41	291,853.86	286,412.62		5,541.24		
Other Expenses	12,000.00	16,000.00	13,128.81	1,060.24	1,810.95		
Division of Building							
Salaries and Wages	784,912.85	748,520.40	748,358.91		161.49		
Other Expenses	31,000.00	31,000.00	16,990.80	12,365.04	1,644.16		
Code Enforcement							
Salaries and Wages	1,289,149.25	1,279,149.25	1,279,071.56		77.69		
Other Expenses	94,000.00	94,000.00	84,852.74	8,428.55	718.71		
Vacant & abandoned Properties							
Salaries and Wages	197,650.89	205,650.89	205,310.44		340.45		
Other Expenses	3,300.00	3,300.00	1,143.68	2,141.95	14.37		
Unclassifieds							
Salary Adjustments	10,000.00	10,000.00	10,000.00				
Accumulated Absence Liabilities	842,000.00	842,000.00	707,142.89		134,857.11		
Bond and Note Sales Expense	55,000.00	55,000.00	54,945.50		54.50		
OPERATIONS WITHIN CAP	119,113,453.23	118,996,442.17	107,801,474.66	2,033,513.14	9,161,454.37		
Salaries and Wages	75,785,493.05	75,827,970.16	74,178,564.14	-	1,649,406.52		
Other Expenses	43,327,960.18	43,168,472.01	33,622,910.52	2,033,513.14	7,511,993.85		
	119,113,453.23	118,996,442.17	107,801,474.66	2,033,513.14	9,161,454.37		
DEFERRED CHARGES							
Prior Years Bills	390,697.74	346,478.62	346,478.62				
Over Expenditure-Grant Appropriation Reserve	70,186.04	70,186.04	70,186.04				
	460,883.78	416,664.66	416,664.66				
STATUTORY EXPENDITURES							
Public Employees' Retirement System	4,960,311.63	4,960,311.63	4,960,311.63		38,441.50		
Social Security System ( O.A.S.I.)	3,200,000.00	3,361,230.18	3,322,788.68				
Police and Fire Retirement System	12,545,731.00	12,545,731.00	12,545,731.00				
Defined Contribution Retirement Program (DCRP)	111,000.00	111,000.00	110,977.04		22.96		
	20,817,042.63	20,978,272.81	20,939,808.35		38,464.46		
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	140,391,379.64	140,391,379.64	129,157,947.67	2,033,513.14	9,199,918.83		

See accompanying notes to financial statements.

CITY OF EAST ORANGE  
CURRENT FUND  
  
STATEMENT OF EXPENDITURES  
REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2023

A-3  
Sheet # 6

	Appropriations		Expended		Reserved	Overexpended	Canceled
	Budget	Modified Budget	Paid or Charged	Encumbered			
OPERATIONS EXCLUDED FROM CAP							
Maintenance of Free Public Library	\$ 4,289,000.00	\$ 4,289,000.00	\$ 4,108,645.92		\$ 180,354.08		
Reserve for Tax Appeals	300,000.00	300,000.00			300,000.00		
Public Employees' Retirement System	149,557.00	149,557.00	149,557.00				
Police and Fire Retirement System	125,839.00	125,839.00	125,839.00				
Group Insurance for Employees	62,265.00	62,265.00			62,265.00		
Public & Private Programs Offset by Revenues:							
Matching Funds for Grants	100,000.00	100,000.00			100,000.00		
Ending the Epidemic (EHE) Program Grant -							
Strengthening Local Public Health Capacity	274,735.00	274,735.00	274,735.00				
Ending the Epidemic (EHE) Program Grant -							
Strengthening Local Public Health Capacity		406,046.00	406,046.00				
2023 NJDOT Municipal Aid	803,210.00	803,210.00	803,210.00				
Green Acres - Oval Park	1,200,000.00	1,200,000.00	1,200,000.00				
Green Acres - Memorial Park Improvement Program		500,000.00	500,000.00				
Emergency Management Performance Grant	10,000.00	10,000.00	10,000.00				
Essex County Code Blue Program Grant	40,000.00	40,000.00	40,000.00				
Enhancing Health Infrastructure Grant	867,536.00	867,536.00	867,536.00				
NJACCHO -Enhancing Local Public Health Infrastructure Grant		701,536.00	701,536.00				
Municipal Alliance - Youth Leadership	11,501.85	11,501.85	11,501.85				
Drive Sober or Get Pulled Over - Year End Holiday Crackdown		7,000.00	7,000.00				
United Way Grant	2,800.00	2,800.00	2,800.00				
Pedestrian Safety, Education and Enforcement Fund		20,000.00	20,000.00				
Body Armor Replacement Fund	10,867.43	10,867.43	10,867.43				
Municipal Alliance Drug Abuse	11,321.27	11,321.27	11,321.27				
Municipal Alliance Drug Abuse - Local Share	2,830.32	2,830.32	2,830.32				
Clean Communities	127,857.00	127,857.00	127,857.00				
NJDOT - Transportation Trust Fund		641,773.00	641,773.00				
2023 MLK Streetscape Improvements Project Grant		2,000,000.00	2,000,000.00				
U.S. Dept. of Justice - Reducing Violent Crime Project Grant		300,000.00	300,000.00				
Substance Abuse Treatment Program Grant		23,368.00	23,368.00				
Childhood Lead Poisoning		617,794.00	617,794.00				
Lead Grant Assistance Program		80,200.00	80,200.00				
Recycling Tonnage Grant	97,253.19	97,253.19	97,253.19				
Summer Expansion Program	30,000.00	30,000.00	30,000.00				
HOME Investment Program		288,000.00	288,000.00				
Youth Corps Urban Gateway Enhancement		32,000.00	32,000.00				
Summer Food Service Program		170,836.20	170,836.20				
Child and Adult Food Care		1,977,390.12	1,977,390.12				
WIC Supplemental Food Program		1,196,378.00	1,196,378.00				
FEMA - Assistance to Firefighters Grant Program		62,278.19	62,278.19				
FFT 2023 WIC Health Services Grant	710.00	710.00	710.00				
FY23 Local Recreation Improvement Grant	90,000.00	90,000.00	90,000.00				
American Rescue Plan Firefighter 2022	41,000.00	41,000.00	41,000.00				
Gunshot Detection Technology Initiative	105,500.00	105,500.00	105,500.00				
Statewide Ending the Epidemic	10,000.00	10,000.00	10,000.00				
NJDOT - East Orange Trail Project	1,322,000.00	1,322,000.00	1,322,000.00				
National Opioid Settlement Proceeds		88,094.40	88,094.40				
National Opioid Settlement Proceeds		125,035.17	125,035.17				
National Opioid Settlement Proceeds		31,850.36	31,850.36				
National Opioid Settlement Proceeds	451,995.48	451,995.48	451,995.48				
	<u>5,611,117.54</u>	<u>14,880,696.98</u>	<u>14,780,696.98</u>		<u>100,000.00</u>		
CAPITAL IMPROVEMENTS							
Capital Improvement Fund	200,000.00	1,548,700.00	1,548,700.00				
Milling and Paving	578,000.00	578,000.00	37,078.15	\$ 96,202.85	444,719.00		
	<u>778,000.00</u>	<u>2,126,700.00</u>	<u>1,585,778.15</u>	<u>96,202.85</u>	<u>444,719.00</u>		
MUNICIPAL DEBT SERVICE							
Payment of Bond Principal	6,093,620.00	6,093,620.00	5,058,620.00				\$ 1,035,000.00
Payment of Bond Anticipation Notes & Capital Notes	97,000.00	97,000.00	97,000.00				
Interest on Bonds	1,566,970.00	1,566,970.00	1,566,967.50				2.50
Interest on Notes	871,702.88	871,702.88	977,879.79			\$ 106,176.91	
Loan Repayments for Principal & Interest	61,675.00	61,675.00	79,870.34			18,195.34	
Capital Lease Obligations	264,606.96	264,606.96	126,288.00				138,318.96
Interest on Special Emergency Notes	22,275.00	22,275.00	22,275.00				
	<u>8,977,849.84</u>	<u>8,977,849.84</u>	<u>7,926,900.63</u>			<u>124,372.25</u>	<u>1,173,321.46</u>
DEFERRED CHARGES TO FUTURE TAXATION							
Special Emergency - 5 Years	165,000.00	165,000.00	165,000.00				
	<u>165,000.00</u>	<u>165,000.00</u>	<u>165,000.00</u>				
TOTAL OPERATIONS EXCLUDED FROM CAP	20,458,628.38	31,076,907.82	28,844,417.68	96,202.85	1,087,338.08	124,372.25	1,173,321.46
TRANSFERRED TO BOARD OF EDUCATION	126,414.00	126,414.00	126,414.00				
TOTAL GENERAL APPROPRIATIONS EXCLUDED FROM CAP	<u>20,585,042.38</u>	<u>31,203,321.82</u>	<u>28,970,831.68</u>	<u>96,202.85</u>	<u>1,087,338.08</u>	<u>124,372.25</u>	<u>1,173,321.46</u>
SUBTOTAL GENERAL APPROPRIATIONS	160,976,422.02	171,594,701.46	158,128,779.35	2,129,715.99	10,287,256.91	124,372.25	1,173,321.46
RESERVE FOR UNCOLLECTED TAXES	7,673,246.67	7,673,246.67	7,673,246.67				
TOTAL GENERAL APPROPRIATIONS	<u>\$ 168,649,668.69</u>	<u>\$ 179,267,948.13</u>	<u>\$ 165,802,026.02</u>	<u>\$ 2,129,715.99</u>	<u>\$ 10,287,256.91</u>	<u>\$ 124,372.25</u>	<u>\$ 1,173,321.46</u>

See accompanying notes to financial statements.

CITY OF EAST ORANGE  
CURRENT FUND

STATEMENT OF EXPENDITURES  
REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2023

A-3  
Sheet # 7

	<u>Appropriations</u>		<u>Expended</u>		<u>Reserved</u>	<u>Overexpended</u>	<u>Canceled</u>
	<u>Budget</u>	<u>Modified Budget</u>	<u>Paid or Charged</u>	<u>Encumbered</u>			
Adopted budget	\$ 168,649,668.69						
Chapter 159s	9,269,579.44						
Emergency (40A:4-46)	1,348,700.00						
Canceled	(1,173,321.46)						
Overexpenditures	124,372.25						
Reserve for Uncollected Taxes	(7,673,246.67)						
	<u>\$ 170,545,752.25</u>						
Adopted budget		\$ 168,649,668.69					
Emergency (40A:4-46)		1,348,700.00					
Chapter 159s		9,269,579.44					
		<u>\$ 179,267,948.13</u>					
Cash disbursed			\$ 135,768,023.62				
Reserve for uncollected taxes			7,673,246.67				
Paydown of Bond Anticipation Notes			97,000.00				
Due from State of New Jersey - Qualified Bonds			7,247,872.71				
Reserve for grant expenditures - appropriated			14,780,696.98				
Deferred charges			70,188.04				
Deferred charges - special emergency authorizations			165,000.00				
			<u>\$ 165,802,026.02</u>				

See accompanying notes to financial statements.

CITY OF EAST ORANGE  
TRUST FUND

B  
Sheet# 1

COMPARATIVE BALANCE SHEETS  
REGULATORY BASIS  
DECEMBER 31, 2023 AND 2022

ASSETS	<u>2023</u>	<u>2022</u>
ANIMAL CONTROL FUND:		
Cash	\$ 7,922.34	\$ 7,609.84
	<u>7,922.34</u>	<u>7,609.84</u>
TAX REDEMPTION FUND		
Cash	801,182.82	1,684,251.32
Interfund Receivable	-	44,432.95
	<u>801,182.82</u>	<u>1,728,684.27</u>
GENERAL TRUST FUND:		
Cash	15,666,925.70	21,468,554.05
Interfund Receivable	21,980.72	9,397.50
	<u>15,688,906.42</u>	<u>21,477,951.55</u>
COMMUNITY DEVELOPMENT TRUST FUND		
Cash		133,330.58
Due from H.U.D.	5,774,286.43	6,145,154.50
Interfunds Receivable	263,231.36	95,201.00
	<u>6,037,517.79</u>	<u>6,373,686.08</u>
SELF INSURANCE FUND		
Cash	1,015,414.57	995,430.78
	<u>1,015,414.57</u>	<u>995,430.78</u>
HOME LOAN PROGRAM FUND		
Cash	519,204.75	506,071.95
Due from H.U.D.	4,935,908.79	4,422,089.56
Other Loans Receivable	3,916,488.00	3,916,488.00
	<u>9,371,601.54</u>	<u>8,844,649.51</u>
TOTAL ASSETS	<u>\$ 32,922,545.48</u>	<u>\$ 39,428,012.03</u>

See accompanying notes to financial statements.

CITY OF EAST ORANGE  
TRUST FUND

B  
Sheet# 2

COMPARATIVE BALANCE SHEETS  
REGULATORY BASIS  
DECEMBER 31, 2023 AND 2022

LIABILITIES, RESERVES AND FUND BALANCE	<u>2023</u>	<u>2022</u>
ANIMAL CONTROL FUND		
Reserve for Expenditures	\$ 7,900.14	\$ 7,515.04
Due to State of New Jersey	22.20	94.80
	<u>7,922.34</u>	<u>7,609.84</u>
TAX REDEMPTION FUND		
Reserve for Expenditures	801,182.82	1,728,684.27
	<u>801,182.82</u>	<u>1,728,684.27</u>
GENERAL TRUST FUND		
Reserve for:		
Other Deposits	14,211,464.50	19,999,871.42
Salary Account	26,312.41	80,929.00
Payroll and Deductions	1,451,129.51	1,397,151.13
	<u>15,688,906.42</u>	<u>21,477,951.55</u>
COMMUNITY DEVELOPMENT TRUST FUND		
Cash Deficit	4,769.00	
Interfund Accounts Payable		130,003.76
Reserve for Community Development	6,032,748.79	6,243,682.32
	<u>6,037,517.79</u>	<u>6,373,686.08</u>
SELF INSURANCE FUND		
Reserve for:		
Workers Compensation	706,895.58	697,279.91
Auto/General Liability	277,905.20	267,996.85
AFLAC Flex Plus	30,613.79	30,154.02
	<u>1,015,414.57</u>	<u>995,430.78</u>
HOME LOAN PROGRAM FUND		
Reserve for:		
Interfunds Payable	95,201.00	95,201.00
Program Expenditures	5,277,536.54	4,750,584.51
Loans Receivable	3,916,488.00	3,916,488.00
UDAG Expenditures	82,376.00	82,376.00
	<u>9,371,601.54</u>	<u>8,844,649.51</u>
TOTAL LIABILITIES AND RESERVES	<u>\$ 32,922,545.48</u>	<u>\$ 39,428,012.03</u>

See accompanying notes to financial statements.

CITY OF EAST ORANGE  
GENERAL CAPITAL FUND

C

COMPARATIVE BALANCE SHEETS  
REGULATORY BASIS  
DECEMBER 31, 2023 AND 2022

ASSETS	<u>2023</u>	<u>2022</u>
Cash	\$ 27,098,792.12	\$ 22,171,943.12
Loans Receivable	11,500.00	11,500.00
Grant Receivable	2,369,166.21	2,547,072.77
Interfund Receivable	498,289.78	303,407.96
Deferred Charges to Future Taxation:		
Funded	20,945,179.80	26,058,060.28
Unfunded	70,454,982.44	43,770,589.00
	<u>\$ 121,377,910.35</u>	<u>\$ 94,862,573.13</u>
LIABILITIES AND FUND BALANCE		
Serial Bonds Payable	\$ 20,102,924.00	\$ 25,161,544.00
Bond Anticipation Notes	31,695,572.00	21,792,572.00
Reserve to Pay Bond Anticipation Notes	272,857.23	1,117,501.23
Green Acres Trust Loan Payable:		
General	669,056.80	716,630.73
Interim Financing		179,885.55
Garden State Preservation Loan Payable	271,877.00	
Improvement Authorizations:		
Funded	3,499,683.22	4,426,644.01
Unfunded	36,050,022.59	34,162,746.60
Encumbrances Payable	25,700,795.06	4,562,059.51
Reserves for:		
Capital Improvement Fund	257,000.00	57,000.00
Future Improvements	11,513.79	11,513.79
Down Payment on Improvements		
Grants Receivable	2,369,166.21	2,547,072.77
Fund Balance	477,442.45	127,402.94
	<u>\$ 121,377,910.35</u>	<u>\$ 94,862,573.13</u>
Bonds and Notes Authorized But Not Issued	<u>\$ 38,937,317.00</u>	<u>\$ 21,978,017.00</u>

See accompanying notes to financial statements.

CITY OF EAST ORANGE  
GENERAL CAPITAL FUND

C-1

STATEMENT OF FUND BALANCE  
REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2023

Balance, December 31, 2022	\$ 127,402.94
Increased by:	
Premium on BAN issuance	<u>350,039.51</u>
Balance, December 31, 2023	<u><u>\$ 477,442.45</u></u>

See accompanying notes to financial statements.

CITY OF EAST ORANGE  
WATER UTILITY FUND

D  
Sheet #1

COMPARATIVE BALANCE SHEETS  
REGULATORY BASIS  
DECEMBER 31, 2023 AND 2022

<u>Assets</u>	<u>2023</u>	<u>2022</u>
Operating Fund:		
Cash - Checking	<u>\$ 27,608,056.85</u>	<u>\$ 24,637,614.74</u>
	<u>27,608,056.85</u>	<u>24,637,614.74</u>
Receivables with Full Reserves:		
Consumer Accounts Receivable	5,404,323.83	5,959,717.45
Prepaid Debt Service	109,846.88	154,971.88
Inventory - Materials & Supplies	<u>831,777.60</u>	<u>694,002.94</u>
	<u>6,345,948.31</u>	<u>6,808,692.27</u>
Interfund Receivable	<u>19,018.28</u>	<u>19,018.28</u>
	<u>19,018.28</u>	<u>19,018.28</u>
Deferred Charges:		
Overexpenditure of Appropriation	<u>44,828.59</u>	
	<u>44,828.59</u>	<u>-</u>
Total Operating Fund	<u>34,017,852.03</u>	<u>31,465,325.29</u>
Capital Fund:		
Cash - Checking	2,527,450.92	2,972,453.19
Fixed Capital	74,136,948.25	72,924,645.22
Fixed Capital Authorized and Uncompleted	72,162,225.78	47,162,225.78
Environmental Infrastructure Interim Financing Receivable	1,594,317.00	1,901,418.00
Interfund Receivable	<u>58,896.65</u>	<u>122,791.32</u>
Total Capital Fund	<u>150,479,838.60</u>	<u>125,083,533.51</u>
Total Assets	<u>\$ 184,497,690.63</u>	<u>\$ 156,548,858.80</u>

See accompanying notes to financial statements.

CITY OF EAST ORANGE  
WATER UTILITY FUND

D  
Sheet #2

COMPARATIVE BALANCE SHEETS  
REGULATORY BASIS  
DECEMBER 31, 2023 AND 2022

<u>Liabilities, Reserves and Fund Balance</u>	<u>2023</u>	<u>2022</u>
Operating Fund:		
Appropriation Reserves:		
Encumbered	\$ 1,004,097.79	\$ 3,115,654.36
Unencumbered	5,799,807.52	1,778,731.74
Accounts Payable	2,851,836.65	3,465,384.88
Due to ILSA East Newark	1,164,116.45	676,895.98
Accrued Interest on Bonds and Loans	211,027.63	261,600.33
Reserve for Retirement	579,874.40	585,400.00
Reserve for Labor Union Negotiations	90,026.90	702,889.68
Reserve for Healthcare	15,000.00	15,000.00
Interfunds Payable	58,896.65	122,791.32
	<u>11,774,683.99</u>	<u>10,724,348.29</u>
Reserve for Receivables	6,345,948.31	6,808,692.27
Fund Balance	15,897,219.73	13,932,284.73
Total Operating Fund	<u>34,017,852.03</u>	<u>31,465,325.29</u>
Capital Fund:		
Serial Bonds Payable	8,320,000.00	10,275,000.00
N.J. Environmental Trust Loan Payable	9,044,153.30	9,707,240.64
NJFIT Interim Financing Payable	12,811,975.00	12,504,874.00
Improvement Authorizations:		
Funded	3,385,737.82	4,351,731.67
Unfunded	30,813,906.82	5,667,966.36
Contracts Payable	5,029,504.67	5,775,449.22
Capital Improvement Fund	3,232,235.50	2,482,235.50
Reserve for Capital Improvements	238,485.00	238,485.00
Reserve for Amortization	56,042,406.95	52,212,016.58
Deferred Reserve for Amortization	19,823,419.78	19,823,419.78
Reserve for Payment of Debt	5,131.00	5,131.00
Reserve for Environmental Infrastructure Interim Financing Receivable	1,594,317.00	1,901,418.00
Fund Balance	<u>138,565.76</u>	<u>138,565.76</u>
Total Capital Fund	<u>150,479,838.60</u>	<u>125,083,533.51</u>
Total Liabilities, Reserves and Fund Balances	<u>\$ 184,497,690.63</u>	<u>\$ 156,548,858.80</u>
Bonds and Notes Authorized but Not Issued	<u>\$ 40,257,219.00</u>	<u>\$ 15,564,320.00</u>

See accompanying notes to financial statements.

CITY OF EAST ORANGE  
WATER UTILITY FUND

D-1

COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE  
REGULATORY BASIS  
YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Revenue and Other Income:		
Surplus Anticipated	\$ 2,084,412.66	\$ 1,786,601.83
Water and Sewer Rents	24,807,122.37	23,851,136.71
Miscellaneous Revenues	1,051,269.54	233,737.69
Other Credits to Income:		
Cancellation of Accounts Payable	213,750.67	868,704.44
Cancellation of Accrued Interest	102,221.61	175,500.49
Unexpended Balance of Appropriation Reserves	<u>1,615,514.72</u>	<u>820,149.50</u>
	<u>29,874,291.57</u>	<u>27,735,830.66</u>
Expenditures:		
Budget Appropriations		
Salaries & Wages	4,804,260.34	4,313,859.00
Other Expenses	12,596,178.16	13,818,354.58
Deferred Charges & Statutory Expenditures	803,246.49	703,789.00
Capital Improvement Fund	4,425,000.00	2,226,198.00
Debt Service	<u>3,241,087.51</u>	<u>3,224,392.01</u>
	<u>25,869,772.50</u>	<u>24,286,592.59</u>
Excess in Revenues	4,004,519.07	3,449,238.07
Adjustments To Income Before Fund Balance:		
Charges Included Above Which Are by Statute		
Deferred Charges to Budget of Succeeding Years:		
Overexpenditure of Appropriation	<u>44,828.59</u>	<u>-</u>
	<u>44,828.59</u>	<u>-</u>
Statutory Excess to Fund Balance	4,049,347.66	3,449,238.07
Fund Balance, Beginning of Year	<u>13,932,284.73</u>	<u>12,269,648.49</u>
	<u>17,981,632.39</u>	<u>15,718,886.56</u>
Fund Balance Utilized	<u>2,084,412.66</u>	<u>1,786,601.83</u>
Fund Balance, End of Year	<u><u>\$ 15,897,219.73</u></u>	<u><u>\$ 13,932,284.73</u></u>

See accompanying notes to financial statements.

CITY OF EAST ORANGE  
WATER UTILITY FUND

D-2

STATEMENT OF CAPITAL FUND BALANCE  
REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2023

Balance, December 31, 2023 and 2022

\$ 138,565.76

See accompanying notes to financial statements.

CITY OF EAST ORANGE  
WATER UTILITY FUND

D-3

STATEMENT OF REVENUES  
REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2023

<u>Source</u>	<u>Budget</u>	<u>Realized</u>	<u>Excess</u>
Surplus Anticipated	\$ 2,084,412.66	\$ 2,084,412.66	
Water and Sewer Rents	23,800,000.00	24,807,122.37	\$ 1,007,122.37
Miscellaneous Revenues		1,051,269.54	1,051,269.54
	<u>\$ 25,884,412.66</u>	<u>\$ 27,942,804.57</u>	<u>\$ 2,058,391.91</u>

<u>Analysis of Miscellaneous Revenues</u>		
Cash Receipts	\$ 987,374.87	
Due from Water Capital Fund	63,894.67	
	<u>\$ 1,051,269.54</u>	

See accompanying notes to financial statements.

CITY OF EAST ORANGE  
WATER UTILITY FUND

STATEMENT OF EXPENDITURES  
REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2023

	Appropriation Budget	Balance After Transfer	Paid or Charged	Encumbered	Reserved Unencumbered	Overexpended	Unexpended Balance Canceled
Operating:							
Salaries and Wages	\$ 4,804,260.34	\$ 4,804,260.34	\$ 4,502,796.53		\$ 301,463.81		
Other Expenses	12,596,178.16	12,596,178.16	9,680,206.56	\$ 727,871.61	2,188,099.99		
Deferred charges and statutory expenditures:						\$ 44,828.59	
Contribution to PERS	420,432.23	420,432.23	420,432.23				
Contribution to Social Security	337,985.67	337,985.67	382,814.26				
Capital Outlay:							
Capital Improvement Fund	750,000.00	750,000.00	750,000.00				
Capital Outlay	3,675,000.00	3,675,000.00	88,530.10	276,226.18	3,310,243.72		
Debt Service:							
Payment of Bond Principal	1,955,000.00	1,955,000.00	1,955,000.00				
Interest on Bonds	416,696.00	416,696.00	416,696.00				
Principal on NJ I-Bank	722,556.09	722,556.09	663,087.34				\$ 59,468.75
Interest on NJ I-Bank	206,304.17	206,304.17	206,304.17				
	<u>\$ 25,884,412.66</u>	<u>\$ 25,884,412.66</u>	<u>\$ 19,065,867.19</u>	<u>\$ 1,004,097.79</u>	<u>\$ 5,799,807.52</u>	<u>\$ 44,828.59</u>	<u>\$ 59,468.75</u>
Cash Disbursements			\$ 18,442,867.02				
Encumbrances Payable			623,000.17	\$ 1,004,097.79			
Accrued Interest			<u>\$ 19,065,867.19</u>	<u>\$ 1,004,097.79</u>			

CITY OF EAST ORANGE  
GOVERNMENTAL FIXED ASSETS

E

COMPARATIVE BALANCE SHEETS  
REGULATORY BASIS  
DECEMBER 31, 2023 AND 2022

ASSETS	December 31,	
	2023	2022
Land	\$ 2,356,761.14	\$ 2,356,761.14
Land Improvements	8,079,279.04	8,079,279.04
Buildings	25,753,145.45	25,845,705.45
Machinery and Equipment	32,591,085.61	32,486,719.75
	<u>\$ 68,780,271.24</u>	<u>\$ 68,768,465.38</u>
Investment in Governmental Fixed Assets	<u>\$ 68,780,271.24</u>	<u>\$ 68,768,465.38</u>

See accompanying notes to financial statements.

CITY OF EAST ORANGE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2023 AND 2022

**1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity**

The City of East Orange (the "City") operates under a Mayor/Council form of government. The City's major operations include public safety, road repair and maintenance, sanitation, fire protection, recreation and parks, health services, and general administrative services.

GASB Statement No. 14 as amended by GASB 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.

**Basic Financial Statements**

The financial statements of the City include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the City, as required by the provisions of N.J.S.A. 40A:5-5. The financial statements, however, do not include the operations of the Municipal Library, which is a separate entity subject to a separate examination.

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

The accounting policies of the City conform to the accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") which is a Special Purpose Framework of accounting other than generally accepted accounting principles. 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 City accounts for its financial transactions through the separate funds, which differ from the fund structure required by GAAP.

The City 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 City functions or activities. An account group, on the other hand, is designed to provide accountability for certain assets and liabilities that are not recorded in those funds.

The City has the following funds and account groups:

- Current Fund – This fund is used to account for resources and expenditures for governmental operations of a general nature, including Federal and State grants which are reflected in a segregated section of the Current Fund.
- Trust Funds – The records of receipts, disbursements and custodianship of monies in accordance with the purpose for which each account was created are maintained in Trust Funds. These include the Animal License Fund, Tax Redemption Fund, Other Trust Fund, Community Development Block Grant Fund, Home Loan Program Fund, and the Self-Insurance Fund.

CITY OF EAST ORANGE  
NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

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

- General Capital Fund – This fund is used to account for the receipt and disbursement of funds used for acquisition or improvement of general capital facilities, other than those acquired in the Current Fund, as well as the long-term debt accounts.
- Water Utility Fund – This fund is used to account for the revenues and expenditures for the operation of the City's Water Utility activities and the assets and liabilities relative to such activities. Acquisition or improvement of capital facilities for the Water Utility, as well as the related long-term debt accounts, is accounted for in the capital section of the fund.
- Governmental Fixed Assets – This account group is used to account for all general fixed assets of the City other than those accounted for in the Water Utility Fund. The City's infrastructure is not reported in the account group.

**Basis of Accounting and Measurement Focus**

The basis of accounting as prescribed by the Division of Local Government Services for its operating funds is generally a modified cash basis for revenue recognition and a modified accrual basis for expenditures. The operating funds utilize a "current financial resources" measurement focus. 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. The most significant is the reporting of entity-wide financial statements, which are not presented in the accounting principles prescribed by the Division. The other more significant differences are as follows:

Miscellaneous Revenues – Miscellaneous revenues are recognized on a cash basis. Receivables for the miscellaneous items that are subject to accrual are recorded with offsetting reserves on the balance sheet of the City's Current Fund. GAAP requires such revenues to be recognized in the accounting period when they become subject to accrual.

Grant Revenues – Federal and State grants, entitlements or shared revenues received for purposes normally financed through the Current Fund are recognized when anticipated in the City budget. GAAP requires such revenues to be recognized in the accounting period when they are earned and the expenditures to be recognized when the liability is incurred.

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. Taxes are payable in four quarterly installments on February 1, May 1, August 1 and November 1. 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 \$1,500.00. The City also imposes a 6% year end penalty for a delinquency over \$10,000.00 as of December 31. 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 City. When unpaid taxes or any municipal lien, or part thereof, on real property, remains in arrears on May 1 in the year following the calendar year levy when the same became in arrears, the collector of the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing the property on a tax sale. The City institutes annual in rem tax foreclosure proceedings to enforce the tax collection or acquisition of the property. In accordance with the accounting principles prescribed by the Division, 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 taxes receivable and tax title liens that are uncollectible. GAAP requires property tax revenues to be recognized in the accounting period when they become subject to accrual, reduced by an allowance for doubtful accounts.

CITY OF EAST ORANGE  
NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

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

Budget 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 City and approved by the Division per N.J.S.A. 40A:4 et seq. The City is not required to adopt budgets for the following funds:

- General Capital Funds
- Trust Funds

The governing body shall introduce and approve the annual budget no later than February 10 of the year. The budget shall be adopted not 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. Emergency appropriations, those made after the adoption of the budget and determination of the tax rate, may be authorized by the Governing Body of the municipality. During the last two months of the 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.

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<sup>st</sup> are reported as a cash liability in the financial statements. Unexpended or uncommitted appropriations, at December 31<sup>st</sup> are reported as expenditures through the establishment of appropriation reserves, unless cancelled by the Governing Body. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which should be recognized when due.

Encumbrances – Contractual orders outstanding at December 31<sup>st</sup> are reported as expenditures through the establishment of an encumbrance payable. Encumbrances do not constitute expenditures under GAAP.

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

Compensated Absences – Expenditures relating to obligations for unused vested accumulated vacation and sick pay are not recorded until paid. 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 be recorded as a long-term obligation.

Property Acquired for Taxes – Is recorded in the Current Fund at the assessed valuation when such property was acquired and fully reserved. GAAP requires such property to be recorded in the General Fixed Assets Account Group at market value on the date of acquisition.

Interfunds – 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. GAAP does not require the establishment of an offsetting reserve.

CITY OF EAST ORANGE  
NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

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

Governmental Fixed Assets – In accordance with the Administrative Code, Accounting for Governmental Fixed Assets, as promulgated by the Division, which differs in certain respects from GAAP, the City has developed a fixed asset accounting and reporting system.

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

Acquisitions of land, buildings, machinery, equipment and other capital assets are recorded on a perpetual fixed asset record. Vehicles, furniture, equipment and other items are reflected at replacement values at time of inventory preparation. Additions to the established fixed assets are valued at cost.

Depreciation of assets is not recorded as an operating expense of the City.

Utility Fund Fixed Assets - Capital acquisitions, including utility infrastructure costs of the Water Utility, are recorded at cost upon purchase or project completion in the Fixed Capital Account of the Utility. The Fixed Capital Account is adjusted for dispositions or abandonments. The accounts include moveable fixed assets of the Utility, but are not specifically identified and are considered as duplicated in the Capital Fixed Assets. The duplication is considered as insignificant on its effect on the financial statements taken as a whole.

Utility improvements that may have been constructed by developers are not recorded as additions to Fixed Capital.

Fixed Capital of the Utilities are offset by accumulations in Amortization Reserve Accounts. The accumulations represent costs of fixed assets purchased with budgeted funds or acquired by gift, as well as grants, developer contributions or liquidations of related bonded debt and other liabilities incurred upon fixed asset acquisition.

The Fixed Capital Accounts reflected herein are as recorded in the records of the City and do not necessarily reflect the true condition of such Fixed Capital. The records consist of a control account only.

Inventories – An annual inventory of materials and supplies for the Water Utility is required by regulation, to be prepared by City personnel for inclusion on the Water Utility Operating Fund's balance sheet. Annual changes in valuations, offset with a Reserve Account, are not considered as affecting results of operations. The costs of inventories of supplies for other funds are recorded as expenditures at the time individual items are purchased and are not inventoried nor included on their respective balance sheets.

Cash and Investments – Cash includes amounts in demand deposits as well as short-term investments with a maturity date within one year of the date acquired by the government. Investments are stated at cost and are limited by N.J.S.A. 40A:5-15.1 to bonds or obligations of, or guaranteed by, the Federal Government and bonds or other obligations of Federal or local its having a maturity date not more than twelve months from the date of purchase. GAAP requires that investments be reported at fair value.

Tax Appeal 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 and not when it is probable that a loss has been incurred and the amount of such loss can be reasonably estimated.

Use of Estimates – The preparation of financial statements in accordance with accounting principles and practices prescribed by the Division requires management of the City to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

CITY OF EAST ORANGE  
NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

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

Net Pension Liability and Pension Related Deferred Outflows of Resources and Deferred Inflows of Resources and Pension Expense – The requirements of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68* require governmental entities to record their distributive shares of net pension liability, deferred outflows of resources, deferred inflows of resources and total pension related expense. Accounting principles applicable to municipalities, which have been prescribed by the Division, do not require the recording of these liabilities, deferrals and expenses, but do require the disclosure of these amounts. The audited financial information related to pensions is released annually by the State's Division of Pensions and Benefits and is required to be included as note disclosures in the financial statements. Pursuant to N.J.A.C. 5:30-6.1 (c) 2, municipalities may use the most recent available audited GASB 68 financial information published by the New Jersey Department of the Treasury, Division of Pensions and Benefits. As of the date of audit, the 2022 Public Employees' Retirements System Report and the 2022 Police and Firemen's Retirement System Report were the most recent reports available and therefore information for that year was disclosed accordingly.

Other Post-Employment Benefits Other Than Pensions – The requirements of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (OPEB) that is provided by other entities require governmental entities to record in their financial statements a share of the other governments net OPEB liability, deferred outflows of resources, deferred inflows of resources and total OPEB expense. Accounting principles applicable to municipalities, which have been prescribed by the Division, do not require the recording of these liabilities, deferrals and expenses, but do require the disclosure of the amounts. Since the City does not follow generally accepted accounting principles, the GASB did not result in a change in the City's assets, liabilities and contribution requirements. However, it did result in additional note disclosures as required by the GASB. The City maintains a sole-employer OPEB Plan. However, the City also participates in a special funding situation with the State of New Jersey multiple-employer plan. As it relates to the State of New Jersey multiple employer plan, the audited financial information related to OPEBs is released annually by the State's Division of Pensions and Benefits and is required to be included as note disclosures in the financial statements. Pursuant to N.J.A.C. 5:30-6.1 (c) 2, municipalities may use the most recent available audited GASB 75 financial information published by the New Jersey Department of the Treasury, Division of Pensions and Benefits. As of the date of audit, the 2022 Report was the most recent report available and therefore information for that year was disclosed accordingly.

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 City'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.

Recently Issued and Adopted Accounting Principle

For the year ended December 31, 2023, GASB Statement No. 96, "*Subscription-Based Information Technology Arrangements*" became effective. This Statement provides guidance on accounting and financial reporting for subscription-based information technology arrangements. Management has decided that the requirements of this Statement were not applicable and therefore not implemented.

**2. DEPOSITS AND INVESTMENTS**

Deposits:

New Jersey Statutes permit the deposit of public funds in institutions located in New Jersey which are insured by the Federal Deposit Insurance Corporation (FDIC) or any other agencies of the United States that insures deposits or the State of New Jersey Cash Management Fund.

CITY OF EAST ORANGE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2023 AND 2022

**2. DEPOSITS AND INVESTMENTS (continued)**

Cash on deposit is partially insured by federal deposit insurance in the amount of \$250,000.00 in each depository. Balances above the federal deposit insurance amounts are insured by the Governmental Unit Deposit Protection Act (GUDPA), N.J.S.A. 17:941, et seq., which insures all New Jersey governmental units' deposits in excess of the federal deposit insurance maximums.

Based on GASB criteria, the City considers cash and cash equivalents to include petty cash, change funds, demand deposits, money market accounts, short-term investments and cash management money market mutual funds. The State of New Jersey Cash Management Fund (the "Fund") is authorized by statute and regulations of the State Investment Council to invest in fixed income and debt securities which mature or are redeemed within one year. Twenty-five percent of the fund may be invested in eligible securities which mature within two years provided, however, the average maturity of all investments in the Fund shall not exceed one year. Collateralization of fund investments is generally not required.

In addition, by regulation of the Division, municipalities are allowed to deposit funds in the Municipal Bond Insurance Association (MBIA) through their investment management company, the Municipal Investors Service Corporation.

In accordance with the provisions of the Governmental Unit Deposit Protection Act of New Jersey (GUDPA), public depositories are required to maintain collateral for deposits of public funds that exceed insurance limits as follows:

The market value of the collateral must equal five percent of the average daily balance of public funds or;

If the public funds deposited exceed 75 percent of the capital funds of the depository, the depository must provide collateral having a market value equal to 100 percent of the amount exceeding 75 percent.

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.00.

Cash and cash equivalents have original maturities of three months or less from the date of purchase. Investments are stated at cost, which approximates fair value.

Bank balances are insured up to \$250,000.00 in the aggregate by the FDIC for each bank for periods ending December 31, 2023 and 2022. At December 31, 2023 and 2022, the book value of the City's deposits was \$129,200,129.23 and \$132,550,172.64 respectively. \$1,704,233.76 and \$1,540,210.53 held in agency and payroll accounts for the years ended December 31, 2023 and 2022, are not covered by GUDPA. The City's deposits, which are displayed on the various fund Balance Sheets are categorized as:

	December 31, 2023	December 31, 2022
<u>Depository Account</u>		
FDIC Insured	\$ 750,000.00	\$ 750,000.00
GUDPA Insured	129,718,112.47	134,528,058.24
	<u>\$ 130,468,112.47</u>	<u>\$ 135,278,058.24</u>

CITY OF EAST ORANGE  
NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

**2. DEPOSITS AND INVESTMENTS (continued)**

Custodial Credit Risk – Deposits - Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be returned to it. Although the City 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, 2023 and 2022, \$1,704,233.76 and \$1,540,210.53 of the City's bank balances, respectively, were exposed to custodial credit risk.

Investments:

New Jersey Statutes allow the City to purchase the following types of securities:

- Bonds or other obligations of the United States or obligations guaranteed by the United States.
- Government Money Market Mutual Funds.
- Any obligations that a federal agency or a federal instrumentality has issued, with security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest.
- Bonds or other obligations of the City or bonds or other obligations of school districts, which are a part of the City or school districts located within the City.
- Bonds or other obligations having a maturity date of not more than 397 days from the date of purchase that are approved by the New Jersey Department of Treasury, Division of Investments.
- Local Government investment pools.
- Agreements for the repurchase of fully collateralized securities, if transacted in accordance with N.J.S.A. 40A:5-15.1 (8a-8e).

**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 City are general obligation bonds, backed by the full faith and credit of the City. 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.

CITY OF EAST ORANGE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2023 AND 2022

**3. MUNICIPAL DEBT (continued)**

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

	<u>2023</u>	<u>2022</u>
<u>Issued</u>		
General Capital Fund		
Bonds, Notes and Loans	\$ 52,739,429.80	\$ 47,850,632.28
Water Utility Fund		
Bonds, Notes and Loans	<u>30,176,128.30</u>	<u>32,487,114.64</u>
Net Debt Issued	82,915,558.10	80,337,746.92
<u>Authorized but Not Issued</u>		
General Capital Fund		
Bonds, Notes and Loans	38,937,317.00	21,978,017.00
Water Utility Fund		
Bonds, Notes and Loans	<u>40,257,219.00</u>	<u>15,564,320.00</u>
Net Bonds and Notes Issued and Authorized but Not Issued	<u>\$ 162,110,094.10</u>	<u>\$ 117,880,083.92</u>

The statement of debt condition that follows is extracted from the City's Annual Debt Statement and indicates a statutory net debt 1.885% at December 31, 2023.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
School Debt	\$ 14,695,000.00	\$ 14,695,000.00	
General Debt	91,676,746.80	272,857.23	\$ 91,403,889.57
Water Utility Debt	<u>70,433,347.30</u>	<u>70,433,347.30</u>	
Total	<u>\$ 176,805,094.10</u>	<u>\$ 85,401,204.53</u>	<u>\$ 91,403,889.57</u>

The City's remaining borrowing power under N.J.S.A. 40A:2-6, as amended, at December 31, 2023 as follows:

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 169,734,222.69
Net Debt	<u>91,403,889.57</u>
Remaining Statutory Borrowing Power	<u>\$ 78,330,333.12</u>

CITY OF EAST ORANGE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2023 AND 2022

**3. MUNICIPAL DEBT (continued)**

The calculation of self-liquidating purpose for the Water Utility, per N.J.S.A. 40A:2-45 is as follows:

Surplus and Cash Receipts from Fees, Rent or Other Charges for Year		\$ 27,942,804.57
Deductions:		
Operating and Maintenance Costs	\$ 18,158,856.40	
Debt Service per Water Utility Operating Fund	3,241,087.51	
		<u>21,399,943.91</u>
Excess in Revenue		<u>\$ 6,542,860.66</u>

As there is an excess in revenue, all Water Utility Debt is deductible for Debt Statement purposes.

**General Obligation Bonds**

The City levies ad valorem taxes to pay debt service on general obligation bonds. General obligation bonds outstanding at December 31, 2023 and 2022 are as follows:

<u>General Obligation Bonds</u>	<u>2023</u>	<u>2022</u>
\$9,350,938.00: 2003 Pension Refunding Bonds, in annual installments of \$199,130.00 to \$270,629.00 through April 2028, interest from 6.51% to 6.57%	\$ 1,202,924.00	\$ 1,491,544.00
\$9,380,000.00: 2012 Refunding Bonds, in annual installments of \$560,000.00 to \$600,000.00 through September 2028, interest from 2.875% to 3.25%	2,900,000.00	3,505,000.00
\$15,785,000.00: 2013 Refunding Bonds, in one final installment of \$2,965,000.00 in June 2023, interest at 4.00%	-	2,965,000.00
\$21,830,000.00: 2019 Series Bonds, in annual installments of \$2,000,000.00 through September 2031, interest from 3.00% to 4.00%	<u>16,000,000.00</u>	<u>17,200,000.00</u>
	<u>\$ 20,102,924.00</u>	<u>\$ 25,161,544.00</u>

CITY OF EAST ORANGE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2023 AND 2022

**3. MUNICIPAL DEBT (continued)**

**General Loans**

The City levies ad valorem taxes to pay debt service on Green Acres Trust and Garden State Preservation loans. Loans outstanding at December 31, 2023 and 2022 are as follows:

<u>General Loans</u>	<u>2023</u>	<u>2022</u>
 \$465,000.00: Green Acres Trust Loan, Rowley Park Redevelopment, in annual installments of \$26,475.00 to \$30,432.00 through August 2031, interest at 2.00%	    \$ 227,313.00	    \$ 253,266.00
 \$495,000.00: Green Acres Trust Loan, Elmwood Park Court Reconstruction, in annual installments of \$22,055.53 to \$30,325.05 through September 2040, interest at 2.00%	    441,743.80	    463,364.73
 \$278,563.55: Garden State Trust Loan, Rowley Park Redevelopment, in annual installments of \$13,574.37 to \$17,663.94 through October 2040, interest at 2.00%	    271,877.00 \$ 940,933.80	    716,630.73

**Utility Bonds**

The City pledges revenue from operations to pay debt service on utility bonds issued. The utility bonds outstanding at December 31, 2023 and 2022 are as follows:

Water Utility Bonds

 \$18,125,000.00: 2015 Bonds due in annual installments of \$245,000.00 to \$1,990,000.00 through July 2028, interest at 3.25% to 5.00%	    \$ 5,370,000.00	    \$ 7,175,000.00
 \$3,500,000.00: 2019 Bonds due in annual installments of \$150,000.00 to \$200,000.00 through September 2038, interest at 3.00% to 4.00%	    2,950,000.00 \$ 8,320,000.00	    3,100,000.00 \$ 10,275,000.00

CITY OF EAST ORANGE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2023 AND 2022

**3. MUNICIPAL DEBT (continued)**

**Utility Loans**

The City pledges revenue from operations to pay debt service on utility loans issued. The utility loans outstanding at December 31, 2023 and 2022 are as follows:

**Water Utility Loans**

\$745,000.00: 2010 Trust Loan - Sewer in annual installments of \$43,000.00 to \$52,000.00 through August 2029, interest at 4.25% to 5.00%	\$ 285,000.00	\$ 328,000.00
\$2,280,375.00: 2010 Fund Loan - Sewer in annual installments of \$42,262.40 to \$115,951.26 through August 2029, interest at 0%	622,018.70	737,969.96
\$3,400,000.00: 2010 Trust Loan - Water in annual installments of \$177,000.00 to \$216,000.00 through August 2030, interest at 4.25% to 5.00%	1,193,000.00	1,362,000.00
\$1,831,000.00: 2010 Fund Loan - Water in annual installments of \$93,101.68 to \$129,381.56 through August 2027, interest at 0%	408,686.60	501,788.28
\$100,000.00: 2015 Trust Loan - Water in annual installments of \$5,000.00 to \$10,000.00 through August 2034, interest at 4.00% to 5.00%	60,000.00	65,000.00
\$239,844.00: 2015 Fund Loan - Water in annual installments of \$12,195.45 to \$12,197.25 through August 2034, interest at 0%	134,151.75	146,347.20
\$3,855,000.00: Trust Loan - Water in annual installments of \$100,000.00 to \$205,000.00 through August 2046, interest at 3.00% to 5.00%	3,355,000.00	3,450,000.00
\$5,777,834.00: Fund Loan - Water in annual installments of \$129,838.95 to \$129,839.35 through August 2046, interest at 0%	2,986,296.25	3,116,135.20
	<u>\$ 9,044,153.30</u>	<u>\$ 9,707,240.64</u>

CITY OF EAST ORANGE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2023 AND 2022

**3. MUNICIPAL DEBT (continued)**

The City's principal and interest for long-term debt issued and outstanding as of December 31, 2022 is as follows:

Fiscal Year	Total General Debt	General Debt			
		General Obligation Bonds		Green Trust Loan/ Garden State Preservation Loan	
		Principal	Interest	Principal	Interest
2024	\$ 4,394,701.84	\$ 2,867,576.00	\$ 1,446,511.25	\$ 62,104.90	\$ 18,509.69
2025	4,372,451.84	2,860,629.00	1,431,208.40	63,353.06	17,261.38
2026	4,264,751.80	2,832,669.00	1,351,468.20	64,626.62	15,987.98
2027	4,046,627.36	2,782,920.00	1,183,092.50	65,925.87	14,688.99
2028	3,938,813.97	2,759,130.00	1,099,070.00	67,250.07	13,363.90
2029-2033	6,721,293.05	6,000,000.00	380,000.00	294,368.37	46,924.68
2034-2038	248,625.27			226,292.21	22,333.06
2039-2041	99,450.09			97,012.70	2,437.39
	<u>\$ 28,086,715.22</u>	<u>\$ 20,102,924.00</u>	<u>\$ 6,891,350.35</u>	<u>\$ 940,933.80</u>	<u>\$ 151,507.07</u>
Fiscal Year	Total Utility Debt	Utility Debt			
		NJEIT Loans Payable		Water Utility Bonds	
		Principal	Interest	Principal	Interest
2024	\$ 3,231,143.60	\$ 676,087.34	\$ 184,612.50	\$ 2,050,000.00	\$ 320,443.76
2025	3,265,323.60	690,087.34	168,792.50	2,190,000.00	216,443.76
2026	1,806,603.60	708,087.34	152,272.50	810,000.00	136,243.76
2027	1,824,878.48	754,367.22	137,092.50	825,000.00	108,418.76
2028	1,292,803.16	645,985.66	122,492.50	445,000.00	79,325.00
2029-2033	3,369,596.90	1,674,434.40	449,412.50	1,000,000.00	245,750.00
2034-2038	2,818,335.78	1,396,392.00	328,443.78	1,000,000.00	93,500.00
2039-2043	1,710,807.27	1,514,194.75	196,612.52		
2044-2026	1,026,692.25	984,517.25	42,175.00		
	<u>\$ 20,346,184.64</u>	<u>\$ 9,044,153.30</u>	<u>\$ 1,781,906.30</u>	<u>\$ 8,320,000.00</u>	<u>\$ 1,200,125.04</u>

CITY OF EAST ORANGE  
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**3. MUNICIPAL DEBT (continued)**

**Changes in Long-Term Municipal Debt**

The City's long-term capital debt activity for 2023 and 2022 is as follows:

	Balance December 31, 2022	Increases	Reductions	Balance December 31, 2023	Due Within One Year
General Capital Fund					
Bonds Payable	\$ 25,161,544.00		\$ 5,058,620.00	\$ 20,102,924.00	\$ 2,867,576.00
Green Trust Loans Payable	716,630.73		47,573.93	669,056.80	48,530.53
Garden State Preservation Loans Payable		\$ 278,563.55	6,686.55	271,877.00	13,574.37
Water Utility Capital Fund					
Bonds Payable	10,275,000.00		1,955,000.00	8,320,000.00	2,050,000.00
NJEIT Loans Payable	9,707,240.64		663,087.34	9,044,153.30	676,087.34
	<u>\$ 45,860,415.37</u>	<u>\$ 278,563.55</u>	<u>\$ 7,730,967.82</u>	<u>\$ 38,408,011.10</u>	<u>\$ 5,655,768.24</u>
	Balance December 31, 2021	Increases	Reductions	Balance December 31, 2022	Due Within One Year
General Capital Fund					
Bonds Payable	\$ 30,050,937.00		\$ 4,889,393.00	\$ 25,161,544.00	\$ 5,058,620.00
Green Trust Loans Payable	763,267.66		46,636.93	716,630.73	47,573.95
Water Utility Capital Fund					
Bonds Payable	12,095,000.00		1,820,000.00	10,275,000.00	1,955,000.00
NJEIT Loans Payable	10,351,327.98		644,087.34	9,707,240.64	663,087.34
	<u>\$ 53,260,532.64</u>	<u>\$ -</u>	<u>\$ 7,400,117.27</u>	<u>\$ 45,860,415.37</u>	<u>\$ 7,724,281.29</u>

**Short – Term Debt**

The City's short-term capital debt activity for 2023 and 2022 is as follows:

	Balance, December 31, 2022	Additions	Reductions	Balance, December 31, 2023
Current Fund				
Special Emergency Notes Payable	\$ 495,000.00	\$ 330,000.00	\$ 495,000.00	\$ 330,000.00
General Capital Fund				
Bond Anticipation Notes	21,792,572.00	31,695,572.00	21,792,572.00	31,695,572.00
Water Utility Capital Fund				
NJEIT Interim Financing Payable	12,504,874.00	307,101.00		12,811,975.00
Total	<u>\$ 34,792,446.00</u>	<u>\$ 32,332,673.00</u>	<u>\$ 22,287,572.00</u>	<u>\$ 44,837,547.00</u>

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**3. MUNICIPAL DEBT (continued)**

	Balance, December 31, 2021	Additions	Reductions	Balance, December 31, 2022
Current Fund				
Special Emergency Notes Payable	\$ 825,000.00	\$ 495,000.00	\$ 825,000.00	\$ 495,000.00
General Capital Fund				
Bond Anticipation Notes	13,889,572.00	21,792,572.00	13,889,572.00	21,792,572.00
Water Utility Capital Fund				
NJEIT Interim Financing Payable	9,792,322.00	2,712,552.00		12,504,874.00
 Total	 <u>\$ 24,506,894.00</u>	 <u>\$ 25,000,124.00</u>	 <u>\$ 14,714,572.00</u>	 <u>\$ 34,792,446.00</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, 2023 and 2022:

	Balance December 31, 2022	Additions	Deletions	Balance December 31, 2023
Land	\$ 2,356,761.14			\$ 2,356,761.14
Land Improvements	8,079,279.04			8,079,279.04
Buildings	25,845,705.45		\$ 92,560.00	25,753,145.45
Machinery and Equipment	32,486,719.75	\$ 688,305.86	583,940.00	32,591,085.61
	<u>\$ 68,768,465.38</u>	<u>\$ 688,305.86</u>	<u>\$ 676,500.00</u>	<u>\$ 68,780,271.24</u>

  

	Balance December 31, 2021	Additions	Deletions	Balance December 31, 2022
Land	\$ 2,356,761.14			\$ 2,356,761.14
Land Improvements	8,079,279.04			8,079,279.04
Buildings	26,008,815.45		\$ 163,110.00	25,845,705.45
Machinery and Equipment	31,140,938.96	\$ 1,345,780.79		32,486,719.75
	<u>\$ 67,585,794.59</u>	<u>\$ 1,345,780.79</u>	<u>\$ 163,110.00</u>	<u>\$ 68,768,465.38</u>

The City performed a physical inventory of its capital assets. The changes in the balances as presented above represent adjustments made to agree to the results of the inventory.

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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, 2023 and 2022:

	Balance December 31, 2022	Additions	Deletions	Balance December 31, 2023
<b>Fixed Capital</b>				
Reservation Sources of Supply, etc.	\$ 12,386,629.00			\$ 12,386,629.00
Pumping System	4,997,996.00			4,997,996.00
Distribution System	19,271,093.00			19,271,093.00
General Equipment	2,997,391.78			2,997,391.78
Sewer System	6,873,350.00			6,873,350.00
Administrative/Service Facility	8,904,357.00			8,904,357.00
System-Wide Development	15,458,109.00			15,458,109.00
Capital Outlay	2,035,719.44	\$ 1,212,303.03		3,248,022.47
	<u>\$ 72,924,645.22</u>	<u>\$ 1,212,303.03</u>	<u>\$ -</u>	<u>\$ 74,136,948.25</u>
<b>Fixed Capital Authorized and Uncompleted</b>				
Emergency Temporary Appropriation Refunding	\$ 3,165,000.00			\$ 3,165,000.00
Waste Water Treatment Plant Improvements	22,225.78			22,225.78
Water Treatment and Supply Program	11,300,000.00			11,300,000.00
Water Distribution Imp. & Acquisition of Equipment	1,100,000.00			1,100,000.00
Various Water Imp & Acquisition of Equipment	23,100,000.00			23,100,000.00
Various Water Imp & Acquisition of Equipment	2,375,000.00			2,375,000.00
Flood Mitigation Project	1,245,000.00			1,245,000.00
Sewer Infiltration and Inflow Study	1,200,000.00			1,200,000.00
Engineering and Capital Planning Assessments	850,000.00			850,000.00
Phase III Flood Mitigation Facilities	1,010,000.00			1,010,000.00
Flood Mitigation Project	1,795,000.00	\$ 25,000,000.00		26,795,000.00
Phase II - Lead Service Line Replacement Program				
	<u>\$ 47,162,225.78</u>	<u>\$ 25,000,000.00</u>	<u>\$ -</u>	<u>\$ 72,162,225.78</u>
	Balance December 31, 2021	Additions	Deletions	Balance December 31, 2022
<b>Fixed Capital</b>				
Reservation Sources of Supply, etc.	\$ 12,386,629.00			\$ 12,386,629.00
Pumping System	4,997,996.00			4,997,996.00
Distribution System	19,271,093.00			19,271,093.00
General Equipment	2,497,391.78	\$ 500,000.00		2,997,391.78
Sewer System	6,873,350.00			6,873,350.00
Administrative/Service Facility	8,903,646.00	711.00		8,904,357.00
System-Wide Development	15,458,109.00			15,458,109.00
Capital Outlay	2,035,719.44	-		2,035,719.44
	<u>\$ 72,423,934.22</u>	<u>\$ 500,711.00</u>	<u>\$ -</u>	<u>\$ 72,924,645.22</u>
<b>Fixed Capital Authorized and Uncompleted</b>				
Garden State Parkway Project	\$ 711.00		\$ 711.00	
Emergency Temporary Appropriation Refunding	3,165,000.00			\$ 3,165,000.00
Waste Water Treatment Plant Improvements	22,225.78			22,225.78
Water Treatment and Supply Program	11,300,000.00			11,300,000.00
Customer Billing Software	500,000.00		500,000.00	-
Water Distribution Imp. & Acquisition of Equipment	1,100,000.00			1,100,000.00
Various Water Imp & Acquisition of Equipment	23,100,000.00			23,100,000.00
Various Water Imp & Acquisition of Equipment	2,375,000.00			2,375,000.00
Flood Mitigation Project	1,245,000.00			1,245,000.00
Sewer Infiltration and Inflow Study		\$ 1,200,000.00		1,200,000.00
Engineering and Capital Planning Assessments		850,000.00		850,000.00
Phase III Flood Mitigation Facilities		1,010,000.00		1,010,000.00
Flood Mitigation Project		1,795,000.00		1,795,000.00
	<u>\$ 42,807,936.78</u>	<u>\$ 4,855,000.00</u>	<u>\$ 500,711.00</u>	<u>\$ 47,162,225.78</u>

CITY OF EAST ORANGE  
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**5. DUE TO/FROM OTHER FUNDS**

As of December 31, 2023 and 2022, interfund receivables and payables that resulted from various interfund transactions are as follows:

	2023		2022	
	Due from <u>Other Funds</u>	Due to <u>Other Funds</u>	Due from <u>Other Funds</u>	Due to <u>Other Funds</u>
Current Fund:				
Regular		\$ 3,209,723.56	\$ 130,003.76	\$ 14,021,708.69
Grant	\$ 2,708,812.38	206,407.96	13,851,859.96	206,407.96
Trust Fund:				
General Trust Fund	21,980.72		9,397.50	
Tax Redemption Fund			44,432.95	
Community Development Block Grant Trust Fund	263,231.36		95,201.00	130,003.76
Home Loan Program Fund		95,201.00		95,201.00
General Capital Fund	498,289.78		303,407.96	
Water Utility:				
Water Operating	19,018.28	58,896.65	19,018.28	122,791.32
Water Capital	58,896.65		122,791.32	
	<u>\$ 3,570,229.17</u>	<u>\$ 3,570,229.17</u>	<u>\$ 14,576,112.73</u>	<u>\$ 14,576,112.73</u>

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

**6. COMPENSATED ABSENCES**

Under the existing policies and labor agreements of the City, 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 \$14,126,539.75 and \$13,899,105.03 at December 31, 2023 and 2022 respectively. This estimate by management is unaudited.

CITY OF EAST ORANGE  
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**7. PENSION PLANS**

Description of Plans

The State of New Jersey, Division of Pension and Benefits (the Division) was created and exists pursuant to N.J.S.A. 52:18A to oversee and administer the pension trust and other postemployment benefit plans sponsored by the State of New Jersey (the State). According to the State of New Jersey Administrative Code, all obligations of the Systems will be assumed by the State of New Jersey should the plans terminate. Each defined benefit pension plan's designated purpose is to provide retirement, death and disability benefits to its members. The authority to amend the provision of plan rests with new legislation passed by the State of New Jersey. Pension reforms enacted pursuant to Chapter 78, P.L. 2011 included provisions creating special Pension Plan Design Committees for the Public Employees' Retirement System (PERS), once a Target Funded Ratio (TFR) is met, that will have the discretionary authority to modify certain plan design features, including member contribution rate; formula for calculation of final compensation or final salary; fraction used to calculate a retirement allowance; age at which a member may be eligible and the benefits for service or early retirement; and benefits provided for disability retirement. The committee will also have the authority to reactivate the cost of living adjustment (COLA) on pensions.

However, modifications can only be made to the extent that the resulting impact does not cause the funded ratio to drop below the TFR in any one year of a 30-year projection period. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for each of the plans. This report may be accessed via the Division of Pensions and Benefits website, at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions), or may be obtained by writing the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

Public Employees' Retirement System

The Public Employees' Retirement System (PERS) 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 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, 2022:

	<u>2022</u>
Inactive plan members or beneficiaries currently receiving benefits	187,372
Deferred Beneficiaries	1,059
Inactive plan members entitled to but not yet receiving benefits	723
Active plan members	<u>239,902</u>
Total	<u>429,056</u>
Contributing Employers – 1,678	

CITY OF EAST ORANGE  
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**7. PENSION PLANS (continued)**

*Significant Legislation* – Chapter 19, P.L. 2009, effective March 17, 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 an employer will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of PERS, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

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, 2022, the City's total payroll for all employees was \$75,291,436. Total PERS covered payroll was \$30,864,683. Covered payroll refers to pensionable compensation, rather than total compensation, paid by the City 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. Members contribute at a uniform rate. Pursuant to the provisions of Chapter 78, P.L. 2011 of 7.50%. Employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability.

Employers' contribution amounts are based on an actuarially determined rate. The annual employer contributions include funding for basic retirement allowances and noncontributory death benefits. City contributions are due and payable on April 1<sup>st</sup> in the second fiscal period subsequent to plan year for which the contribution requirements were calculated.

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.

The City's contributions are due and payable on April 1<sup>st</sup> in the second fiscal period subsequent to plan year for which the contributions requirements were calculated. The City's payments to PERS during the year ending December 31, 2022 consisted of the following:

	<u>2022</u>
Total Regular Billing	<u>\$ 5,262,828</u>

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

CITY OF EAST ORANGE  
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**7. PENSION PLANS (continued)**

The vesting and benefit provisions are set by N.J.S.A. 43:15A. 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 8, 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, tiers 3 and 4 with 25 years or more of service credit 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.

Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. 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 City's basic financial statements does not require or permit the inclusion of entity-wide, full accrual basis financial statements. Accordingly, the City 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, 2022, the PERS reported a net pension liability of \$15,219,184,920 for its Non-State Employer Member Group. The City's proportionate share of the net pension liability for the Non-State Employer Member Group that is attributable to the City was \$62,981,994 or 0.4173376357%, which was a decrease of 0.0106069946% from its proportion measured as of June 30, 2021.

The following presents a summary of the proportionate share of the State of New Jersey's changes in the collective deferred outflows of resources and deferred inflows of resources attributable to the City for the year ended June 30, 2022 if GASB No. 68 were recognized:

CITY OF EAST ORANGE  
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**7. PENSION PLANS (continued)**

	<b>2022</b>	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 454,575	\$ 400,871
Changes of assumptions	195,138	9,430,898
Net difference between projected and actual earnings on pension plan investments	2,606,768	
Changes in proportion	1,787,784	1,617,238
City contributions subsequent to the measurement date	5,262,828	
	<u>\$ 10,307,093</u>	<u>\$ 11,449,007</u>

The \$5,262,828 of deferred outflows of resources resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ending December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense on the GAAP basis as follows if GASB 68 were recognized:

Year ended December 31,	Amount
2023	\$ (4,991,072)
2024	(2,615,597)
2025	(1,410,255)
2026	2,633,558
2027	(21,376)
Total	<u>\$ (6,404,742)</u>

*Actuarial Assumptions-* The total collective pension liability at the June 30, 2022 measurement date was determined by an actuary valuation date as of July 1, 2021, which was rolled forward to June 30, 2022. This actuarial valuation used the following actuarial assumptions:

<b>June 30, 2022</b>	
Inflation rate:	
Price	2.75%
Wage	3.25%
Salary Increases	2.75 - 6.55%
	Based on years of service
Investment rate of return	7.00%

CITY OF EAST ORANGE  
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**7. PENSION PLANS (continued)**

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with a 82.2% adjustment for males and a 101.4% adjustment for females, with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and a 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and a 117.2% adjustment for females, and with a future improvement from the base year of 2010 on a generational basis. Mortality improvements is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021. It is likely that future experiences 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 large the impact on future financial statements.

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions, 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 rate of return (expected returns, net of pension plans 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, 2022 are summarized in the following tables:

2022		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. equity	27.00%	8.12%
Non-U.S. developed markets equity	13.50%	8.38%
Emerging markets equity	5.50%	10.33%
Private equity	13.00%	11.80%
Real assets	3.00%	7.60%
Real estate	8.00%	11.19%
High yield	4.00%	4.95%
Private credit	8.00%	8.10%
Investment grade credit	7.00%	3.38%
Cash equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk mitigation strategies	3.00%	4.91%
	<u>100.00%</u>	

CITY OF EAST ORANGE  
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**7. PENSION PLANS (continued)**

*Discount Rate* – The discount rate used to measure the total pension liability as of June 30, 2022 was 7.00%. 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 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. 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. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments to determine the total pension liability.

*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 point higher than the current rate.

2022	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
PERS	\$ 80,913,413	\$ 62,981,994	\$ 47,721,634

Plan Fiduciary Net Position – The plan fiduciary net position for PERS including the State of New Jersey at June 30, 2022 were \$32,568,122,309. The portion of the Plan Fiduciary Net Position that was allocable to the Local (Non-State) Group at June 30, 2022 was \$25,810,084,045.

*Additional information*

Collective Local Group balances at June 30, 2022 are as follows:

Collective deferred outflows of resources	\$ 1,660,772,008
Collective deferred inflows of resources	3,236,303,935
Collective net pension liability - Local group	15,219,184,920
City's Proportion	0.41733763357%

Collective pension benefit for the Local Group for the measurement period ended June 30, 2022 was (\$1,032,778,934). The average of the expected remaining service lives of all plan members is 5.04, 5.13, 5.16, 5.21, 5.6 and 5.48 years for 2022, 2021, 2020, 2019, 2018 and 2017, respectively.

**State Contribution Payable Dates**

Prior to July 1, 2022 valuation, it is assumed the State will make pension contributions the June 30th following the valuation date. Effective with the July 1, 2021 valuation Chapter 83 P.L. 2017 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 year ended June 30, 2022 are \$1,288,683,017.

CITY OF EAST ORANGE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2023 AND 2022

**7. PENSION PLANS (continued)**

*Special Funding Situation*

The City is responsible for the actuarially determined annual contributions to the PERS, except where legislation was passed that legally obligates the State if certain circumstances occur. A special funding situation exists for the Local employers of the PRRS. The State of New Jersey, as a non-employer, is required to pay the additional costs incurred by Local employers based upon the provisions of several legislative actions. The provisions of GASB Statement No. 68 define this relationship as a "special funding situation", and the State of New Jersey is defined as a non-employer contributing entity.

Unaudited data provided by the PRRS indicates that the total Non-employer contributions made to the PERS by the State for the year ended June 30, 2022 was \$48,654,369. The portion of that contribution allocated to the City in 2022 was \$132,517 or 0.4190049654%. The June 30, 2022 State special funding situation pension expense of \$50,178,972 was actuarially determined and represents the required contribution due from the State for the year. The special funding situation net pension liability under the special funding situation was reported at \$127,808,309 at June 30, 2022 and represents the accumulated difference between the actuarially determined annual contributions required and the actual State contributions through the valuation date. The City's allocated shares of the special funding situation pension expense for the year ended June 30, 2022 and its share of the special funding situation NPL at that date were \$132,517 and \$0, respectively

**Police and Firemen's Retirement System**

The Police and Firemen's Retirement System (PFRS) 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, 2022:

	<u>2022</u>
Inactive plan members or beneficiaries currently receiving benefits	47,518
Inactive plan members entitled to but not yet receiving benefits	60
Active plan members	<u>42,188</u>
Total	<u><u>89,766</u></u>
Contributing Employers – 579	

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

CITY OF EAST ORANGE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2023 AND 2022

**7. PENSION PLANS (continued)**

**Police and Firemen's Retirement System (continued)**

The State legislation adopted L. 2018, c. 55 in July 2018, which transferred management of PFRS from the New Jersey Department of Treasury, Division of Pensions and Benefits to a newly constituted twelve-member PFRS Board of Trustees. The new PFRS Board, which was established in February 2019 per the legislation, has more power and authority as compared to the former PFRS Board of Trustees. In addition to overseeing the management of PFRS, the new PFRS Board will also have the authority to direct investment decisions, to adjust current benefit levels and to change member and employer contribution rates. With regard to changes in current benefit provisions, such changes can only be made with the approval of a supermajority of eight (8) of the twelve (12) members of the new PFRS Board. Also, benefit enhancement can only be made if an independent actuary certifies that the benefit enhancements will not jeopardize the long-term viability of PFRS. Under prior law, benefit enhancements, including the reinstatement of COLA for retirees, could only be considered when the funded level of the pension fund reaches 80%. An actuarial certification was also required that the funded levels would remain at or above 80% over a 30-year period following the benefit enhancement.

In accordance with L. 2018, c. 55, the new PFRS Board will also have the authority to formulate investment policies and direct the investment activities of the PFRS. The PFRS Board has proposed regulations for adoption governing the methods, practices, and procedures for investment or reinvestment of money of PFRS.

For the year ended December 31, 2022, the City's total payroll for all employees were \$75,291,436. Total PFRS covered payroll was \$34,449,123. Covered payroll refers to pensionable compensation, rather than total compensation, paid by the City 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.

City contributions are due and payable on April 1<sup>st</sup> in the second fiscal period subsequent to plan year for which the contribution requirements were calculated. City payments to PFRS made in the years ending December 31, 2023 consisted of the following:

	<u>2022</u>
Total Regular Billing	<u>\$ 12,137,375</u>

The City 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

CITY OF EAST ORANGE  
NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

**7. PENSION PLANS (continued)**

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.

*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 City's basic financial statements does not require or permit the inclusion of entity-wide, full accrual basis financial statements. Accordingly, the City 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, 2022, the PFRS reported a net pension liability of \$13,483,472,009 for its Non-State, Non-Special Funding Situation Employer Member Group. The City's proportionate share of the net pension liability for the Non-State Non-Special Funding Situation Employer Member Group was \$106,822,776, or 0.9332470100%, which was a decrease of 0.012858353% from its proportion measured as of June 30, 2021.

At December 31, 2022, the City would have reported deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources, if GASB 68 were recognized:

	<b>2022</b>	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,835,084	\$ 6,544,347
Changes of assumptions	292,759	13,446,878
Net difference between projected and actual earnings on pension plan investments	9,781,827	4,557,818
Changes in proportion	4,076,333	
City contributions subsequent to the measurement date	12,137,375	
	<u>\$ 31,123,378</u>	<u>\$ 24,549,043</u>

CITY OF EAST ORANGE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2023 AND 2022

**7. PENSION PLANS (continued)**

\$12,137,375 is reflected above as deferred outflows of resources related to pensions resulting from City 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 as follows if GASB 68 were recognized:

Year ended December 31,	Amount
2023	\$ (6,925,273)
2024	(4,365,535)
2025	(878,788)
2026	(64,028)
2027	5,273,988
Thereafter	1,396,096
Total	<u>\$ (5,563,540)</u>

*Actuarial Assumptions-* The total collective pension liability in the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. This actuarial valuation used the following actuarial assumptions:

**June 30, 2022**

Inflation rate:

Price 2.75%

Wage 3.25%

Salary increases:

Through all future years 3.25 - 16.25%  
based on years of service

Investment rate of return 7.00%

Pre-retirement mortality rates were based on the Pub-2010 Safety Employee mortality table with an 105.6% adjustment for males and a 102.5% adjustment for females. For healthy annuitants, mortality rates were based on the PubS-2010 amount-weighted mortality table with a 96.7% adjustment for males and a 96.0% adjustment for females. Disability rates were based on the Pub-2010 Safety Disabled Retiree mortality table with a 152.0% adjustment for males and a 109.3% adjustment for females. improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions, 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 rate of return (expected returns, net of pension plans 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.

CITY OF EAST ORANGE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2023 AND 2022

**7. PENSION PLANS (continued)**

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, 2022 are summarized in the following table:

<b>2022</b>		
	Target	Long-Term
<u>Asset Class</u>	<u>Allocation</u>	<u>Expected Real Rate of Return</u>
US Equity	27.00%	8.12%
Non-U.S. Developed Market Equity	13.50%	8.38%
Emerging Market Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Assets	3.00%	7.60%
Real Estate	8.00%	11.19%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%
	<u>100.00%</u>	

*Discount Rate* – The discount rate used to measure the total pension liability as of June 30, 2022 was 7.00%. 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 based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. 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. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments to determine the total pension liability.

*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 point higher than the current rate:

	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
<u>2022</u>			
PFRS	\$ 146,572,386	\$ 106,822,776	\$ 73,731,033

CITY OF EAST ORANGE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2023 AND 2022

**7. PENSION PLANS (continued)**

*Fiduciary Net Position* – The plan fiduciary net position for PFRS at June 30, 2021 was \$30,708,653,410.

*Additional Information*

Collective Local Group balances at June 30, 2022 are as follows:

Collective deferred outflows of resources	\$ 2,163,793,985
Collective deferred inflows of resources	2,805,919,493
Collective net pension liability - Local group	13,483,472,009
City's Proportion	0.9332470100%

Collective pension expense for the Local Group for the measurement period ended June 30, 2022 was \$165,943,124. The average of the expected remaining service lives of all plan members is which is 6.22, 6.17, 5.90, 5.92, 5.73 and 5.59 years for the 2022, 2021, 2020, 2019, 2018 and 2017, amounts, respectively.

**State Contribution Payable Dates**

Effective with the July 1, 2016 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 year ended June 30, 2022 are \$1,353,737,688.

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

*Special Funding Situation*

The City is responsible for the actuarially determined annual contributions to the PFRS, except where legislation was passed that legally obligates the State if certain circumstances occur. A special funding situation exists for the Local employers of the PFRS. The State of New Jersey, as a non-employer, is required to pay the additional costs incurred by Local employers based upon the provisions of several legislative actions. The provisions of GASB Statement No. 68 define this relationship as a "special funding situation", and the State of New Jersey is defined as a non-employer contributing entity.

Unaudited data provided by the PFRS indicates that the total Non-employer contributions made to the PFRS by the State for the year ended June 30, 2022 was \$253,611,000. The portion of that contribution allocated to the City in 2022 was \$2,366,817, or 0.93324698%. The June 30, 2022 State special funding situation pension expense of \$235,029,281 was actuarially determined and represents the required contribution due from the State for the year. The special funding situation net pension liability under the special funding situation was reported at \$2,037,115,833 at June 30, 2022 and represents the accumulated difference between the actuarially determined annual contributions required and the actual State contributions through the valuation date. The City's allocated shares of the special funding situation pension expense for the year ended June 30, 2022 and its share of the special funding situation NPL at that date were \$2,193,404 and \$19,011,323, respectively.

CITY OF EAST ORANGE  
NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

**7. PENSION PLANS (continued)**

**Defined Contribution Retirement Plan**

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 Division has selected Prudential Financial to manage the DCRP on its behalf. 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. At June 30, 2021, the membership of DCRP, based on the information within the Division's database, was 64,336.

*Contribution Requirement and Benefit Provisions* - State and local government employers contribute 3% of the employees' 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.

**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 7.50% for PERS, 10% for PFRS and 5.5% for DCRP of employees' base wages.

**8. RISK MANAGEMENT**

The City is self-insured for Automobile Liability, General Liability (Employment Practices, Law Enforcement, and Employee Benefits) Health Benefits and Workers' Compensation for a single retention limit of \$350,000 for auto and general liability and \$500,000 for workers' compensation for any one claim. The City maintains excess reinsurance over and above the self-insured retention up to a \$3 million limit. Claims are administered by a Third-Party Administrator. The programs are administered by an independent contractor. Under the Division's requirements, the City appropriates amounts in its annual budget to meet expected payments of claims. The City has not created a liability for loss reserves for claims incurred which were unpaid at December 31, 2023 and 2022. In addition, the City has not created a liability for loss reserves for any potential unreported losses. The effect on the financial statements from these omissions could not be determined, but is probably material. A contingent liability exists with respect to reinsurance, which would become an actual liability in the event the reinsuring company might be unable to meet their obligations to the City under existing reinsurance agreements. The City has established a reserve in the Trust Fund to pay for expected claims. There was a cash balance of \$1,015,414.57 and \$995,430.78 at December 31, 2023 and 2022, respectively. Appropriations of \$2,300,000 (workers' compensation), \$1,500,000 (auto and general) and \$15,278,486 (group health insurance) were available in the CY 2023 municipal budget for self-insurance claims.

CITY OF EAST ORANGE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2023 AND 2022

**9. TAXES COLLECTED IN ADVANCE**

Taxes collected in advance are recorded as cash liabilities in the financial statements. Following is a comparison of the liability for the previous two years:

	Balance <u>December 31, 2023</u>	Balance <u>December 31, 2022</u>
Prepaid Taxes	\$ <u>700,556.89</u>	\$ <u>1,227,331.80</u>
Cash Liability for Taxes Collected in Advance	\$ <u>700,556.89</u>	\$ <u>1,227,331.80</u>

**10. COMMITMENTS AND CONTINGENT LIABILITIES**

The City 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, 2023, the City estimates that no material liabilities will result from such audits.

The City 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.

CITY OF EAST ORANGE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2023 AND 2022

**11. DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS**

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2023 and 2022, the following deferred charges are shown on the balance sheets of the following:

	Balance December 31, 2023	Amount Raised in 2024 Budget
<b><u>2023 Current Fund</u></b>		
Revaluation of Real Property	\$ 330,000.00	\$ 165,000.00
Overexpenditure of Appropriation	124,372.25	124,372.25
Emergency Authorization	1,348,700.00	1,348,700.00
	<u>\$ 1,803,072.25</u>	<u>\$ 1,638,072.25</u>
<b><u>2023 Federal and State Grant Fund</u></b>		
Overexpenditure of Appropriated Reserve	<u>\$ 59,082.17</u>	<u>\$ 59,082.17</u>
<b><u>2023 Water Operating Fund</u></b>		
Overexpenditure of Budget Appropriation	<u>\$ 44,828.59</u>	<u>\$ 44,828.59</u>
	Balance December 31, 2022	Amount Raised in 2023 Budget
<b><u>2022 Current Fund</u></b>		
Revaluation of Real Property	<u>\$ 495,000.00</u>	<u>\$ 165,000.00</u>
<b><u>2022 Federal and State Grant Fund</u></b>		
Overexpenditure of Appropriated Reserve	<u>\$ 70,186.04</u>	<u>\$ 70,186.04</u>

**12. DEFERRED WAGES**

In February 1996, as part of the City's Fiscal Recovery Plan, certain employees (except police services) agreed to have a portion of their pay deferred. Accordingly, as of June 30, 1996, employees had two weeks of pay withheld, which amounted to approximately \$1,600,000 for the Current Fund and \$176,000 for the Water Utility Fund. As of December 31, 2023 and 2022, the estimated balance of deferred wages amounted to \$2,676,074.88 and \$2,595,513.62, for the Current Fund and \$90,762.99 and \$108,602.69 for the Water Utility Fund, respectively. These amounts for the Current Fund and the Water Utility Fund are not reflected as liabilities in the financial statements, but rather will be included as expenditures when paid out upon the employee's resignation, termination or retirement.

CITY OF EAST ORANGE  
NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

13. TAX ABATEMENTS

The City 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 City's most significant tax abatement agreements:

Entity Name	Pilot Billing	Taxes If Billed In Full	Abated Taxes
Bakery Village Urban Renewal Assoc	\$ 88,383.94	\$ 492,234.34	\$ 403,850.40
Fern Preservation Urban Renewal, LLC	277,862.60	782,787.46	504,924.86
Essex Valley Supportive Housing Par	27,853.00	96,129.79	68,276.79
Prospect EOGH Hospital Properties		2,510,582.98	2,510,582.98
742 Park EO Urban Renewal	74,978.74	140,766.94	65,788.20
Hampshire URB Ren Preservation	178,409.92	430,768.80	252,358.88
The Burnet Walnut Corporation	26,959.96	275,026.75	248,066.79
4347 N. Walnut Urban Renewal	57,984.00	253,829.66	195,845.66
CNP 2, LLC	19,889.70	246,438.72	226,549.02
125 SFS Urban Renewal	37,569.63	610,841.09	573,271.46
Genesis Concord	43,461.00	614,905.63	571,444.63
McGiver Homes, LP	120,360.00	368,311.68	247,951.68
Dr. King Plaza Urban Renewal Assoc II	208,410.74	919,245.89	710,835.15
Prospect Park Apartments Urban Rene		408,884.26	408,884.26
North Oraton Parkway, LP	32,260.00	123,938.50	91,678.50
Dr. King Plaza Urban Renewal Assoc	152,294.76	711,168.44	558,873.68
Essence 144 Urban Renewal	196,031.98	862,263.07	666,231.09
Indigo 141 Urban Renewal	92,233.50	699,608.45	607,374.95
Indigo 240 Urban Renewal	147,860.63	603,389.95	455,529.32
CLPF-Parkway Lofts Urban Renewal	577,963.02	2,317,040.35	1,739,077.33
Park View at 320, LLC	750,818.08	2,084,588.35	1,333,770.27
East Orange UAW S.C. Housing Corp	133,897.18	502,321.25	368,424.07
725 Park Associates, L.P.	46,396.76	268,491.17	222,094.41
582 Central Avenue Urban Renewal	59,460.73	252,955.30	193,494.57
SBF Estates Urban Renewal	46,720.00	142,699.39	95,979.39
352 William Street Urban Renew	29,646.90	77,856.77	48,209.87
EO Senior Citizens Housing Assn 777	178,499.00	801,146.02	622,647.02
EO Senior Citizens Housing Assn 780	178,500.12	458,967.17	280,467.05
Pavilion Housing Partners	567,598.70	1,097,125.92	529,527.22
Corinthian Towers	304,808.64	764,571.46	459,762.82
103-105 North Urban Walnut Renewal	-	124,467.55	124,467.55
315 Urban Renewal	297,631.53	1,067,489.28	769,857.75
475 William Urban Renewal	114,329.00	191,885.76	77,556.76
715 Park Avenue East Urban Renewal	43,066.00	441,552.67	398,486.67
256-260 Urban Renewal		173,479.68	173,479.68
502 William Urban Renewal		52,094.59	52,094.59
CRP Evergreen Place		63,198.43	63,198.43
93-111 North Walnut Urban Renewal		122,180.26	122,180.26
227 NWST Urban Renewal		10,308.67	10,308.67
Arlington Grove		179,137.73	179,137.73
East Orange Hospitality		49,446.14	49,446.14
SV 19 North Harrison		35,855.42	35,855.42
Norman Towers		1,164,914.78	1,164,914.78
Orbach Affordable Housing		517,540.32	517,540.32
45 South Grove Urban Renewal		24,653.38	24,653.38
11 Sussex Avenue		334,528.13	334,528.13
129 Halsted Urban Renewal		345,752.35	345,752.35
10 S. Grove Urban Renewal		69,138.44	69,138.44
PI 177 Arlington EO Urban Renewal		31,794.05	31,794.05
210 North Grove Street		161,580.67	161,580.67
PTGH Urban Renewal		293,765.47	293,765.47
585 Main Street Urban Renewal		159,565.82	159,565.82
100 MLK, LLC	-	91,935.36	91,935.36
	<u>\$ 5,112,139.76</u>	<u>\$ 25,625,150.50</u>	<u>\$ 20,513,010.74</u>

CITY OF EAST ORANGE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2023 AND 2022

**14. POST RETIREMENT HEALTH COVERAGE**

**City's OPEB Plan**

**General Information about the OPEB Plan**

The City provides a single employer post-employment health benefits plan for its employees and retirees through a single employer defined benefit healthcare plan. The City's disclosures 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 City's post-employment healthcare benefit plan provides health benefits to all retired City employees who have at least 25 years of service with the City 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 City's total OPEB liability of \$68,171,556 and \$63,744,214 respectively was measured as of December 31, 2023 and 2022, respectively and was determined by an actuarial valuation as of that date. There were 227 participants currently receiving benefits, and 898 active participants of whom 134 are eligible to retire as of the valuation date.

**Actuarial Methods and Assumptions**

The projection of future benefits for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of future events far into the future. Amounts determined regarding the funded status of a plan and the employer's annual required contributions are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Two economic assumptions used in the valuation are the discount rate and the health care cost trend rates. The economic assumptions are used to account for changes in the cost of benefits over time and to discount future benefit payments for the time value of money.

The investment return assumptions (discount rate) should be the estimated long-term investment yield on the investments that are expected to be used to finance the payments of benefits. The investments expected to be used to finance the payments of benefits. The investments expected to be used to finance the payments of benefits would be plan assets for funded plans, assets of the employer for pay-as-you-go plans, or a proportionate combination of the two for plans that are being partially funded.

CITY OF EAST ORANGE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2023 AND 2022

**14. POST RETIREMENT HEALTH COVERAGE (continued)**

Key assumptions:

<b>2023</b>	
Discount rate	3.26%
Medical trend rate - Medical	5.10%
Medical trend rate - Drug	6.00%
Medical trend rate - Dental and Vision	3.50%
CPI Increase	2.50%
Rate of Salary Increase	2.50%
<b>2022</b>	
Discount rate	3.72%
Medical trend rate - Medical	5.30%
Medical trend rate - Drug	6.50%
Medical trend rate - Dental and Vision	3.50%
CPI Increase	2.50%
Rate of Salary Increase	2.50%

Mortality rates were based on the PUB 2010 "General" classification headcount weighted mortality with generational improvement using Scale-MP-2021.

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.

CITY OF EAST ORANGE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2023 AND 2022

14. POST RETIREMENT HEALTH COVERAGE (continued)

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at 12/31/2022	\$ 63,744,214
Changes for the year:	
Service cost	1,767,254
Interest cost	2,363,815
Changes in assumptions	<u>4,232,425</u>
	8,363,494
Changes in assumptions or other inputs:	
Benefit payments	<u>(3,936,152)</u>
Net changes	<u>4,427,342</u>
Balance at 12/31/2023	<u><u>\$ 68,171,556</u></u>

	<u>Total OPEB Liability</u>
Balance at 12/31/2021	\$ 58,177,056
Changes for the year:	
Service cost	1,767,254
Interest cost	1,197,261
Difference between expected and actual experience	<u>15,011,242</u>
	17,975,757
Changes in assumptions or other inputs:	
Changes in assumptions	(8,758,931)
Benefit payments	<u>(3,649,668)</u>
Net changes	<u>5,567,158</u>
Balance at 12/31/2022	<u><u>\$ 63,744,214</u></u>

CITY OF EAST ORANGE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2023 AND 2022

**14. POST RETIREMENT HEALTH COVERAGE (continued)**

*Sensitivity of the total OPEB liability to changes in the discount rate* – The following presents the total OPEB liability of the City, as well as what the City'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:

December 31, 2023			
	1% Decrease (2.26%)	At Discount Rate (3.26%)	1% Increase (4.26%)
Total OPEB Liability	\$ 74,767,921	\$ 68,171,556	\$ 63,073,737

  

December 31, 2022			
	1% Decrease (2.72%)	At Discount Rate (3.72%)	1% Increase (4.72%)
Total OPEB Liability	\$ 69,448,617	\$ 63,744,214	\$ 59,256,783

*Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates* – The following presents the total OPEB liability of the City, as well as what the City'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:

December 31, 2023			
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability	\$ 64,514,590	\$ 68,171,556	\$ 72,081,684

  

December 31, 2022			
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability	\$ 60,745,994	\$ 63,744,214	\$ 67,850,704

**State Health Benefit Local Government Retired Employees Plan**

**General Information about the OPEB Plan**

**Plan Description**

The State Health Benefit Local Government Retired Employees Plan (the Plan) is a cost sharing multiple employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. The plan meets the definition of an equivalent arrangement as defined in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions*; therefore, assets are accumulated to pay associated benefits. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) Annual Comprehensive Financial Report (ACFR), which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

CITY OF EAST ORANGE  
NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

**14. POST RETIREMENT HEALTH COVERAGE (continued)**

**Benefits Provided**

The Plan provides medical and prescription drug coverage to retirees and their dependents of the employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees.

Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

In accordance with Chapter 330, P.L. 1997, which is codified in N.J.S.A. 52:14-17.32i, the State provides medical and prescription coverage to local police officers and firefighters, who retire with 25 years of service or on a disability from an employer who does not provide postretirement medical coverage. Local employers were required to file a resolution with the Division in order for their employees to qualify for State-paid retiree health benefits coverage under Chapter 330. 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.

**Contributions**

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

	<u>June 30, 2022</u>
Inactive plan members or beneficiaries currently receiving benefits	33,684
Active plan members	<u>65,360</u>
Total	<u>99,044</u>
Contributing employers	590
Contributing nonemployers	1

*Nonspecial Funding Situation* - The State of New Jersey's Total OPEB Liability for nonspecial funding situation was \$16,090,925,144 at June 30, 2022.

CITY OF EAST ORANGE  
NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

**14. POST RETIREMENT HEALTH COVERAGE (continued)**

*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:

	June 30, 2022
Total OPEB Liability	\$ 16,090,925,144
Plan Fiduciary Net Position (deficit)	<u>(58,670,334)</u>
Net OPEB Liability	<u>\$ 16,149,595,478</u>
Plan fiduciary net position as a percentage of the total OPEB liability	-0.36%

*Actuarial Assumptions and Other Inputs* - The total OPEB liability as of June 30, 2022 was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2022. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Discount rate	3.54%
Salary increases*	
Public Employees' Retirement Systems (PERS)	
Rate for all future years	2.75% to 6.55%
Police and Firemen's Retirement System (PFRS)	
Rate for all future years	3.25% to 16.25%
Mortality:	
PERS	Pub-2010 general classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2021
PFRS	Pub-2010 Safety classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2021

\* Salary increases are based on years of service within the respective plan.

Actuarial assumptions used in the July 1, 2021 Valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2013 to June 30, 2018 and July 1, 2014 to June 30, 2018, respectively.

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

**Healthcare Trend Assumptions** – For pre-Medicare medical benefits, the trend is initially 5.6% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal years 2021 through 2022 are reflected. The rates used for 2023 and 2024 are 21.83% and 18.53%, respectively, trending to 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.00% and decreases to a 4.5% long-term trend rate after seven years.

**Discount Rate** - The discount rate for June 30, 2022 was 3.54%. 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.

CITY OF EAST ORANGE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2023 AND 2022

**14. POST RETIREMENT HEALTH COVERAGE (continued)**

*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, 2022, 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:

	<u>1% Decrease</u>	<u>At Discount Rate</u>	<u>1% Increase</u>
Total Net OPEB Liability - 2022	\$ 18,720,632,230	\$ 16,149,595,478	\$ 14,080,955,857

*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, 2022, 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:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
Total Net OPEB Liability - 2022	\$ 13,700,188,049	\$ 16,149,595,478	\$ 19,286,496,671

Special Funding Situation - The State of New Jersey's Total OPEB Liability for special funding situation was \$3,373,809,587 at June 30, 2022.

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, these 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.

The amounts of the State's Non-employer OPEB Liability that are attributable to employees and retirees of the City of East Orange was \$90,912,225 (443 members) at June 30, 2022. These allocated liabilities represent 2.694646% of the State's Total Non-employer OPEB Liability for June 30, 2022. The OPEB expense attributed to the City was \$(14,911,515) at June 30, 2022.

CITY OF EAST ORANGE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2023 AND 2022

**15. LEASE COMMITMENTS**

The City has various lease commitments at December 31, 2023 and 2022 for fire truck vehicles, street sweepers, police vehicles, copiers, a mailing system, golf cart rentals and various office spaces. Future minimum lease payments are as follows:

<b>Year Ended</b>		
<b><u>December 31,</u></b>		<b><u>Total</u></b>
2024	\$	210,040.56
2025		211,639.71
2026		213,270.84
2027		156,840.19
2028		19,520.00
	\$	<u>811,311.30</u>

**16. SUBSEQUENT EVENTS**

The City has evaluated subsequent events occurring after December 31, 2023 through June 28, 2024, which is the date the financial statements were available to be issued and identified no material financial transactions through the issuance of the audit.

## **APPENDIX C**

### **FORM OF APPROVING LEGAL OPINION OF BOND COUNSEL**

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October \_\_, 2025

Mayor and City Council  
of the City of East Orange  
East Orange, New Jersey

Ladies and Gentlemen:

We have examined certified copies of the proceedings of the City Council of the City of East Orange, in the County of Essex, a municipal corporation organized and existing under the laws of the State of New Jersey (the "City"), and other proofs submitted to us relative to the authorization, issuance, sale, execution and delivery of the \$25,240,900 principal amount of Bond Anticipation Notes, Series 2025 (the "Notes") of the City. The Notes are dated October 15, 2025, mature October 14, 2026, and bear interest at the rate of \_\_\_\_\_ per centum (\_\_\_\_\_% ) per annum.

The Notes are issued in fully registered book-entry form, without certificates, initially registered in the name of, and held by, Cede & Co., as nominee for The Depository Trust Company, Brooklyn, New York ("DTC"), an automated depository for securities and clearing house for securities transactions. Individual purchases of the Notes will be made in denominations of \$5,000 each or any integral multiple of \$1,000 in excess thereof, or, as applicable, any odd denomination in excess thereof, through book entries made on the books and records of DTC and its participants. So long as DTC or its nominee is the registered owner of the Notes, payments of principal of and interest on the Notes will be made by the City or a duly designated paying agent directly to Cede & Co., as nominee for DTC, which will, in turn, remit such payments to DTC Participants, which will, in turn, remit such payments to the beneficial owners of the Notes. The Notes are not subject to redemption prior to their stated date of maturity.

The Notes are authorized by, and are issued pursuant to: (i) the provisions of the Local Bond Law of the State of New Jersey, N.J.S.A. 40A:2-1 et seq., as amended and supplemented (the "Local Bond Law"); (ii) various bond ordinances duly adopted by the City Council of the City, approved by the Mayor, as applicable, and published as required by law (the "Ordinances"); and (iii) a resolution duly adopted by the City Council of the City on September 15, 2025 (the "Resolution", and together with the Ordinances, the "Authorizing Documents").

The Notes are being issued to refund, on a current basis, a \$25,240,900 portion of \$25,405,900 general obligation notes, series 2024 issued on October 17, 2024 and maturing on October 16, 2025 (the "Prior Notes") (the remaining balance of the Prior Notes will be paid by the City with a 2025 budgetary appropriation in the amount of \$165,000).

We are of the opinion that (i) such proceedings and proofs show lawful authority for the authorization, issuance, sale, execution and delivery of the Notes pursuant to, as applicable, the Local Bond Law and the Authorizing Documents, (ii) the Notes have been duly authorized, executed and delivered and constitute valid and legally binding general obligations of the City, which are enforceable in accordance with their terms, and (iii) the City has pledged its full faith and credit for the payment of the principal of and interest on the Notes and, unless paid from other sources, all the taxable property within the City is subject to the levy of *ad valorem* taxes, without limitation as to rate or amount, for the payment of the principal of and interest on the Notes.

The Internal Revenue Code of 1986, as amended (the “Code”), establishes certain requirements which must be met at the time of, and on a continuing basis subsequent to, the issuance and delivery of the Notes for interest thereon to be and remain excludable from gross income for Federal income tax purposes under Section 103 of the Code. Noncompliance with such requirements could cause the interest on the Notes to be included in gross income for Federal income tax purposes retroactive to the date of the issuance of the Notes. The City has covenanted in a tax certificate relating to the Notes to maintain the exclusion of the interest on the Notes from gross income for Federal income tax purposes pursuant to Section 103(a) of the Code.

In our opinion, under existing statutes, regulations, rulings and court decisions, and assuming continuing compliance by the City with the provisions of the Code and the aforementioned covenants in its tax certificate, interest on the Notes is not includable for Federal income tax purposes in the gross income of the owners of the Notes pursuant to Section 103 of the Code. The Notes are not “specified private activity bonds” within the meaning of Section 57 of the Code and, therefore, the interest on the Notes will not be treated as a preference item for purposes of computing the Federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the Federal alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022.

We are also of the opinion that, under existing laws of the State of New Jersey, interest on the Notes and any gain on the sale thereof are not includable in gross income under the New Jersey Gross Income Tax Act, 1976 N.J. Laws c. 47, as amended and supplemented.

Except as stated in the preceding paragraphs, we express no opinion as to any Federal, state, local or foreign tax consequences of the ownership or disposition of the Notes. Furthermore, we express no opinion as to any Federal, state, local or foreign tax law consequences with respect to the Notes, or the interest thereon, if any action is taken with respect to the Notes or the proceeds thereof upon the advice or approval of other bond counsel.

This opinion is qualified to the extent that the enforceability of the rights or remedies with respect to the Notes may be limited by bankruptcy, insolvency, debt adjustment, moratorium, reorganization or other similar laws affecting creditors’ rights or remedies heretofore or hereafter enacted to the extent constitutionally applicable and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

This opinion is rendered on the basis of Federal law and the laws of the State of New Jersey as enacted and construed on the date hereof.

We have examined the form of the executed Note and, in our opinion, the form of the Note is regular and proper.

Very truly yours,

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**APPENDIX D**  
**FORM OF CONTINUING DISCLOSURE CERTIFICATE**

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## CONTINUING DISCLOSURE CERTIFICATE

I, DAPHNE GAMBOA, Chief Financial Officer of the City of East Orange, in the County of Essex (the "City"), a municipal corporation organized and existing under the laws of the State of New Jersey, DO HEREBY CERTIFY in connection with the issuance of \$25,240,900 aggregate principal amount of Bond Anticipation Notes, Series 2025 (the "Notes"), dated October 15, 2025 and maturing on October 14, 2026, that pursuant to the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended and supplemented (the "Rule"), specifically subsections (d)(3) and (b)(5)(i)(C) thereof, the City will provide notice (the "Notice") to the Municipal Securities Rulemaking Board (the "MSRB") via its Electronic Municipal Market Access system ("EMMA") as a Portable Document File (PDF file) to [www.emma.msrb.org](http://www.emma.msrb.org), of any of the following events with respect to the Notes herein described, as applicable: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions or other material events effecting the tax-exempt status of the security; (7) modifications to rights of security holders, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution or sale of property securing repayment of the securities, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the City; (13) consummation of a merger, consolidation, or acquisition, or sale of all or substantially all of the assets of the City other than in the ordinary course of business, entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such action, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or change of name of a trustee, if material; (15) incurrence of a Financial Obligation, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation, any of which affect Noteholders, if material; or (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation, any of which reflect financial difficulties (collectively, the "Listed Events").

*"Financial Obligation"* shall mean a: (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b) listed hereinabove. The term *"Financial Obligation"* shall not include municipal securities as to which a final official statement has been provided to the MSRB (as defined below), through the EMMA system, consistent with the Rule (as defined below).

If the City (a) has or obtains knowledge of the occurrence of any of the Listed Events not requiring a materiality determination, or (b) determines that the occurrence of a Listed Event requiring a materiality determination would be material to the Beneficial Owners of the Notes, the City shall file a Notice of each such occurrence with the MSRB via EMMA in a timely manner not in excess of ten (10) business days.

The City's obligations under this Certificate shall terminate upon the redemption, defeasance or payment in full of the Notes.

In the event the City fails to comply with any provision of this Certificate, any Noteholder may take such action as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the City to comply with its obligations under this Certificate. Notwithstanding the above, the remedy for a breach of the provisions of this Certificate or the City's failure to perform hereunder shall be limited to bringing an action to compel specific performance.

This Certificate shall inure solely to the benefit of the City, the purchaser and the holders from time to time of the Notes, and shall create no further rights in any other person or entity hereunder.

The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be NW Financial Group, LLC, Bloomfield, New Jersey. The City shall compensate the Dissemination Agent (which shall be appointed) for the performance of its obligations hereunder in accordance with an agreed upon fee structure.

IN WITNESS WHEREOF, I have hereunto set my hand on behalf of the City this \_\_\_\_ day of October, 2025.

**CITY OF EAST ORANGE,  
IN THE COUNTY OF ESSEX,  
STATE OF NEW JERSEY**

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**DAPHNE GAMBOA,  
Chief Financial Officer**

**Acknowledged and Accepted by:**

**NW FINANCIAL GROUP, LLC  
as Dissemination Agent**

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**Authorized Signatory**

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