

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 by the City with certain covenants described herein, interest on the Bonds and the Tax-Exempt Notes (as respectively defined herein) (i) is not includable in gross income of the holders of the Bonds and the Tax-Exempt Notes 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 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. Bond Counsel is further of the opinion that, under existing laws of the State of New Jersey, interest on the Bonds and the Notes (as defined herein) 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 expectation 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 ORANGE TOWNSHIP  
IN THE COUNTY OF ESSEX  
STATE OF NEW JERSEY**

\$4,595,000\*

**GENERAL IMPROVEMENT BONDS, SERIES 2026  
(QUALIFIED PURSUANT TO THE MUNICIPAL QUALIFIED  
BOND ACT CONSTITUTING P.L. 1976, c.38, AS AMENDED)  
(Callable)**

Dated: Date of Delivery

Due: February 1, as shown on the inside front cover

**\$29,034,944 BOND ANTICIPATION NOTES, SERIES 2026 (TAX-EXEMPT)**

**\$700,000 SPECIAL EMERGENCY NOTES, SERIES 2026 (FEDERALLY TAXABLE)**

CONSISTING OF  
**\$9,748,394 GENERAL IMPROVEMENT NOTES, SERIES 2026**

(Non-callable)

Dated: Date of Delivery

Due: March 17, 2027

Coupon: \_\_\_\_\_%

Reoffering Yield: \_\_\_\_\_%

CUSIP No.: 685312 \_\_\_\_\_\*\*

AND  
**\$19,286,550 WATER UTILITY NOTES, SERIES 2026**

(Non-callable)

Dated: Date of Delivery

Due: March 17, 2027

Coupon: \_\_\_\_\_%

Reoffering Yield: \_\_\_\_\_%

CUSIP No.: 685312 \_\_\_\_\_\*\*

The City of Orange Township, in the County of Essex, State of New Jersey (the "City") is offering (i) \$4,595,000\* General Improvement Bonds, Series 2026 (Qualified Pursuant to the Municipal Qualified Bond Act constituting P.L. 1976, c.38, As Amended) (the "Bonds"), (ii) \$29,034,944 Bond Anticipation Notes, Series 2026 (Tax-Exempt) consisting of \$9,748,394 General Improvement Notes, Series 2026 (the "General Improvement Notes") and \$19,286,550 Water Utility Notes, Series 2026 (the "Water Utility Notes" and together with the General Improvement Notes, the "Tax-Exempt Notes"), and (iii) \$700,000 Special Emergency Notes, Series 2026 (Federally Taxable) (the "Taxable Notes" and together with the Tax-Exempt Notes, the "Notes") for sale to prospective purchasers.

The Bonds 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) the Municipal Qualified Bond Act of the State of New Jersey, N.J.S.A. 40A:3-1 et seq., as amended (the "Municipal Qualified Bond Act"), (iii) various bond ordinances duly adopted by the City Council of the City on the dates set forth herein, approved by the Mayor, and published as required by law, and (iv) a resolution duly adopted by the City Council of the City on February 17, 2026 (the "Resolution").

The Tax-Exempt Notes are being issued pursuant to (i) the provisions of the Local Bond Law, (ii) various bond ordinances duly adopted by the City Council of the City on the dates set forth herein, approved by the Mayor, and published as required by law, and (iii) the Resolution.

The Taxable Notes are being issued pursuant to (i) the provisions of the Local Budget Law of the State of New Jersey, N.J.S.A. 40A:4-1 et seq., as amended and supplemented (the "Local Budget Law"), (ii) various special emergency ordinances duly adopted by the City Council of the City on the dates set forth herein, approved by the Mayor, and published as required by law, (iii) special emergency resolutions duly adopted by the City Council of the City, and (iv) the Resolution.

The Bonds are being issued to (i) refund, on a current basis, (a) a \$2,070,500 principal portion of outstanding bond anticipation notes of the City issued in the aggregate principal amount of \$22,688,185 on March 19, 2025 and maturing on March 18, 2026 (the "Prior March Bond Anticipation Notes"), and (b) a \$1,909,700 principal portion of outstanding bond anticipation notes of the City issued in the aggregate principal amount of \$11,310,303 on November 19, 2025 and maturing on March 18, 2026 (the "Prior November Bond Anticipation Notes"); and (ii) permanently finance the costs of various improvements and acquisitions in and by the City in the amount of \$614,800, including paying the costs associated with the issuance of the Bonds.

The General Improvement Notes are being issued to refund, on a current basis, (i) together with other funds available to the City in the amount of \$508,000 and a 2026 budgetary appropriation of the City in the amount of \$133,291, a \$9,348,394 principal portion of the Prior March Bond Anticipation Notes, and (ii) a \$400,000 principal portion of the Prior November Bond Anticipation Notes.

The Water Utility Notes are being issued to refund, on a current basis, (i) a \$10,414,760 principal portion of the Prior March Bond Anticipation Notes (with the remaining principal portion of such Prior March Bond Anticipation Notes being paid with a 2026 budgetary appropriation of the City in the amount of \$213,240); and (ii) an \$8,871,790 principal portion of the Prior November Bond Anticipation Notes (with the remaining principal portion of such Prior November Bond Anticipation Notes being paid with a 2026 budgetary appropriation of the City in the amount of \$128,813).

The Taxable Notes are being issued to refund, on a current basis, (i) a \$120,000 principal portion of outstanding special emergency notes of the City issued in the aggregate principal amount of \$1,720,000 on March 19, 2025 and maturing on March 18, 2026 (the "Prior March Special Emergency Notes") (with the remaining principal portion of such Prior March Special Emergency Notes being paid with other funds available to the City in the amount of \$120,000 and a 2026 budgetary appropriation of the City in the amount of \$1,480,000); and (ii) a \$580,000 principal portion of outstanding special emergency notes of the City issued in the aggregate principal amount of \$1,390,000 on November 19, 2025 and maturing on March 18, 2026 (the "Prior November Special Emergency Notes") (with the remaining principal portion of such Prior November Special Emergency Notes being paid with a 2026 budgetary appropriation of the City in the amount of \$810,000).

The Bonds are general obligations of the City for which the full faith and credit of the City are pledged. The City is authorized and required by law to levy *ad valorem* taxes upon all the taxable property within the City for the payment of the principal of the Bonds and the interest thereon without limitation as to rate or amount.

The Notes are also general obligations of the City, payable in the first instance from the proceeds of the sale of bonds or notes issued in anticipation of bonds, but if not so paid or if not paid from other sources, are payable ultimately from *ad valorem* taxes levied upon all the taxable property within the City for the payment of the principal of each series of the Notes and the interest thereon without limitation as to rate or amount.

One certificate shall be issued for the principal amount of the Bonds maturing in each year, and one certificate shall be issued for the principal amount of each series of the Notes. The Bonds and the Notes will be issued in fully registered book-entry form and, when issued, will be registered in the name of, and held by, Cede & Co., as nominee of The Depository Trust Company, Brooklyn, New York ("DTC"). DTC, an automated depository for securities and clearing house for securities transactions, will act as securities depository for the Bonds and the Notes. Individual purchases of the Bonds and Notes will be made in book-entry form in the principal amount of \$5,000 each or any integral multiple of \$1,000 in excess thereof, or, as applicable, any odd denomination in excess thereof.

The Bonds shall bear interest from the date of delivery thereof, payable semi-annually on the first (1<sup>st</sup>) day of February and August of each year, commencing August 1, 2026, at such rates of interest as shown on the inside front cover page hereof until maturity or prior redemption. The Bonds will be payable as to principal upon presentation and surrender thereof at the offices of The Bank of New York Mellon, Jersey City, New Jersey, as the paying agent for the Bonds. Interest on the Bonds will be paid by check, draft or wire transfer mailed, delivered or transmitted by the State of New Jersey or the City to the registered owner thereof as of the Record Dates (as defined herein).

The Notes of each series will bear interest at the respective rates set forth above, commencing their date of delivery. Principal of and interest on the Notes will be payable by the City or a duly designated paying agent at the date of maturity thereof, as set forth above.

While DTC is acting as securities depository for the Bonds and the Notes, the principal of and interest on the Bonds and the Notes will be payable by wire transfer to DTC or its nominee, which is obligated to remit such principal and interest payments to DTC Participants. DTC Participants and Indirect Participants will be responsible for remitting such principal and interest payments to the Beneficial Owners of the Bonds and the Notes. See "BOOK-ENTRY SYSTEM" herein.

The Bonds are subject to optional redemption prior to their stated maturities as set forth herein. See "DESCRIPTION OF THE BONDS" under the subheading entitled "Optional Redemption". The Notes are not subject to redemption prior to their stated maturity. See "DESCRIPTION OF THE NOTES" under the subheading entitled "Optional Redemption".

The Bonds and the Notes are not debt or obligations, legal, moral or otherwise, of the State of New Jersey, or any county, municipality or political subdivision thereof other than the City.

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

**The Bonds and Notes are offered when, as and if issued and delivered subject to the approval of the legality thereof by Wilentz, Goldman & Spitzer, P.A., Woodbridge, New Jersey, Bond Counsel, and certain other conditions. NW Financial Group, LLC, Bloomfield, New Jersey has served as Municipal Advisor to the City in connection with the issuance of the Bonds and the Notes. Certain legal matters will be passed upon for the City by its City Attorney, Gracia Robert Montilus, Esq., Orange, New Jersey. It is anticipated that the Bonds and the Notes will be available for delivery through DTC on or about March 18, 2026.**

**ELECTRONIC BID SUBMISSIONS FOR THE BONDS, IN ACCORDANCE WITH THE FULL NOTICE OF SALE FOR THE BONDS, MUST BE MADE VIA PARITY AT [HTTPS://NEWISSUE.MUNI.SPGLOBAL.COM](https://newissue.muni.spglobal.com) UNTIL 11:00 A.M., PREVAILING NEW JERSEY TIME, ON MARCH 12, 2026. FOR MORE DETAILS ON HOW TO BID ELECTRONICALLY, VIEW THE FULL NOTICE OF SALE POSTED AT [WWW.MUNIHUB.COM](https://www.munihub.com).**

**BIDS FOR THE TAX-EXEMPT NOTES, IN ACCORDANCE WITH THE FULL NOTICE OF SALE FOR THE TAX-EXEMPT NOTES, WILL BE RECEIVED BY THE CITY'S MUNICIPAL ADVISOR, ON BEHALF OF THE CITY, UNTIL 11:15 A.M., PREVAILING NEW JERSEY TIME, ON MARCH 12, 2026 VIA ELECTRONIC MAIL AT [TEISMEIER@NWFINANCIAL.COM](mailto:TEISMEIER@NWFINANCIAL.COM), OR VIA PARITY AT [HTTPS://NEWISSUE.MUNI.SPGLOBAL.COM](https://newissue.muni.spglobal.com). FOR MORE DETAILS ON HOW TO BID ELECTRONICALLY, VIEW THE FULL NOTICE OF SALE FOR THE TAX-EXEMPT NOTES POSTED AT [WWW.MUNIHUB.COM](https://www.munihub.com).**

**BIDS FOR THE TAXABLE NOTES, IN ACCORDANCE WITH THE FULL NOTICE OF SALE FOR THE TAXABLE NOTES, WILL BE RECEIVED BY THE CITY'S MUNICIPAL ADVISOR, ON BEHALF OF THE CITY, UNTIL 11:30 A.M., PREVAILING NEW JERSEY TIME, ON MARCH 12, 2026 VIA ELECTRONIC MAIL AT [TEISMEIER@NWFINANCIAL.COM](mailto:TEISMEIER@NWFINANCIAL.COM), OR VIA PARITY AT [HTTPS://NEWISSUE.MUNI.SPGLOBAL.COM](https://newissue.muni.spglobal.com). FOR MORE DETAILS ON HOW TO BID ELECTRONICALLY, VIEW THE FULL NOTICE OF SALE FOR THE TAXABLE NOTES POSTED AT [WWW.MUNIHUB.COM](https://www.munihub.com).**

\* Preliminary, subject to change.

\*\* Registered trademark of the American Bankers Association. CUSIP numbers are provided by CUSIP Global Services, which is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. The CUSIP numbers listed above are 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 numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP numbers are 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 all or a portion of the Notes.

\$4,595,000\*

CITY OF ORANGE TOWNSHIP  
IN THE COUNTY OF ESSEX  
STATE OF NEW JERSEY

GENERAL IMPROVEMENT BONDS, SERIES 2026 (QUALIFIED  
PURSUANT TO THE MUNICIPAL QUALIFIED BOND ACT  
CONSTITUTING P.L. 1976, c. 38, AS AMENDED)  
CALLABLE

Dated: Date of Delivery  
Due: February 1, as shown below

**MATURITIES, PRINCIPAL AMOUNTS\*, INTEREST RATES, YIELDS AND CUSIP NUMBERS**

<u>Year</u> <u>(February 1)</u>	<u>Principal</u> <u>Amount*</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP</u> <u>Number**</u>
2027	\$135,000	%	%	685312__
2028	140,000			685312__
2029	145,000			685312__
2030	150,000			685312__
2031	155,000			685312__
2032	160,000			685312__
2033	165,000			685312__
2034	170,000			685312__
2035	175,000			685312__
2036	190,000			685312__
2037	195,000			685312__
2038	200,000			685312__
2039	205,000			685312__
2040	210,000			685312__
2041	215,000			685312__
2042	220,000			685312__
2043	230,000			685312__
2044	240,000			685312__
2045	250,000			685312__
2046	255,000			685312__
2047	260,000			685312__
2048	265,000			685312__
2049	265,000			685312__
	<b><u>\$4,595,000</u></b>			

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\* Preliminary, subject to change.

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

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

**MAYOR**

Dwayne D. Warren, Esq.

**CITY COUNCIL MEMBERS**

Adrienne K. Wooten, Council President  
Weldon M. Montague, III, Council Vice-President  
Tency A. Eason  
Clifford R. Ross  
Jamie B. Summers Johnson  
Kerry J. Coley  
Quantavia L. Hilbert

**BUSINESS ADMINISTRATOR**

Christopher M. Hartwyk

**CHIEF FINANCIAL OFFICER**

Nile S. Clements

**ACTING MUNICIPAL CLERK**

Trisha A. Scipio

**CITY ATTORNEY**

Gracia Robert Montilus, Esq.  
Orange, 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 Orange Township, in the County of Essex, State of New Jersey (the "City") to give any information or to make any representations with respect to the Bonds and Notes other than those contained in this Official Statement and, if given or made, such information or representation 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 Bonds and 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 Bonds or 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 circumstances, create any implication that there has been no change in any of the information 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 Bonds and Notes, the respective underwriters may engage in transactions intended to stabilize the price of the Bonds and 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 Bonds and Notes are offered to the public by the respective underwriters and the yields resulting therefrom may vary from the initial public offering prices or yields shown on the cover page and/or inside cover page hereof. In addition, the respective underwriters may allow concessions or discounts from such initial public offering prices to dealers and others.

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

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

**RELATING TO**

**\$4,595,000\* GENERAL IMPROVEMENT BONDS, SERIES 2026  
(QUALIFIED PURSUANT TO THE MUNICIPAL QUALIFIED BOND ACT  
CONSTITUTING P.L. 1976, c. 38, AS AMENDED)**

**\$29,034,944 BOND ANTICIPATION NOTES, SERIES 2026 (TAX-EXEMPT)**

**CONSISTING OF:**

**\$9,748,394 GENERAL IMPROVEMENT NOTES, SERIES 2026**

**AND**

**\$19,286,550 WATER UTILITY NOTES, SERIES 2026**

**AND**

**\$700,000 SPECIAL EMERGENCY NOTES, SERIES 2026 (FEDERALLY TAXABLE)**

**INTRODUCTION**

The purpose of this Official Statement is to provide certain information regarding the financial and economic condition of the City of Orange Township (the "City"), in the County of Essex (the "County"), State of New Jersey (the "State"), in connection with the sale and issuance of (i) \$4,595,000\* General Improvement Bonds, Series 2026 (Qualified Pursuant to the Municipal Qualified Bond Act constituting P.L. 1976, c. 38, as Amended) (the "Bonds"), (ii) \$29,034,944 aggregate principal amount of Bond Anticipation Notes, Series 2026 (Tax-Exempt) consisting of \$9,748,394 General Improvement Notes, Series 2026 (the "General Improvement Notes") and \$19,286,550 Water Utility Notes, Series 2026 (the "Water Utility Notes" and together with the General Improvement Notes, the "Tax-Exempt Notes"), and (iii) \$700,000 Special Emergency Notes, Series 2026 (Federally Taxable) (the "Taxable Notes", and together with the Tax-Exempt Notes, the "Notes") of the City. This Official Statement, which includes the cover page, inside front cover page and appendices attached hereto, has been authorized by the City Council of the City, and executed by and on behalf of the City by its Chief Financial Officer, and is being distributed in connection with the marketing and sale of the Bonds and Notes.

This Official Statement contains specific information relating to the Bonds and 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 and sale of the Bonds and the Notes. This Official Statement 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 historical information and, but only to the extent specifically provided herein, certain projections of the immediate future, and is not necessarily indicative of future or continuing trends in the financial position or other affairs of the City.

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\* Preliminary, subject to change.

This Official Statement is “deemed final”, as of its date, within the meaning of Rule 15c2-12 promulgated by the Securities and Exchange Commission (the “Rule”).

## **DESCRIPTION OF THE BONDS**

### **General Description**

The Bonds are dated the date of delivery thereof and shall bear interest at the rates shown on the inside front cover page hereof from such date, and shall be payable semi-annually on the first (1<sup>st</sup>) day of February and August of each year (each an "Interest Payment Date"), commencing August 1, 2026, until maturity or prior redemption. Interest on the Bonds is calculated on the basis of twelve (12) thirty (30) day months in a three hundred sixty (360) day year and will be paid by check, draft or wire transfer mailed, transmitted or delivered to the registered owners of the Bonds as of each respective January 15 and July 15 preceding each Interest Payment Date (the "Record Dates"), at the address shown on the registration books for the Bonds kept for that purpose by The Bank of New York Mellon, Jersey City, New Jersey, as registrar and paying agent for the City (“Paying Agent”).

The Bonds will mature on February 1 in each of the years and in the respective principal amounts as set forth on the inside front cover page.

The Bonds, when issued, will be registered in the name of and held by Cede & Co., as nominee for The Depository Trust Company, Brooklyn, New York ("DTC"). DTC will act as securities depository (the “Securities Depository”) for the Bonds. Purchases of beneficial ownership interests in the Bonds 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, through book entries made on the books and records of DTC and its participants. Under certain circumstances, such beneficial interests in the Bonds are exchangeable for one or more fully registered Bond certificates of like series, maturity and tenor in authorized denominations.

The Bond certificates will be on deposit with DTC. DTC will be responsible for maintaining a book-entry system for recording the interests of its participants and/or transfers of the interests among its participants. The participants will be responsible for maintaining records regarding the beneficial ownership interests in the Bonds on behalf of the individual purchasers. Individual purchasers of the Bonds will not receive certificates representing their beneficial ownership interests in the Bonds, but each book-entry owner will receive a credit balance on the books of its nominee, and this credit balance will be confirmed by an initial transaction statement stating the details of the Bonds purchased. So long as DTC or its nominee, Cede & Co., is the registered owner of the Bonds, payments of the principal of and interest on the Bonds will be made directly by the City as Paying Agent, or a duly designated paying agent as may be designated by the City, to Cede & Co. Disbursement of such payments to the DTC Participants (as hereinafter defined) is the responsibility of DTC and disbursement of such payments to the owners of beneficial interests in the Bonds is the responsibility of the DTC Participants and Indirect Participants (as hereinafter defined). See "BOOK-ENTRY SYSTEM" herein.

### **Optional Redemption**

The Bonds of this issue maturing prior to February 1, 2034 are not subject to redemption prior to their stated maturities. The Bonds of this issue maturing on or after February 1, 2034 are redeemable, at the option of the City, in whole or in part, on any date on or after February 1, 2033, upon notice as required herein, at a redemption price equal to one hundred percent (100%) of the principal amount thereof being redeemed (the "Redemption Price"), plus accrued interest to the date fixed for redemption.

### **Notice of Redemption**

Notice of Redemption ("Notice of Redemption") shall be given by first class mail, at least thirty (30) but not more than sixty (60) days prior to the date fixed for redemption, in a sealed envelope with postage prepaid to the owners of the Bonds at their respective addresses as they last appear on the registration books kept for that purpose by the City or a duly appointed bond registrar. So long as DTC (or any successor thereto) acts as Securities Depository for the Bonds, Notices of Redemption shall be sent to such Securities Depository and shall not be sent to the beneficial owners of the Bonds. Any failure of the Securities Depository to advise any of its Participants or any failure of any Participant to notify any beneficial owner of any Notice of Redemption

shall not affect the validity of the redemption proceedings. If the City determines to redeem a portion of the Bonds prior to maturity, such Bonds shall be redeemed by the City in inverse order of maturity and within any maturity shall be selected by the City by lot.

If Notice of Redemption has been given as provided herein, the Bonds or the portion thereof called for redemption shall be due and payable on the date fixed for redemption at the Redemption Price, together with accrued interest to the date fixed for redemption. Interest shall cease to accrue on all or a portion of the Bonds after the date fixed for redemption.

**Authorization for the Issuance of the Bonds**

The Bonds 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) the Municipal Qualified Bond Act State of New Jersey, N.J.S.A. 40A:3-1 et seq., as amended and supplemented (the “Municipal Qualified Bond Act”), (iii) various bond ordinances duly adopted by the City Council of the City on the dates set forth in the chart below under the subheading “Purpose of the Bonds”, approved by the Mayor, and published as required by law; and (iv) a resolution duly adopted by the City Council of the City on February 17, 2026 (the “Resolution”).

The bond ordinances authorizing the Bonds 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 date 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 periods have concluded as of the date of this Official Statement.

**Purpose of the Bonds**

The Bonds are being issued to (i) refund, on a current basis, (a) a \$2,070,500 principal portion of outstanding bond anticipation notes of the City issued in the aggregate principal amount of \$22,688,185 on March 19, 2025 and maturing on March 18, 2026 (the “Prior March Bond Anticipation Notes”), and (b) a \$1,909,700 principal portion of outstanding bond anticipation notes of the City issued in the aggregate principal amount of \$11,310,303 on November 19, 2025 and maturing on March 18, 2026 (the “Prior November Bond Anticipation Notes”); and (ii) permanently finance the costs of various improvements and acquisitions in and by the City in the amount of \$614,800, including paying the costs associated with the issuance of the Bonds.

The purposes for which the Bonds 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 Bonds to be issued for such purposes. The bond ordinance are as follows:

<b>Ordinance Number</b>	<b>Description and Date of Final Adoption</b>	<b>Amount of Bonds</b>
59-2018	Providing for aid to a redevelopment project located at 374-6 and 377 Crane Street, finally adopted 12/18/18	\$ 246,232
21-2020	Providing for assistance to a redevelopment project located at Block 2804, Lots 1, 2, 9, 10 and 11, finally adopted 7/8/20	\$ 197,468
59-2020	Providing aid to a redevelopment project located at 33-51 Lincoln Avenue and 60 Scotland Road, finally adopted 12/15/20	\$ 250,000

Ordinance Number	Description and Date of Final Adoption	Amount of Bonds
59-2022	Providing for various improvements to the Ropes Playground, finally adopted 12/6/22	\$ 642,000
46-2023	Providing for the purchase of two Elgin street sweepers for the Department of Public Works, finally adopted 9/5/23	\$ 666,000
47-2023	Providing for the acquisition of a 911 system and radio equipment for the Police and Fire Departments, finally adopted 9/5/23	\$ 800,000
72-2023	Providing for various acquisitions of property to construct Joyce Carnegie Memorial Park, finally adopted 12/5/23	\$ 1,428,500
7-2025	Providing for the acquisition of access equipment for the Lincoln Avenue and Crane Street Parking Garage, finally adopted 3/18/25	<u>\$ 364,800</u>
TOTAL		<u><b>\$ 4,595,000</b></u>

### Payment of Bonds

As hereinafter stated, the Bonds are general obligations of the City for which the full faith and credit of the City will be pledged. The City is authorized and required by law to levy *ad valorem* taxes upon all taxable property within the City for the payment of principal of and interest on the Bonds without limitation as to rate or amount.

### DESCRIPTION OF THE NOTES

#### General Description

Each series of the Notes shall be dated the date of delivery thereof and shall bear interest at the rates as indicated on the front cover page of this Official Statement, payable upon the maturity date thereof. Interest on the Notes is calculated on the basis of twelve (12) thirty (30) day months in a three hundred sixty (360) day year.

The Notes will be issued as fully registered notes in book-entry form, and when issued, one certificate for the principal amount of each series of the Notes will be registered in the name of, and held by, Cede & Co., as nominee of DTC. DTC will act as Securities Depository for the Notes. Principal of and interest on the Notes will be payable by the City or a duly designated paying agent on the date of maturity thereof by wire transfer of immediately available funds to DTC or its nominee, Cede & Co. Purchases of beneficial ownership interests in 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 and its participants. Under certain circumstances, such beneficial interests in the Notes are exchangeable for one or more fully registered Note certificates in authorized denominations.

The Note certificates will be on deposit with DTC. DTC will be responsible for maintaining a book-entry system for recording the interests of its participants and/or 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. Individual purchasers of the Notes will not receive certificates representing their beneficial ownership interests in the Notes, but each book-entry owner will receive a credit balance on the books of its nominee, and this credit balance will be confirmed by an initial transaction statement stating the details of the Notes purchased. So long as DTC or its nominee, Cede & Co., is the registered owner of the Notes, payments of the principal of and interest on the Notes will be made by the City or a duly designated paying agent directly to DTC or its nominee, Cede & Co., which will in turn remit such payments to DTC Participants and Indirect Participants, which will in turn remit such payments to the beneficial owners of the Notes. See "BOOK-ENTRY SYSTEM" herein.

## Optional Redemption

The Notes are not subject to redemption prior to their stated maturity.

## Authorization for the Issuance of the Notes

The Tax-Exempt Notes are authorized by, and are issued pursuant to, (i) the provisions of the Local Bond Law, (ii) various bond ordinances duly adopted by the City Council of the City on the dates set forth in charts herein under the subheadings “Purpose of the General Improvement Notes” and “Purpose of the Water Utility Notes”, approved by the Mayor, and published as required by law, and (iii) the Resolution.

The Taxable Notes are authorized by, and are issued pursuant to, (i) the provisions of the Local Budget Law of the State of New Jersey, N.J.S.A. 40A:4-1 *et seq.*, as amended and supplemented (the “Local Budget Law”), (ii) various special emergency ordinances duly adopted by the City Council of the City on the dates set forth in the chart on the following page under the subheading “Purpose of the Notes”, approved by the Mayor, and published as required by law, (iii) special emergency resolutions duly adopted by the City Council of the City, and (iv) the Resolution.

The bond ordinances and special emergency ordinances, respectively, 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 date of the first publication of such statement. The Local Bond Law and Local Budget Law provide 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 General Improvement Notes

The General Improvement Notes are being issued to refund, on a current basis, (i) together with other funds available to the City in the amount of \$508,000 and a 2026 budgetary appropriation of the City in the amount of \$133,291, a \$9,348,394 principal portion of the Prior March Bond Anticipation Notes, and (ii) a \$400,000 principal portion of the Prior November Bond Anticipation Notes.

The purposes for which the General Improvement 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:

<b>Ordinance Number</b>	<b>Description and Date of Final Adoption</b>	<b>Amount</b>
51-2018	Providing for the acquisition and renovation of 425 Main Street, finally adopted 12/4/18	\$ 2,604,094
50-2019	Providing for the acquisition of property known as Orange Memorial Hospital, finally adopted 11/18/19	\$ 6,744,300
5-2021	Providing for assistance to a redevelopment project located at Block 2805, Lot 1.01, finally adopted 3/16/21	\$ 200,000
6-2021	Providing for assistance to a redevelopment project located at Block 2805, Lot 1.02, finally adopted 3/16/21	\$ 200,000
	TOTAL	<b><u>\$ 9,748,394</u></b>

### Purpose of the Water Utility Notes

The Water Utility Notes are being issued to refund, on a current basis, (i) a \$10,414,760 principal portion of the Prior March Bond Anticipation Notes (with the remaining principal portion of such Prior March Bond Anticipation Notes being paid with a 2026 budgetary appropriation of the City in the amount of \$213,240); and (ii) an \$8,871,790 principal portion of the Prior November Bond Anticipation Notes (with the remaining principal portion of such Prior November Bond Anticipation Notes being paid with a 2026 budgetary appropriation of the City in the amount of \$128,813).

The purposes for which the Water Utility 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:

<b>Ordinance Number</b>	<b>Description and Date of Final Adoption</b>	<b>Amount</b>
51-2019	Providing for Phase I of the rehabilitation and/or redevelopment of transmission mains, water distribution mains and wells, finally adopted 11/18/19	\$ 4,744,000
28-2022	Providing for various acquisitions and improvements to the City's water and sewer systems, finally adopted 5/17/22	\$ 3,234,870
29-2022	Providing for Phase I of the PFAS treatment at the Chestnut Street Pump Station, finally adopted 6/8/22	\$ 4,000,000
8-2023	Providing for the acquisition and improvements to the City's water and sewer system, finally adopted 4/18/23	\$ 2,435,890
67-2023	Providing for various acquisitions and improvements to the City's water and sewer system, finally adopted 11/8/23	<u>\$ 4,871,790</u>
	<b>TOTAL</b>	<b><u>\$ 19,286,550</u></b>

### Purpose of the Taxable Notes

The Taxable Notes are being issued to refund, on a current basis, (i) a \$120,000 principal portion of outstanding special emergency notes of the City issued in the aggregate principal amount of \$1,720,000 on March 19, 2025 and maturing on March 18, 2026 (the "Prior March Special Emergency Notes") (with the remaining principal portion of such Prior March Special Emergency Notes being paid with other funds available to the City in the amount of \$120,000 and a 2026 budgetary appropriation of the City in the amount of \$1,480,000); and (ii) a \$580,000 principal portion of outstanding special emergency notes of the City issued in the aggregate principal amount of \$1,390,000 on November 19, 2025 and maturing on March 18, 2026 (the "Prior November Special Emergency Notes") (with the remaining principal portion of such Prior November Special Emergency Notes being paid with a 2026 budgetary appropriation of the City in the amount of \$810,000).

The purposes for Taxable Notes are to be issued have been authorized by duly adopted, approved and published special emergency ordinances of the City, which special emergency 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 special emergency ordinances are as follows:

Ordinance Number	Description and Date of Final Adoption	Amount
64-2022	Providing for contractually required severance liabilities resulting from the retirement of employees of the City, finally adopted 12/20/22	\$ 120,000
87-2023	Providing for contractually required severance liabilities resulting from the retirement of employees of the City, finally adopted 12/19/23	\$ 220,000
53-2024	Providing for contractually required severance liabilities resulting from the retirement of employees of the City, finally adopted 12/30/24	\$ <u>360,000</u>
TOTAL		<u>\$ 700,000</u>

**Payment of Notes**

As hereinafter stated, the Notes are general obligations of the City for which the full faith and credit of the City will be pledged. The City is authorized and required by law to levy *ad valorem* taxes on all taxable property within the City for the payment of principal of and interest on the Notes without limitation as to rate or amount.

**SECURITY FOR THE BONDS AND NOTES**

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

The City is required by law to include the total amount of principal of and interest on all of its general obligation indebtedness, such as the Bonds and Notes, for the current year in each annual budget unless provision has been made for payment of such general obligation indebtedness from other sources. The enforceability of rights or remedies with respect to the Bonds and Notes may be limited by bankruptcy, insolvency or other similar laws affecting creditors' rights or remedies heretofore or hereafter enacted. See "RISK TO HOLDERS OF BONDS AND NOTES" herein.

The Bonds and Notes are not a debt or obligation, legal, moral or otherwise, of the State or any county, municipality or political subdivision thereof, other than the City.

The Bonds are further secured as "Qualified Bonds" under the Municipal Qualified Bond Act, P.L. 1976, c. 38, as amended and supplemented (the "Municipal Qualified Bond Act"). Pursuant to the Municipal Qualified Bond Act, a portion of State aid (the "Municipal Qualified Revenues") allocated to the City in amounts sufficient to pay debt service on its Qualified Bonds is to be withheld by the State Treasurer and forwarded to the Paying Agent for such Qualified Bonds on or before the principal and interest payment dates for such Qualified Bonds for deposit into accounts established for the purpose of paying debt service on such Qualified Bonds.

The Municipal Qualified Bond Act provides that the Municipal Qualified Revenues so withheld and paid or to be paid and held by the Paying Agent are deemed to be held in trust and exempt from being levied upon, taken, sequestered, or applied toward paying the debts of the City other than the payment of debt service on such Qualified Bonds of the City issued for municipal purposes, water utility purposes, sewer utility purposes, or parking utility purposes, which are all entitled to the benefits of the Municipal Qualified Bond Act.

Notwithstanding any other provision of law to the contrary, a statutory lien and trust is automatically and without further act or filing created and impressed upon the Municipal Qualified Revenues if such Municipal Qualified Revenues are not otherwise dedicated to specific municipal programs so payable to the City that are withheld or are required to be withheld by the State Treasurer under the Municipal Qualified Bond Act, which statutory lien and trust shall be paramount and superior to all other liens and interests of any kind in favor of the holders of qualified bonds, for the sole purpose of paying debt service on the qualified bonds issued pursuant to the Municipal Qualified Bond Act. The lien created under the Municipal Qualified Bond Act is for the benefit of bondholders and is perfected without delivery, recording, or notice.

The Municipal Qualified Bond Act does not relieve the City of the obligation to include in its annual budget amounts necessary to pay, in each year, the principal of and interest on any such Qualified Bonds. Such budgeted amounts must be used to pay debt service on any such Qualified Bonds of the City in any year in which sufficient Municipal Qualified Revenues are not appropriated by the State. The State has covenanted in the Municipal Qualified Bond Act with the purchasers, holders and owners, from time to time, of Qualified Bonds that it will not repeal, revoke, rescind, modify, or amend the provisions of such act providing for the withholding of Municipal Qualified Revenues and payment of such revenues to the Paying Agent for such bonds so as to create any lien or charge on or pledge, assignment, diversion, withholding payment or other use of or deduction from such revenues which is prior in time or superior in right to the payment of debt service on such Qualified Bonds.

The Municipal Qualified Bond Act does not contain a pledge or guarantee that any amounts payable to the Paying Agent will, in fact, be made or continued. Each such annual amount is subject to appropriation by the State. Moreover, the State is not required to continue to make appropriations of such amounts, nor is the State limited or prohibited from repealing or amending any law heretofore or hereinafter enacted for the payment or apportionment of Municipal Qualified Revenues or in the manner, time, or amount thereof. Further, the amount payable to the Paying Agent does not constitute an additional source of revenue available to the City.

For Calendar Year 2025, total Municipal Qualified Revenues were \$8,472,638 and, Calendar Year 2026 Municipal Qualified Revenues are expected to be in a similar amount. Total debt service on Municipal Qualified Bonds in Calendar Year 2026 will be approximately \$5,654,633 (including estimated debt service on the Bonds). After the issuance of the Bonds, the annual debt service on Municipal Qualified Bonds is projected to peak at approximately \$7,054,614 in 2027 and be lower in all subsequent years. If the City issues bonds in 2026 to permanently finance all currently-outstanding Notes, the maximum annual Qualified Debt Service on Qualified Bonds will remain below 2027 levels.

Note, that these figures include Qualified Bonds issued for Municipal Utility purposes, which historically has been (and is expected to be) funded from revenues of the respective utilities; Qualified Bond utility debt service for Calendar Year 2026 (including the Bonds) is estimated to be \$3,000,501 and for Calendar Year 2027 will approximately be \$3,906,125.

THE NOTES ARE NOT ENTITLED TO THE BENEFITS OF THE MUNICIPAL QUALIFIED BOND ACT.

## **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**

Other than the Bonds and the Notes and possibly entering into a financing through the New Jersey Infrastructure Bank, the City does not presently expect to issue any debt obligations within the next ninety (90) days.

### **BOOK-ENTRY SYSTEM**

The description which follows of the procedures and record keeping with respect to beneficial ownership interests in the Bonds and Notes, payments of principal and interest, and other payments on the Bonds and Notes to DTC Participants or Beneficial Owners (as such terms are defined or used herein), confirmation and transfer of beneficial ownership interests in the Bonds and 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.

DTC will act as securities depository for the Bonds and Notes. The Bonds and Notes will be issued as fully-registered securities 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 Bond certificate will be issued for each maturity of the Bonds as set forth on the inside front cover page hereof, and will be deposited with DTC. One fully registered Note certificate will be issued for each series of the Notes in the principal amount of each series 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 Bonds or Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds or Notes on DTC's records. The ownership interest of each actual purchaser of Bonds or 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 Bonds or 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 Bonds or Notes, except in the event that use of the book-entry system for the Bonds or Notes is discontinued.

To facilitate subsequent transfers, all Bonds or 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 Bonds or Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds or Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds or 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 Bonds or Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds or Notes, such as redemptions, tenders, defaults, and proposed amendments to the Bond or Note documents. For example, Beneficial Owners of the Bonds or Notes may wish to ascertain that the nominee holding the Bonds or 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 Bonds or 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 Bonds or Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Bonds and 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 Bonds and 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 Bonds or 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, Bond and Note certificates are required to be printed and delivered.

The City, or the Paying Agent, upon direction of the City, may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond and 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 Bonds or Notes, the following provisions apply: (i) the Bonds or Notes may be exchanged for an equal aggregate principal amount of Bonds or Notes in authorized denominations and of the same maturity, upon surrender thereof at the office of the City or Paying Agent; (ii) the transfer of any Bonds or 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 Bonds or Notes, the City or Paying Agent may make a charge sufficient to reimburse for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer of the Bonds or Notes. Interest on the Bonds or 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 Bonds and Tax-Exempt 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 bonds and notes issued by the City are general "full faith and credit" obligations.

## **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 will 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 1/2%) of its stated average equalized valuation basis, subject to certain exceptions noted below. 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" herein.

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.

As shown in APPENDIX A, 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 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 other than a refunding 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 ineligible for local examination of its budget in 2025. The City has 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 Bonds and 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 sets limits on 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, the President of the United States declared a national public health emergency to unlock federal funds and assistance to help states and local governments fight the pandemic. The Governor of the State declared a state of emergency and a public health emergency on March 9, 2020. In response to the COVID-19 pandemic, federal and State legislation and executive orders were implemented to, among other things, provide relief to state and local governments, including the American Rescue Plan Act of 2021 (the "Plan"). The City received \$3,197,729 in Federal Aid under the Plan, \$1,598,864.50 of which amount was received by

the City in 2021 and \$1,598,864.50 was received in 2022. The deadline to commit the funds was December 31, 2024 and the deadline to spend said funds is December 31, 2026.

The pandemic and certain mitigation measures, which altered the behavior of businesses and people, have had and may continue to have negative impacts on regional, State and local economies. The national public health emergency and the State public health emergency have since ended, while the state of emergency declared by the State and several executive orders signed by the Governor remain to manage COVID-19 on an endemic level.

To date, the overall finances and operations of the City have not been materially adversely affected by the COVID-19 pandemic. Nonetheless, there can be no assurance regarding the extent to which the COVID-19 pandemic, or any other national health crisis or pandemic, may impact the national, State or local economies in the future, nor how any such event may materially adversely impact municipalities, including the City. The City cannot quantify any such impacts at this time.

## **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 as 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 formula 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 City's 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. State tax court 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 Bonds and the Tax-Exempt Notes in order for the interest on the Bonds and Tax-Exempt 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 Bonds or Tax-Exempt Notes to be included in gross income for Federal income tax purposes retroactive to the date of issuance of the Bonds and/or Tax-Exempt Notes, respectively. The City will represent in its applicable tax certificates relating to the Bonds and the Tax-Exempt Notes, respectively, 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 made by the City in the tax certificates described above, interest on the Bonds and Tax-Exempt Notes is not includable in gross income of the owners of the Bonds and Tax-Exempt Notes, respectively, for Federal income tax purposes pursuant to Section 103 of the Code and is not 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.

The Bonds and Tax-Exempt Notes will not be designated as "qualified tax-exempt obligations" as defined in and within the meaning of Section 265(b)(3) of the Code.

### **[Original Issue Premium]**

[The Bonds maturing on February 1 in the years \_\_\_\_\_ through \_\_\_\_\_, inclusive (collectively, the "Premium Bonds") were purchased at a premium ("original issue premium") over the stated principal amounts of the Bonds. For Federal income tax purposes, original issue premium generally must be amortized over the term of the Premium Bonds. Amortizable bond premium is accounted for as reducing the tax-exempt interest on the Premium Bonds rather than creating a deductible expense or loss. Under Section 171(a)(2) of the Code, no deduction is allowed for the amortizable bond premium (determined in accordance with Section 171(b) of the Code) on tax-exempt bonds. Under Section 1016(a)(5) of the Code, however, an adjustment must be made to the purchaser's basis in the Premium Bonds to the extent of any amortizable bond premium that is disallowable as a deduction under Section 171(a)(2) of the Code. Holders of the Premium Bonds should consult their tax advisors for an explanation of the bond premium amortization rules.]

### **[Original Issue Discount]**

[Bond Counsel is also of the opinion that the difference between the stated principal amount of the Bonds maturing on February 1 in the years \_\_\_\_ through \_\_\_\_, inclusive (collectively, the "Discount Bonds") and their respective initial public offering prices to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which prices a substantial amount of the Discount Bonds of the same maturity and interest rate were sold, constitutes original issue discount which is treated as interest and is excludable from gross income for Federal income tax purposes to the same extent described above. In the case of any holder of the Discount Bonds, the amount of such original issue discount which is treated as having accrued with respect to the Discount Bonds is added to the cost basis of the holder in determining, for Federal income tax purposes, gain or loss upon disposition (including sale, redemption or payment at maturity). Holders of the Discount Bonds should consult their tax advisors for an explanation of the original issue discount rules.]

### **Additional Federal Income Tax Consequences Relating to Bonds and Tax-Exempt Notes**

Prospective purchasers of the Bonds and Tax-Exempt Notes should be aware that ownership of, accrual or receipt of interest on or disposition of tax-exempt obligations, such as the Bonds and Tax-Exempt Notes, may have additional Federal income tax consequences for certain taxpayers, including, without limitation, taxpayers eligible for the earned income 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 Bonds and Tax-Exempt 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 Bonds and Notes, and any gain on the sale thereof, are not includable in gross income of the holders thereof under the existing New Jersey Gross Income Tax Act, 1976 N.J. Laws c. 47, 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 Bonds and the Tax-Exempt Notes and the State tax-exempt status of interest on the Bonds and Notes, gain from the sale or other disposition of the Bonds and Notes, the market value of the Bonds and Notes, or the marketability of the Bonds and Notes. The effect of any legislation, administrative pronouncements or court decisions cannot be predicted. Prospective purchasers of the Bonds and 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 Bonds and Notes. Bond Counsel renders its opinion under existing statutes, regulations, rulings and court decisions as of the date of issuance of the Bonds and Notes and assumes no obligation to update its opinion after such date of issuance to reflect any future action, fact, circumstance, change in law or interpretation, 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 Bonds and 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 Bonds and APPENDIX D for the complete text of the proposed forms of Bond Counsel's legal opinions with respect to each series of the Notes.

**ALL POTENTIAL PURCHASERS OF THE BONDS AND 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 BONDS AND THE NOTES.**

## **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 Bonds and Notes, and such Bonds and Notes are authorized security for any and all public deposits.

## **RISK TO HOLDERS OF BONDS AND NOTES**

It is understood that the rights of the holders of the Bonds and 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 BONDS AND 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 act.

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 Bonds or 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, 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 Bonds and Notes, the respective original purchasers shall receive certificates, 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 to the date of issuance of the Bonds and Notes. In addition, the respective original purchasers of the Bonds and Notes shall also receive certificates in form satisfactory to Bond Counsel evidencing the proper execution and delivery of the Bonds and Notes and receipt of payment therefor, and certificates dated as of the date of the delivery of the Bonds and Notes, and signed by the officers who signed the Bonds and 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 Bonds or Notes or the levy or collection of taxes to pay the principal of or interest on the Bonds or Notes, as applicable, or questioning the validity of the statutes or the proceedings under which the Bonds or Notes, as applicable, are issued, and that neither the corporate existence nor boundaries of the City, nor the title of any of the said officers of the City to their respective offices, is being contested.

### **APPROVAL OF LEGAL PROCEEDINGS**

All legal matters incident to the authorization, issuance, sale and delivery of the Bonds and Notes are subject to the approval of Bond Counsel, whose approving legal opinions will be delivered with the Bonds and Notes substantially in the forms set forth in APPENDIX C and APPENDIX D, respectively, hereto. Certain

legal matters with respect to the Bonds and Notes will be passed on for the City by its City Attorney, Gracia Robert Montilus Esq., Orange, New Jersey (the "City Attorney"). The various legal opinions to be delivered concurrently with the delivery of the Bonds and 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 the City of Orange Township, Nile S. Clements, Chief Financial Officer, 29 North Day Street, Orange, New Jersey 07050, Telephone (973) 952-6113, Email: [nclements@orangenj.gov](mailto:nclements@orangenj.gov); Everett M. Johnson, Esq., Bond Counsel, Wilentz, Goldman & Spitzer, P.A., 90 Woodbridge Center Drive, Woodbridge, New Jersey 07095, (732) 855-6149; or Timothy S. Eismeier, Municipal Advisor, NW Financial Group, LLC, 522 Broad Street, Bloomfield, New Jersey 07003, (551) 655-7595.

### **MUNICIPAL ADVISOR**

NW Financial Group, LLC, Bloomfield, New Jersey has served as municipal advisor to the City with respect to the issuance of the Bonds and the Notes (the "Municipal Advisor"). 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 the Official Statement and 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 City Attorney, after due inquiry, there is no litigation of any nature now pending or threatening, restraining or enjoining the issuance or the delivery of the Bonds or Notes, respectively, or the levy or collection of any taxes to pay the principal of or the interest on said Bonds or Notes, respectively, or in any manner questioning the authority or the proceedings for the issuance of the Bonds or Notes, respectively, or for the levy or collection of taxes to pay the principal of and interest on the Bonds and Notes, respectively, 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 City Attorney, there is no litigation presently pending or threatened against the City that, in the opinion of the City Attorney, would have a material adverse impact on the financial condition of the City if adversely decided. The respective original purchasers of the Bonds and Notes, respectively, will receive a certificate or opinion of the City Attorney to such effect upon the closing of the Bonds and Notes, respectively.

### **COMPLIANCE WITH SECONDARY MARKET DISCLOSURE REQUIREMENTS FOR THE BONDS**

The City has covenanted for the benefit of the holders of the Bonds and the beneficial owners of the Bonds to provide certain financial information and operating data of the City on or prior to September 15 of each year and to comply with the provisions of Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended and supplemented, and as detailed in a Continuing Disclosure Certificate (the "Bond Disclosure Certificate") to be executed on behalf of the City by its Chief Financial Officer, in the form appearing in APPENDIX E attached hereto. Such Bond Disclosure Certificate shall be delivered concurrently with the delivery of the Bonds. Annual financial information, including operating data, and notices of events specified in the Rule shall be filed with the Municipal Securities Rulemaking Board (the "MSRB"). These covenants are being made by the City to assist the hereinafter-defined Underwriter in complying with the Rule.

The City has entered into prior undertakings to provide continuing disclosure for certain outstanding bond issues. In connection with such bond issues, the City failed to timely file certain of its operating data information for the fiscal years ended December 31, 2021 and 2022. The City has also failed to timely file certain material event notices related to financial obligations undertaken by the City via the issuance of privately sold notes. The City subsequently filed all required annual financial information, operating data, and

material event notices with the MSRB and is now current with its obligations under the Rule. The City is committed to complying with all of its continuing disclosure obligations in the future and has engaged Digital Assurance Certification, LLC to serve as its dissemination agent to ensure future compliance.

## **COMPLIANCE WITH SECONDARY MARKET DISCLOSURE REQUIREMENTS FOR THE NOTES**

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 (the “Notices”), as set forth in Section (b)(5)(i)(C) of the Rule promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended and supplemented. The Notices will be filed by, or on behalf of, the City with the MSRB. The specific nature of the Notices will be detailed in a certificate (the “Note Disclosure Certificate”) to be executed on behalf of the City by its Chief Financial Officer, in the form appearing in APPENDIX F hereto, such Note Disclosure Certificate to be delivered concurrently with the delivery of the Notes. These covenants are being made by the City to assist the hereinafter-defined Underwriters in complying with the Rule.

## **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 it 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 headings entitled “TAX MATTERS” and “APPROVAL OF LEGAL PROCEEDINGS” (as it relates to Bond Counsel) and the information provided in Appendices C and D hereto.

The Municipal Advisor has participated in the preparation and review of this Official Statement, but has not verified the accuracy, completeness or fairness hereof, and, accordingly, expresses no opinion or other assurance with respect hereto, 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 participated in the preparation of the information contained in Appendix A hereto, but has not verified the accuracy, completeness, or fairness thereof, and, accordingly, expresses no opinion or other assurance with respect thereto, but has audited the financial statements described below under the heading entitled “FINANCIAL STATEMENTS” and contained in Appendix B hereto.

The City Attorney 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 captions entitled “LITIGATION” and “APPROVAL OF LEGAL PROCEEDINGS” (as it relates to the City Attorney) 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.

## **RATINGS**

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 Bonds and the Notes. The Rating Agency has assigned an underlying rating of “BBB+” on the Bonds, and an enhanced rating of “A” on the Bonds recognizing their qualification pursuant to the Municipal Qualified Bond Act. The Rating Agency has also assigned a rating of “SP-1” on the Tax-Exempt Notes and “SP-2” on the Taxable Notes.

An explanation of the significance of the ratings on the Bonds and Notes may be obtained from the Rating Agency. Such ratings reflect only the views of the Rating Agency, and there is no assurance that the

ratings will continue for any period of time or that they will not be revised or withdrawn entirely, if, in the judgment of the Rating Agency, circumstances so warrant. Any revision or withdrawal of the ratings may have an adverse effect on the market price of the Bonds and Notes. Except as set forth in the Disclosure Certificates, 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 Bonds and Notes.

## UNDERWRITING

The Bonds have been purchased from the City at a public sale by \_\_\_\_\_ (the "Bond Underwriter") at a price of \$\_\_\_\_\_. The purchase price of the Bonds reflects the par amount of Bonds (\$\_\_\_\_\_), less a Bond Underwriter's discount in the amount of \$\_\_\_\_\_, plus a[n] [net] original issue premium in the amount of \$\_\_\_\_\_.

The Tax-Exempt Notes have been purchased from the City at a public sale by \_\_\_\_\_ (the "Tax-Exempt Note Underwriter") at a price of \$\_\_\_\_\_. The purchase price of the Tax-Exempt Notes reflects the par amount of Tax-Exempt Notes (\$\_\_\_\_\_), less a Tax-Exempt Underwriter's discount in the amount of \$\_\_\_\_\_, plus a[n] [net] original issue premium in the amount of \$\_\_\_\_\_.

The Taxable Notes have been purchased from the City at a public sale by \_\_\_\_\_ (the "Taxable Note Underwriter" and together with the Bond Underwriter and the Tax-Exempt Note Underwriter, the "Underwriters") at a price of \$\_\_\_\_\_. The purchase price of the Taxable Notes reflects the par amount of Taxable Notes (\$\_\_\_\_\_), less a Taxable Underwriter's discount in the amount of \$\_\_\_\_\_.

The Bond Underwriter intends to offer the Bonds to the public initially at the offering yields set forth on the inside front cover page of this Official Statement, which may subsequently change without any requirement of prior notice. The Bond Underwriter reserves the right to join with dealers and other underwriters in offering the Bonds to the public. The Bond Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing the Bonds into investments trusts) at yields higher than the public offering yields set forth on the inside front cover page of this Official Statement, and such yields may be changed, from time to time, by the Bond Underwriter without prior notice.

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

## FINANCIAL STATEMENTS

The financial statements of the City for the year ended December 31, 2024, together with the Notes to the Financial Statements for the year ended December 31, 2024, are presented in Appendix B to this Official Statement. The financial statements referred to above have been audited by PFK O'Connor Davies, LLP, Cranford, New Jersey, an independent auditor, as stated in its report appearing in Appendix B hereto.

## 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 any purchasers or holders of any of the Bonds or 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 of the Bonds or Notes made hereunder shall, under any circumstances, create any implication that there have been no changes 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 ORANGE TOWNSHIP,  
IN THE COUNTY OF ESSEX,  
STATE OF NEW JERSEY**

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**NILE S. CLEMENTS,  
Chief Financial Officer**

DATED: March \_\_, 2026

**APPENDIX A**

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

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## **DESCRIPTION OF THE TOWNSHIP**

The City of Orange Township (the “City”), originally settled in 1780 and incorporated in 1806, encompasses approximately 2.2 square miles in Essex County. The New Jersey Turnpike, Garden State Parkway, and Interstate 280 have not only opened the entire state to the City but also made the greater metropolitan area market only minutes away.

## **LOCAL GOVERNMENT**

The City is governed under the Faulkner Act (Mayor-Council) form of municipal government, with a directly elected mayor and a City Council consisting of four ward representatives and three at-large representatives. Councilmembers serve four-year terms of office on a staggered basis with the four ward seats and the three at-large seats coming up for election on an alternating cycle and are elected on a non-partisan basis every two years.

The City Council meets the second and fourth Tuesday of the month for Conference Agenda and Regular Meetings; both meetings are open to the public in compliance with New Jersey's Sunshine Law. All City Council meetings allow residents' the opportunity to speak on proposed ordinances, resolutions, or other issues of concern.

## **MUNICIPAL OPERATIONS**

The City's Mayor's Office provides the leadership, support, and resources that will enable City's Departments to provide the right services in a high quality, cost-efficient manner to the residents of the Township.

### **Financial/Tax Assessing**

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 August 1, November 1, February 1 and May 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 first in the year following the calendar year levy when the same became in arrears, the collector in the municipality shall (subject to the provisions of the New Jersey Statutes) enforce the lien by placing the property on a tax sale. The City institute's 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 State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the taxes receivable and tax title liens that are uncollectible.

## **PUBLIC SAFETY**

### **Police & Fire**

The City is served by a highly trained and dedicated Police force and Fire Department. Both Departments go through continual training programs and exercises. These services are available 24 hours a day, 365 days a year.

### **Health Care Facilities**

Health services for the City and the immediately surrounding area are provided by the Saint Barnabas Medical Center, an affiliate of the RWJ Barnabas Health Care system, which maintains a 577-bed non-profit teaching hospital located in Livingston, New Jersey approximately five miles from the City.

## **UTILITY SERVICES**

The Department of Public Works coordinates with utility providers of gas, electricity, and water to ensure that all areas of the City are receiving services, and to resolve problems and issues that may occur due to storms and all other emergencies.

## TRANSPORTATION

### Train Service

The City is fortunate to have two New Jersey Transit train stations: Orange and Highland 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 ten miles - or approximately 15 minutes - from the City.

### Public Highways

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

## GROWTH, DEVELOPMENT AND PLANNING

### Population Trends

1990 Federal Census	29,925
2000 Federal Census	32,868
2010 Federal Census	30,134
2020 Federal Census	34,447

### Redevelopment Projects within the City

The City has aggressively sought to increase new development and redevelopment by adopting a new master plan, updating existing zoning ensuring greater uniformity and consistency in land use areas throughout the City, while also maintaining and strengthening existing neighborhoods, and using more appropriate land uses in desired areas. The chart below outlines the City's main redevelopment projects:

<b>Project</b>	<b>Potential Project Investment</b>
Orange Memorial Hospital Site	\$180,000,000- \$300,000,000
Recreation Center	\$75,000,000-\$95,000,000
Lincoln Avenue Project	\$35,000,000
277 Crane Street Project	\$35,000,000
Berwyn & Oakwood	\$75,000,000
Freeman	\$45,000,000
Reock Phase 1	\$25,000,000
Reock Phase 2	\$80,000,000
Reock Phase 3	\$50,000,000
Reock Phase 4	\$50,000,000
North Day Street	\$55,000,000
375 Main	\$35,000,000
100 Main	\$100,000,000
Highland & Lincoln Phase 1	\$40,000,000
Highland & Lincoln Phase 2	\$25,000,000
448 Scotland Road	\$25,000,000
Morrow Street	\$60,000,000
85 Main	\$18,000,000
PNC Bank	\$8,000,000
WAWA	\$17,000,000
<b>Total Potential Project Investment</b>	<b>\$1,033,000,000 - \$1,173,000,000</b>

## EDUCATION

### Public Schools

The school system has eight elementary schools, one middle school, and one high school. The elementary schools located in the City include Central, Cleveland Street, Forest Street, Heywood Avenue, Lincoln Avenue, Oakwood Avenue, Park Avenue, and Rosa Parks. The middle school is Orange Preparatory Academy, and the high school is Orange High School.

### Colleges and Universities

The following higher education institutions may be found within 30 minutes of the City:

- Seton Hall University (South Orange)
- Rutgers University – Newark Campus
- University of Medicine and Dentistry of New Jersey (Newark)
- Essex County College (Newark)
- Montclair State University (Montclair)
- Bloomfield College (Bloomfield) merged w/Montclair State University
- Caldwell College (Caldwell)
- Kean University (Elizabeth)
- Fairleigh Dickenson University (Madison)

## PRINCIPAL EMPLOYERS OF THE COUNTY

<u>Largest Employers of the County</u>	<u>Approximate Employment</u>
St. Barnabas Health Care Systems	21,000
Rutgers University - Newark Campus	15,500
Verizon	15,000
New Jersey Transit	11,500
Public Service Electric & Gas	10,000
Prudential Insurance Co. of America	8,743
Montclair State University	7,525
Newark Board of Education	7,050
Gateway Group	6,250
Automatic Data Processing	5,649
City of Newark	4,000

## FINANCIAL REVIEW

The schedules are a summary only and are not intended to be a complete report. For more complete information, the individual financial statements, the 2025 and 2024 Budgets of the City should be reviewed at the Offices of the City of Orange Township, Orange, New Jersey.

### Audited Financial Statements for the Years Ended December 31, 2024, 2023, 2022, and 2021

The following schedules are summaries of the City's Current Fund and Water and Sewer Utility Fund financial condition for the years ending December 31, 2023, 2022, 2021, and 2020. The figures have been arranged in a form believed to be convenient for the purposes of this Official Statement. The City prepares its financial statements on a regulatory basis of accounting. PKF O'Connor Davies, LLP, Cranford, New Jersey, currently serves as the City's auditor.

### CITY OF ORANGE TOWNSHIP Summary of Current Fund Balance Sheet

	Year Ended 12/31/2024	Year Ended 12/31/2023	Year Ended 12/31/2022	Year Ended 12/31/2021
<b>Assets:</b>				
Cash & Cash Equivalents	\$ 19,727,187	\$ 18,007,493	\$ 19,837,106	\$ 15,360,666
Change Funds	560	560	560	560
	<u>19,727,747</u>	<u>18,008,053</u>	<u>19,837,666</u>	<u>15,361,226</u>
Due from State of New Jersey	134,262	135,108	134,803	129,440
		<u>19,862,009</u>	<u>19,972,469</u>	<u>15,490,666</u>
<b>Receivable and Other Assets with Full Reserves:</b>				
Delinquent Property Taxes	560,549	167,751	143,208	210,028
Tax Title Liens	3,604,068	3,387,493	4,829,433	4,785,921
Property Acquired for Taxes - Assessed Valuation	856,500	856,500	856,500	856,500
Sales Contract Receivable	80,601	80,601	80,601	80,601
Revenue Account Receivable	116,746	60,278	67,776	72,605
Other Accounts Receivable				
Other Liens Receivable (Property Maintenance)	67,899	67,899	70,595	
Deposits Receivable	1,465	1,465	1,465	1,465
Interfunds Receivable	646,825	2,464,350	2,021,396	776,375
Ground Lease	923,079	923,079	923,079	923,079
Prepaid School Taxes	206,217			
Loans Receivable	900,977	900,977	900,977	900,977
	<u>7,963,511</u>	<u>8,910,393</u>	<u>9,895,030</u>	<u>8,607,552</u>
<b>Deferred Charges:</b>				
Emergency Authorization	1,300,000	1,250,000	2,100,000	
Special Emergency Appropriation	3,800,000	4,630,000	5,400,000	6,000,000
	<u>5,100,000</u>	<u>5,880,000</u>	<u>7,500,000</u>	<u>6,000,000</u>
	<u>32,925,520</u>	<u>32,933,554</u>	<u>37,367,499</u>	<u>30,098,218</u>
<b>Grant Fund:</b>				
Grants Receivable	23,531,635	18,411,147	15,621,078	12,328,810
Due From Current	10,500		97,325	95,005
	<u>23,542,135</u>	<u>18,411,147</u>	<u>15,718,403</u>	<u>12,423,815</u>
<b>Total Assets</b>	<u><u>\$ 56,467,654</u></u>	<u><u>\$ 51,344,701</u></u>	<u><u>\$ 53,085,902</u></u>	<u><u>\$ 42,522,032</u></u>

**CITY OF ORANGE TOWNSHIP**  
Summary of Current Fund Balance Sheet (continued)

	<u>Year Ended</u> <u>12/31/2024</u>	<u>Year Ended</u> <u>12/31/2023</u>	<u>Year Ended</u> <u>12/31/2022</u>	<u>Year Ended</u> <u>12/31/2021</u>
Liabilities, Reserves & Fund Balance				
Appropriation Reserves:				
Encumbered	\$ 2,264,170	\$ 1,837,943	\$ 2,615,488	\$ 3,074,367
Unencumbered	2,234,540	1,082,600	1,813,510	2,971,027
Accounts Payable	63,813	490,407	306,033	190,360
Due to State * Marriage Licenses/Burial Permit	5,210	2,010	1,185	5
Special Emergency/Emergency Notes Payable	5,220,000	6,000,000	4,400,000	5,500,000
Tax Anticipation Note Payable	5,000,000	5,000,000	5,000,000	
Tax Overpayments	395,784	208,631	284,914	237,686
Schedule of Refundable Deposits				
Reserve for Municipal Relief Fund Aid			436,757	
Reserve for Revaluations	44,475	44,475	44,475	44,475
Reserve for National Opioid Settlement	728,456			
Reserve for Tax Sale Utility Payments	164,348	158,109		
Reserve for Orange Reservoir				
Reserve for Salary Adjustments	93,923	93,923	93,923	93,923
Interfunds Payable	3,042,115	2,837,505	5,151,998	3,902,140
Prepaid Taxes	392,099	292,299	517,441	592,741
Deposits on Sale of Property	5,410	5,410	5,410	5,410
Taxes Payable			151,961	151,961
County Taxes Payable	20,988		18,243	30,953
School Taxes Payable		177,745	546,884	110,645
	<u>19,675,330</u>	<u>18,231,057</u>	<u>23,338,222</u>	<u>16,905,694</u>
Reserve for Receivables	7,963,511	8,910,393	9,895,030	8,607,552
Fund Balance	<u>5,286,679</u>	<u>5,792,104</u>	<u>4,134,247</u>	<u>4,584,972</u>
	32,925,510	32,933,554	37,367,499	30,098,218
Grant Fund:				
Interfunds Payable	2,614,132	4,160,394	2,187,307	1,804,000
Due to Grantors	580,543	580,543	580,543	580,543
Unappropriated Reserves	403,787	94,492	92,173	173,114
Reserve for Grant Expenditures- Encumbered	3,611,273	1,826,896	4,270,723	1,639,677
Reserve for Grant Expenditures	<u>16,332,399</u>	<u>11,748,822</u>	<u>8,587,657</u>	<u>8,226,481</u>
	<u>23,542,135</u>	<u>18,411,147</u>	<u>15,718,403</u>	<u>12,423,815</u>
Total Liabilities, Reserves & Fund Balance	<u>\$ 56,467,654</u>	<u>\$ 51,344,701</u>	<u>\$ 53,085,902</u>	<u>\$ 42,522,032</u>

**CITY OF ORANGE TOWNSHIP**

Summary of Current Fund Revenues, Expenditures and Fund Balance

	Year Ended 12/31/2024	Year Ended 12/31/2023	Year Ended 12/31/2022	Year Ended 12/31/2021
<b>Revenues and Other Income:</b>				
Anticipated Fund Balance	\$ 4,680,000	\$ 3,000,000	\$ 3,700,000	\$ 3,700,000
Miscellaneous Anticipated Revenue	24,906,479	25,889,571	22,831,006	18,734,470
Receipts from Delinquent Taxes	168,121	2,121,837	453,064	706,012
Receipts from Current Taxes	87,872,469	83,286,495	77,830,359	74,971,210
Non-Budget Revenues	1,131,300	399,603	953,183	561,022
<b>Other Credit to Income:</b>				
Cancellation of Accounts Payable	406,842			82,227
Cancellation of Prepaid Taxes				
Statutory Excess to Fund Balance - Animal Control		22,161		
Other Accounts Receivable Realized				17,435
Cancellation of Grant Reserves	909,979			
Tax Overpayment Account Adjustments				250,323
Lapsed Balances of Appropriation Reserves	296,429	431,666	1,571,436	2,063,160
Interfund Returned	1,819,409			
<b>Total Revenues:</b>	<b>122,191,035</b>	<b>115,151,333</b>	<b>107,339,048</b>	<b>101,085,859</b>
<b>Expenditures:</b>				
<b>Budget Appropriations:</b>				
Operations Within "CAPS"	64,485,526	61,620,928	59,866,536	58,929,762
Deferred Charges & Statutory Expenditures	10,898,741	9,702,640	9,369,479	8,938,260
Operations Excluded from "CAPS"	14,426,243	10,718,924	10,105,523	8,040,296
Municipal Debt Service	4,232,419	3,340,539	2,296,882	2,824,524
Deferred Charges	2,680,000	3,420,000	1,200,000	990,000
Capital Improvements	25,000	50,000	1,100,000	
	<u>96,747,929</u>	<u>88,853,031</u>	<u>83,938,420</u>	<u>79,722,842</u>
Interfund Advance	0	442,954	1,289,347	502,487
Municipal Open Space	680,536	679,965	684,134	393,211
Other Credits / Refunds	0	3,993		14,983
Due to State - Marriage Licenses/ Burial Permits				1,775
State Court Tax Appeal Judgements				
Prepaid Local District Taxes	206,217			
Cancellation of Grants Receivable	198,107			
County Taxes	8,675,708	8,920,394	7,484,733	6,821,978
Local District Taxes	13,407,962	13,393,139	13,393,139	12,956,900
	<u>23,168,530</u>	<u>23,440,445</u>	<u>22,851,353</u>	<u>20,691,334</u>
<b>Total Expenditures</b>	<b>119,916,460</b>	<b>112,293,476</b>	<b>106,789,773</b>	<b>100,414,176</b>
<b>Excess (Deficit) of Revenues Over (Under)</b>				
Expenditures	2,274,575	2,857,857	549,275	671,683
<b>Adjustments to Income Before Fund Balance:</b>				
Expenditures included above which by statute are				
Deferred Charges to Budget in Succeeding Year	1,900,000	1,800,000	2,700,000	3,430,000
Statutory Excess	4,174,575	4,657,857	3,249,275	4,101,683
Fund Balance, Beginning of Year	5,792,105	4,134,247	4,584,972	4,183,289
Subtotal	<u>9,966,679</u>	<u>8,792,104</u>	<u>7,834,247</u>	<u>8,284,972</u>
Utilized as Anticipated Revenue	4,680,000	3,000,000	3,700,000	3,700,000
<b>Fund Balance, End of Year</b>	<b>\$ 5,286,679</b>	<b>\$ 5,792,104</b>	<b>\$ 4,134,247</b>	<b>\$ 4,584,972</b>

**CITY OF ORANGE TOWNSHIP**  
 Summary of Water and Sewer Utility Fund Balance Sheet

	<u>Year Ended 12/31/2024</u>	<u>Year Ended 12/31/2023</u>	<u>Year Ended 12/31/2022</u>	<u>Year Ended 12/31/2021</u>
<u>Assets:</u>				
Operating Fund:				
Cash - Checking	\$ 3,153,848	\$ 1,038,095	\$ 1,067,424	\$ 4,506,648
Petty Cash	150	150	150	150
	<u>3,153,998</u>	<u>1,038,245</u>	<u>1,067,574</u>	<u>4,506,798</u>
Receivables with Full Reserves:				
Consumer Accounts Receivable	4,082,096	3,869,121	2,991,947	2,896,503
Water Liens	35,518	20,109	84,281	84,281
	<u>4,117,614</u>	<u>3,889,230</u>	<u>3,076,228</u>	<u>2,980,784</u>
Interfund Receivable	<u>1,743,876</u>	<u>1,797,466</u>	<u>4,511,095</u>	<u>216,421</u>
Deferred Charges:				
Emergency Appropriation	<u>1,036,075</u>	<u>2,779,504</u>	<u>1,440,000</u>	<u>1,800,000</u>
Total Operating Fund	<u>10,051,563</u>	<u>9,504,444</u>	<u>10,094,897</u>	<u>9,504,003</u>
Capital Fund:				
Cash - Checking	4,922,096	2,138,764	827,836	1,636,717
Loans Receivable	2,379,948	2,379,948	2,379,948	2,379,948
Interfund Receivable	404,842			132,211
Fixed Capital	45,549,594	45,549,593	45,549,593	44,749,594
Fixed Capital Authorized and Uncompleted	<u>52,678,959</u>	<u>52,678,959</u>	<u>34,678,959</u>	<u>24,358,959</u>
Total Capital Fund	<u>105,935,438</u>	<u>102,747,264</u>	<u>83,436,336</u>	<u>73,257,428</u>
Total Assets	<u>\$ 115,987,001</u>	<u>\$ 112,251,708</u>	<u>\$ 93,531,233</u>	<u>\$ 82,761,431</u>

**CITY OF ORANGE TOWNSHIP**  
 Summary of Water and Sewer Utility Fund Balance Sheet (continued)

	<b>Year Ended 12/31/2023</b>	<b>Year Ended 12/31/2023</b>	<b>Year Ended 12/31/2022</b>	<b>Year Ended 12/31/2021</b>
<b>Liabilities, Reserves &amp; Fund Balance</b>				
<b>Operating Fund:</b>				
<b>Appropriation Reserves:</b>				
Encumbered	\$ 1,378,583	\$ 920,524	\$ 317,069	\$ 439,371
Unencumbered	222,704	177,629	275,705	1,060,236
Accounts Payable	77,991	105,931	82,384	73,294
Accrued Interest on Bonds	484,343	125,509	125,509	143,742
Reserve for Future Improvements	13,349	13,349	13,349	13,349
Reserve for Water Connection Escrow	438,017	56,460		
Interfund Payable		360,000		623,640
Water and Sewer Overpayments	177,507	224,880	213,720	334,293
Special Emergency Notes	720,000	1,080,000	1,440,000	1,800,000
	3,512,495	3,064,282	2,467,736	4,487,925
Reserve for Receivables	4,117,614	3,889,230	3,076,229	2,980,785
Fund Balance	2,421,454	2,550,932	4,550,932	2,035,293
	10,051,563	9,504,444	10,094,897	9,504,003
 <b>Capital Fund:</b>				
Serial Bonds Payable	17,280,000	19,620,000	21,625,000	23,525,000
Bond Anticipation Notes	19,692,000	15,756,000	5,000,000	5,000,000
N.J. Environmental Trust Fund	4,030,395	4,446,256	4,856,040	5,251,247
Interfunds Payable	2,531,411	1,403,208	5,277,544	
Improvement Authorizations:				
Funded	861,010	861,010	861,010	861,010
Unfunded	19,971,550	21,721,374	9,318,023	4,416,659
Encumbrances	2,213,529	2,465,314	2,551,252	2,551,252
Reserve for Amortization	31,066,346	28,310,485	25,895,701	22,800,494
Deferred Reserve for Amortization	8,040,284	7,976,284	7,912,284	7,912,284
Fund Balance	248,912	187,333	139,482	939,482
	105,935,438	102,747,264	83,436,336	73,257,428
<b>Total Liabilities, Reserves and Fund Balances</b>	<b>\$ 115,987,001</b>	<b>\$ 112,251,708</b>	<b>\$ 93,531,233</b>	<b>\$ 82,761,431</b>

**CITY OF ORANGE TOWNSHIP**

Summary of Water and Sewer Utility Fund Revenues, Expenditures and Fund Balances

	<u>Year Ended 12/31/2024</u>	<u>Year Ended 12/31/2023</u>	<u>Year Ended 12/31/2022</u>	<u>Year Ended 12/31/2021</u>
Revenue and Other Income:				
Capital Surplus Anticipated	\$ 800,000		\$ 800,000	
Operating Surplus Anticipated				\$ 500,000
Water and Sewer Rents	\$ 15,698,776	\$ 11,384,381	13,795,790	10,199,891
Non-budget Revenue	434,344	340,011	1,356,746	354,439
Other Credits to Income:				
Accounts Payable Cancelled	35,240			
Unexpended Balance of Appropriation Reserves	<u>502,161</u>	<u>158,888</u>	<u>253,171</u>	<u>642,122</u>
	<u>17,470,522</u>	<u>11,883,280</u>	<u>16,205,707</u>	<u>11,696,452</u>
 Expenditures:				
Budget Appropriations				
Operations	10,503,935	9,947,100	9,342,000	7,603,051
Debt Service	4,552,636	3,275,684	3,238,068	3,148,012
Deferred Charges	<u>2,059,504</u>	<u>360,000</u>	<u>360,000</u>	<u>139,297</u>
	<u>17,116,075</u>	<u>13,582,784</u>	<u>12,940,068</u>	<u>10,890,360</u>
 Excess/(Deficit) in Revenues	354,447	(1,699,504)	3,265,639	806,092
 Adjustments To Income Before Surplus				
Deferred Charge - Deficit in Revenues	316,075	1,699,504		
Appropriated Fund Balance General Fund		(2,000,000)	(750,000)	(600,000)
Deferred Charge - COVID Relief Revenue		<u>(300,496)</u>	<u>(750,000)</u>	<u>(600,000)</u>
 Excess/Deficit in Income	670,522	(2,000,000)	2,515,639	206,092
 Fund Balance, Beginning of Year	<u>2,550,932</u>	<u>4,550,932</u>	<u>2,035,293</u>	<u>2,329,201</u>
	2,550,932	2,550,932	4,550,932	2,535,293
 Decreased by:				
Utilized as Anticipated Revenue	800,000			
 Fund Balance Utilized				<u>500,000</u>
 Fund Balance, End of Year	<u>\$ 2,421,454</u>	<u>\$ 2,550,932</u>	<u>\$ 4,550,932</u>	<u>\$ 2,035,293</u>

**CITY OF ORANGE TOWNSHIP**

Summary of Current Fund Adopted Budget

	2024 Adopted Budget	2024 Adopted Budget
<b><u>GENERAL REVENUES</u></b>		
Surplus Anticipated	\$ 4,008,400	\$ 4,680,000
Miscellaneous Revenues	24,550,5161	21,430,421
Receipts from Delinquent Taxes	142,400	1,440,000
Subtotal of General Revenues	28,701,316	27,550,421
Taxes for Support of Municipal Budget	67,690,594	65,730,430
TOTAL GENERAL REVENUES	<u>\$ 96,391,910</u>	<u>\$ 93,280,851</u>
<b><u>GENERAL APPROPRIATIONS</u></b>		
Appropriations within "CAPS"	\$ 64,536,480	\$ 62,585,526
Statutory Expenditures	11,847,275	10,905,399
Operations Excluded from "CAPS"	9,001,471	9,023,563
Debt Services	4,306,684	4,236,363
Deferred Charges	2,850,000	2,680,000
Capital Items	1,600,000	1,600,000
Reserve for Uncollected Taxes	2,250,000	2,250,000
TOTAL GENERAL APPROPRIATIONS	<u>\$ 96,391,910</u>	<u>\$ 93,280,851</u>

Source: City of Orange Township 2025 and 2024 Adopted Budget.

**TAX REVENUES OF THE TOWNSHIP**

Largest Taxpayers - 2024

Property Owner	2025 Assessed Valuation
Orange Portfolio Holdings	\$26,950,000
Arec 29, LLC	16,717,600
RHHE Associates, LLC	16,000,000
South Orange Towers Apt., LLC	15,370,000
Scroll Properties, LLC	13,400,000
High Properties, LLC	13,300,000
Ben Central, LLC	12,720,000
Ridge Garden Apt Inc% R Goldberg	11,960,000
South Center Street Realty, LLC	11,840,000
Orange Senior Citizens Residence, Co.	15,180,000
Lincoln Ave Group	11,270,000
	<u>\$149,527,600</u>

Source: City of Orange Township Officials.

\* The total of the Top 10 Taxpayer’s assessed valuations of \$149,527,600 is 6.61% of the total 2024 assessed valuation of \$2,262,962,400

**Tax Collection**

The City’s realty tax collection record for the previous five fiscal years is shown below:

<u>Tax Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2024	\$ 88,696,479	\$ 87,872,469	99.07%
2023	84,658,982	83,286,496	98.38%
2022	79,041,410	77,830,359	98.47%
2021	75,789,307	74,971,210	98.92%
2020	73,432,446	71,681,229	97.62%

Source: City of Orange Township Audit Reports. Includes County and School Taxes.

The City’s delinquent tax collection record for the previous five fiscal years is shown below:

<u>Year</u>	<u>Amount of Tax Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2024	\$ 3,604,068	\$ 560,549	\$ 4,164,618	4.70%
2023	3,387,493	167,752	3,555,245	4.20%
2022	4,829,433	143,208	4,972,641	6.29%
2021	4,785,921	210,028	4,995,949	6.59%
2020	4,435,641	601,763	5,037,403	6.86%

Source: City of Orange Township Audit Reports

**Foreclosed Property**

<b>Fiscal Year</b>	<b>Balance December 31</b>
2024	\$ 856,500
2023	856,500
2022	856,500
2021	856,500
2020	856,500

Source: City of Orange Township Audit Reports.

**Comparative Tax Rate and Net Assessed Value**

<b>Fiscal Year</b>	<b>Net Valuation Taxable</b>	<b>Municipal Rate</b>	<b>County Rate</b>	<b>Local School Rate</b>	<b>Total Tax Rate</b>
2024	\$2,262,972,400	\$2.934	\$0.383	\$0.593	\$3.910
2023	\$2,266,551,600	\$2.743	\$0.393	\$0.591	\$3.727
2022	\$2,271,410,300	\$2.548	\$0.589	\$0.329	\$3.466
2021	\$1,304,770,782	\$4.266	\$0.521	\$0.993	\$5.780
2020	\$1,290,822,711	\$4.069	\$0.534	\$1.004	\$5.607

Source: City of Orange Township Officials – Essex County Board of Taxation, Cert. of Tax Rate.

**Breakdown of 2024 Ratables**

	<b>Net Taxable Value</b>	<b>Percentage</b>
Vacant	\$68,405,100	3.02%
Residential	1,267,188,200	56.00%
Commercial	358,551,800	15.84%
Industrial	66,241,600	2.93%
Apartments	502,575,700	22.21%
<b>Total</b>	<b>\$2,262,962,400</b>	<b>100.00%</b>

Source: City of Orange Officials – 2024 Tax List District Summary.

<b>2024 Tax Levy</b>	<b>Tax Levy</b>	<b>Tax Rate</b>	<b>2023 Tax Levy</b>	<b>Tax Levy</b>	<b>Tax Rate</b>
County Taxes	\$8,675,708	\$ 0.383	County Taxes	\$8,900,944	\$ 0.393
Local School District	13,407,962	0.593	Local School District	13,393,139	0.591
Municipal Taxes	66,612,809	2.934	Municipal Taxes	62,172,153	2.743
	<b>\$88,696,479</b>	<b>\$3.910</b>		<b>\$84,466,236</b>	<b>\$3.727</b>

Source: City of Orange Township Officials – Essex County Board of Taxation, Cert. of Tax Rate.

**STATEMENT OF BONDED INDEBTEDNESS**  
**As of December 31, 2025**

**STATEMENT OF BONDED INDEBTEDNESS**  
**As of December 31, 2025**

**GROSS DEBT:**

**Self Liquidating Utility Debt**

Serial Bonds Issued and Outstanding	\$ 17,005,000
Bond Anticipation Notes	19,628,000
Bond Anticipation Notes Authorized, But Not Issued	38,334,027
Other	1,350,032
Other Authorized, But Not Issued	2,250,000

**School Debt**

Serial Bonds Issued and Outstanding	8,710,000
Serial Bonds Authorized, But Not Issued	1,110,000

**Municipal Debt (Other)**

Serial Bonds Issued and Outstanding	7,285,000
Bond Anticipation Notes	14,370,488
Bond Anticipation Notes Authorized, But Not Issued	7,284,341
Green Acres Loans	326,394
NJIB Loan – 2018 Roads	<u>7,875,628</u>

**Total Gross Debt** **\$130,288,910**

**DEDUCTIONS**

Self-Liquidating Debt	78,567,059
School	14,580,000
Other	<u>935,851</u>

**STATUTORY NET DEBT** **\$ 36,206,000**

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Source: City of Orange Township 2025 Annual Debt Statement.

## OVERLAPPING DEBT

### OVERLAPPING DEBT

Essex County	\$996,937,849
Overlapping Debt Percentage	0.0185
Township Portion of Gross Overlapping Debt	\$18,443,350
Average of Equalized Assessed Valuation of Real Property (2024, 2023, and 2022) (State Certified Valuation)	\$122,327,865,632
Net Debt as a Percentage of Said Average Equalized Valuations (Total Overall Debt)	0.00507
Total Overall Debt as a Percentage of Said Average Equalized Valuations (Total Overall Debt)	0.00815
Equalized Valuation of Real Property (Year 2024)	\$135,123,172,449
Net Debt as a Percentage of Said Assessed Equalized Valuation (Year 2024) (Statutory Net Debt)	0.00459
The overlapping debt applicable to Essex County was computed based upon 2024 adjusted final Equalized Tax Table.	
Net Valuation for County Tax Apportionment	\$123,198,283,264
Township's Share of Net Valuation For County Tax Apportionment	\$2,273,289,931
Percentage of Township Share of County Tax Apportionment	0.0185
Outstanding Net Debt: Net Debt as of December 31, 2024 (County Debt)	\$620,640,683.30
Municipal Share of County Debt Based on Percentage of Equalized Valuation	\$11,481,852

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Source: 2024 Essex County Debt Statement and Essex County 2024 Abstract of Ratables.

**APPENDIX B**

**INDEPENDENT AUDITOR'S REPORT AND AUDITED FINANCIAL STATEMENTS**

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THE CITY OF  
**ORANGE**  
TOWNSHIP

COUNTY OF ESSEX, NEW JERSEY

REPORT OF AUDIT

YEARS ENDED DECEMBER 31, 2024 AND 2023

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## Independent Auditors' Report

The Honorable Mayor and Members  
of the City Council  
City of Orange Township  
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 Orange Township, New Jersey, ("City") which comprise the balance sheets as of December 31, 2024 and 2023, 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, 2024, 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, 2024 and 2023, and the regulatory basis revenues, expenditures, and changes in fund balances 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, 2024 and the related notes to the financial statements, in accordance with the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, 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, 2024 and 2023, 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 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 our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

*Page 2*

***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 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.

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

*Page 3*

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- 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 30, 2025

*Anthony Branco*

Anthony Branco, CPA  
Registered Municipal Accountant, No. 595

CITY OF ORANGE TOWNSHIP  
CURRENT AND GRANT FUND

COMPARATIVE BALANCE SHEETS  
REGULATORY BASIS  
DECEMBER 31, 2024 AND 2023

A  
Sheet # 1

ASSETS AND DEFERRED CHARGES

	2024	2023
<u>CURRENT FUND</u>		
Cash - Checking Accounts	\$ 19,727,187.35	\$ 18,007,492.55
Cash - Change Funds	560.00	560.00
	19,727,747.35	18,008,052.55
 Due from State of New Jersey	 134,261.78	 135,108.37
Receivables and Other Assets with Offsetting Reserves:		
Delinquent Property Taxes	560,549.46	167,750.87
Tax Title Liens	3,604,068.48	3,387,493.47
Property Acquired for Taxes - Assessed Valuation	856,500.00	856,500.00
Sales Contracts Receivable	80,601.00	80,601.00
Loans Receivable	900,976.87	900,976.87
Revenue Accounts Receivable	116,746.12	60,277.62
Deposits Receivable	1,465.05	1,465.05
Interfunds Receivable	646,825.38	2,464,350.31
Other Liens Receivable (Property Maintenance)	66,482.24	67,899.35
Prepaid School Taxes	206,217.17	
Ground Lease Receivable	923,078.82	923,078.82
	7,963,510.59	8,910,393.36
Deferred Charges:		
Emergency Authorization (N.J.S.A. 40A:4-46)	1,300,000.00	1,250,000.00
Special Emergency Appropriation (N.J.S.A. 40A:4-53)	3,800,000.00	4,630,000.00
	5,100,000.00	5,880,000.00
	32,925,519.72	32,933,554.28
 <u>GRANT FUND</u>		
Grants Receivable	23,531,634.53	18,411,146.58
Due from Grant Trust Fund	10,500.00	
	23,542,134.53	18,411,146.58
	\$ 56,467,654.25	\$ 51,344,700.86

See accompanying notes to financial statements.

CITY OF ORANGE TOWNSHIP  
CURRENT AND GRANT FUND

COMPARATIVE BALANCE SHEETS  
REGULATORY BASIS  
DECEMBER 31, 2024 AND 2023

A  
Sheet # 2

	2024	2023
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
<u>CURRENT FUND</u>		
Appropriation Reserves		
Encumbered	\$ 2,264,169.98	\$ 1,837,942.71
Unencumbered	2,234,539.52	1,082,600.05
Accounts Payable	63,813.13	490,406.64
Tax Overpayments	395,783.50	208,631.01
Tax Anticipation Note Payable	5,000,000.00	5,000,000.00
Due to State - Marriage Licenses/Burial Permits	5,210.00	2,010.00
Special Emergency/Emergency Notes Payable	5,220,000.00	6,000,000.00
Reserve for Revaluation	44,475.09	44,475.09
Reserve for Salary Adjustments	93,923.18	93,923.18
Reserve for Tax Sale Utilities Payments	164,348.47	158,109.08
Reserve for National Opioid Settlement	728,456.00	
Interfunds Payable	3,042,114.92	2,837,504.87
Prepaid Taxes	392,098.56	292,298.78
Deposits on Sale of Property	5,410.00	5,410.00
County Taxes Payable	20,987.53	
School Taxes Payable		177,744.83
	19,675,329.88	18,231,056.24
Reserve for Receivables	7,963,510.59	8,910,393.36
Fund Balance	5,286,679.25	5,792,104.68
	32,925,519.72	32,933,554.28
<u>GRANT FUND</u>		
Interfunds Payable	2,614,132.00	4,160,394.42
Due to Grantors	580,543.48	580,543.48
Reserve for Unappropriated Grants	403,787.08	94,491.60
Reserve for Appropriated Grants - Encumbered	3,611,273.28	1,826,895.60
Reserve for Appropriated Grants	16,332,398.69	11,748,821.48
	23,542,134.53	18,411,146.58
	\$ 56,467,654.25	\$ 51,344,700.86

See accompanying notes to financial statements.

CITY OF ORANGE TOWNSHIP  
CURRENT FUND

A-1

COMPARATIVE STATEMENTS OF OPERATIONS  
AND CHANGES IN FUND BALANCE  
REGULATORY BASIS  
YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
<u>REVENUE AND OTHER INCOME:</u>		
Anticipated Fund Balance	\$ 4,680,000.00	\$ 3,000,000.00
Miscellaneous Anticipated Revenue	24,906,479.24	25,889,571.58
Receipts from Delinquent Taxes	168,128.21	2,121,836.66
Receipts from Current Taxes	87,872,468.74	83,286,495.58
Non-Budget Revenues	1,131,299.50	399,603.05
Other Credits to Income:		
Statutory Excess to Fund Balance - Animal Control		22,160.98
Interfunds Returned	1,819,408.93	
Cancellation of Accounts Payable	406,842.23	
Cancellation of Appropriated Grant Reserves	909,978.56	
Lapsed Balances of Appropriation Reserves	296,429.21	431,665.64
	<u>122,191,034.62</u>	<u>115,151,333.49</u>
TOTAL REVENUE AND OTHER INCOME		
<u>EXPENDITURES:</u>		
Budget Appropriations:		
Operations Within "CAPS"	64,485,526.00	61,620,928.00
Statutory Expenditures	10,898,740.74	9,702,640.00
Operations Excluded from "CAPS"	14,426,243.29	10,718,924.27
Municipal Debt Service	4,232,419.21	3,340,539.22
Deferred Charges	2,680,000.00	3,420,000.00
Capital Improvements	25,000.00	50,000.00
	<u>96,747,929.24</u>	<u>88,853,031.49</u>
County Taxes	8,675,708.23	8,920,393.89
Municipal Open Space	680,535.96	679,965.00
Local District Taxes	13,407,962.00	13,393,139.00
Prepaid Local District Taxes	206,217.17	
Cancellation of Grants Receivable	198,107.45	
Interfunds Advanced, Net		442,954.15
Miscellaneous Expenditures		3,992.87
	<u>119,916,460.05</u>	<u>112,293,476.40</u>
TOTAL EXPENDITURES		
EXCESS OF REVENUES OVER EXPENDITURES	2,274,574.57	2,857,857.09
ADJUSTMENTS TO INCOME BEFORE FUND BALANCE:		
Charges Included Above Which By Statute Are		
Deferred Charges to Budget in Succeeding Years:		
Police and Fire Salaries and Wages - Emergency	1,300,000.00	1,250,000.00
Severance Pay - Special Emergency	600,000.00	550,000.00
	<u>1,900,000.00</u>	<u>1,800,000.00</u>
STATUTORY EXCESS TO FUND BALANCE	4,174,574.57	4,657,857.09
FUND BALANCE, BEGINNING OF YEAR	<u>5,792,104.68</u>	<u>4,134,247.59</u>
Subtotal	9,966,679.25	8,792,104.68
UTILIZED AS ANTICIPATED REVENUE	<u>4,680,000.00</u>	<u>3,000,000.00</u>
FUND BALANCE, END OF YEAR	<u>\$ 5,286,679.25</u>	<u>\$ 5,792,104.68</u>

See accompanying notes to financial statements.



CITY OF ORANGE TOWNSHIP  
CURRENT FUND

A-2a

STATEMENT OF REVENUES  
MISCELLANEOUS REVENUE ANTICIPATED  
REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2024

	<u>Budget</u>	<u>Chapter 159</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
<b>MISCELLANEOUS REVENUES:</b>				
Licenses:				
Alcoholic Beverages	\$ 66,500.00		\$ 67,000.00	\$ 500.00
Other	37,700.00		32,137.00	(5,563.00)
Fees and Permits:				
Uniform Construction Code Fees	1,900,000.00		1,911,388.56	11,388.56
Other	502,000.00		553,762.94	51,762.94
Fines and Costs - Municipal Court	879,600.00		938,814.39	59,214.39
Interest and Costs on Taxes	200,500.00		208,063.24	7,563.24
Parking Meters	59,800.00		102,623.85	42,823.85
Interest on Investments	457,000.00		727,454.70	270,454.70
Energy Receipts Tax	8,472,638.00		8,472,638.00	-
ILS East Orange	10,486.00		13,185.61	2,699.61
ILS Belleville	46,481.00		47,297.91	816.91
State and Federal Revenue Offset with Appropriations:				
NJ CEPI Public EV Charging Station		\$ 56,955.00	56,955.00	-
NJ CEPI EE Municipal Building Upgrades		193,045.00	193,045.00	-
NJDOT Safe Routes Streets to School '24		912,000.00	912,000.00	-
NJDOT LTPF - Various Streets Grant		2,500,000.00	2,500,000.00	-
NJ Lead Grant Assistance Program (LGAP)	54,800.00		54,800.00	-
NJ DCA Fire Scuba Equipment Grant		75,000.00	75,000.00	-
NJ Urban Community Forestry Program	850,000.00		850,000.00	-
NJ ACCHO - Health Grant		167,890.00	167,890.00	-
NJ Lead Cat - A Grant	75,000.00		75,000.00	-
NJ Dept. of Agriculture - Lantern Fly Grant	20,000.00		20,000.00	-
Horizon BCBS Fitness Campaign		50,000.00	50,000.00	-
Visiting Nurse Grant - Essex County		35,821.63	35,821.63	-
NJDOT - Various Streets 2024	701,076.00		701,076.00	-
NJDOT - Various Streets 2023	904,093.00		904,093.00	-
Summer Food Grant	158,432.00		158,432.00	-
NJ Clean Communities		66,841.18	66,841.18	-
NJ - OLPH Local Health Dept. - VPOC Grant		74,664.00	74,664.00	-
Federal Highway - Pedestrian Safety		20,000.00	20,000.00	-
Bulletproof Vest Partnership 2022	29,825.00		29,825.00	-
Bulletproof Vest Partnership 2023	19,600.00		19,600.00	-
NJ DEP Green Acres Grant 0717-23-014	481,590.00		481,590.00	-
NJ DEP Urban Parks Grant	500,000.00		500,000.00	-
NJ DEP Green Acres Grant - Colgate Park Ph. 2 0717-24-066		380,830.00	380,830.00	-
NJ DEP Green Acres Grant - Urban Parks Colgate 0717-24-UPG		750,000.00	750,000.00	-
NJ Recycling Tonnage		57,633.48	57,633.48	-
NJ Body Armor Replacement Fund	9,458.00		9,458.00	-
JAG Body Armor Grant	24,267.00		24,267.00	-
Click - It - or Ticket		7,000.00	7,000.00	-
Sustainable Jersey Grant		5,000.00	5,000.00	-
National Opioid Settlement	50,000.00		50,000.00	-
National Opioid Settlement		50,000.00	50,000.00	-
CDBG Central Playground	190,000.00		190,000.00	-
Payments in Lieu of Taxes:				
Our Lady of Mt. Carmel Senior Citizens	171,000.00		191,089.50	20,089.50
South Essex Urban Renewal	87,800.00		94,230.00	6,430.00
Salem Towers - High Street Associates	167,000.00		183,821.00	16,821.00
Orange Park Apartments	184,500.00		200,013.00	15,513.00
Oakwood Towers	248,100.00		254,233.00	6,133.00
Transport of New Jersey	106,200.00		107,019.00	819.00
The Berkeley, South Center Street	33,100.00		44,378.75	11,278.75
New Community Corporation	50,000.00		52,521.11	2,521.11
Grand Central Senior Housing	38,400.00		38,496.00	96.00
Washington Dodd	862,800.00		443,756.00	(419,044.00)
Walter G Phase I	66,100.00		63,222.00	(2,878.00)
L&M Development Partners	141,200.00		66,687.00	(74,513.00)
Walter G Phase II	35,900.00		36,992.00	1,092.00
Walter G Phase III	33,500.00		33,654.50	154.50
Living Fountain	82,600.00		65,740.00	(16,860.00)
Condos @ 475 S. Jefferson	186,000.00		197,742.04	11,742.04
Condos @ 52 Lincoln Ave.	67,475.00		105,778.49	38,303.49
Harvard Printing Development	71,700.00		65,356.00	(6,344.00)
651 Lincoln Avenue Urban Renewal	53,200.00			(53,200.00)
Franchise Fee from Cable TV Gross Revenue	126,000.00		116,562.36	(9,437.64)
Salary Trust Fund Surplus	317,000.00			(317,000.00)
Grant Fund Surplus	1,600,000.00			(1,600,000.00)
	<u>\$ 21,430,421.00</u>	<u>\$ 5,402,680.29</u>	<u>\$ 24,906,479.24</u>	<u>\$ (1,926,622.05)</u>

See accompanying notes to financial statements.

CITY OF ORANGE TOWNSHIP  
CURRENT FUND

A-2b

STATEMENT OF REVENUES  
ANALYSIS OF OTHER LICENSES, OTHER FEES AND PERMITS  
REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2024

Other Licenses

Clerk Licenses	\$ 1,195.00	
Planning Division Licenses	22,280.00	
Marriage Licenses, Milk Licenses	1,162.00	
Health Licenses	<u>7,500.00</u>	
		<u>\$ 32,137.00</u>

Other Fees and Permits

City Redevelopment Application Fees	\$ 476.00	
Clerk Fees	990.00	
Health Fees	85,897.00	
Electronic Death Transcripts	53,040.00	
Engineer Fees	23,912.40	
BOA Fees	7,050.00	
Planning Board Fees	24,206.66	
Police Department	58,339.85	
Code Enforcement	149,040.00	
Planning and Development	65,021.03	
Assessor Fees	510.00	
Historic Preservation	1,150.00	
Tobacco Retail Establishment License	16,800.00	
Rent Leveling Fees	<u>67,330.00</u>	
		<u>\$ 553,762.94</u>

See accompanying notes to financial statements.

CITY OF ORANGE TOWNSHIP  
CURRENT FUND

A-2c

STATEMENT OF REVENUES  
ANALYSIS OF REALIZED TAX COLLECTIONS  
REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2024

Receipts from Delinquent Taxes			
Delinquent Tax Collections:			
Prior Years	\$	97,778.43	
Tax Title Lien Collections		52,859.78	
Property Maintenance Lien Collections		<u>17,490.00</u>	
			<u>\$ 168,128.21</u>
Allocation of Current Tax Collections			
Revenue from Collections:			
2024 Collections	\$	87,550,590.51	
2023 Collections		292,298.78	
Due from State of New Jersey		<u>29,579.45</u>	
			\$ 87,872,468.74
Less: Allocated to:			
Essex County		8,675,708.23	
Municipal Open Space		680,535.96	
Local School District		<u>13,407,962.00</u>	
			<u>22,764,206.19</u>
			65,108,262.55
Plus: Appropriation Reserve for Uncollected Taxes			<u>2,250,000.00</u>
Amount of Municipal Support			<u>\$ 67,358,262.55</u>

See accompanying notes to financial statements.

CITY OF ORANGE TOWNSHIP  
CURRENT FUND

A-2d

STATEMENT OF REVENUES  
ANALYSIS OF NON-BUDGET REVENUE  
REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2024

Miscellaneous Revenue Not Anticipated	
Tax	\$ 851.28
Admin Fee for Cars	26,260.00
NSF Fees	85.00
Tax Abatement Application Fee	250.00
NJ LEA Fire Safety Rebate	38,385.43
Premiums on Sale of Emergency Notes	70,229.14
New PILOTS	250,952.25
Other Miscellaneous Revenues	744,286.40
	<u>\$ 1,131,299.50</u>

See accompanying notes to financial statements.

CITY OF ORANGE TOWNSHIP  
CURRENT FUND

STATEMENT OF EXPENDITURES  
REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2024

A-3  
Sheet # 1

	Budget	Budget After Modification	Expended			Canceled
			Paid or Charged	Encumbered	Reserved	
OPERATIONS - WITHIN "CAPS":						
DEPARTMENT OF ADMINISTRATION						
Mayor's Office						
Salaries and Wages	\$ 246,292.00	\$ 246,292.00	\$ 229,628.88		\$ 16,663.12	
Other Expenses	12,400.00	12,400.00	8,956.14	\$ 2,540.00	903.86	
Office of the Business Administrator						
Salaries and Wages	297,788.00	297,788.00	291,962.27		5,825.73	
Other Expenses	780.00	780.00			780.00	
Office of Administrative Services						
Salaries and Wages	856,084.00	856,084.00	853,995.11		2,088.89	
Other Expenses	1,018,500.00	1,018,500.00	901,740.27	116,728.09	31.64	
Grant Writer						
Other Expenses	55,200.00	55,200.00	50,600.00	4,600.00		
Office of Public Defender						
Salaries and Wages	72,261.00	72,261.00	72,259.98		1.02	
Other Expenses	800.00	800.00			800.00	
Insurance:						
General, Liability, Auto, Property	1,050,000.00	850,000.00	842,789.00		7,211.00	
Workers Compensation	1,000,000.00	1,320,300.00	1,295,897.14		24,402.86	
Employee Group Health	13,815,000.00	13,815,000.00	12,898,408.47	43,392.89	873,198.64	
Municipal Insurance Fund	50,000.00	50,000.00			50,000.00	
Municipal Alcohol Beverage Control Board						
Salaries and Wages	12,550.00	12,550.00	12,467.89		82.11	
Other Expenses	20,640.00	640.00	42.32	337.24	260.44	
	<u>18,508,295.00</u>	<u>18,608,595.00</u>	<u>17,458,747.47</u>	<u>167,598.22</u>	<u>982,249.31</u>	
DEPARTMENT OF LAW						
Office of the City Attorney						
Salaries and Wages	549,664.00	559,664.00	554,434.27		5,229.73	
Other Expenses	430,200.00	420,200.00	197,557.16	206,872.87	15,769.97	
	<u>979,864.00</u>	<u>979,864.00</u>	<u>751,991.43</u>	<u>206,872.87</u>	<u>20,999.70</u>	
CITY CLERK AND MUNICIPAL COUNCIL						
City Council						
Salaries and Wages	210,000.00	210,001.00	210,000.70		0.30	
Other Expenses	176,000.00	176,000.00	97,713.23	47,047.03	31,239.74	
City Clerk						
Salaries and Wages	379,884.00	379,884.00	372,609.01		7,274.99	
Other Expenses	93,695.00	93,695.00	52,228.31	38,163.52	3,303.17	
City Clerk Election						
Salaries and Wages	15,000.00	15,000.00	8,036.82		6,963.18	
Other Expenses	105,000.00	105,000.00	87,384.40	17,213.50	402.10	
	<u>979,579.00</u>	<u>979,580.00</u>	<u>827,972.47</u>	<u>102,424.05</u>	<u>49,183.48</u>	
DEPARTMENT OF PLANNING AND DEVELOPMENT						
Inspection and Licensing						
Salaries and Wages	450,677.00	462,277.00	461,189.21		1,087.79	
Other Expenses	16,960.00	16,960.00	16,904.58		55.42	
Planning Division						
Salaries and Wages	321,226.00	389,226.00	388,411.07		814.93	
Other Expenses	283,120.00	279,120.00	223,588.59	54,813.86	717.55	
Zoning Board						
Salaries and Wages	5,000.00	5,000.00	4,713.93		286.07	
Other Expenses	6,200.00	6,200.00	5,011.20	545.20	643.60	
Planning Board						
Salaries and Wages	7,500.00	7,500.00	5,833.08		1,666.92	
Other Expenses	17,500.00	17,500.00	7,515.13	7,920.32	2,064.55	
Historical Preservation Board						
Salaries and Wages	5,000.00	5,100.00	4,094.50	1,005.50		
Other Expenses	5,100.00	5,100.00	5,017.33		82.67	
Rent Leveling Board						
Salaries and Wages	10,000.00	10,000.00	9,701.82		298.18	
Other Expenses	100.00	100.00			100.00	
	<u>1,128,383.00</u>	<u>1,204,083.00</u>	<u>1,131,980.44</u>	<u>64,284.88</u>	<u>7,817.68</u>	
DEPARTMENT OF FINANCE						
Department of Finance						
Salaries and Wages	392,000.00	394,000.00	393,902.05		97.95	
Other Expenses	212,150.00	202,150.00	143,156.22	58,112.83	880.95	
Audit/Acting Services	125,000.00	125,000.00	102,565.00	22,435.00		
Office of Tax Collector						
Salaries and Wages	360,759.00	360,759.00	337,935.45		22,823.55	
Other Expenses	38,080.00	38,080.00	37,115.38	811.48	153.14	
Tax Assessor						
Salaries and Wages	237,357.00	237,357.00	229,634.35		7,722.65	
Other Expenses	66,075.00	66,075.00	28,961.02	28,185.12	8,928.86	
	<u>1,431,421.00</u>	<u>1,423,421.00</u>	<u>1,273,269.47</u>	<u>109,544.43</u>	<u>40,607.10</u>	
DEPARTMENT OF COMMUNITY SERVICES						
Administration Division						
Salaries and Wages	1,279,844.00	1,472,993.00	1,465,135.32		7,857.68	
Other Expenses	11,398.00	11,398.00	2,426.35	1,737.03	7,234.62	
Health Division						
Other Expenses	15,865.00	15,865.00	9,293.30	4,701.08	1,870.62	
	<u>1,307,107.00</u>	<u>1,500,256.00</u>	<u>1,476,854.97</u>	<u>6,438.11</u>	<u>16,962.92</u>	
DEPARTMENT OF HUMAN SERVICES						
Animal Control						
Other Expenses	79,475.00	79,475.00	57,863.96	20,215.31	1,395.73	
After School						
Salaries and Wages	16,250.00					
Other Expenses	650.00	650.00			650.00	
Older Adults Services						
Other Expenses	32,500.00	32,500.00	25,297.44	4,946.80	2,255.76	
Cultural Affairs						
Other Expenses	48,950.00	48,950.00	46,971.07	1,030.40	948.53	
Recreation						
Salaries and Wages	492,000.00	620,000.00	614,113.50		5,886.50	
Other Expenses	268,800.00	248,800.00	90,761.75	156,960.35	1,077.90	
	<u>936,625.00</u>	<u>1,030,375.00</u>	<u>835,007.72</u>	<u>183,152.86</u>	<u>12,214.42</u>	

See accompanying notes to financial statements.

CITY OF ORANGE TOWNSHIP  
CURRENT FUND

STATEMENT OF EXPENDITURES  
REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2024

A-3  
Sheet # 2

	Budget	Budget After Modification	Expended			Canceled
			Paid or Charged	Encumbered	Reserved	
<b>DEPARTMENT OF POLICE</b>						
Administration Division						
Salaries and Wages	\$ 16,032,647.00	\$ 16,044,647.00	\$ 16,014,666.41		\$ 29,980.59	
Emergency Authorization - OPD & OFD S&W		1,300,000.00	1,300,000.00			
Other Expenses	400,340.00	330,340.00	126,267.80	\$ 198,666.75	5,405.45	
School Guards						
Salaries and Wages	567,800.00	581,900.00	581,821.30		78.70	
Other Expenses	1.00	1.00			1.00	
	<u>17,000,788.00</u>	<u>18,256,888.00</u>	<u>18,022,755.51</u>	<u>198,666.75</u>	<u>35,465.74</u>	
<b>OPERATIONS - WITHIN "CAPS" (Continued):</b>						
<b>DEPARTMENT OF FIRE</b>						
Administration Division						
Salaries and Wages	8,456,965.00	8,457,965.00	8,457,254.49		710.51	
Other Expenses	369,315.00	319,315.00	178,849.90	102,224.65	38,240.45	
Fleet Management						
Other Expenses	650,000.00	510,000.00	444,311.26	60,920.00	4,768.74	
	<u>9,476,280.00</u>	<u>9,287,280.00</u>	<u>9,080,415.65</u>	<u>163,144.65</u>	<u>43,719.70</u>	
<b>DEPARTMENT OF PUBLIC WORKS</b>						
Street Maintenance						
Salaries and Wages	1,421,310.00	1,421,310.00	1,355,595.54		65,714.46	
Other Expenses	477,650.00	477,650.00	369,111.65	104,274.02	4,264.33	
Maintenance of Parks						
Salaries and Wages	1.00	1.00	(5,108.93)		5,109.93	
Other Expenses	1.00	1.00			1.00	
Director's Office						
Salaries and Wages	466,805.00	466,805.00	441,724.58		25,080.42	
Other Expenses	180,300.00	180,300.00	119,603.33	59,913.04	783.63	
Equipment and Vehicle Management						
Other Expenses	818,585.00	818,585.00	633,968.87	180,735.72	3,880.41	
Building and Grounds						
Salaries and Wages	284,964.00	296,964.00	287,910.17		9,053.83	
Other Expenses	576,900.00	555,900.00	288,402.87	265,537.31	1,959.82	
Snow Removal						
Salaries and Wages	50,000.00	50,000.00	15,339.60		34,660.40	
Other Expenses	105,000.00	105,000.00	42,140.55	20,001.00	42,858.45	
	<u>4,381,516.00</u>	<u>4,372,516.00</u>	<u>3,548,688.23</u>	<u>630,461.09</u>	<u>193,366.68</u>	
<b>MUNICIPAL COURT</b>						
Salaries and Wages	1,040,467.00	1,040,467.00	1,036,144.27		4,322.73	
Other Expenses	179,905.00	109,905.00	58,702.00	41,242.87	9,960.13	
	<u>1,220,372.00</u>	<u>1,150,372.00</u>	<u>1,094,846.27</u>	<u>41,242.87</u>	<u>14,282.86</u>	
<b>UNIFORM CONSTRUCTION CODE - APPROPRIATIONS</b>						
<b>OF Planning and Economic Development/Uniform</b>						
<b>Construction Code:</b>						
Construction Official						
Salaries and Wages	323,583.00	323,583.00	310,784.04		12,798.96	
	<u>323,583.00</u>	<u>323,583.00</u>	<u>310,784.04</u>		<u>12,798.96</u>	
<b>UNCLASSIFIED</b>						
Utilities						
Telephone	500,000.00	500,000.00	416,246.36	11,206.27	72,547.37	
Street Lighting	625,000.00	625,000.00	443,500.46	2.05	181,497.49	
Gas and Electric	400,000.00	400,000.00	261,178.34	10,093.62	128,728.04	
Refuse Removal	3,276,713.00	3,233,713.00	2,681,286.55	269,920.32	282,506.13	
Salary Adjustment Account	100,000.00					
Emergency Authorization - Severance Pay		600,000.00	593,949.66		6,050.34	
<b>TOTAL UNCLASSIFIED</b>	<u>4,901,713.00</u>	<u>5,358,713.00</u>	<u>4,396,161.37</u>	<u>291,222.26</u>	<u>671,329.37</u>	
Contingent	10,000.00	10,000.00			10,000.00	
<b>TOTAL OPERATIONS WITHIN "CAPS"</b>	<u>62,585,526.00</u>	<u>64,485,526.00</u>	<u>60,209,475.04</u>	<u>2,165,053.04</u>	<u>2,110,997.92</u>	
Detail						
Salaries and Wages	34,961,678.00	37,197,378.00	36,910,140.34	1,005.50	286,232.16	
Other Expenses	27,623,848.00	27,288,148.00	23,299,334.70	2,164,047.54	1,824,765.76	
	<u>62,585,526.00</u>	<u>64,485,526.00</u>	<u>60,209,475.04</u>	<u>2,165,053.04</u>	<u>2,110,997.92</u>	
<b>DEFERRED CHARGES</b>						
Prior Years Bills	140,000.00	140,000.00	133,341.74			6,658.26
	<u>140,000.00</u>	<u>140,000.00</u>	<u>133,341.74</u>			<u>6,658.26</u>
<b>STATUTORY EXPENDITURES</b>						
Public Employees' Retirement System	1,622,210.00	1,622,210.00	1,622,209.50		0.50	
Social Security System ( O.A.S.I.)	1,425,000.00	1,425,000.00	1,403,758.12		21,241.88	
Consolidated Police and Fire	25,000.00				25,000.00	
Police and Fire Retirement System	7,622,189.00	7,622,189.00	7,622,188.95		0.05	
Unemployment Compensation	50,000.00	50,000.00			50,000.00	
Defined Contribution Retirement Program	21,000.00	21,000.00	15,506.35		5,493.65	
	<u>10,765,399.00</u>	<u>10,765,399.00</u>	<u>10,663,662.92</u>		<u>101,736.08</u>	
<b>TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"</b>	<u>73,490,925.00</u>	<u>75,390,925.00</u>	<u>71,006,479.70</u>	<u>2,165,053.04</u>	<u>2,212,734.00</u>	<u>6,658.26</u>
<b>OPERATIONS - EXCLUDED FROM "CAPS"</b>						
911 Dispatch	98,972.00	98,972.00		98,972.00		
Orange Public Library	752,437.00	752,437.00	752,437.00			
Library Portion of Health Benefits	185,000.00	185,000.00	185,000.00			
Police CAP Waiver	2,200,000.00	2,200,000.00	2,200,000.00			
Fire CAP Waiver	1,200,000.00	1,200,000.00	1,200,000.00			
Legal OE - Prior Year Bills	92,046.00	92,046.00	92,046.00			
Legal OE - Settlement	370,000.00	370,000.00	370,000.00			
	<u>4,898,455.00</u>	<u>4,898,455.00</u>	<u>4,799,483.00</u>	<u>98,972.00</u>		
Interlocal Service Agreement - East Orange	10,486.00	10,486.00	7,863.57		2,622.43	
Interlocal Service Agreement - Belleville	46,481.00	46,481.00	27,297.91		19,183.09	
	<u>56,967.00</u>	<u>56,967.00</u>	<u>35,161.48</u>		<u>21,805.52</u>	

See accompanying notes to financial statements.

CITY OF ORANGE TOWNSHIP  
CURRENT FUND

STATEMENT OF EXPENDITURES  
REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2024

A-3  
Sheet # 3

	Budget	Budget After Modification	Expended			Canceled
			Paid or Charged	Encumbered	Reserved	
STATE AND FEDERAL PROGRAMS OFFSET BY						
REVENUES						
NJ CEPI Public EV Charging Station		\$ 56,955.00	\$ 56,955.00			
NJ CEPI EE Municipal Building Upgrades		193,045.00	193,045.00			
NJDOT Safe Routes Streets to School '24		912,000.00	912,000.00			
NJDOT LTPF - Various Streets Grant		2,500,000.00	2,500,000.00			
NJ Lead Grant Assistance Program (LGAP)	\$ 54,800.00	54,800.00	54,800.00			
NJ DCA Fire Scuba Equipment Grant		75,000.00	75,000.00			
NJ Urban Community Forestry Program	850,000.00	850,000.00	850,000.00			
NJ ACCHO - Health Grant		167,890.00	167,890.00			
NJ Lead Cat - A Grant	75,000.00	75,000.00	75,000.00			
NJ Dept. of Agriculture - Lantern Fly Grant	20,000.00	20,000.00	20,000.00			
Horizon BCBS Fitness Campaign		50,000.00	50,000.00			
Visiting Nurse Grant - Essex County		35,821.63	35,821.63			
NJDOT - Various Streets 2024	701,076.00	701,076.00	701,076.00			
NJDOT - Various Streets 2023	904,093.00	904,093.00	904,093.00			
Summer Food Grant	158,432.00	158,432.00	158,432.00			
NJ Clean Communities		66,841.18	66,841.18			
NJ - OLPH Local Health Dept. - VPOC Grant		74,664.00	74,664.00			
Federal Highway - Pedestrian Safety		20,000.00	20,000.00			
Bulletproof Vest Partnership 2022	29,825.00	29,825.00	29,825.00			
Bulletproof Vest Partnership 2023	19,600.00	19,600.00	19,600.00			
NJ DEP Green Acres Grant 0717-23-014	481,590.00	481,590.00	481,590.00			
NJ DEP Urban Parks Grant	500,000.00	500,000.00	500,000.00			
NJ DEP Green Acres Grant - Colgate Park Ph. 2 0717-24-066		380,830.00	380,830.00			
NJ DEP Green Acres Grant - Urban Parks Colgate 0717-24-UPG		750,000.00	750,000.00			
NJ Recycling Tonnage		57,633.48	57,633.48			
NJ Body Armor Replacement Fund	9,458.00	9,458.00	9,458.00			
JAG Body Armor Grant	24,267.00	24,267.00	24,267.00			
Click - It - or Ticket		7,000.00	7,000.00			
Sustainable Jersey Grant		5,000.00	5,000.00			
National Opioid Settlement	50,000.00	50,000.00	50,000.00			
National Opioid Settlement		50,000.00	50,000.00			
CDBG Central Playground	190,000.00	190,000.00	190,000.00			
	<u>4,068,141.00</u>	<u>9,470,821.29</u>	<u>9,470,821.29</u>			
Total Operations - Excluded from "CAPS"	<u>9,023,563.00</u>	<u>14,426,243.29</u>	<u>14,305,465.77</u>	\$ <u>98,972.00</u>	\$ <u>21,805.52</u>	
CAPITAL IMPROVEMENTS						
Capital Improvement Fund	<u>1,600,000.00</u>	<u>1,600,000.00</u>	<u>25,000.00</u>			\$ <u>1,575,000.00</u>
	<u>1,600,000.00</u>	<u>1,600,000.00</u>	<u>25,000.00</u>			<u>1,575,000.00</u>
DEFERRED CHARGES						
Emergency Authorizations	1,250,000.00	1,250,000.00	1,250,000.00			
Special Emergency Authorization - 5 years	1,430,000.00	1,430,000.00	1,430,000.00			
	<u>2,680,000.00</u>	<u>2,680,000.00</u>	<u>2,680,000.00</u>			
DEBT SERVICE						
Payment of Bond Principal	1,605,000.00	1,605,000.00	1,605,000.00			
Interest on Bonds	354,000.00	354,000.00	349,912.55	143.93		3,943.52
Interest on Notes	1,092,654.00	1,092,654.00	1,092,654.00			
Payment of BANs and Capital Notes	133,291.00	133,291.00	133,291.00			
NJ Infrastructure Bank Loan - NJIB	588,222.00	588,222.00	588,221.73			0.27
Green Trust Loan - Principal & Interest	49,396.00	49,396.00	49,394.99	1.01		
Refunding Note	380,000.00	380,000.00	380,000.00			
Demolition Loan- Department of Community Affairs	33,800.00	33,800.00	33,800.00			
	<u>4,236,363.00</u>	<u>4,236,363.00</u>	<u>4,232,274.27</u>	<u>144.94</u>		<u>3,943.79</u>
OPERATIONS - EXCLUDED FROM "CAPS"						
Total General Appropriations excluded from "CAPS"	<u>17,539,926.00</u>	<u>22,942,606.29</u>	<u>21,242,740.04</u>	<u>99,116.94</u>	<u>21,805.52</u>	<u>1,578,943.79</u>
Sub Total	91,030,851.00	98,333,531.29	92,249,219.74	2,264,169.98	2,234,539.52	1,585,602.05
Reserve for Uncollected Taxes	<u>2,250,000.00</u>	<u>2,250,000.00</u>	<u>2,250,000.00</u>			
Total Appropriations	<u>\$ 93,280,851.00</u>	<u>\$ 100,583,531.29</u>	<u>\$ 94,499,219.74</u>	<u>\$ 2,264,169.98</u>	<u>\$ 2,234,539.52</u>	<u>\$ 1,585,602.05</u>
		Modified Budget	Paid or Charged			
Adopted Budget		\$ 93,280,851.00				
Emergency Authorization Appropriation		1,300,000.00				
Special Emergency Authorization Appropriation		600,000.00				
Chapter 159 - Grants		5,402,680.29				
Cash Disbursed			\$ 82,458,123.50			
Deferred Charges - Emergency			1,250,000.00			
Deferred Charges - Special Emergency			1,430,000.00			
Reserve for Appropriated Grants			9,470,821.29			
Due from Salary Account Trust Fund			(2,359,725.05)			
Reserve for Uncollected Taxes		(2,250,000.00)	2,250,000.00			
Canceled		(1,585,602.05)				
		<u>\$ 96,747,929.24</u>	<u>\$ 94,499,219.74</u>			

CITY OF ORANGE TOWNSHIP  
TRUST FUND

B  
Sheet #1

COMPARATIVE BALANCE SHEETS  
REGULATORY BASIS  
DECEMBER 31, 2024 AND 2023

<u>ASSETS</u>	<u>2024</u>	<u>2023</u>
<b>ANIMAL CONTROL TRUST FUND:</b>		
Cash	\$ 26,369.78	\$ 24,013.18
<b>GENERAL TRUST FUND:</b>		
Cash	\$ 2,735,450.86	\$ 6,405,387.50
Other Accounts Receivable	4,434.37	4,434.37
Accounts Receivable - Police Outside Services	394,000.00	394,000.00
Interfunds Receivable	6,939,464.26	5,264,816.63
	\$ 10,073,349.49	\$ 12,068,638.50
<b>MUNICIPAL INSURANCE TRUST FUND:</b>		
Cash	\$ 203,339.65	\$ 283,581.63
<b>MUNICIPAL OPEN SPACE TRUST FUND:</b>		
Cash	\$ 697,934.93	\$ 1,289,373.74
Interfunds Receivable	1,644.00	3,149.06
	\$ 699,578.93	\$ 1,292,522.80
<b>GRANT TRUST FUND:</b>		
Cash	\$ 496,710.90	\$ 158,929.01
Interfunds Receivable	546.90	44,746.90
Due from Essex County - Community Development Block Grant	1,073,844.06	1,478,398.27
	\$ 1,571,101.86	\$ 1,682,074.18
<b>SALARY ACCOUNT TRUST FUND:</b>		
Cash	\$ 311,214.56	\$ 684,607.09
Interfunds Receivable	1,248.84	384,683.47
	\$ 312,463.40	\$ 1,069,290.56
<b>TOTAL ASSETS</b>	<b>\$ 12,886,203.11</b>	<b>\$ 16,420,120.85</b>

See accompanying notes to financial statements.

CITY OF ORANGE TOWNSHIP  
TRUST FUND

B  
Sheet #2

COMPARATIVE BALANCE SHEETS  
REGULATORY BASIS  
DECEMBER 31, 2024 AND 2023

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	2024	2023
<b>ANIMAL CONTROL TRUST FUND:</b>		
Reserve for Expenditures	\$ 2,321.80	\$ 1,852.20
Interfunds Payable	24,044.98	22,160.98
Due to State of New Jersey	3.00	
	\$ 26,369.78	\$ 24,013.18
<b>GENERAL TRUST FUND:</b>		
Reserve for:		
Interfunds Payable	\$ 1,248.84	\$ 385,730.42
Other Expenditures	1,048,619.36	1,185,750.93
Other Deposits	3,703,647.84	4,210,243.88
New Jersey Unemployment Insurance	31,796.51	31,796.51
Premium on Tax Sale	3,567,918.26	4,666,218.26
Encumbrances Payable	1,720,118.68	1,588,898.50
	\$ 10,073,349.49	\$ 12,068,638.50
<b>MUNICIPAL INSURANCE TRUST FUND:</b>		
Interfunds Payable		\$ 241.98
Reserve for Municipal Insurance Trust		
Fund Expenditures	\$ 203,339.65	283,339.65
	\$ 203,339.65	\$ 283,581.63
<b>MUNICIPAL OPEN SPACE TRUST FUND:</b>		
Interfunds Payable		\$ 2,599.00
Reserve for Municipal Open Space	699,578.93	1,289,923.80
	\$ 699,578.93	\$ 1,292,522.80
<b>GRANT TRUST FUND:</b>		
Interfunds Payable	\$ 410,500.00	\$ 400,546.75
Reserve for:		
Rehabilitation Grant Refunds	1,659.05	1,659.05
Essex County Community Development Block		
Grants Appropriated	1,047,766.98	1,168,692.55
Other Grant Fund Expenditures	111,175.83	111,175.83
	\$ 1,571,101.86	\$ 1,682,074.18
<b>SALARY ACCOUNT TRUST FUND:</b>		
Interfunds Payable	\$ 198,355.24	\$ 959,529.41
Reserve for Payroll Deductions	114,108.16	109,761.15
	\$ 312,463.40	\$ 1,069,290.56
<b>TOTAL LIABILITIES AND RESERVES</b>	<b>\$ 12,886,203.11</b>	<b>\$ 16,420,120.85</b>

See accompanying notes to financial statements.

CITY OF ORANGE TOWNSHIP  
GENERAL CAPITAL FUND

C

COMPARATIVE BALANCE SHEETS  
REGULATORY BASIS  
DECEMBER 31, 2024 AND 2023

<u>ASSETS</u>	2024	2023
Cash	\$ 3,038,171.35	\$ 2,910,518.53
Grants Receivable	718,302.79	1,225,432.04
Loans Receivable	1,732,091.68	1,732,091.68
Interfund Receivable	1,072,859.87	2,572,704.15
Deferred Charges to Future Taxation:		
Funded	17,625,647.91	16,347,439.91
Unfunded	21,289,017.02	21,552,308.02
	\$ 45,476,090.62	\$ 46,340,494.33
<u>LIABILITIES AND FUND BALANCE</u>		
Serial Bonds Payable	\$ 8,980,000.00	\$ 10,585,000.00
Bond Anticipation Notes Payable	15,269,476.00	13,688,267.00
Green Acres Trust Loan Payable	375,789.83	425,185.83
Demolition Loan Payable		32,500.00
NJIB Interim Financing Payable	8,269,858.08	5,304,754.08
Interfunds Payable	2,000,000.00	2,000,000.00
Improvement Authorizations:		
Funded	1,451,878.67	1,359,781.74
Unfunded	4,374,615.88	6,311,665.62
Encumbrances Payable	1,585,230.14	3,649,982.09
Capital Improvement Fund	29,179.61	4,179.61
Reserves for:		
Grants Receivable	66,471.55	573,600.80
Loan Proceeds	61,176.74	61,176.74
Loans Receivable	1,700,815.02	1,700,815.02
Debt Service	32,363.25	
Fund Balance	1,279,235.85	643,585.80
	\$ 45,476,090.62	\$ 46,340,494.33
Bonds and Notes Authorized But Not Issued	\$ 6,019,541.02	\$ 7,864,041.02

See accompanying notes to financial statements.

CITY OF ORANGE TOWNSHIP  
GENERAL CAPITAL FUND

C-1

STATEMENT OF FUND BALANCE  
REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2024

Balance, December 31, 2023		\$ 643,585.80
Increased by:		
Grant Receivable Reserve Reversal	\$ 507,129.25	
Funded Improvement Authorizations Canceled	995,745.76	
Cash Receipts from Premium on Sale of Bonds and Notes	<u>144,355.04</u>	
		<u>1,647,230.05</u>
		2,290,815.85
Decreased by:		
Funding of Ordinances	950,000.00	
Premium on Sale of Bonds and Notes due to Water and Sewer Capital Fund	<u>61,580.00</u>	
		<u>1,011,580.00</u>
Balance, December 31, 2024		<u>\$ 1,279,235.85</u>

CITY OF ORANGE TOWNSHIP  
WATER AND SEWER UTILITY FUND

COMPARATIVE BALANCE SHEETS  
REGULATORY BASIS  
DECEMBER 31, 2024 AND 2023

D  
Sheet # 1

<u>Assets</u>	<u>2024</u>	<u>2023</u>
Operating Fund:		
Cash - Checking	\$ 3,153,847.78	\$ 1,038,094.96
Petty Cash	150.00	150.00
	<u>3,153,997.78</u>	<u>1,038,244.96</u>
Receivables with Full Reserves:		
Consumer Accounts Receivable	4,082,096.02	3,869,120.56
Water and Sewer Liens Receivable	35,517.54	20,108.96
	<u>4,117,613.56</u>	<u>3,889,229.52</u>
Interfund Receivable	<u>1,743,876.02</u>	<u>1,797,465.59</u>
	1,743,876.02	1,797,465.59
Deferred Charges:		
Overexpenditure of Appropriations	316,075.25	
Deficit in Operations		1,699,504.28
Special Emergency Appropriation	720,000.00	1,080,000.00
	<u>1,036,075.25</u>	<u>2,779,504.28</u>
Total Operating Fund	<u>10,051,562.61</u>	<u>9,504,444.35</u>
Capital Fund:		
Cash - Checking	4,922,095.83	2,138,763.65
Due from N.J.I.B.	2,379,947.81	2,379,947.81
Interfund Receivable	404,842.00	
Fixed Capital	45,549,593.68	45,549,593.68
Fixed Capital Authorized and Uncompleted	52,678,958.86	52,678,958.86
Total Capital Fund	<u>105,935,438.18</u>	<u>102,747,264.00</u>
Total Assets	<u>\$ 115,987,000.79</u>	<u>\$ 112,251,708.35</u>

See accompanying notes to financial statements.

CITY OF ORANGE TOWNSHIP  
WATER AND SEWER UTILITY FUND

COMPARATIVE BALANCE SHEETS  
REGULATORY BASIS  
DECEMBER 31, 2024 AND 2023

D  
Sheet # 2

<u>Liabilities, Reserves and Fund Balance</u>	<u>2024</u>	<u>2023</u>
Operating Fund:		
Appropriation Reserves:		
Encumbered	\$ 1,378,583.37	\$ 920,523.61
Unencumbered	222,703.74	177,628.95
Accounts Payable	77,991.14	105,931.22
Interfunds Payable		360,000.00
Accrued Interest on Bonds and Notes	484,342.64	125,509.00
Reserve for Future Improvements	13,349.46	13,349.46
Reserve for Water Connection Escrows	438,017.45	56,460.65
Water and Sewer Overpayments	177,507.23	224,880.06
Special Emergency Notes Payable	720,000.00	1,080,000.00
	<u>3,512,495.03</u>	<u>3,064,282.95</u>
Reserve for Receivables	4,117,613.56	3,889,229.52
Fund Balance	<u>2,421,454.02</u>	<u>2,550,931.88</u>
Total Operating Fund	<u>10,051,562.61</u>	<u>9,504,444.35</u>
Capital Fund:		
Serial Bonds Payable	17,280,000.00	19,620,000.00
Bond Anticipation Notes Payable	19,692,000.00	15,756,000.00
N.J. Environmental Infrastructure Trust Loan Payable	1,780,395.00	2,196,256.00
N.J.I.B. Interim Financing Payable	2,250,000.00	2,250,000.00
Improvement Authorizations:		
Funded	861,010.17	861,010.17
Unfunded	19,971,549.64	21,721,374.37
Interfund Payable	2,531,411.29	1,403,207.79
Reserve for Encumbrances	2,213,529.21	2,465,313.80
Reserve for Amortization	31,066,346.20	28,310,485.20
Deferred Reserve for Amortization	8,040,284.34	7,976,284.34
Fund Balance	<u>248,912.33</u>	<u>187,332.33</u>
Total Capital Fund	<u>105,935,438.18</u>	<u>102,747,264.00</u>
Total Liabilities, Reserves and Fund Balances	<u>\$ 115,987,000.79</u>	<u>\$ 112,251,708.35</u>
Bonds and Notes Authorized but Not Issued	<u>\$ 18,119,527.00</u>	<u>\$ 22,119,527.00</u>

See accompanying notes to financial statements.

CITY OF ORANGE TOWNSHIP  
WATER AND SEWER UTILITY FUND

D-1

COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE  
REGULATORY BASIS  
YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
Revenue and Other Income:		
Fund Balance Utilized	\$ 800,000.00	
Water and Sewer Rents	15,698,776.48	\$ 11,384,381.36
Non-budget Revenue	434,344.21	340,010.99
Other Credits to Income:		
Cancelled Accounts Payable	35,240.08	
Unexpended Balance of Appropriation Reserves	502,161.31	158,887.53
	17,470,522.08	11,883,279.88
Expenditures:		
Budget Appropriations:		
Operations	10,503,935.00	9,947,100.00
Debt Service	4,552,635.91	3,275,684.16
Deferred Charges	2,059,504.28	360,000.00
	17,116,075.19	13,582,784.16
(Deficit)/Excess in Revenues	354,446.89	(1,699,504.28)
Adjustments To Income Before Fund Balance:		
Charges Included above which are by Statute		
Deferred Charges to Budgets of Succeeding Years:		
Overexpenditure of Appropriations	316,075.25	
Deficit in Operations		1,699,504.28
Statutory Excess to Fund Balance	670,522.14	-
Fund Balance, Beginning of Year	2,550,931.88	4,550,931.88
Decreased by:		
Utilized as Anticipated Revenue	800,000.00	
Operating Surplus of Prior Years Anticipated as Current Fund Revenue		2,000,000.00
	800,000.00	2,000,000.00
Fund Balance, End of Year	\$ 2,421,454.02	\$ 2,550,931.88

See accompanying notes to financial statements.

CITY OF ORANGE TOWNSHIP  
WATER AND SEWER UTILITY FUND

D-2

STATEMENT OF CAPITAL FUND BALANCE  
REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2024

Balance, December 31, 2023	\$ 187,332.33
Increased by:	
Premium on Sale of Bond Anticipation Notes	<u>61,580.00</u>
Balance, December 31, 2024	<u>\$ 248,912.33</u>

See accompanying notes to financial statements.

CITY OF ORANGE TOWNSHIP  
WATER AND SEWER UTILITY FUND

D-3

STATEMENT OF REVENUES  
REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2024

	<u>2024</u> <u>Budget</u>	<u>Realized</u>	<u>(Deficit)</u>
Fund Balance Utilized	\$ 800,000.00	\$ 800,000.00	
Water and Sewer Rents	<u>16,000,000.28</u>	<u>15,698,776.48</u>	<u>\$ (301,223.80)</u>
	<u>\$ 16,800,000.28</u>	<u>\$ 16,498,776.48</u>	<u>\$ (301,223.80)</u>
Miscellaneous Revenue Not Anticipated:			
Connection Fees		\$ 245,090.85	
Interest on Investments		<u>189,253.36</u>	
		<u>\$ 434,344.21</u>	
Analysis of Water and Sewer Rents:			
Cash received		\$ 15,698,776.48	
		<u>\$ 15,698,776.48</u>	

See accompanying notes to financial statements.

CITY OF ORANGE TOWNSHIP  
WATER AND SEWER UTILITY FUND

D-4

STATEMENT OF EXPENDITURES  
REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2024

	Appropriation Budget	Balance After Transfer	Paid or Charged	Reserved		Unexpended Balance Canceled	Over Expended
				Encumbered	Unencumbered		
Operating:							
Salaries and Wages	\$ 305,000.00	\$ 305,000.00	\$ 284,209.79		\$ 20,790.21		
Other Expenses	10,166,335.00	10,166,335.00	8,606,933.10	\$ 1,378,583.37	180,818.53		
Debt Service Administration	<u>32,600.00</u>	<u>32,600.00</u>	<u>11,505.00</u>		<u>21,095.00</u>		
Total Operating	<u>10,503,935.00</u>	<u>10,503,935.00</u>	<u>8,902,647.89</u>	<u>1,378,583.37</u>	<u>222,703.74</u>		
Debt Service:							
Payment of Bond Principal	2,340,000.00	2,340,000.00	2,340,000.00				
Payment of B.A.N & Capital Notes	64,000.00	64,000.00	64,000.00				
Interest on Bonds	606,300.00	606,300.00	606,300.00				
Interest on Notes	752,520.00	752,520.00	1,068,595.25				\$ 316,075.25
NJEIT Loan Debt Service	<u>473,741.00</u>	<u>473,741.00</u>	<u>473,740.66</u>			\$ 0.34	
Total Debt Service	<u>4,236,561.00</u>	<u>4,236,561.00</u>	<u>4,552,635.91</u>			<u>0.34</u>	<u>316,075.25</u>
Deferred Charges:							
Emergency Authorization	360,000.00	360,000.00	360,000.00				
Deficit in Operations in Prior Years	<u>1,699,504.28</u>	<u>1,699,504.28</u>	<u>1,699,504.28</u>				
Total Appropriations	<u>\$ 16,800,000.28</u>	<u>\$ 16,800,000.28</u>	<u>\$ 15,514,788.08</u>	<u>\$ 1,378,583.37</u>	<u>\$ 222,703.74</u>	<u>\$ 0.34</u>	<u>\$ 316,075.25</u>
Cash Disbursements			\$ 11,410,743.55				
Due to Current Fund			388,296.00				
Accrued Interest			1,656,244.25				
Deferred Charges: Prior Year's Deficit			1,699,504.28				
Deferred Charges: Special Emergency			<u>360,000.00</u>				
			<u>\$ 15,514,788.08</u>				

See accompanying notes to financial statements.

CITY OF ORANGE TOWNSHIP  
GOVERNMENTAL FIXED ASSETS

COMPARATIVE BALANCE SHEETS  
REGULATORY BASIS  
DECEMBER 31, 2024 AND 2023

E

	December 31,	
	<u>2024</u>	<u>2023</u>
Land	\$ 15,774,800.00	\$ 16,195,500.00
Land Improvements	41,969,000.00	42,786,400.00
Machinery and Equipment	<u>14,173,107.00</u>	<u>13,932,096.00</u>
	<u>\$ 71,916,907.00</u>	<u>\$ 72,913,996.00</u>
Investment in Governmental Fixed Assets	<u>\$ 71,916,907.00</u>	<u>\$ 72,913,996.00</u>

See accompanying notes to financial statements.

CITY OF ORANGE TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2024 AND 2023

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

**Reporting Entity**

The City of Orange Township (the “City”) was organized as a Mayor-Council Plan D municipality in accordance with the provisions of N.J.S.A. 40:69A-61 et seq. and amended by N.J.S.A. 40:69A-208.1. The City is governed by an elected Mayor and Council. The Council shall consist of seven members which are elected three at large and four from wards by voters of the municipality.

Each member of the Council carries a legislative vote.

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 General Trust Fund, Animal Control Trust Fund, Grant Trust Fund, Municipal Open Space Trust Fund, Salary Account Trust Fund and Municipal Insurance Trust Fund.

CITY OF ORANGE TOWNSHIP

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2024 AND 2023

**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 and Sewer Utility Fund – This fund is used to account for the revenues and expenditures for the operation of the City's Water and Sewer Utility activities and the assets and liabilities relative to such activities. Acquisition or improvement of capital facilities for the Water and Sewer Utility, as well as the related long-term debt accounts, is accounted for in the capital section of the fund.
- Governmental Fixed Assets – These accounts reflect estimated valuations of land, buildings and certain movable fixed assets of the City other than those accounted for in the Water and Sewer 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 institute's 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 ORANGE TOWNSHIP

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2024 AND 2023

**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 and Utility 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, as well as expenditures related to compensated absences and claims and judgements, 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 leave are not recorded until paid; however, municipalities may establish and budget reserve funds subject to NJSA 40A:4-39 for the future payment of compensated absences. GAAP requires that liabilities for compensated absences be recorded for leave that has not been used when the leave is attributable to services already rendered and the leave is more likely than not to be used for time off or otherwise paid in.

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.

Governmental Fixed Assets – New Jersey Administrative Code 5:30-5.6 established a mandate for fixed asset accounting by municipalities, effective December 31, 1985, which differs in certain respects from generally accepted accounting principles, requires the inclusion of a statement of Governmental Fixed Assets of the City as part of the basic financial statements.

CITY OF ORANGE TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2024 AND 2023

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

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 and Sewer 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 Utility is 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 and Sewer Utility is required by regulation, to be prepared by City personnel for inclusion on the Water Sewer 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 governments 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. GAAP requires such amounts to be recorded when it is probable that a loss has been incurred and the amount of such loss can be reasonably estimated.

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 ORANGE TOWNSHIP

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2024 AND 2023

**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 City has included information relating to its allocated shares of the net pension liabilities of the state sponsored, cost-sharing, multiple employer defined benefit pension plans in which it participates in Note 9 and the accompanying required supplementary information. As the City does not present entity-wide financial statements, it does not present on the face of its financial statements its proportionate share of the net pension liability of the defined benefit plans in which its employees are enrolled. GAAP requires the recognition of the net pension liability and associated deferred inflows and deferred outflows of financial resources in the entity-wide financial statements. 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, counties and municipalities may use the most recent available audited GASB Statement No. 68 financial information published by the New Jersey Department of the Treasury, Division of Pensions and Benefits. As of the date of audit, the 2023 Public Employees' Retirements System Report and the 2023 Police and Firemen's Retirement System Report were the most recent reports available and therefore information for that year was disclosed accordingly. Refer to Note 7 for these disclosures.

Other Post-Employment Benefits Other Than Pensions – With the implementation of GASB Statement No. 75 for disclosure purposes, the City has included information for OPEB (Postemployment Benefits Other Than Pensions) liabilities relating to healthcare benefits provided to its retirees within the Notes to the Financial Statements and the accompanying required supplementary information, if applicable. As the City does not present entity-wide financial statements, it does not present on the face of its financial statements its proportionate share of the OPEB liability of the defined benefit healthcare plans in which its retirees are enrolled. GAAP requires the recognition of the OPEB liability and associated deferred inflows and deferred outflows of financial resources in the entity-wide financial statements. The audited financial information related to OPEB liabilities 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, counties and municipalities may use the most recent available audited GASB Statement No. 75 financial information published by the New Jersey Department of the Treasury, Division of Pensions and Benefits. As of the date of audit, the 2023 Report was the most recent report available and therefore information for that year was disclosed accordingly. Refer to Note 8 for these disclosures.

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.

Recent Accounting Standards

The City does not prepare its financial statements in accordance with accounting principles generally accepted in the United States. The adoption of these new standards will not adversely affect the reporting on the City's financial condition.

CITY OF ORANGE TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2024 AND 2023

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

GASB issued Statement No. 101, “*Compensated Absences*” in June 2022. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2023. Earlier application is encouraged.

The GASB issued Statement No. 102, “*Certain Risk Disclosures*” December 2023. This Statement defines a concentration as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A constraint is a limitation imposed on a government by an external party or by formal action of the government’s highest level of decision-making authority. Concentrations and constraints may limit a government’s ability to acquire resources or control spending. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. Management has not yet determined the impact of this Statement on the financial statements.

The GASB issued Statement No. 103, “*Financial Reporting Model Improvements*” in April 2024. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government’s accountability. The requirements of this Statement are effective for periods beginning after June 15, 2025, and all reporting periods thereafter. Management has not determined the impact of the Statement on the financial statements.

The GASB issued Statement No. 104, “*Disclosure of Certain Capital Assets*” in September 2024. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets including lease assets, intangible right-to-use assets, subscription assets, other intangible assets and assets held for sale. The requirements of this Statement are effective for periods beginning after June 15, 2025, and all reporting periods thereafter. Management has not determined the impact of the Statement on the financial statements.

**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.

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.

CITY OF ORANGE TOWNSHIP

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2024 AND 2023

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

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, 2024 and 2023. At December 31, 2024 and 2023, the book value of the City’s deposits were \$35,335,815.69 and \$32,940,765.15, respectively. \$402,144.84 and \$781,794.90 held in agency and payroll accounts for the years ended December 31, 2024 and 2023 are not covered by GUDPA. The City’s deposits, which are displayed on the various fund Balance Sheets are categorized as:

<u>Depository Account</u>	December 31, 2024	December 31, 2023
FDIC Insured	\$ 250,000.00	\$ 250,000.00
GUDPA Insured	35,662,493.18	33,414,394.96
	<u>\$ 35,912,493.18</u>	<u>\$ 33,664,394.96</u>

Custodial Credit Risk – Deposits:

The City’s deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are: uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution’s trust department or agent but not in the depositor governments name. The deposit risk is that, in the event of the failure of a depository financial institution, the City will not be able to recover deposits or will not be able to recover collateral securities that are in possession of an outside party. As of December 31, 2024 and 2023, based upon the insured balances provided by the FDIC and NJGUDPA coverage, \$402,144.84 and \$781,794.40 of the City’s bank balances were considered exposed to custodial credit risk. In addition, based upon the existing deposit and investment practices, the City is generally not exposed to credit risks, concentration of credit risks and interest rate risks for its investments nor is it exposed to foreign currency risks for its deposits and investments.

CITY OF ORANGE TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2024 AND 2023

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

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. TAXES RECEIVABLE AND TAX TITLE LIENS**

Property assessments are determined on true values and taxes are assessed based upon these values. The residential tax bill includes the levies for the City, County and School purposes. Certified adopted budgets are submitted to the County Board of Taxation (the "Board") by each taxing district. The tax rate is determined by the Board upon the filing of these budgets.

The tax bills are mailed by the Tax Collector annually in June and are payable in four quarterly installments due the first of August and November of the current year and a preliminary billing due the first of February and May of the subsequent year. The August and November billings represent the third and fourth quarter installments and are calculated by taking the total year tax levy less the preliminary first and second quarter installments due February and May. The preliminary levy is based on one-half of the current year's total tax.

Tax installments not paid by the above due dates are subject to interest penalties determined by a resolution of the Governing Body. The rate of interest, in accordance with the aforementioned resolution, is 8% per annum on the first \$1,500.00 of delinquency and 18% on any delinquency in excess of \$1,500.00. The resolution also sets a grace period of ten days before interest is calculated. In addition, any delinquency in excess of \$10,000.00 at the end of the calendar year is subject to a 6% penalty on the unpaid balance.

Taxes unpaid on the 11<sup>th</sup> day of the eleventh month in the fiscal year when the taxes became in arrears are subject to the tax sale provisions of the New Jersey Statutes. The municipality may institute in rem foreclosure proceedings after six months from the date of the sale if the lien has not been redeemed.

The following is a three year comparison of certain statistical information relative to property taxes and property tax collections for the current and previous two years:

CITY OF ORANGE TOWNSHIP  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2024 AND 2023

**3. TAXES RECEIVABLE AND TAX TITLE LIENS (continued)**

**Comparative Schedule of Tax Rates:**

	<u>Year</u> <u>2024</u>	<u>Year</u> <u>2023</u>	<u>Year</u> <u>2022</u>
Tax Rate	\$ 3.910	\$ 3.727	\$ 3.466
Apportionate of			
Tax Rate:			
Municipal	\$ 2.934	\$ 2.743	\$ 2.548
County	0.368	0.379	0.318
County Open Space	0.015	0.014	0.011
School	0.593	0.591	0.589

**Assessed Valuations:**

<u>Calendar</u> <u>Year</u>	<u>Amount</u>
2024	\$ 2,273,289,931.00
2023	2,266,551,600.00
2022	2,274,904,100.00

**Comparison of Tax Levies and Collections:**

<u>Calendar</u> <u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage</u> <u>of Collections</u>
2024	\$ 88,696,479.44	\$ 87,872,468.74	99.07%
2023	84,658,981.48	83,286,495.58	98.38%
2022	79,041,410.35	77,830,358.87	98.47%

**Delinquent Taxes and Tax Title Liens:**

<u>Calendar</u> <u>Year</u>	<u>Amount of</u> <u>Tax Title Liens</u>	<u>Amount of</u> <u>Delinquent Taxes</u>	<u>Total</u> <u>Delinquent</u>	<u>Percentage</u> <u>of Tax Levy</u>
2024	\$ 3,604,068.48	\$ 560,549.46	\$ 4,164,617.94	4.70%
2023	3,387,493.47	167,750.87	3,555,244.34	4.20%
2022	4,829,432.97	143,207.59	4,972,640.56	6.29%

CITY OF ORANGE TOWNSHIP

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2024 AND 2023

**4. PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION**

The value of property acquired by liquidation of tax title liens, on the basis of the last assessed valuation of such properties in the year of acquisition is as follows:

Calendar Year	Amount
2024	\$ 856,500.00
2023	856,500.00
2022	856,500.00

**5. WATER/SEWER CONSUMER ACCOUNTS RECEIVABLE**

The City maintains a utility fund for the billing and collection of water and sewer rents. The City is divided into three sections for the purposes of billings which are done on a quarterly basis.

A comparison of Water and Sewer Utility billings and collections for the past three years is as follows:

Calendar Year	Billing	Collection
2024	\$ 15,911,751.94	\$ 15,698,776.48
2023	12,585,761.32	11,384,381.36
2022	12,216,846.58	11,907,683.25

Collections include prior year billings.

**6. FUND BALANCES APPROPRIATED**

**Schedule of Fund Balances Appropriated:**

	Year	Balance December 31,	Utilized in Budgets Succeeding Year
Current Fund	2024	\$ 5,286,679.25	\$ 4,000,000.00
	2023	5,792,104.68	4,680,000.00
	2022	4,134,247.59	3,000,000.00
Water/Sewer Utility			
Operating Fund:	2024	\$ 2,421,454.02	\$ -
	2023	2,550,931.88	800,000.00
	2022	4,550,931.88	-

CITY OF ORANGE TOWNSHIP

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2024 AND 2023

**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) and the Police and Firemen’s Retirement System (PFRS), 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 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 to 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, 2023:

	<u>2023</u>
Inactive plan members or beneficiaries currently receiving benefits	191,119
Inactive plan members entitled to but not yet receiving benefits	580
Active plan members	<u>241,151</u>
Total	<u>432,850</u>

Contributing Employers – 1,691

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, 2023, the City’s total payroll for all employees was \$36,331,489.43. For the year ended December 31, 2023, total PERS covered payroll was \$7,998,913. Due to payroll system limitations, 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. State legislation has modified the amount that is contributed by the State. The State’s pension contributions are based on an amortization of the unfunded accrued liability. Funding or noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2023, the State’s pension contribution was less than the actuarial determined amount.

CITY OF ORANGE TOWNSHIP

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2024 AND 2023

7. PENSION PLANS (continued)

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 1st in the second fiscal period subsequent to plan year for which the contributions requirements were calculated.

It is assumed that the local employers will contribute 100% of their actuarially determined contribution and 100% of their Non-Contributory Group Insurance Premium Fund (NCGIPF) contribution while the State will contribute 70% of its actuarially determined contribution and 100% of its NCGIPF contribution. The 70% contribution rate is the actual total State contribution rate paid in fiscal year ending June 30, 2023 with respect to the actuarially determined contribution for the fiscal year ending June 30, 2023 for all State administered retirement systems.

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

City payments to PERS for the year ending December 31, 2023 consisted of the following:

	<u>2023</u>
Total Regular Billing	<u>\$ 1,259,866.00</u>

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

The vesting and benefit provisions are set by N.J.S.A. 43:15A. 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 2, 2008
3	Members who were eligible on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

A service retirement benefit of 1/55th of final average salary for each year of service credit is available to tier 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, to tier 3 and 4 members before age 62 and tier 5 members with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age of his/her respective tier.

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.

*Special Funding Situation* – Under N.J.S.A. 43:15A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed that legally obligated the State if certain circumstances occurred. The legislation, which legally obligates the State, are Chapter 366, P.L. 2001 and Chapter 133, P.L. 2001. The amounts contributed on behalf of the local participating employers under the legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity.

CITY OF ORANGE TOWNSHIP

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2024 AND 2023

7. PENSION PLANS (continued)

Since the local participating employers do not contribute under the legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers related to the legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employers as well as revenue in an amount equal to the nonemployer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer.

*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, 2023, the PERS reported a net pension liability of \$14,606,489,066.00 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 \$13,653,561 or 0.0942640707%, which was an increase of 0.0001847034% from its proportion measured as of June 30, 2022.

At December 31, 2023, the City's deferred outflows of resources and deferred inflows of resources related to PERS were from the following sources, if GASB Statement No. 68 was recognized:

	2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 130,546.00	\$ 55,811.00
Changes in assumptions	29,994.00	827,464.00
Net difference between projected and actual earnings on pension plan investments	62,876.00	
Changes in proportion and differences between City contributions and proportionate share of contributions	865,657.00	286,671.00
City contributions subsequent to the measurement date	1,259,866.00	
	<u>\$ 2,348,939.00</u>	<u>\$ 1,169,946.00</u>

\$1,259,866.00 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 on the GAAP basis as follows:

Year ended December 31,	Amount
2024	\$ (358,131.00)
2025	(292,232.00)
2026	659,868.00
2027	(92,322.00)
2028	1,944.00
Total	<u>\$ (80,873.00)</u>

CITY OF ORANGE TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2024 AND 2023

**7. PENSION PLANS (continued)**

*Actuarial Assumptions-* The total pension liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

<b>June 30, 2023</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%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 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 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2022 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 plan investments (7.00% at June 30, 2023) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2023 in the following table:

CITY OF ORANGE TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2024 AND 2023

**7. PENSION PLANS (continued)**

June 30, 2023		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	28.00%	8.98%
Non - US Developed Market Equity	12.75%	9.22%
International Small Cap Equity	1.25%	9.22%
Emerging Markets Equity	5.50%	11.13%
Private Equity	13.00%	12.50%
Real Estate	8.00%	8.58%
Real Assets	3.00%	8.40%
High Yield	4.50%	6.97%
Private Credit	8.00%	9.20%
Investment Grade Credit	7.00%	5.19%
Cash Equivalents	2.00%	3.31%
U.S. Treasuries	4.00%	3.31%
Risk Mitigation Strategies	3.00%	6.21%
	100.00%	

*Discount Rate* – The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023. 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 To Changes In the Discount Rate* – the following presents the net pension liability of PERS calculated using the discount rates as disclosed below 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%)
PERS	\$ 17,774,031.00	\$ 13,653,561.00	\$ 10,146,496.00

*Plan Fiduciary Net Position* – The plan fiduciary net position for PERS, including the State of New Jersey, at June 30, 2022 was \$34,831,652,936.00. The portion of the Plan Fiduciary Net Position that was allocable to the Local (Non-State) Group at June 30, 2023 was \$27,400,438,440.00.

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

*Additional information*

Collective Local Group balances at June 30, 2023 are as follows:

Collective deferred outflows of resources	\$	1,080,204,730.00
Collective deferred inflows of resources		1,780,216,457.00
Collective net pension liability - Local group		14,606,489,066.00
City's Proportion		0.0942640707%

Collective pension (benefit) for the Local Group for the measurement period ended June 30, 2023 was \$(79,181,803.00). The average of the expected remaining service lives of all plan members is 5.08, 5.04, 5.13, 5.16, 5.21, and 5.63 years for 2023, 2022, 2021, 2020, 2019, and 2018, respectively.

**State Contribution Payable Dates**

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. As such, contributions are assumed to be made on a quarterly basis with the first contribution 15 months after the associated valuation date.

Local employer's contributions are expected to be paid on April 1<sup>st</sup>, 21 months after the associated valuation date.

**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, 2023 are \$1,354,892,653.00.

**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 PERS. 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 PERS indicates that the total Non-employer contributions made to the PERS by the State for the year ended June 30, 2023 was \$61,366,036.00. The portion of that contribution allocated to the City in 2023 was \$42,580.00 or 0.0946219633%. The June 30, 2023 State special funding situation pension expense of \$55,672,745.00 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 \$122,115,019.00 at June 30, 2023 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, 2023 and its share of the special funding situation Net Pension Liability at that date were \$42,580.00 and \$0.00, respectively.

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

**Police and Firemen’s Retirement System**

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

*Plan Membership and Contributing Employers-* Substantially all full-time county and municipal police and firemen and state firemen or officer employees with police powers appointed after June 30, 1944 are enrolled in PFRS Membership and contributing employers of the defined benefit pension plans consisted of the following at June 30, 2023:

	2023
Inactive plan members or beneficiaries currently receiving benefits	48,753
Inactive plan members entitled to but not yet receiving benefits	60
Active plan members	41,816
Total	90,629
Contributing Employers – 582	

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

For the year ended June 30, 2023, it is assumed that the Local employers will contribute 100% of their actuarially determined contribution and 100% of their Non-Contributory Group Insurance Premium Fund (NCGIPF) contribution while the State will contribute 78% of its actuarially determined contribution and 100% of its NCGIPF contribution. The 78% contribution rate is the actual total State contribution rate paid in the fiscal year ending June 30, 2023 with respect to the actuarially determined contribution for the fiscal year ending June 30, 2023 for all State administered retirement systems.

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

Consistent with Chapter 83, P.L. 2016, it is assumed that the State will make pension contributions in equal amounts at the end of each quarter. It is assumed the Local employers’ contributions are expected to be received on April 1<sup>st</sup>, 21 months after the associated valuation date.

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

For the year ended December 31, 2023, the City’s total payroll for all employees was \$36,331,489.43. For the year ended December 31, 2023, total PFRS covered payroll was \$22,437,417.00. Due to payroll system limitations, 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 OF ORANGE TOWNSHIP  
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**7. PENSION PLANS (continued)**

City payments to PFRS for the years ending December 31, 2023 consisted of the following:

	2023
Total Regular Billing	\$ 7,192,094.00

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:

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

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

*Special Funding Situation* – Under N.J.S.A. 43:15A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed that legally obligated the State if certain circumstances occurred. The legislation, which legally obligates the State, are Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993, and Chapter 201, P.L. 2001. The amounts contributed on behalf of the local participating employers under the legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under the legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers related to the legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employers as well as revenue in an amount equal to the nonemployer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer.

At June 30, 2023, the PFRS reported a net pension liability of \$11,048,782,843.00 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 \$59,693,374.00, or 0.5402710400% which was an increase of 0.0385588200% from its proportion, measured as of June 30, 2022. Then pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023.

CITY OF ORANGE TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
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**7. PENSION PLANS (continued)**

At December 31, 2023, the City's deferred outflows of resources and deferred inflows of resources related to PFRS were from the following sources; if GASB Statement No. 68 was recognized:

	<b>2023</b>	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,555,951.00	\$ 2,846,844.00
Changes in assumptions	128,839.00	4,030,733.00
Net difference between projected and actual earnings on pension plan investments	3,040,071.00	
Changes in proportion and differences between City contributions and proportionate share of contributions	6,171,626.00	2,573,511.00
City contributions subsequent to the measurement date	7,192,094.00	
	\$ 19,088,581.00	\$ 9,451,088.00

\$7,192,094.00 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 on the GAAP basis as follows:

Year ended December 31,	Amount
2024	\$ (1,059,759.00)
2025	(1,162,937.00)
2026	3,905,269.00
2027	(22,029.00)
2028	667,512.00
2029	117,343.00
Total	\$ 2,445,399.00

*Actuarial Assumptions-* The total pension liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	June 30, 2023
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%

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

Employee mortality rates were based on the PubS-2010 amount-weighted mortality table with a 105.6% adjustment for males and 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 96.0% adjustment for females. Disability rates were based on the PubS-2010 amount-weighted mortality table with a 152.0% adjustment for males and 109.3% adjustment for females. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2022 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 plan investments (7.00% at June 30, 2023) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2023 are summarized in the following table:

<b>June 30, 2023</b>		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	28.00%	8.98%
Non - US Developed Market Equity	12.75%	9.22%
International Small Cap Equity	1.25%	9.22%
Emerging Markets Equity	5.50%	11.13%
Private Equity	13.00%	12.50%
Real Estate	8.00%	8.58%
Real Assets	3.00%	8.40%
High Yield	4.50%	6.97%
Private Credit	8.00%	9.20%
Investment Grade Credit	7.00%	5.19%
Cash Equivalents	2.00%	3.31%
U.S. Treasuries	4.00%	3.31%
Risk Mitigation Strategies	3.00%	6.21%
	100.00%	

*Discount Rate* – The discount rate used to measure the total pension liability as of June 30, 2023 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 and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for 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 after that date in determining the total pension liability.

CITY OF ORANGE TOWNSHIP  
 NOTES TO FINANCIAL STATEMENTS  
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**7. PENSION PLANS (continued)**

*Sensitivity of Net Pension Liability* – the following presents the City’s proportionate share of 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%)
PFRS	\$ 83,172,264.08	\$ 59,693,374.00	\$ 40,141,068.19

*Plan Fiduciary Net Position* – The plan fiduciary net position for PFRS at June 30, 2023 was \$32,567,234,286.00. The portion of the Plan Fiduciary Net Position that was allocable to the Local (Non-State) Group at June 30, 2023 was \$30,766,525,115.00.

*Additional Information*

Collective Local Group balances at June 30, 2023 are as follows:

Collective deferred outflows of resources	\$	1,753,080,638.00
Collective deferred inflows of resources		1,966,439,601.00
Collective net pension liability - Local group		13,084,649,602.00
City's Proportion		0.5402710400%

Collective pension expense for the Local Group for the measurement period ended June 30, 2023 was \$844,810,693.00. The average of the expected remaining service lives of all plan members is 6.16, 6.22, 6.17, 5.90, 5.92, and 5.73 years for 2023, 2022, 2021, 2020, 2019, and 2018, respectively.

**State Contribution Payable Dates**

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. As such, contributions are assumed to be made on a quarterly basis.

Local employer’s contributions are expected to be paid on April 1<sup>st</sup>, 21 months after the associated valuation date.

**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.

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.

CITY OF ORANGE TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
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**7. PENSION PLANS (continued)**

**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, 2023 was \$232,824,730.00. The portion of that contribution allocated to the City in 2023 was \$1,257,885.00, or 0.54027122%. The June 30, 2023 State special funding situation pension expense of \$231,575,656.00 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 \$2,035,866,759.00 at June 30, 2023 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, 2023 and its share of the special funding situation NPL at that date were \$1,251,136.00 and \$10,999,199.00, respectively.

**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 \$5,000.00 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 \$5,000.00 annually.

*Contribution Requirement and Benefit Provisions -* State and local government employers contribute 3% of the employee’s base salary. Active members contribute 5.5% of base salary. Eligible members are provided with a defined contribution retirement plan intended to qualify for favorable Federal income tax treatment under IRC Section 401(a), a noncontributory group life insurance plan and a noncontributory group disability benefit plan. A participant’s interest in that portion of his or her defined contribution retirement plan account attributable to employee contributions shall immediately become and shall at all times remain fully vested and non-forfeitable. A participant’s interest in that portion of his or her defined contribution retirement plan account attributable to employer contributions shall be vested and non-forfeitable on the date the participant commences the second year of employment or upon his or her attainment of age 65, while employed by an employer, whichever occurs first.

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, 10.00% for PFRS and 5.50% for DCRP of employees’ base wages.

CITY OF ORANGE TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
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**8. 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 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 City administers the Plan through the Horizon Blue Cross Blue Shield of New Jersey and has the authority to establish and amend the benefits provisions offered. The Plan is not a separate entity or trust and does not issue standalone financial statements.

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

**Total OPEB Liability**

The City's total OPEB liability of \$232,129,032.00 and \$232,458,868.00 respectively was measured as of December 31, 2024 and 2023, and was determined by an actuarial valuation as of those dates. The December 31, 2024 and 2023 valuations were based on 265 participants receiving retiree benefits and 332 active participants and 266 participants receiving retiree benefits and 334 active participants, respectively.

**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 ORANGE TOWNSHIP  
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**8. POST RETIREMENT HEALTH COVERAGE (continued)**

Key assumptions:

<b>2024</b>	
Inflation	2.50%
Salary increases	2.50%
Discount rate	4.08%
Medical trend rate - Medical	6.50%
Medical trend rate - Drug	14.00%
Medical trend rate - Dental and Vision	4.50%
<b>2023</b>	
Inflation	2.50%
Salary increases	2.50%
Discount rate	3.26%
Medical trend rate - Medical	5.10%
Medical trend rate - Drug	6.00%
Medical trend rate - Dental and Vision	3.50%

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 ORANGE TOWNSHIP  
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**8. POST RETIREMENT HEALTH COVERAGE (continued)**

**Changes in the Total OPEB Liability**

	Total OPEB Liability
Balance at 12/31/2023	\$ 232,458,868.00
Changes for the year:	
Interest cost	7,589,021.00
Service cost	3,937,757.00
Difference between expected and actual experience	7,750,112.00
Changes in assumptions	(12,397,611.00)
Changes in assumptions or other inputs:	
Benefit payments	(7,209,115.00)
Net changes	(329,836.00)
Balance at 12/31/2024	\$ 232,129,032.00
Balance at 12/31/2022	\$ 232,163,112.00
Changes for the year:	
Interest cost	8,636,258.00
Service cost	3,100,990.00
Difference between expected and actual experience	(16,460,006.00)
Changes in assumptions	11,231,815.00
Changes in assumptions or other inputs:	
Benefit payments	(6,213,301.00)
Net changes	295,756.00
Balance at 12/31/2023	\$ 232,458,868.00

*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, 2024		
	1% Decrease	At Discount Rate	1% Increase
	(3.08%)	(4.08%)	(5.08%)
Total OPEB Liability	\$ 257,727,007.00	\$ 232,129,032.00	\$ 211,170,994.00
	December 31, 2023		
	1% Decrease	At Discount Rate	1% Increase
	(2.26%)	(3.26%)	(4.26%)
Total OPEB Liability	\$ 261,409,139.00	\$ 232,458,868.00	\$ 209,385,423.00

CITY OF ORANGE TOWNSHIP

NOTES TO FINANCIAL STATEMENTS  
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**8. POST RETIREMENT HEALTH COVERAGE (continued)**

*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, 2024		
	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB Liability	\$ 214,528,602.00	\$ 232,129,032.00	\$ 253,738,539.00

  

	December 31, 2023		
	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB Liability	\$ 212,175,136.00	\$ 232,458,868.00	\$ 257,713,177.00

**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>.

**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

CITY OF ORANGE TOWNSHIP

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YEARS ENDED DECEMBER 31, 2024 AND 2023

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

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.

**Plan Membership and Contributing Employers**

Plan membership and contributing employers/non-employers consisted of the following at June 30, 2023:

	<u>June 30, 2023</u>
Inactive plan members or beneficiaries currently receiving benefits	34,771
Active plan members	<u>65,613</u>
Total	<u>100,384</u>
Contributing employers	591
Contributing nonemployers	1

*Nonspecial Funding Situation* - The State of New Jersey's Total OPEB Liability for nonspecial funding situation was \$14,889,576,786 at June 30, 2023.

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

	<u>June 30, 2023</u>
Total OPEB Liability	\$ 14,889,576,786.00
Plan Fiduciary Net Position (Deficit)	<u>(116,962,691.00)</u>
Net OPEB Liability	<u>\$ 15,006,539,477.00</u>
Plan Fiduciary Net Position (Deficit) as a Percentage of the Total OPEB Liability	-0.79%

*Actuarial Assumptions and Other Inputs* - The total OPEB liability as of June 30, 2023 was determined by an actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023. 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:

CITY OF ORANGE TOWNSHIP  
 NOTES TO FINANCIAL STATEMENTS  
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**8. POST RETIREMENT HEALTH COVERAGE (continued)**

Salary Increases\*:

Public Employees' Retirement System (PERS)

Rate for All Future Years 2.75% to 6.55%  
Based on Years of Service

Police and Firemen's Retirement System (PFRS)

Rate for all future years 3.25% to 16.25%  
Based on Years of Service

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 general 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, 2022 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2018 to June 30, 2021.

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 6.50% and decreases to a 4.50% long-term trend rate after nine years. For post-65 medical benefits PPO, the trend is increasing to 14.8% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO, the trend is increasing to 17.4% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 9.5% and decreases to a 4.50% long-term trend rate after seven years. For Medicare Part B reimbursement, the trend rate is 5.00%.

*Discount Rate* - The discount rate for June 30, 2023 was 3.65%. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

*Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Healthcare Cost Trend Rate* - The following presents the City's proportionate share of the net OPEB liability as of June 30, 2023 calculated using the discount rate as disclosed above as well as what the City's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.65%) or 1-percentage-point higher (4.65%) than the current rate:

	At 1% Decrease (2.65%)	At Current Discount rate (3.65%)	At 1% Increase (4.65%)
City's proportionate share of the net OPEB liability	\$ 42,492,264.09	\$ 36,684,431.00	\$ 32,012,925.09

CITY OF ORANGE TOWNSHIP  
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**8. POST RETIREMENT HEALTH COVERAGE (continued)**

*Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates* - The following presents the net OPEB liability as of June 30, 2023, 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:

	At 1% Decrease	At Current Healthcare Trend Rate	At 1% Increase
City's proportionate share of the net OPEB liability	\$ 31,177,449.86	\$ 36,684,431.00	\$ 43,735,049.78

*Special Funding Situation* - The State of New Jersey's Total OPEB Liability for special funding situation was \$3,489,093,208 at June 30, 2023.

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 Orange Township was \$36,684,431.00 at June 30, 2023. These allocated liabilities represent 1.051403% of the State's Total Non-employer OPEB Liability for June 30, 2023. The OPEB revenue attributed to the City was \$6,651,604.00 at June 30, 2023.

**9. 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 ORANGE TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2024 AND 2023

**9. MUNICIPAL DEBT (continued)**

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

	<u>Year 2024</u>	<u>Year 2023</u>
<u>Bonds and Notes Issued</u>		
General Capital:		
Bonds and Notes	\$ 24,249,476.00	\$ 24,273,267.00
Loans	8,645,647.91	5,762,439.91
Water and Sewer Utility:		
Bonds and Notes	36,972,000.00	35,376,000.00
Loans	4,030,395.00	4,446,256.00
Total Issued	<u>\$ 73,897,518.91</u>	<u>\$ 69,857,962.91</u>
<u>Authorized but Not Issued</u>		
General Capital:		
Bonds and Notes	\$ 6,019,541.02	\$ 7,864,041.02
Water and Sewer Utility:		
Bonds and Notes	18,119,527.00	22,119,527.00
Total Debt	<u>\$ 98,036,586.93</u>	<u>\$ 99,841,530.93</u>

The statement of debt condition that follows indicates a statutory net debt of 1.637% at December 31, 2024.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
School Debt	\$ 14,890,000.00	\$ 14,890,000.00	
Water and Sewer Utility Debt	59,121,922.00	59,121,922.00	
General Debt	38,914,664.93	1,267,129.00	\$ 37,647,535.93
Total	<u>\$ 112,926,586.93</u>	<u>\$ 75,279,051.00</u>	<u>\$ 37,647,535.93</u>

The City's remaining borrowing power under N.J.S.A. 40A:2-6, as amended, at December 31, 2024 as follows:

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 80,492,529.30
Net Debt	37,647,535.93
Remaining Statutory Borrowing Power	<u>\$ 42,844,993.37</u>

School debt is deductible up to the extent of 4.0% of the Average Equalized Assessed Valuations of real property for the Local School District and entirely for the Regional High School.

CITY OF ORANGE TOWNSHIP  
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**9. MUNICIPAL DEBT (continued)**

**Calculation of “Self-Liquidating Purposes” Water/Sewer Utility Per N.J.S.A. 40A:2-45**

Surplus and Cash receipts from Fees, Rents or		
Other Charges for Year and Fund Balance Anticipated		\$ 16,933,120.69
Deductions:		
Operating and Maintenance Cost	\$ 10,503,935.00	
Debt Service per Water/Sewer Utility	<u>4,175,151.27</u>	
		<u>14,679,086.27</u>
Excess		<u><u>\$ 2,254,034.42</u></u>

The foregoing debt information is not in agreement with the Annual Debt Statement as filed by the Chief Financial Officer and as such, a revised Annual Debt Statement should be filed with the Division.

**General Obligation Bonds**

The City levies ad valorem taxes to pay debt service on general obligation bonds. General obligation bonds outstanding at December 31, 2024 and 2023 are as follows:

<u>General Bonds</u>	<u>2024</u>	<u>2023</u>
\$9,433,000.00, 2017 General Improvement Bonds (QBA), in annual installments of \$940,000.00 to \$945,000.00 through December 2027, interest from 3.00% to 4.00%*	\$ 2,830,000.00	\$ 3,775,000.00
\$8,611,000.00, 2020 General Improvement Bonds (QBA), in annual installments of \$750,000.00 to \$1,200,000.00 through December 2030, interest from 2.00% to 4.00%*	<u>6,150,000.00</u>	<u>6,810,000.00</u>
	<u><u>\$ 8,980,000.00</u></u>	<u><u>\$ 10,585,000.00</u></u>

CITY OF ORANGE TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
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**9. MUNICIPAL DEBT (continued)**

**Utility Bonds**

The City pledges revenue from operations to pay debt service on utility bonds issued. The utility bonds outstanding at December 31, 2024 and 2023 are as follows:

<u>Water Utility Bonds</u>	2024	2023
\$30,000,000.00, 2003 Bonds due in annual installments of \$2,150,000.00 to \$2,360,000.00 through June 2028, interest at 4.00%	\$ 6,760,000.00	\$ 8,835,000.00
\$11,520,000.00, 2020 Bonds due in annual installments of \$275,000.00 to \$470,000.00 through December 2049, interest at 2.00% to 4.00%	10,520,000.00	10,785,000.00
* Qualified Bond Act (P.L. 1976, c.38)	\$ 17,280,000.00	\$ 19,620,000.00

The City has entered into loan agreements with the State of New Jersey, Department of Environmental Protection, detailed as follows:

	2024	2023
<b><u>Ropes Playground</u></b>		
\$90,000.00 loan, due in semi-annual installments of \$2,903.10 to \$2,903.23 through December 2028, no interest	\$ 23,225.71	\$ 29,032.17
<b><u>Multi-Parks Project</u></b>		
\$250,000.00 loan, due in semi-annual installments of \$6,409.92 to \$6,410.26 through February 2028, no interest	44,871.48	57,692.00
\$600,000.00 loan, due in semi-annual installments of \$15,384.62 through May 2033, no interest	307,692.64	338,461.66
	\$ 375,789.83	\$ 425,185.83

CITY OF ORANGE TOWNSHIP

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2024 AND 2023

9. MUNICIPAL DEBT (continued)

N.J Environmental Infrastructure Trust Loan Payable

Loan agreements were entered into by the City of Orange Township with the New Jersey Department of Environmental Protection for the purpose of improvements to the water and sewer, waste water and storm water systems detailed as follows:

	Balance <u>December 31, 2024</u>	Balance <u>December 31, 2023</u>
<b><u>Water and Sewer Utility Debt</u></b>		
Trust Fund	\$ 1,011,000.00	\$ 1,235,000.00
Fund Share	<u>769,395.00</u>	<u>961,256.00</u>
	<u>\$ 1,780,395.00</u>	<u>\$ 2,196,256.00</u>

Demolition Loan

The City entered into a loan agreement for \$325,000 in 2014. This ten-year loan is being amortized at \$32,500.00 per year at 4.0% interest. The outstanding balance at December 31, 2024 and 2023 are \$0.00 and \$32,500.00, respectively.

The City's principal and interest for long-term debt issued and outstanding as of December 31, 2024 is as follows:

Fiscal Year	Total General Debt	<u>General Debt</u>			
		<u>Serial Bonds Payable</u>		<u>Green Acres Loans Payable</u>	
		Principal	Interest	Principal	Interest
2025	\$ 1,941,196.22	\$ 1,695,000.00	\$ 196,800.00	\$ 49,396.22	
2026	1,938,396.22	1,745,000.00	144,000.00	49,396.22	
2027	2,079,596.22	1,940,000.00	90,200.00	49,396.22	
2028	1,284,985.49	1,200,000.00	42,000.00	42,985.49	
2029	1,377,846.20	1,200,000.00	24,000.00	153,846.20	
2030-2034	1,242,769.48	1,200,000.00	12,000.00	30,769.48	
	<u>\$ 9,864,789.83</u>	<u>\$ 8,980,000.00</u>	<u>\$ 509,000.00</u>	<u>\$ 375,789.83</u>	<u>\$ -</u>

CITY OF ORANGE TOWNSHIP  
 NOTES TO FINANCIAL STATEMENTS  
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**9. MUNICIPAL DEBT (continued)**

Fiscal Year	Total Water and Sewer Utility	Serial Bonds Payable		New Jersey Environmental Infrastructure Trust Loans Payable	
		Principal	Interest	Principal	Interest
2025	\$ 3,369,443.09	\$ 2,425,000.00	\$ 467,400.00	\$ 430,363.09	\$ 46,680.00
2026	2,903,400.00	2,535,000.00	368,400.00	437,409.93	34,830.00
2027	2,919,800.00	2,655,000.00	264,800.00	450,161.14	23,760.00
2028	515,800.00	310,000.00	205,800.00	462,460.84	12,150.00
2029	516,500.00	320,000.00	196,500.00		
2030-2034	2,864,000.00	1,985,000.00	879,000.00		
2035-2039	3,008,000.00	2,350,000.00	658,000.00		
2040-2044	2,768,887.50	2,350,000.00	418,887.50		
2045-2049	2,508,625.00	2,350,000.00	158,625.00		
	<u>\$ 21,374,455.59</u>	<u>\$ 17,280,000.00</u>	<u>\$ 3,617,412.50</u>	<u>\$ 1,780,395.00</u>	<u>\$ 117,420.00</u>

**Changes in Long-Term Municipal Debt**

The City's long-term capital debt activity for 2024 and 2023 is as follows:

	Balance December 31, 2023	Increases	Reductions	Balance December 31, 2024	Due Within One Year
General Capital Fund:					
Serial Bonds Payable	\$ 10,585,000.00		\$ 1,605,000.00	\$ 8,980,000.00	\$ 1,695,000.00
Green Acres Loans Payable	425,185.83		49,396.00	375,789.83	49,396.22
Demolition Loan Payable	32,500.00		32,500.00	-	-
Water and Sewer Utility Fund:					
Serial Bonds Payable	19,620,000.00		2,340,000.00	17,280,000.00	2,425,000.00
N.J. Environmental Infrastructure Trust Loan Payable	2,196,256.00		415,861.00	1,780,395.00	430,363.09
	<u>\$ 32,858,941.83</u>	<u>\$ -</u>	<u>\$ 4,442,757.00</u>	<u>\$ 28,416,184.83</u>	<u>\$ 4,599,759.31</u>

	Balance December 31, 2022	Increases	Reductions	Balance December 31, 2023	Due Within One Year
General Capital Fund:					
Serial Bonds Payable	\$ 12,131,000.00		\$ 1,546,000.00	\$ 10,585,000.00	\$ 1,605,000.00
Green Acres Loans Payable	474,582.05		49,396.22	425,185.83	49,396.00
Demolition Loan Payable	65,000.00		32,500.00	32,500.00	32,500.00
Water and Sewer Utility Fund:					
Serial Bonds Payable	21,625,000.00		2,005,000.00	19,620,000.00	2,340,000.00
N.J. Environmental Infrastructure Trust Loan Payable	2,606,039.78		409,783.78	2,196,256.00	415,861.00
	<u>\$ 36,901,621.83</u>	<u>\$ -</u>	<u>\$ 4,042,679.99</u>	<u>\$ 32,858,941.83</u>	<u>\$ 4,442,757.00</u>

CITY OF ORANGE TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2024 AND 2023

**9. MUNICIPAL DEBT (continued)**

**Short-Term Debt**

The City's short-term capital debt activity for 2024 and 2023 is as follows:

	Balance, December 31, 2023	Additions	Reductions	Balance, December 31, 2024
Current Fund:				
Tax Anticipation Note Payable	\$ 5,000,000.00	\$ 5,000,000.00	\$ 5,000,000.00	\$ 5,000,000.00
Emergency Notes Payable	1,250,000.00	1,300,000.00	1,250,000.00	1,300,000.00
Special Emergency Notes Payable	4,750,000.00	3,920,000.00	4,750,000.00	3,920,000.00
General Capital Fund:				
Bond Anticipation Notes Payable	13,688,267.00	15,269,476.00	13,688,267.00	15,269,476.00
NJIB Interim Financing Payable	5,304,754.08	3,278,287.00	313,183.00	8,269,858.08
Water and Sewer Utility Fund:				
Bond Anticipation Notes Payable	15,756,000.00	19,692,000.00	15,756,000.00	19,692,000.00
NJIB Interim Financing Payable	2,250,000.00			2,250,000.00
Special Emergency Notes Payable	1,080,000.00		360,000.00	720,000.00
	<u>\$ 49,079,021.08</u>	<u>\$ 48,459,763.00</u>	<u>\$ 41,117,450.00</u>	<u>\$ 56,421,334.08</u>

	Balance, December 31, 2022	Additions	Reductions	Balance, December 31, 2023
Current Fund:				
Tax Anticipation Note Payable	\$ 5,000,000.00	\$ 5,000,000.00	\$ 5,000,000.00	\$ 5,000,000.00
Emergency Notes Payable	1,950,000.00	1,250,000.00	1,950,000.00	1,250,000.00
Special Emergency Notes Payable	4,400,000.00	4,750,000.00	4,400,000.00	4,750,000.00
General Capital Fund:				
Bond Anticipation Notes Payable	12,046,558.00	13,688,267.00	12,046,558.00	13,688,267.00
NJIB Interim Financing Payable	5,304,754.08			5,304,754.08
Water and Sewer Utility Fund:				
Bond Anticipation Notes Payable	5,000,000.00	15,756,000.00	5,000,000.00	15,756,000.00
NJIB Interim Financing Payable	2,250,000.00			2,250,000.00
Special Emergency Notes Payable	1,440,000.00		360,000.00	1,080,000.00
	<u>\$ 37,391,312.08</u>	<u>\$ 40,444,267.00</u>	<u>\$ 28,756,558.00</u>	<u>\$ 49,079,021.08</u>

**Accrued Interest on Bonds and Notes**

The accrued interest on bonds and notes account balance of the Water and Sewer Utility Fund for the year ended December 31, 2024 was below the amount calculated to be required by \$377,484.64 as illustrated on Schedule D-18. This amount was raised in the budget of the succeeding year.

CITY OF ORANGE TOWNSHIP

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2024 AND 2023

10. INTERFUND RECEIVABLES AND PAYABLES

As of December 31, 2024 and 2023, interfund receivables and payables that resulted from various interfund transactions are as follows:

	2024		2023	
	Due From Other Funds	Due To Other Funds	Due From Other Funds	Due To Other Funds
<b>Current Fund:</b>				
Grant Fund	\$ 426,825.16		\$ 1,973,087.58	
General Trust Fund		2,352,157.42		674,910.79
Grant Trust Fund - CDBG		546.90		44,746.90
Grant Trust Fund - Housing			546.75	
Water/Sewer Operating Fund		257,925.02		474,543.26
Water/Sewer Capital Fund		404,842.00	151,058.50	
General Capital Fund		24,999.58		1,640,154.86
Municipal Insurance Fund			241.98	
Municipal Open Space Trust Fund		1,644.00		3,149.06
Animal Control Trust Fund	24,044.98		22,160.98	
Salary Account Trust Fund	195,955.24		317,254.52	
<b>Grant Fund:</b>				
Current Fund		426,825.16		1,973,087.58
General Trust Fund		2,187,306.84		2,187,306.84
Grant Trust Fund	10,500.00			
<b>Animal Control Trust Fund:</b>				
Current Fund		24,044.98		22,160.98
<b>General Trust Fund:</b>				
Current Fund	2,352,157.42		674,910.79	
Grant Fund	2,187,306.84		2,187,306.84	
General Capital	2,000,000.00		2,000,000.00	
Municipal Open Space Trust Fund			2,599.00	
Grant Trust Fund - CDBG	400,000.00		400,000.00	
Water Utility Operating Fund				1,047.44
Salary Account Trust Fund		1,248.84		384,682.98
<b>Grant Trust Fund:</b>				
Current Fund	546.90		44,746.90	546.75
Grant Fund		10,500.00		
General Trust Fund		400,000.00		400,000.00
<b>Salary Account Trust Fund:</b>				
Current Fund		195,955.24		317,254.52
General Trust Fund	1,248.84		384,682.98	
Water Utility Operating Fund		2,400.00		85,874.89
General Capital Fund				556,400.00
<b>Municipal Insurance Fund:</b>				
Current Fund				241.98
<b>Municipal Open Space Trust Fund:</b>				
Current Fund	1,644.00		3,149.06	
General Trust Fund				2,599.00
<b>General Capital Fund</b>				
Current Fund	24,999.58		1,640,154.86	
General Trust Fund		2,000,000.00		2,000,000.00
Salary Account Trust Fund			556,400.00	
Water/Sewer Operating Fund			360,000.00	
Water/Sewer Capital Fund	1,047,860.29		64,000.00	
<b>Water/Sewer Operating:</b>				
Current Fund	257,925.02		474,543.26	
General Trust Fund			1,047.44	
General Capital Fund				360,000.00
Salary Account Trust Fund	2,400.00		85,874.89	
Water/Sewer Capital Fund	1,483,551.00		1,236,000.00	
<b>Water/Sewer Capital:</b>				
Water/Sewer Operating Fund		1,483,551.00		1,236,000.00
Current Fund	404,842.00			151,058.50
General Capital Fund		1,047,860.29		64,000.00
	<u>\$ 10,821,807.27</u>	<u>\$ 10,821,807.27</u>	<u>\$ 12,579,766.33</u>	<u>\$ 12,579,766.33</u>

CITY OF ORANGE TOWNSHIP

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2024 AND 2023

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

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2024 and 2023, the following deferred charges are shown on the balance sheets of the Current and Utility Funds.

	Balance December 31, 2024	Amount Raised in 2025 Budget
<b><u>2024 Current Fund</u></b>		
Severance Pay	\$ 200,000.00	\$ 100,000.00
Severance Pay	360,000.00	120,000.00
Severance Pay	440,000.00	110,000.00
Severance Pay	600,000.00	120,000.00
Revaluation	200,000.00	100,000.00
COVID Revenue Relief	1,200,000.00	600,000.00
Declared State of Emergency Costs for Coronavirus Response	800,000.00	400,000.00
Police and Fire Salaries and Wages	1,300,000.00	1,300,000.00
	<u>\$ 5,100,000.00</u>	<u>\$ 2,850,000.00</u>

	Balance December 31, 2024	Amount Raised in 2025 Budget
<b><u>2024 Water and Sewer Utility Fund:</u></b>		
COVID Revenue Relief	\$ 720,000.00	\$ 360,000.00
Overexpenditure of Appropriations	316,075.25	316,075.25
	<u>\$ 1,036,075.25</u>	<u>\$ 676,075.25</u>

	Balance December 31, 2023	Amount Raised in 2024 Budget
<b><u>2023 Current Fund</u></b>		
Severance Pay	\$ 550,000.00	\$ 110,000.00
Severance Pay	480,000.00	120,000.00
Severance Pay	300,000.00	100,000.00
Revaluation	300,000.00	100,000.00
COVID Revenue Relief	1,800,000.00	600,000.00
Declared State of Emergency Costs for Coronavirus Response	1,200,000.00	400,000.00
Police and Fire Salaries and Wages	1,250,000.00	1,250,000.00
	<u>\$ 5,880,000.00</u>	<u>\$ 2,680,000.00</u>

	Balance December 31, 2023	Amount Raised in 2024 Budget
<b><u>2023 Water and Sewer Utility Fund:</u></b>		
Deficit in Operations	\$ 1,699,504.28	\$ 1,699,504.28
COVID Revenue Relief	1,080,000.00	360,000.00
	<u>\$ 2,779,504.28</u>	<u>\$ 2,059,504.28</u>

CITY OF ORANGE TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2024 AND 2023

**12. RISK MANAGEMENT**

The City is self-insured with respect to workers' compensation and general liability. A description of these funds is detailed as follows:

Claims for workers' compensation are funded on a cash basis through budget appropriations. There is no reserve established at December 31, 2024 and 2023 for possible catastrophic claims.

Processing and payment of workers' compensation claims are administered by Inservco Insurance Services.

General Liability:

Municipal Insurance Fund Commission was established by Ordinance #14-87 adopted on February 17, 1987. The fund is to be used for the following purposes:

1. To self-insure against loss or damage caused to any property, motor vehicles, equipment or apparatus owned by the City or owned by or under the control of any City department, board, agency, or commission, where no insurance coverage is in effect.
2. To self-insure against liability resulting from the use or operation of motor vehicles, equipment or apparatus owned by or controlled by the City or any City department, board, agency, or commission, where no insurance coverage is in effect.
3. To self-insure against liability for the City's negligence or that of its officers, employees and servants, whether full or part-time, who are acting within the scope of their authority - but not including an independent contractor - within the limitations of the New Jersey Tort Claims Act, where no insurance coverage is in effect (N.J.S.A. 59:1-1 et seq.).

There has been no provisions included in the financial statements for claims incurred but not reported as of December 31, 2024 and 2023.

A summary of activity for the Reserve for Municipal Insurance is detailed as follows:

	Balance, December 31, 2023	Increase	Decrease	Balance, December 31, 2024
General Liability	<u>\$ 283,339.65</u>	<u>\$ 20,000.00</u>	<u>\$ 100,000.00</u>	<u>\$ 203,339.65</u>
	Balance, December 31, 2022	Increase	Decrease	Balance, December 31, 2023
General Liability	<u>\$ 283,339.65</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 283,339.65</u>

CITY OF ORANGE TOWNSHIP

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2024 AND 2023

**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 of improvement or to create economic growth. These agreements are authorized under various New Jersey state statutes. Based on the most recent data available, the following represent the City's most significant tax abatement agreements:

Entity Name	Pilot Billing	Taxes If Billed In Full	Abated Taxes
Our Lady of Mt. Carmel	\$ 191,089.50	\$ 506,736.00	\$ 315,646.50
Millenium Homes	-	223,652.00	223,652.00
South Essex Urban Renewal	94,230.00	761,511.60	667,281.60
Salem Towers	183,821.00	552,287.50	368,466.50
Orange Park Apartments	200,013.00	520,812.00	320,799.00
Oakwood Towers	254,233.00	1,019,337.00	765,104.00
Transport of NJ (2502/11&602/1-4)	107,019.00	638,463.90	531,444.90
The Berkeley	44,378.75	199,410.00	155,031.25
Project Live Inc.	-	9,473.93	9,473.93
New Community Corporation	52,521.11	391,000.00	338,478.89
307 Washington Street	43,707.00	259,233.00	215,526.00
Grand Central Orange Village	38,496.00	410,550.00	372,054.00
Central Orange Village II	-	210,565.23	210,565.23
Washington Dodd	443,756.00	1,173,000.00	729,244.00
Walter G Alexander Phase I	63,222.00	140,760.00	77,538.00
Walter G Alexander Phase II	36,992.00	140,760.00	103,768.00
Walter G Alexander Phase III	33,654.50	246,330.00	212,675.50
L&M Development	66,687.00	466,361.34	399,674.34
Tony Galento Plaza	21,283.60	924,324.00	903,040.40
Living Fountain	65,740.00	131,376.00	65,636.00
Condos on 475 S. Jefferson	105,778.49	342,265.76	236,487.27
Condos on 52 Lincoln	197,742.04	186,112.09	(11,629.95)
Harvard Printing Development	65,356.00	625,600.00	560,244.00
Freeman Orange	127,500.00	483,276.00	355,776.00
205 Mount Vernon	54,092.25	81,719.00	27,626.75
Crane D&R Orange	69,360.00	520,499.20	451,139.20
S. Day Peek Reock I	44,851.02	383,180.00	338,328.98
S. Day Peek Reock II	-	433,540.80	433,540.80
Total	<u>\$ 2,605,523.26</u>	<u>\$ 11,982,136.35</u>	<u>\$ 9,376,613.09</u>

**14. 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 \$8,018,221.14 and \$13,465,082.14 at December 31, 2024 and 2023, respectively. This estimate by management is unaudited.

CITY OF ORANGE TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2024 AND 2023

**15. COMMITMENTS AND CONTINGENT LIABILITIES**

Federal and State Awards

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, 2024, the City estimates that no material liabilities will result from such audits.

Litigation

We are advised by the City's Counsel that the City is involved in several legal suits. Many of these legal proceedings are covered by insurance or are not likely to have a material adverse impact on the affected funds of the City.

Investigation

In February 2017, the Federal Bureau of Investigation (Bureau) seized certain financial records of the City. At the issuance date of this audit report, no other information has been made available by the Bureau to the City.

**16. GROUND LEASE**

The City entered into a ground lease with Station Partners Urban Renewal L.P. on May 27, 2014 for the Tony Galento Plaza Transit Village Development. The lease is for sixty-five years and the fixed net rent is for a period of thirty years. Total fixed net rent is to be \$878,254; interest for any amount of fixed net rent that is outstanding during the term of the lease shall accrue at a rate of 1% per annum compounded annually. Fixed rent will be paid in annual installments in an amount equal to Distributed Cash Flow (50% of Net Profit) shared on an equal basis with other government funding sources due on or before July 1 of each year of the term until such time as the Fixed Net rent, along with interest is paid in full. The balance of the lease receivable as December 31, 2024 and 2023 was \$923,078.82.

**17. LOANS RECEIVABLE**

The City has made loans to developers for two urban renewal projects in the Current Fund. As of December 31, 2023 and 2022, the amounts remain outstanding as follows:

Station Partners Urban Renewal (Tony Galento Transit Village) for \$536,976.87 due on October 22, 2044 at 1% interest.

307 Washington Urban Renewal for \$364,000.00 due on August 31, 2053 at 0% interest.

CITY OF ORANGE TOWNSHIP  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2024 AND 2023

**18. FIXED ASSETS**

**Governmental Fixed Assets**

The following is a summary of changes in the Governmental Fixed Assets as of December 31, 2024 and 2023:

	Balance, December 31, 2023	Additions	Reductions	Balance, December 31, 2024
Land	\$ 16,195,500.00		\$ 420,700.00	\$ 15,774,800.00
Land Improvements	42,786,400.00		817,400.00	41,969,000.00
Machinery and Equipment	13,932,096.00	\$ 989,753.00	748,742.00	14,173,107.00
	<u>\$ 72,913,996.00</u>	<u>\$ 989,753.00</u>	<u>\$ 1,986,842.00</u>	<u>\$ 71,916,907.00</u>
	Balance, December 31, 2022	Additions	Reductions	Balance, December 31, 2023
Land	\$ 15,040,400.00	\$ 4,955,000.00	\$ 3,799,900.00	\$ 16,195,500.00
Land Improvements	14,176,800.00	30,075,200.00	1,465,600.00	42,786,400.00
Machinery and Equipment	13,338,345.00	710,815.00	117,064.00	13,932,096.00
	<u>\$ 42,555,545.00</u>	<u>\$ 35,741,015.00</u>	<u>\$ 5,382,564.00</u>	<u>\$ 72,913,996.00</u>

**Utility Fund Fixed Assets**

The following is a summary of changes in the Utility Fund fixed assets as of December 31, 2024 and 2023:

	Balance December 31, 2023	Additions	Deletions	Balance December 31, 2024
Fixed Capital:				
Water Plant	\$ 3,015,184.92			\$ 3,015,184.92
Filtration Plant	176,312.11			176,312.11
Computer System	100,000.00			100,000.00
New Pumping Plant	10,283.17			10,283.17
Alterations in Pumping Plant	106,581.94			106,581.94
Retainer Wall Construction	77,517.70			77,517.70
Water Meters	459,899.65			459,899.65
Right of Way	830.50			830.50
Truck Elevation	13,583.51			13,583.51
Construction of Well House #6 and Underground Service for Well #3	73,102.66			73,102.66
Improvements to Water Supply System	40,716,297.52			40,716,297.52
Capital Outlay	800,000.00			800,000.00
	<u>\$ 45,549,593.68</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,549,593.68</u>

CITY OF ORANGE TOWNSHIP

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2024 AND 2023

18. FIXED ASSETS (continued)

	Balance December 31, 2023	Additions	Deletions	Balance December 31, 2024
Fixed Capital Authorized and Uncompleted:				
Improvements to Municipal Water, Wastewater and Storm Water Systems	\$ 938,958.86			\$ 938,958.86
Improvements to Water and Sewer System	2,350,000.00			2,350,000.00
Asset Management System	350,000.00			350,000.00
Water System Remediations	3,050,000.00			3,050,000.00
Water Meter Replacement Program	4,550,000.00			4,550,000.00
Various Water and Sewer Improvements	5,200,000.00			5,200,000.00
Water System Infrastructure	620,000.00			620,000.00
Water System Phase I	5,000,000.00			5,000,000.00
Water System Phase I	2,300,000.00			2,300,000.00
Various Acquisitions and Improvements	3,320,000.00			3,320,000.00
PFAS Treatment Chestnut Street Pump Station Phase I	7,000,000.00			7,000,000.00
PFAS Treatment Chestnut Street Pump Station Phase II	10,500,000.00			10,500,000.00
Various Water and Sewer Acquisitions and Improvements	2,500,000.00			2,500,000.00
Various Water and Sewer Acquisitions and Improvements	5,000,000.00			5,000,000.00
	<u>\$ 52,678,958.86</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 52,678,958.86</u>

	Balance December 31, 2022	Additions	Deletions	Balance December 31, 2023
Fixed Capital:				
Water Plant	\$ 3,015,184.92			\$ 3,015,184.92
Filtration Plant	176,312.11			176,312.11
Computer System	100,000.00			100,000.00
New Pumping Plant	10,283.17			10,283.17
Alterations in Pumping Plant	106,581.94			106,581.94
Retainer Wall Construction	77,517.70			77,517.70
Water Meters	459,899.65			459,899.65
Right of Way	830.50			830.50
Truck Elevation	13,583.51			13,583.51
Construction of Well House #6 and Underground Service for Well #3	73,102.66			73,102.66
Improvements to Water Supply System	40,716,297.52			40,716,297.52
Capital Outlay	800,000.00			800,000.00
	<u>\$ 45,549,593.68</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,549,593.68</u>

	December 31, 2022	Additions	Deletions	December 31, 2023
Fixed Capital Authorized and Uncompleted:				
Improvements to Municipal Water, Wastewater and Storm Water Systems	\$ 938,958.86			\$ 938,958.86
Improvements to Water and Sewer System	2,350,000.00			2,350,000.00
Asset Management System	350,000.00			350,000.00
Water System Remediations	3,050,000.00			3,050,000.00
Water Meter Replacement Program	4,550,000.00			4,550,000.00
Various Water and Sewer Improvements	5,200,000.00			5,200,000.00
Water System Infrastructure	620,000.00			620,000.00
Water System Phase I	5,000,000.00			5,000,000.00
Water System Phase I	2,300,000.00			2,300,000.00
Various Acquisitions and Improvements	3,320,000.00			3,320,000.00
PFAS Treatment Chestnut Street Pump Station Phase I	7,000,000.00			7,000,000.00
PFAS Treatment Chestnut Street Pump Station Phase II		\$ 10,500,000.00		10,500,000.00
Various Water and Sewer Acquisitions and Improvements		2,500,000.00		2,500,000.00
Various Water and Sewer Acquisitions and Improvements		5,000,000.00		5,000,000.00
	<u>\$ 34,678,958.86</u>	<u>\$ 18,000,000.00</u>	<u>\$ -</u>	<u>\$ 52,678,958.86</u>

CITY OF ORANGE TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2024 AND 2023

**19. LEASE COMMITMENTS**

The City has various lease commitments at December 31, 2024 and 2023 for police vehicles and special service vehicles. Future minimum lease payments are as follows:

<b>Year Ended</b>		<b>Total</b>
<b><u>December 31,</u></b>		
2025	\$	379,250.04
2026		379,250.04
2027		361,092.97
2028		90,073.10
	\$	<u>1,209,666.15</u>

**20. SUBSEQUENT EVENTS**

The City has evaluated subsequent events occurring after December 31, 2024 through June 30, 2025, 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 FOR THE BONDS**

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90 Woodbridge Center Drive  
Suite 900 Box 10  
Woodbridge, NJ 07095-0958  
732.636.8000

March \_\_\_\_\_, 2026

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

Ladies and Gentlemen:

We have served as Bond Counsel in connection with the authorization, sale, issuance, execution and delivery of the \$4,595,000\* aggregate principal amount of General Improvement Bonds, Series 2026 (Qualified Pursuant to the Provisions of the Municipal Qualified Bond Act Constituting P.L. 1976, c. 38, as Amended) (the “Bonds”) of the City of Orange Township, in the County of Essex (the “City”), a municipal corporation organized and existing under the laws of the State of New Jersey.

The Bonds 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) the provisions of the Municipal Qualified Bond Act of the State of New Jersey, N.J.S.A. 40A:3-1 et seq., as amended and supplemented (the “Municipal Qualified Bond Act”); (iii) various bond ordinances duly adopted by the City Council of the City, approved by the Mayor, and published as required by law (the “Ordinances”); and (iv) a resolution duly adopted by the City Council of the City on February 17, 2026 (the “Resolution” and together with the Ordinances, the “Authorization Proceedings”).

The Bonds are being issued to (i) refund, on a current basis, (a) a \$2,070,500 principal portion of outstanding bond anticipation notes of the City issued in the aggregate principal amount of \$22,688,185 on March 19, 2025 and maturing on March 18, 2026 (the “Prior March Bond Anticipation Notes”), and (b) a \$1,909,700 principal portion of outstanding bond anticipation notes of the City issued in the aggregate principal amount of \$11,310,303 on November 19, 2025 and maturing on March 18, 2026 (the “Prior November Bond Anticipation Notes”); and (ii) permanently finance the costs of various improvements and acquisitions in and by the City in the amount of \$614,800, including paying the costs associated with the issuance of the Bonds.

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\* Preliminary, subject to change

The Bonds are issued in fully registered, book-entry form, without coupons, 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. One certificate shall be issued for the aggregate principal amount of Bonds maturing in each year. Purchases of the Bonds will be made in book-entry form, without certificates, in principal denominations of \$5,000 each or any integral multiple of \$1,000 in excess thereof. So long as DTC or its nominee is the registered owner of the Bonds, payments of the principal of and interest on the Bonds will be made by The Bank of New York Mellon, as paying agent for the City, directly to Cede & Co., as nominee for DTC. Disbursal of such payments to DTC participants is the responsibility of DTC and disbursal of such payments to the beneficial owners of the Bonds is the responsibility of DTC participants.

The Bonds are dated and shall bear interest from their date of delivery, which interest shall be payable semi-annually on the first day of February and August in each year, commencing August 1, 2026, until maturity or prior redemption. The Bonds shall mature on February 1 in each of the years, in the principal amounts and at the interest rates as follows:

<u>Year</u>	<u>Principal Amount*</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount*</u>	<u>Interest Rate</u>
2027	\$135,000	%	2039	\$205,000	%
2028	140,000		2040	210,000	
2029	145,000		2041	215,000	
2030	150,000		2042	220,000	
2031	155,000		2043	230,000	
2032	160,000		2044	240,000	
2033	165,000		2045	250,000	
2034	170,000		2046	255,000	
2035	175,000		2047	260,000	
2036	190,000		2048	265,000	
2037	195,000		2049	265,000	
2038	200,000				

\*  
 \_\_\_\_\_  
 Preliminary, subject to change

The Bonds maturing prior to February 1, 2034 are not subject to redemption prior to their stated maturities. The Bonds maturing on or after February 1, 2034 are redeemable at the option of the City, in whole or in part, on any date on or after February 1, 2033, upon notice as required therein, at one hundred percent (100%) of the principal amount being redeemed, plus accrued interest to the date fixed for redemption.

We have examined such matters of law, certified copies of the proceedings, including the Authorization Proceedings for the Bonds, and other documents and proofs relative to the issuance, sale, execution and delivery of the Bonds as we have deemed necessary or

appropriate for the purposes of the opinions rendered below. In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity to the original documents of all documents submitted to us as copies. As to any facts material to our opinion, we have, when relevant facts were not independently established, relied upon the aforesaid instruments, certificates and documents.

We are of the opinion that (i) such proceedings and proofs show lawful authority for the issuance, sale, execution and delivery of the Bonds pursuant to the Local Bond Law, the Municipal Qualified Bond Act, and the Authorization Proceedings, (ii) the Bonds 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 Bonds 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 principal of and interest on the Bonds. The Bonds are also entitled to the benefits of the Municipal Qualified Bond Act.

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 Bonds in order 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 Bonds to be included in gross income for Federal income tax purposes retroactive to the date of the issuance of the Bonds. The City has covenanted in a tax certificate relating to the Bonds to maintain the exclusion of the interest on the Bonds 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 requirements of the Code and the aforementioned covenants and representations stated in its tax certificate, interest on the Bonds is not includable for Federal income tax purposes in the gross income of the owners of the Bonds pursuant to Section 103 of the Code. The Bonds are not "specified private activity bonds" within the meaning of Section 57 of the Code and, therefore, the interest on the Bonds 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.

[The Bonds maturing on February 1 in the years \_\_\_\_\_ through \_\_\_\_\_, inclusive (collectively, the "Premium Bonds") were purchased at a premium ("original issue premium") over the stated principal amounts of the Bonds. For Federal income tax purposes, original issue premium generally must be amortized over the term of the Premium Bonds. Amortizable bond premium is accounted for as reducing the tax-exempt interest on the Premium Bonds rather than creating a deductible expense or loss. Under Section 171(a)(2)

of the Code, no deduction is allowed for the amortizable bond premium (determined in accordance with Section 171(b) of the Code) on tax-exempt bonds. Under Section 1016(a)(5) of the Code, however, an adjustment must be made to the purchaser's basis in the Premium Bonds to the extent of any amortizable bond premium that is disallowable as a deduction under Section 171(a)(2) of the Code. Holders of the Premium Bonds should consult their tax advisors for an explanation of the bond premium amortization rules.]

[Bond Counsel is also of the opinion that the difference between the stated principal amount of the Bonds maturing on February 1 in the years \_\_\_\_ through \_\_\_\_, inclusive (collectively, the "Discount Bonds") and their respective initial public offering prices to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which prices a substantial amount of the Discount Bonds of the same maturity and interest rate were sold, constitutes original issue discount which is treated as interest and is excludable from gross income for Federal income tax purposes to the same extent described above. In the case of any holder of the Discount Bonds, the amount of such original issue discount which is treated as having accrued with respect to the Discount Bonds is added to the cost basis of the holder in determining, for Federal income tax purposes, gain or loss upon disposition (including sale, redemption or payment at maturity). Holders of the Discount Bonds should consult their tax advisors for an explanation of the original issue discount rules.]

We are also of the opinion that, under existing laws of the State of New Jersey, interest on the Bonds 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 Bonds. Furthermore, we express no opinion as to any Federal, state, local or foreign tax law consequences with respect to the Bonds, or the interest thereon, if any action is taken with respect to the Bonds 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 Bonds 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 each of the executed Bonds, as executed by the City, and, in our opinion, the form of each Bond and their execution are regular and proper.

Very truly yours,

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**APPENDIX D**

**FORMS OF APPROVING LEGAL OPINIONS FOR THE NOTES**

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90 Woodbridge Center Drive  
Suite 900 Box 10  
Woodbridge, NJ 07095-0958  
732.636.8000

March \_\_\_\_, 2026

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

Ladies and Gentlemen:

We have examined certified copies of the proceedings of the City Council of the City of Orange Township, 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 \$29,034,944 Bond Anticipation Notes, Series 2026 (Tax-Exempt) consisting of \$9,748,394 General Improvement Notes, Series 2026 (the "General Improvement Notes") and \$19,286,550 Water Utility Notes, Series 2026 (the "Water Utility Notes" and together with the General Improvement Notes, the "Tax-Exempt Notes") of the City. The Tax-Exempt Notes are dated March 18, 2026, mature March 17, 2027, and bear interest at the rate of \_\_\_\_\_ per centum (\_\_\_\_\_% ) per annum.

The Tax-Exempt 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 Tax-Exempt 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 Tax-Exempt Notes, payments of principal of and interest on the Tax-Exempt 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 Tax-Exempt Notes. The Tax-Exempt Notes are not subject to redemption prior to their stated date of maturity.

The Tax-Exempt 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, and published as required by law (the “Ordinances”); and (iii) a resolution duly adopted by the City Council of the City on February 17, 2026 (the “Resolution”, and together with the Ordinances, the “Authorization Proceedings”).

The General Improvement Notes are being issued to refund, on a current basis, (i) a \$9,348,394 principal portion of prior bond anticipation notes issued in the aggregate principal amount of \$22,688,185 on March 19, 2025 and maturing on March 18, 2026 (the “Prior March Bond Anticipation Notes”), and (ii) a \$400,000 principal portion of prior bond anticipation notes issued in the aggregate principal amount of \$11,310,303 on November 19, 2025 and maturing on March 18, 2026 (the “Prior November Bond Anticipation Notes”). The Water Utility Notes are being issued to refund, on a current basis, (i) a \$10,414,760 principal portion of the Prior March Bond Anticipation Notes; and (ii) an \$8,871,790 principal portion of the Prior November Bond Anticipation Notes.

We are of the opinion that (i) such proceedings and proofs show lawful authority for the authorization, issuance, sale, execution and delivery of the Tax-Exempt Notes pursuant to, as applicable, the Local Bond Law and the Authorization Proceedings, (ii) the Tax-Exempt 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 Tax-Exempt 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 Tax-Exempt 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 Tax-Exempt Notes in order 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 Tax-Exempt Notes to be included in gross income for Federal income tax purposes retroactive to the date of the issuance of the Tax-Exempt Notes. The City has covenanted in a tax certificate relating to the Tax-Exempt Notes to maintain the exclusion of the interest on the Tax-Exempt 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 requirements of the Code and the aforementioned covenants and representations stated in its tax certificate, interest on the Tax-Exempt Notes is not includable for Federal income tax purposes in the gross income of the owners of the Tax-Exempt Notes pursuant to Section 103 of the Code. The Tax-Exempt Notes are not “specified private activity bonds” within the meaning of Section 57 of the Code and, therefore, the interest on the Tax-Exempt 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 Tax-Exempt 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 Tax-Exempt Notes. Furthermore, we express no opinion as to any Federal, state, local or foreign tax law consequences with respect to the Tax-Exempt Notes, or the interest thereon, if any action is taken with respect to the Tax-Exempt 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 Tax-Exempt 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 Tax-Exempt Note and, in our opinion, the form of the Tax-Exempt Note is regular and proper.

Very truly yours,

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90 Woodbridge Center Drive  
Suite 900 Box 10  
Woodbridge, NJ 07095-0958  
732.636.8000

March \_\_\_\_, 2026

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

Ladies and Gentlemen:

We have examined certified copies of the proceedings of the City Council of the City of Orange Township, 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 \$700,000 Special Emergency Notes, Series 2026 (Federally Taxable) (the "Taxable Notes") of the City. The Taxable Notes are dated March 18, 2026, mature March 17, 2027, and bear interest at the rate of \_\_\_\_\_ per centum (\_\_\_\_\_% ) per annum.

The Taxable Notes are issued in fully registered book-entry form, without coupons, 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 Taxable Notes will be made in denominations of \$5,000 each or any integral multiple of \$1,000 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 Taxable Notes, payments of principal of and interest on the Taxable 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 Taxable Notes. The Taxable Notes are not subject to redemption prior to their stated date of maturity.

The Taxable Notes are authorized by, and issued pursuant to: (i) the provisions of the Local Budget Law of the State of New Jersey, N.J.S.A. 40A:4-1 et seq., as amended and supplemented (the “Local Budget Law”); (ii) various special emergency ordinances duly adopted by the City Council of the City, approved by the Mayor, and published as required by law (the “Ordinances”); (iii) special emergency resolutions duly adopted by the City Council of the City (the “Special Emergency Resolutions”); and (iv) a resolution duly adopted by the City Council of the City on February 17, 2026 (the “Resolution”, and together with the Ordinances and the Special Emergency Resolutions, the “Authorization Proceedings”).

The Taxable Notes are being issued to refund, on a current basis, (i) a \$120,000 principal portion of outstanding special emergency notes of the City issued in the aggregate principal amount of \$1,720,000 on March 19, 2025 and maturing on March 18, 2026 (the “Prior March Special Emergency Notes”) (with the remaining principal portion of such Prior March Special Emergency Notes being paid with other funds available to the City in the amount of \$120,000 and a 2026 budgetary appropriation of the City in the amount of \$1,480,000); and (ii) a \$580,000 principal portion of outstanding special emergency notes of the City issued in the aggregate principal amount of \$1,390,000 on November 19, 2025 and maturing on March 18, 2026 (the “Prior November Special Emergency Notes”) (with the remaining principal portion of such Prior November Special Emergency Notes being paid with a 2026 budgetary appropriation of the City in the amount of \$810,000).

We are of the opinion that (i) such proceedings and proofs show lawful authority for the authorization, issuance, sale, execution and delivery of the Taxable Notes pursuant to the Local Budget Law and the Authorization Proceedings, (ii) the Taxable 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 Taxable 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 Taxable Notes.

In our opinion, under existing statutes, regulations, rulings and court decisions, interest on the Taxable Notes is includable in the gross income of the owners of the Taxable Notes for Federal income tax purposes.

We are also of the opinion that, under existing laws of the State of New Jersey, interest on the Taxable 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 Taxable Notes. Furthermore, we express no opinion as to any Federal, state, local or foreign tax law consequences with respect to the Taxable Notes, or the interest thereon, if any action is taken with respect to the Taxable 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 Taxable 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 Taxable Note and, in our opinion, the form of the Taxable Note is regular and proper.

Very truly yours,

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**APPENDIX E**

**FORM OF CONTINUING DISCLOSURE CERTIFICATE FOR THE BONDS**

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## CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate dated March \_\_, 2026 (the "Disclosure Certificate") is executed and delivered by the City of Orange Township, in the County of Essex, State of New Jersey (the "City" or the "Issuer") in connection with the issuance of its \$4,595,000\* aggregate principal amount of General Improvement Bonds, Series 2026 (Qualified Pursuant to the Provisions of the Municipal Qualified Bond Act Constituting P.L. 1976, c.38, as Amended) (the "Bonds"), all such Bonds being dated their date of delivery. The Bonds are being issued pursuant to, among other things, various bond ordinances duly adopted by the City Council of the City, approved by the Mayor, as applicable, and published as required by law, and a resolution entitled, " RESOLUTION OF THE CITY OF ORANGE TOWNSHIP, IN THE COUNTY OF ESSEX, STATE OF NEW JERSEY (A) PROVIDING FOR THE COMBINATION OF CERTAIN BOND ORDINANCES AND DETERMINING THE FORM AND OTHER DETAILS OF THE OFFERING OF NOT TO EXCEED \$4,995,000 GENERAL IMPROVEMENT BONDS, SERIES 2026 (QUALIFIED PURSUANT TO THE MUNICIPAL QUALIFIED BOND ACT CONSTITUTING P.L. 1976, c. 38, AS AMENDED) AND PROVIDING FOR THEIR SALE AND DETERMINING CERTAIN OTHER MATTERS WITH RESPECT THERETO, (B) AUTHORIZING THE SALE AND ISSUANCE OF \$28,634,944 BOND ANTICIPATION NOTES, SERIES 2026 (TAX-EXEMPT) CONSISTING OF \$9,348,394 GENERAL IMPROVEMENT NOTES, SERIES 2026 AND \$19,286,550 WATER UTILITY NOTES, SERIES 2026, AND (C) AUTHORIZING THE SALE AND ISSUANCE OF \$700,000 SPECIAL EMERGENCY NOTES, SERIES 2026 (FEDERALLY TAXABLE)" (the "Resolution"), duly adopted by the City Council of the City on February 17, 2026. The City covenants and agrees as follows:

**SECTION 1. Purpose of the Disclosure Certificate.** This Disclosure Certificate is being executed and delivered by the City for the benefit of the Holders of the Bonds and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter(s) in complying with the Rule (as defined below). The City acknowledges it is an "Obligated Person" under the Rule (as defined below).

**SECTION 2. Definitions.** In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate, unless otherwise defined in this Section 2, the following capitalized terms shall have the following meanings:

---

\* Preliminary, subject to change

*“Annual Report”* shall mean any Annual Report provided by the City pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

*“Beneficial Owner”* shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds, as applicable (including persons holding Bonds, as applicable through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds, as applicable, for Federal income tax purposes.

*“Business Day”* shall mean any day other than a Saturday, Sunday or a day on which the City or the Dissemination Agent is authorized by law or contract to remain closed.

*“Continuing Disclosure Information”* shall mean, collectively, (i) each Annual Report, (ii) any notice required to be filed by the City with the MSRB (as defined below) through EMMA (as defined below) pursuant to Section 3 of this Disclosure Certificate, and (iii) any notice of a Listed Event required to be filed by the City with the MSRB through EMMA pursuant to Section 5 of this Disclosure Certificate.

*“Disclosure Representative”* shall mean the Chief Financial Officer of the City or his or her designee, or such other person as the City shall designate in writing from time to time for the purposes of this Disclosure Certificate.

*“Dissemination Agent”* shall mean, initially, Digital Assurance Certification, LLC or any Dissemination Agent subsequently designated in writing by the City which has filed with the City a written acceptance of such designation.

*“EMMA”* shall mean the Electronic Municipal Market Access system, a website created by the MSRB (as defined below) and approved by the SEC (as defined below) to provide a central location where investors can obtain municipal bond information including disclosure documents. The City or the Dissemination Agent shall submit disclosure documents to EMMA as a Portable Document File (PDF file) to [www.emma.msrb.org](http://www.emma.msrb.org).

*“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 consistent with the Rule.

*“Listed Events”* shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

*“MSRB”* shall mean the Municipal Securities Rulemaking Board.

“*National Repository*” shall mean the MSRB, through the internet facilities of EMMA, or any other public or private repository or entity that shall hereafter be designated by the SEC (as defined below) as a repository for purposes of the Rule (as defined below).

“*Rule*” shall mean Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“*SEC*” shall mean the United States Securities and Exchange Commission.

“*State*” shall mean the State of New Jersey.

“*Underwriter(s)*” shall mean any of the original underwriter(s) of the Bonds required to comply with the Rule in connection with the purchase of the Bonds.

**SECTION 3. Provision of Annual Reports.** (a) The City shall on or prior to September 30 of each fiscal year (currently December 31) until termination of the City’s reporting obligations under this Disclosure Certificate pursuant to the provisions of Section 6 of this Disclosure Certificate, provide to the Dissemination Agent the Annual Report prepared for the preceding fiscal year of the City (commencing for the fiscal year ending December 31, 2025). Each Annual Report provided to the Dissemination Agent by the City shall comply with the requirements of Section 4 of this Disclosure Certificate but may be submitted as a single document or as separate documents comprising a package and may cross-reference other information submitted to the National Repository. Any and all items that must be included in the Annual Report may be incorporated by reference from other information that is available to the public on EMMA, or that has been filed with the SEC.

(b) The Dissemination Agent, promptly (within ten (10) Business Days) after receiving the Annual Report from the City, shall submit each Annual Report received by it to the National Repository and thereafter shall file a written report with the City certifying that the Annual Report has been provided pursuant to this Disclosure Certificate to the National Repository and stating the date it was provided to the National Repository.

(c) If the City fails to provide the Annual Report to the Dissemination Agent by the date required in subsection (a) of this Section 3, the Dissemination Agent shall send a notice to the City advising of such failure. Whether or not such notice is given or received, if the City thereafter fails to submit the Annual Report to the Dissemination Agent within ten (10) Business Days after the Annual Report was due pursuant to the provisions of subsection (a) of this Section 3, the Dissemination Agent shall promptly send a notice (with a copy of said notice to the City) to the National Repository in substantially the form attached as Exhibit A hereto.

**SECTION 4. Content of Annual Reports.** (a) The City’s Annual Report shall contain or incorporate by reference the following:

(1) The audited financial statements of the City as of December 31 of each year (or unaudited financial statements if audited financial statements are not then available, which audited financial statements will be delivered when and if available).

The audited financial statements are to be prepared in accordance with generally accepted auditing standards and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") that demonstrate compliance with the modified accrual basis, with certain exceptions, which is a comprehensive basis of accounting other than generally accepted accounting principles ("GAAP"), and the budget laws of the State.

(2) The most current annual debt statement of the City (as of December 31); and.

(3) The general financial information and operating data of the City consistent with the information set forth in Appendix A to the Official Statement dated March \_\_\_\_, 2026, prepared in connection with the sale of the Bonds (the "Official Statement") consisting of (1) City indebtedness including schedules of outstanding debt issued by the City; (2) property valuation information; and (3) tax rate, levy and collection data.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues with respect to which the City is an "Obligated Person" (as defined by the Rule), which have been filed with the MSRB, through the EMMA system, or the SEC. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The City shall clearly identify each such other document so incorporated by reference.

**SECTION 5. Reporting of Significant Events.** (a) This Section 5 shall govern the giving of notices of the occurrence of any of the following events with respect to the Bonds, as applicable:

1. Principal and interest payment delinquencies;
2. Nonpayment 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, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or

determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

7. Modifications to rights of Bondholders, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances of the Bonds;
10. Release, substitution or sale of property securing repayment of the Bonds, if material;
11. Rating changes relating to the Bonds;
12. Bankruptcy, insolvency, receivership or similar event of the City;
13. The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
14. Appointment of a successor or additional trustee for the Bonds or the change of name of a trustee for the Bonds, 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 Bondholders, if material; and
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.

The City shall, in a timely manner not in excess of ten (10) business days after the occurrence of any Listed Event, file a notice of the occurrence of such Listed Event with the MSRB, through the EMMA system, in accordance with the provisions of this Section 5. In determining the materiality of any of the Listed Events specified in subsection (a) of this Section 5, the City may, but shall not be required to, rely conclusively on an opinion of counsel.

(b) Whenever the City has or obtains knowledge of the occurrence of any of the Listed Events, the City shall, as soon as possible, determine if such event would constitute information material to the Beneficial Owners of the Bonds.

(c) If the City determines that the occurrence of a Listed Event would be material to the Beneficial Owners of the Bonds, the City shall promptly notify the Dissemination Agent in writing (if the City is not the Dissemination Agent) and the City shall instruct the Dissemination Agent to report such Listed Event and the Dissemination Agent shall report the occurrence of such Listed Event pursuant to subsection (e) hereof.

(d) If the City determines that the occurrence of a Listed Event would not be material to the Beneficial Owners of the Bonds, the City shall promptly notify the Dissemination Agent in writing (if the Dissemination Agent is not the City) and the Dissemination Agent (if the Dissemination Agent is not the City) shall be instructed by the City not to report the occurrence.

(e) If the Dissemination Agent has been instructed in writing by the City to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the MSRB, through the EMMA system, with a copy to the City (if the Dissemination Agent is not the City). Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) hereof need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to the Beneficial Owner of the affected Bonds pursuant to the Resolution.

**SECTION 6. Termination of Reporting Obligation.** The City's obligations under this Disclosure Certificate shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds or when the City is no longer an "Obligated Person" (as defined in the Rule). The City shall file a notice of the termination of its reporting obligations pursuant to the provisions hereof with the Dissemination Agent (if the Dissemination Agent is not the City), which notice shall be filed by the City or the Dissemination Agent, as applicable, with the MSRB, through the EMMA system, in accordance with the provisions of Section 5(e) of this Disclosure Certificate.

**SECTION 7. Dissemination Agent; Compensation.** The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be Digital Assurance Certification, LLC. 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. The Dissemination Agent shall have no duty or obligation to review or verify any information or any other information, disclosures or notices provided to it by the City and shall not be deemed to be acting in any fiduciary capacity for the City, the Holders of the Bonds or any other party.

**SECTION 8. Amendment; Waiver.** Notwithstanding any other provision of this Disclosure Certificate, the City may amend this Disclosure Certificate and any provision of this Disclosure Certificate may be waived, if such amendment or waiver (supported by an opinion of counsel expert in Federal securities laws acceptable to the City to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof) is (a)

made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the obligated person, or type of business conducted; (b) the undertaking, as amended or waived, would have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and (c) the amendment or waiver does not materially impair the interests of holders, as determined either by parties unaffiliated with the City or "Obligated Person," or by approving vote of the Beneficial Owners of the Bonds, as applicable pursuant to the terms of the Resolution at the time of the amendment. The City shall give notice of such amendment or waiver to this Disclosure Certificate to the Dissemination Agent, which notice shall be filed in accordance with the provisions of Section 5 of this Disclosure Certificate. Notwithstanding the above, the addition of or change in the Dissemination Agent shall not be construed to be an amendment under the provisions hereof.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the City shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the City. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements (i) notice of such change shall be given in the same manner as a Listed Event under Section 5 of this Disclosure Certificate, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

**SECTION 9. Additional Information.** Nothing in this Disclosure Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the City chooses to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Disclosure Certificate, the City shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

**SECTION 10. Default.** In the event of a failure of the City to comply with any provision of this Disclosure Certificate, the Holders of at least 25% aggregate principal amount of Outstanding Bonds or any Beneficial Owner of the Bonds may take such actions 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 Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default on the Bonds and the sole remedy under this Disclosure Certificate in the

event of any failure of the City to comply with this Disclosure Certificate shall be an action to compel performance.

**SECTION 11. Duties, Immunities and Liabilities of the Dissemination Agent.** The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and, to the extent permitted by law, the City agrees to indemnify and hold the Dissemination Agent (if the Dissemination Agent is not the City) and its respective officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. To the extent permitted by law, the City further releases the Dissemination Agent from any liability for the disclosure of any information required by the Rule and this Disclosure Certificate. The obligations of the City under this Section 11 shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

**SECTION 12. Beneficiaries.** This Disclosure Certificate shall inure solely to the benefit of the City, the Dissemination Agent, the Underwriters, and the Beneficial Owners of the Bonds, including Bondholders, and shall create no rights in any other person or entity.

**SECTION 13. Notices.** All notices and submissions required hereunder shall be given to the following, or their successors, by facsimile or electronic transmission (with written confirmation of receipt), followed by hard copy sent by certified or registered mail, personal delivery or recognized overnight delivery:

(a) If to the City:

Mr. Nile S. Clements  
Chief Financial Officer  
City of Orange Township  
29 North Day Street  
Orange, New Jersey 07050  
Email: nclements@orangenj.gov

(b) Copies of all notices to the Dissemination Agent from time to time with respect to the Bonds, initially:

Digital Assurance Certification, LLC  
315 East Robinson Street, Suite 300  
Orlando, Florida 32801  
Email: shanab@dacbond.com

Each party shall give notice from time to time to the other parties, in the manner specified herein, of any change of the identity or address of anyone listed herein.

**SECTION 14. Counterparts.** This Disclosure Certificate may be executed in any number of counterparts which shall be executed by authorized signatories of the City and the Dissemination Agent, as applicable, and all of which together shall be regarded for all purposes as one original and shall constitute and be but one and the same.

**SECTION 15. Severability.** If any one or more of the covenants or agreements in this Disclosure Certificate to be performed on the part of the City and/or the Dissemination Agent should be contrary to law, then such covenant or covenants, agreement or agreements, shall be deemed severable from the remaining covenants and agreements and shall in no way affect the validity of the other provisions of this Disclosure Certificate.

**SECTION 16. Governing Law.** This Disclosure Certificate shall be construed in accordance with and governed by the Laws of the United States of America and the State of New Jersey as applicable.

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

By: \_\_\_\_\_  
**NILE S. CLEMENTS,  
Chief Financial Officer**

**Acknowledged and Accepted by:**

**DIGITAL ASSURANCE CERTIFICATION, LLC  
as Dissemination Agent**

\_\_\_\_\_  
**Authorized Signatory**

**EXHIBIT A**

**NOTICE TO EMMA OF FAILURE  
TO FILE ANNUAL REPORT**

Name of Issuer: City of Orange Township,  
in the County of Essex, State of New Jersey

Name of Issue: \$4,595,000\* General Improvement Bonds, Series 2026 (Qualified Pursuant to the Provisions of the Municipal Qualified Bond Act Constituting P.L. 1976, c. 38, as Amended)

Dated: March \_\_, 2026  
(CUSIP Number: 685312\_\_)

Date of Issuance: March \_\_, 2026

NOTICE IS HEREBY GIVEN that the above designated City has not provided an Annual Report with respect to the above-named Bonds as required by the Resolution and a Continuing Disclosure Certificate for the Bonds dated March \_\_, 2026, which was executed by the City and acknowledged and accepted by the Dissemination Agent (the "Certificate"). Capitalized terms used herein and not otherwise defined shall have the meaning ascribed to such terms in the Certificate.

DATED: \_\_\_\_\_

\_\_\_\_\_  
**DISSEMINATION AGENT**  
(on behalf of the City)

cc: The City

\_\_\_\_\_  
\* Preliminary, subject to change

**APPENDIX F**

**FORM OF CONTINUING DISCLOSURE CERTIFICATE FOR THE NOTES**

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## CONTINUING DISCLOSURE CERTIFICATE

I, NILE S. CLEMENTS, Chief Financial Officer of the City of Orange Township, 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 (i) \$29,034,944 aggregate principal amount of Bond Anticipation Notes, Series 2026 (Tax-Exempt) consisting of \$9,748,394 General Improvement Notes, Series 2026 (the "General Improvement Notes") and \$19,286,550 Water Utility Notes, Series 2026 (the "Water Utility Notes" and together with the General Improvement Notes, the "Tax-Exempt Notes"), and (ii) \$700,000 aggregate principal amount of Special Emergency Notes, Series 2026 (Federally Taxable) (the "Taxable Notes"; and together with the Tax-Exempt Notes, the "Notes"), dated March 18, 2026 and maturing on March 17, 2027, 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 and/or the City 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, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Notes, or other material events affecting the tax status of the Notes; (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 Digital Assurance Certification, LLC. 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 March, 2026.

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

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**NILE S. CLEMENTS,  
Chief Financial Officer**

**Acknowledged and Accepted by:**

**DIGITAL ASSURANCE CERTIFICATION, LLC  
as Dissemination Agent**

\_\_\_\_\_  
**Authorized Signatory**

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