

**PRELIMINARY OFFICIAL STATEMENT DATED FEBRUARY 28, 2019**

**NEW ISSUE (BOOK-ENTRY ONLY)**

**RATING ON BONDS: S&P: "A+"**

**RATING ON NOTES: "SP-1+"**

**(See "RATINGS" herein)**

*In the opinion of Wilentz, Goldman & Spitzer, P.A., Woodbridge, New Jersey ("Bond Counsel"), under existing statutes, regulations, rulings and court decisions, and assuming continuing compliance with certain covenants described herein, interest on the Bonds and Notes (as respectively defined herein) (i) is not includable in gross income for Federal income tax purposes pursuant to section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) is not treated as a preference item under Section 57 of the Code for purposes of computing the Federal alternative minimum tax. Bond Counsel is further of the opinion that, under existing laws of the State of New Jersey, interest on the Bonds and Notes and any gain on the sale thereof are not includable in gross income under the New Jersey Gross Income Tax Act, as amended. See "TAX EXEMPTION" herein.*

**\$25,330,000\***  
**CITY OF EAST ORANGE**  
**IN THE COUNTY OF ESSEX**  
**STATE OF NEW JERSEY**

**\$1,307,000**  
**CITY OF EAST ORANGE**  
**IN THE COUNTY OF ESSEX**  
**STATE OF NEW JERSEY**

**GENERAL OBLIGATION BONDS, SERIES 2019**

**TAX APPEAL REFUNDING NOTES,**  
**SERIES 2019**

**CONSISTING OF**

**\$21,830,000\* GENERAL IMPROVEMENT BONDS, SERIES 2019**

**NON-CALLABLE**

**AND**

**\$3,500,000\* WATER UTILITY BONDS, SERIES 2019**

**Dated: Date of Delivery**

**Due: March 19, 2020**

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

**Yield: \_\_\_\_\_**

**CALLABLE**

**Dated: Date of Delivery**

**Due: September 15, as shown on the inside front cover**

The \$25,330,000\* aggregate principal amount of General Obligation Bonds, Series 2019, consisting of \$21,830,000\* aggregate principal amount of General Improvement Bonds, Series 2019 (the "General Improvement Bonds") and \$3,500,000\* aggregate principal amount of Water Utility Bonds, Series 2019 (the "Water Utility Bonds"), and together with the General Improvement Bonds, the "Bonds", are general obligations of the City of East Orange, in the County of Essex, State of New Jersey (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 on all taxable property within the City without limitation as to rate or amount for the payment of the principal thereof and the interest thereon.

The \$1,307,000 aggregate principal amount of Tax Appeal Refunding Notes, Series 2019, dated the date of delivery (the "Notes") thereof, are also general obligations of the City for which the full faith and credit of the City are pledged. If not paid from other sources, the Notes are payable ultimately from *ad valorem* taxes levied upon all the taxable property within the City for the payment of the Notes and the interest thereon without limitation as to rate or amount.

The Bonds and the Notes will be issued in fully registered book-entry only form and, when issued, will be registered in the name of and held by Cede & Co., as nominee of The Depository Trust Company, New York, 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 only form in the principal amount of \$1,000 or any integral multiple thereof, with a minimum purchase of \$5,000 required.

The Bonds shall bear interest from the date of delivery thereof, payable semi-annually on the fifteenth (15th) day of March and September of each year, commencing September 15, 2019, at such rates of interest as shown on the inside front cover hereof until maturity or prior redemption. The Bonds will be payable as to principal upon presentation and surrender thereof at the offices of the City or a duly designated paying agent. Interest on the Bonds will be paid by check, draft or wire transfer mailed, delivered or transmitted by the City to the registered owner thereof as of the Record Dates (as defined herein).

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

The Bonds and Notes are authorized by, and are issued pursuant to, the provisions of the Local Bond Law, N.J.S.A. 40A:2-1 et seq., as amended and supplemented (the "Local Bond Law"), various bond ordinances duly adopted by the City Council of the City on the dates set forth herein and by a resolution duly adopted by the City Council of the City on February 25, 2019.

The General Improvement Bonds are being issued to: (i) refund, on a current basis, a \$14,488,000 portion (along with a \$285 budgeted paydown of the City) of prior bond anticipation notes of the City issued in the aggregate amount of \$14,488,285 on March 23, 2018 and maturing on March 22, 2019 (the "Prior March Bond Anticipation Notes"), and a \$1,234,585 portion (along with a \$665,384 budgeted paydown of the City) of prior bond anticipation notes of the City issued in the aggregate amount of \$5,400,296 on August 14, 2018 and maturing on March 22, 2019 (the "Prior August Bond Anticipation Notes" and together with the Prior March Bond Anticipation Notes the "Prior Notes"); (ii) permanently finance the cost of various capital improvements by and in the City in the amount of \$6,107,415; and (iii) pay the costs associated with the issuance of the General Improvement Bonds. The Water Utility Bonds are being issued to: (i) refund, on a current basis, a \$3,500,000 portion (along with a \$327 budgeted paydown of the City) of the remaining Prior August Bond Anticipation Notes, and (ii) pay the costs associated with the issuance of the Water Utility Bonds. The Notes are being issued to (i) refund, on a current basis, a \$700,000 portion (along with \$1,545,000 budgeted paydowns of the City) of the Prior Tax Appeal Refunding Notes of the City issued in the aggregate amount of \$2,245,000 on March 23, 2018 and maturing on March 22, 2019 (the "Prior March Tax Appeal Refunding Notes") and a \$607,000 portion (along with a \$609,000 budgeted paydown of the City) of prior Tax Appeal Refunding Notes of the City issued in the amount of \$1,216,000 on June 1, 2018 and maturing on March 22, 2019 (the "Prior June Tax Appeal Refunding Notes" and together with the Prior March Tax Appeal Refunding Notes, the "Prior Tax Appeal Notes").

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.

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 contains 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, Hoboken, 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 the City Attorney, Ryan Linder, East Orange, New Jersey. It is anticipated that the Bonds and the Notes will be available for delivery through DTC on or about March 20, 2019.*

Electronic bid submissions for the Bonds, in accordance with the full Notice of Sale for the Bonds, must be made via PARITY until 11:00 a.m. prevailing New Jersey time on March 7, 2019. For more details on how to bid electronically, view the full Notice of Sale posted at [www.munihub.com](http://www.munihub.com).

Bids for the Notes, in accordance with the Full Notice of Sale for the Notes, will be received by Bond Counsel on behalf of the Chief Financial Officer of the City until 11:15 a.m. prevailing New Jersey time on March 7, 2019 via electronic mail at [ejohnson@wilentz.com](mailto:ejohnson@wilentz.com), facsimile at (732) 726-6645 or via PARITY. For more details on how to bid electronically, view the full Notice of Sale posted at [www.munihub.com](http://www.munihub.com).

\* Preliminary, subject to change.

This is a Preliminary Official Statement "deemed final" by the City within the meaning of and with the exception of certain information permitted to be omitted by Rule 15c2-12 of the Securities and Exchange Commission, and is otherwise subject to change in accordance with applicable law. The City will deliver a final Official Statement in compliance with Rule 15c2-12. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of these Bonds or Notes in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration, qualification or exemption under the securities law of any such jurisdiction.

**\$25,330,000\***  
**CITY OF EAST ORANGE**  
**IN THE COUNTY OF ESSEX**  
**STATE OF NEW JERSEY**  
**GENERAL OBLIGATION BONDS, SERIES 2019**  
**CONSISTING OF**  
**\$21,830,000\* GENERAL IMPROVEMENT BONDS, SERIES 2019**  
**AND**  
**\$3,500,000\* WATER UTILITY BONDS, SERIES 2019**  
  
**CALLABLE**

**Dated: Date of Delivery**  
**Due: September 15, as shown below**

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

<u>Year</u> <u>(September 15)</u>	<u>General</u> <u>Improvement</u> <u>Bonds*</u>	<u>Water Utility</u> <u>Bonds*</u>	<u>Combined</u> <u>Principal</u> <u>Amounts*</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP</u> <u>Number**</u>
2019	\$1,450,000	\$100,000	\$1,550,000	%		
2020	1,100,000	100,000	1,200,000			
2021	1,000,000	100,000	1,100,000			
2022	1,080,000	100,000	1,180,000			
2023	1,200,000	150,000	1,350,000			
2024	2,000,000	150,000	2,150,000			
2025	2,000,000	200,000	2,200,000			
2026	2,000,000	200,000	2,200,000			
2027	2,000,000	200,000	2,200,000			
2028	2,000,000	200,000	2,200,000			
2029	2,000,000	200,000	2,200,000			
2030	2,000,000	200,000	2,200,000			
2031	2,000,000	200,000	2,200,000			
2032		200,000	200,000			
2033		200,000	200,000			
2034		200,000	200,000			
2035		200,000	200,000			
2036		200,000	200,000			
2037		200,000	200,000			
2038		200,000	<u>200,000</u>			
<b>Total:</b>	<b><u>\$21,830,000*</u></b>	<b><u>\$3,500,000*</u></b>	<b><u>\$25,330,000*</u></b>			

\* Preliminary, subject to change.

\*\* A registered trademark of the American Bankers Association. CUSIP data herein are provided by Standard & Poor's CUSIP Service Bureau, a Standard & Poor's Financial Services LLC business. 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 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 EAST ORANGE  
IN THE COUNTY OF ESSEX  
STATE OF NEW JERSEY**

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**MAYOR**

Ted R. Green

**CITY COUNCIL**

Christopher Awe  
Mustafa A. Brent  
Tameika Garrett-Ward  
Casim L. Gomez  
Alicia Holman  
Christopher D. James  
Jacquelyn E. Johnson  
Bergson Leneus  
Amy Lewis  
Quilla E. Talmadge

**CITY ATTORNEY**

Ryan Linder, Esq.  
East Orange, New Jersey

**CHIEF FINANCIAL OFFICER**

Juan B. Uribe

**CITY CLERK**

Cynthia Brown

**INDEPENDENT AUDITORS**

PKF O'Connor Davies, LLP  
Livingston, New Jersey

**MUNICIPAL ADVISOR**

NW Financial Group, LLC  
Hoboken, New Jersey

**BOND COUNSEL**

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

No dealer, broker, salesperson or other person has been authorized by the City of East Orange, in the County of Essex, State of New Jersey (the "City") to give any information or to make any representations with respect to the 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, New York, 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 and may not be reproduced or used in whole or part, for any other purpose. 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, is not intended to indicate future or continuing trends in the financial condition of other affairs of the City. No representation is made that past experience, as is shown by the financial and other information, 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, and this Official Statement, including the Appendices, and 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 there from may vary from the initial public offering prices or yields on the cover page and/or inside cover page hereof. In addition, the 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 EAST ORANGE**  
**IN THE COUNTY OF ESSEX, STATE OF NEW JERSEY**

**RELATING TO**

**\$25,330,000\* GENERAL OBLIGATION BONDS, SERIES 2019**

Consisting of:

**\$21,830,000\* General Improvement Bonds, Series 2019**

and

**\$3,500,000\* Water Utility Bonds, Series 2019**

**\$1,307,000 TAX APPEAL REFUNDING NOTES, SERIES 2019**

**INTRODUCTION**

The purpose of this Official Statement is to provide certain information regarding the financial and economic condition of the City of East Orange (the "City"), in the County of Essex (the "County"), State of New Jersey (the "State"), in connection with the sale and issuance of \$25,330,000\* aggregate principal amount of General Obligation Bonds, Series 2019, consisting of \$21,830,000\* aggregate principal amount of General Improvement Bonds, Series 2019 (the "General Improvement Bonds") and \$3,500,000\* aggregate principal amount of Water Utility Bonds, Series 2019 (the "Water Utility Bonds") and together with the General Improvement Bonds, the "Bonds") and \$1,307,000 Tax Appeal Refunding Notes, Series 2019 (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, to be 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, certain legal matters, historical financial information and other information pertinent to this issue. 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.

**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, payable semi-annually on the fifteenth (15<sup>th</sup>) day of March and September of each year (each an "Interest Payment Date") until maturity or prior redemption, commencing September 15, 2019. 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 March 1 and September 1 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 City's Chief Financial Officer, as Registrar and Paying Agent.

The Bonds will mature on September 15 in each of the years and in the respective principal amounts as set forth on the inside front cover page.

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\* Preliminary, subject to change

The Bonds, when issued, will be registered in the name of and held by Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds (the "Securities Depository"). Purchases of beneficial interests in the Bonds will be made in book-entry only form, without certificates, in denominations of \$1,000 each or any integral multiple thereof, with minimum purchases of \$5,000 required. 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.

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 some other 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 ONLY SYSTEM" herein.

### **Optional Redemption**

The Bonds maturing prior to September 15, 2028 are not subject to redemption prior to their stated maturities. The Bonds maturing on or after September 15, 2028 are redeemable at the option of the City, in whole or in part, on any date on or after September 15, 2027, upon notice as required herein, at one hundred percent (100%) of the principal amount 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 mailing such notice at least thirty (30) days but not more than sixty (60) days before the date fixed for redemption by first class mail in a sealed envelope with postage prepaid to the registered owners of such 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, Notice 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 selected by the City. The Bonds to be redeemed having the same maturity shall be selected by the Securities Depository in accordance with its regulations.

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 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, the provisions of the Local Bond Law, N.J.S.A. 40A:2-1 *et seq.*, as amended and supplemented (the "Local Bond Law"), and are authorized by various bond ordinances duly adopted by the City Council of the City ("City Council") on the dates set forth in the chart on the following page and published and approved as required by law, and by a resolution duly adopted by the City Council on February 25, 2019.

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 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 Bonds

The General Improvement Bonds are being issued to: (i) refund, on a current basis, a \$14,488,000 portion (along with a \$285 budgeted paydown of the City) of prior bond anticipation notes of the City issued in the aggregate amount of \$14,488,285 on March 23, 2018 and maturing on March 22, 2019 (the "Prior March Bond Anticipation Notes"), and a \$1,234,585 portion (along with a \$665,711 budgeted paydown of the City and the issuance of \$3,500,000 Water Utility Bonds) of prior bond anticipation notes of the City issued in the aggregate amount of \$5,400,296 on August 14, 2018 and maturing on March 22, 2019 (the "Prior August Bond Anticipation Notes" and together with the Prior March Bond Anticipation Notes, the "Prior Notes"); (ii) permanently finance the cost of various capital improvements by and in the City in the amount of \$6,107,415; and (iii) pay the costs associated with the issuance of the General Improvement Bonds. The purposes for which the General Improvement Bonds are to be issued have been authorized by duly adopted, approved and published bond ordinances of the City, which bond ordinances are described on the following table by ordinance number, description and date of final adoption and the amount of General Improvement Bonds to be issued for such purposes. The bond ordinances are:

<b>Ordinance Number</b>	<b>Description and Date of Final Adoption</b>	<b>Amount</b>
24-2010	Acquisition of telephone equipment, finally adopted 12/13/10	\$ 596,316
39-2011	Various repairs to the Municipal Building, finally adopted 12/27/11	638,269
30-2014	Various capital acquisitions and improvements, finally adopted 11/24/14	10,181,000
59-2016	Various capital acquisitions and improvements, finally adopted 12/19/16	4,307,000
45-2018	Various capital acquisitions and improvements, finally adopted 12/17/18	6,107,415
	TOTAL	<u>\$21,830,000</u>

The Water Utility Bonds are being issued to: (i) refund, on a current basis, the remaining portion of the Prior August Bond Anticipation Notes in the amount of \$3,500,000, and (ii) pay the costs associated with the issuance of the Water Utility Bonds.

The purposes for which the Water Utility Bonds are to be issued have been authorized by duly adopted, approved and published bond ordinances of the City, which bond ordinances are described on the following table by ordinance number, description and date of final adoption and the amount of Water Utility Bonds to be issued for such purposes. The bond ordinances are:

<b>Ordinance Number</b>	<b>Description and Date of Final Adoption</b>	<b>Amount</b>
04-2009	Various improvements to the water system, finally adopted 7/20/09	\$1,011,393

<b>Ordinance Number</b>	<b>Description and Date of Final Adoption</b>	<b>Amount</b>
24-2015	Water Treatment and Supply Program for the East Orange Water Commission, finally adopted 6/22/15	888,607
12-2016	Acquisition and implementation of billing and customer service software for the East Orange Water Commission, finally adopted 6/27/16	\$ 500,000
13-2016	Water distribution improvements and the acquisition of equipment for the East Orange Water Commission, finally adopted 4/25/16	1,100,000
<b>TOTAL</b>		<b><u>\$3,500,000</u></b>

### **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 on all taxable property within the City for the payment of principal of and interest on Bonds without limitation as to rate or amount.

### **DESCRIPTION OF THE NOTES**

#### **General Description**

The Notes shall be dated and shall bear interest at the rate as indicated on the front cover page of this Official Statement, payable upon maturity. 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 only form, and when issued, 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 by wire transfer of immediately available funds to DTC or its nominee, Cede & Co. Purchases of beneficial interests in the Notes will be made in book-entry only form, without certificates, in denominations of \$1,000 or any integral multiple thereof, with a minimum purchase of \$5,000 required, 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 certificate will be on deposit with DTC. DTC will be responsible for maintaining a book-entry system for recording the interests of its participants and transfers of the interests among its participants. The participants will be responsible for maintaining records regarding the beneficial ownership interests in the Notes on behalf of the individual purchasers. 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, which will in turn remit such payments to the beneficial owners of the Notes. See "DESCRIPTION OF THE NOTES" herein.

#### **Optional Redemption**

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

## Authorization for the Issuance of the Notes

The Notes are authorized by, and are issued pursuant to, the provisions of the Local Bond Law and are authorized by various bond ordinances duly adopted by the City Council of the City on the dates set forth in the chart on the following page and published and approved as required by law, and a resolution duly adopted by the City Council of the City on February 25, 2019.

<b>Ordinance Number</b>	<b>Description and Date of Final Adoption</b>	<b>Amount</b>
01-2017	Pay refunds from various tax appeal settlements and judgments, finally adopted 2/14/17	\$ 700,000
13-2018	Pay refunds from various tax appeal settlements and judgments, finally adopted 4/23/2018	607,000
	TOTAL	<u>\$1,307,000</u>

The bond ordinances authorizing the Notes were published in full or in summary after their final adoption along with the statement that the twenty (20) day period of limitation within which a suit, action or proceeding questioning the validity of said 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 period has concluded as of the date of this Official Statement.

## Purpose of the Notes

The Notes are being issued to (i) refund, on a current basis, a \$700,000 portion (along with \$1,545,000 budgeted paydowns of the City) of the Prior Tax Appeal Refunding Notes of the City issued in the aggregate amount of \$2,245,000 on March 23, 2018 and maturing on March 22, 2019 (the "Prior March Tax Appeal Refunding Notes") and a \$607,000 portion (along with a \$609,000 budgeted paydown of the City) of prior Tax Appeal Refunding Notes of the City issued in the amount of \$1,216,000 on June 1, 2018 and maturing on March 22, 2019 (the "Prior June Tax Appeal Refunding Notes" and together with the Prior March Tax Appeal Refunding Notes, the "Prior Tax Appeal Notes").

## 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 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" and "MUNICIPAL BANKRUPTCY" 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.

### **NO DEFAULT**

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

### **MARKET PROTECTION**

The City does anticipate issuing energy savings obligation refunding bonds in the second quarter of 2019.

### **BOOK-ENTRY ONLY SYSTEM**

The description which follows of the procedures and record keeping with respect to beneficial ownership interests in the Bonds and Notes, payment 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 the Bonds, in the aggregate principal amount of the issue of the Bonds, and will be deposited with DTC. One fully registered Note certificate will be issued for the Notes in the aggregate principal amount of the Notes, as set forth on the cover 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) and [www.dtc.org](http://www.dtc.org).

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 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 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 Only System**

In the event that the book-entry-only 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 other 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 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 pursuant to the Local Bond Law for the purpose of paying, funding or refunding outstanding bonds, including emergency appropriations, the actuarial liabilities of a non-State administered public employee pension system and 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. The Local Finance Board, in the Division of Local Governmental Services, New Jersey Department of Community Affairs (the "Local Finance Board") must approve the authorization of the issuance of 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. 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", 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. It 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.

### **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. See "CAPITAL IMPROVEMENT PROGRAM" herein.

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

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

Chapter 113 of the Laws of New Jersey of 1996 (N.J.S.A. 40A:4-78(b)) authorizes the Local Finance Board to adopt rules that permit certain municipalities to assume the responsibility, normally granted to the Director, of conducting the annual budget examination required by the Local Budget Law. Since 1997 the Local Finance Board has developed regulations that allow "eligible" and "qualifying" municipalities to locally examine their budget every two (2) of three (3) years. Under the regulations prescribed by the Local Finance Board, the City was not eligible for local examination of its budget in 2018. The City adopted its 2018 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. The City has not utilized a portion of its "Cap Bank" in its 2018 Budget. The City's 2018 Budget was finally adopted on May 14, 2018. Along with the permitted increases for total general appropriations there are certain items that are allowed to increase outside the "CAP".

Additionally, new legislation constituting P.L. 2010, c.44, effective July 13, 2010, imposes a 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 2%, certain increases in health care costs in excess of 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 2% not otherwise permitted under the law by an affirmative vote of 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 N.J.S.A. 40A:4-48, 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. 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. 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 previous 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:

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

## **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.

## **Debt Statements**

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.

## **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.

## **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.

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 of school purposes for the preceding fiscal year.

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 Attorney (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 EXEMPTION**

### **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 Notes in order for the interest on the Bonds and 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 Notes to be included in gross income for Federal income tax purposes retroactive to the date of issuance of the Bonds and Notes. The City will represent in its tax certificate 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 in the tax certificate described above, interest on the Bonds and Notes is not includable in gross income 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.

The Bonds and Notes do not constitute “qualified tax-exempt obligations” as defined in and for the purpose of Section 265(b)(3) of the Code.

### **[Original Issue Premium**

The Bonds maturing on September 15 in the years \_\_\_\_\_ through \_\_\_\_\_, inclusive (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 September 15 in the years \_\_\_\_ through \_\_\_\_, inclusive (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 Notes**

Prospective purchasers of the Bonds and Notes should be aware that ownership of, accrual or receipt of interest on or disposition of tax-exempt obligations, such as the Bonds and 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 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 also of the opinion that interest on the Bonds and Notes, and any gain on the sale thereof, is not includable in gross income under the existing New Jersey Gross Income Tax Act, 1976 N.J. Laws c. 47, as amended. Except as provided above, no opinion is expressed with respect to other State and local tax consequences of owning the Bonds or Notes.

### **Prospective Tax Law Changes**

Federal, state or local legislation, administrative pronouncements or court decisions may affect the federal and State tax-exempt status of interest on the Bonds and 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 on the Bonds and Notes paid or to be paid 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 form of Bond Counsel's legal opinion with respect to the Notes.

**Prospective purchasers of the Bonds and Notes should consult their tax advisors with respect to all tax consequences (including but not limited to those listed above) of holding the Bonds and 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 OR THE STATE STATUTE SHOULD NOT CREATE ANY IMPLICATION THAT THE CITY EXPECTS TO UTILIZE THE BENEFITS OF ITS 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 provided 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 original purchaser shall receive a certificate, in form satisfactory to Bond Counsel and signed by officials of the City, stating to the best knowledge of said officials, that this Official Statement as of its date did not contain any untrue statement of a material fact, or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; and stating, to the best knowledge of said officials, that there has been no material adverse change in the condition, financial or otherwise, of the City from that set forth in or contemplated by this Official Statement. In addition, the respective original purchaser 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 a certificate 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 Bonds or Notes, as applicable, or the interest thereon, 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 or boundaries of the City, nor the title of any of the said officers to the respective offices, is being contested.



## **APPROVAL OF LEGAL PROCEEDINGS**

All legal matters incident to the authorization, the issuance, the sale and the 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 as 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, Ryan Linder, Esq., East Orange, New Jersey (the "City Attorney").

## **ADDITIONAL INFORMATION**

Inquiries regarding this Official Statement, including information additional to that contained herein, may be directed to the City of East Orange, Juan B. Uribe, Chief Financial Officer, 44 City Hall Plaza, East Orange, New Jersey 07018, (973) 266-5455 and Everett M. Johnson, Esq., Wilentz, Goldman & Spitzer, P.A., 90 Woodbridge Center Drive, Woodbridge, New Jersey 07095, (732) 855-6149, or Heather Litzebauer, NW Financial Group, LLC, 2 Hudson Place, 3<sup>rd</sup> Floor, Hoboken, New Jersey 07030, (201) 656-0115.

## **MUNICIPAL ADVISOR**

NW Financial Group, LLC, Hoboken, New Jersey has served as municipal advisor to the City with respect to the issuance of the Bonds and Notes ("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 there is no litigation of any nature now pending or threatened, restraining or enjoining the issuance or the delivery of the Bonds or Notes offered for sale or the levy and collection of any taxes to pay the principal of or the interest on said Bonds or Notes, or in any manner questioning the authority of a proceeding for the issuance of the Bonds or Notes or for the levy or collection of taxes to pay the principal of and interest on the Bonds or Notes, or any action contesting the corporate existence or boundaries of the City or the title of any of its present officers. Further, to the knowledge of the 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 will receive a certificate of the City Attorney to such effect upon the closing of the Bonds and Notes.

## **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 1 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 "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 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, if material, shall be filed with the Municipal Securities Rulemaking Board (the "MSRB").

The City has previously failed to comply with prior undertakings to timely provide audited financial statements, financial information and operating data for the fiscal years ended December 31, 2013 to 2014, inclusive. In addition, the City did not file in a timely manner notice of such failures to provide the audited financial statements, financial information, budgets and operating data and event notices with respect to certain rating changes of the City, insurers and the Municipal Qualified Bond Act.

The City is now in compliance with all existing continuing disclosure agreements in all material respects and is currently in the process of implementing procedures to avoid future late filings by, among other things, retaining the services of a continuing disclosure agent to undertake its continuing disclosure obligations. The City has appointed NW Financial Group, LLC to serve as dissemination agent for the City. This covenant is being made by the City to assist the purchasers of the Bonds in complying with the Rule.

## **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, as set forth in section (b)(5)(i)(C) of the Rule (the "Notices"). The Notices will be filed by the City with the MSRB. The specific nature of the Notices will be detailed in a certificate to be executed on behalf of the City by its Chief Financial Officer, in the form appearing in APPENDIX F hereto, such certificate to be delivered concurrently with the delivery of the Notes.

## **PREPARATION OF OFFICIAL STATEMENT**

Bond Counsel has participated in the preparation and review of this Official Statement but not the collection of financial, statistical or demographic information contained in this Official Statement nor has Bond Counsel not verified the accuracy, completeness, or fairness thereof, and, accordingly, expresses no opinion or other assurance with respect thereto.

PKF O'Connor Davies, LLP, Livingston, New Jersey, the Auditor to the City, has participated in the preparation of the information contained in this Official Statement but has not verified the accuracy, completeness, or fairness thereof, and, accordingly, expresses no opinion or other assurance with respect thereto, but takes responsibility for the financial statements to the extent specified in the Independent Auditors' Report appearing 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 caption entitled "LITIGATION" and expresses no opinion or assurance other than that which is specifically set forth therein with respect thereto.

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

## **RATINGS**

S&P Global Ratings, acting through Standard & Poor's Financial Services LLC ("Standard & Poor's"), has assigned a rating of "A+" (Stable Outlook) to the Bonds and "SP-1+" to the Notes.

An explanation of the significance of the ratings on the Bonds and Notes may be obtained from Standard & Poor's at 55 Water Street, New York, New York 10041. Such rating reflects only the views of Standard & Poor's, and there is no assurance that the rating will continue for any period of time or that it will not be revised or withdrawn entirely, if in the judgment of Standard & Poor's, circumstances so warrant. Any revision or withdrawal of the rating may have an adverse effect on the market price of the Bonds and Notes. Except as set forth in the Disclosure Certificate, the City has not agreed to take any action with respect to any proposed rating changes or to bring the rating changes, if any, to the attention of the owners of the 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 an Underwriter's discount of \$ \_\_\_\_\_, plus a net original issue premium of \$ \_\_\_\_\_.

The Notes have been purchased from the City at a public sale by \_\_\_\_\_ (the "Note Underwriter") at a price of \$ \_\_\_\_\_. The purchase price of the Notes reflects the par amount of Notes, less an Underwriter's discount of \$ \_\_\_\_\_, plus an original issue premium 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 Note Underwriter may offer and sell the Notes to certain dealers (including dealers depositing the Notes into investment trusts) at a yield higher than the public offering yield stated on the front cover page hereof.

## FINANCIAL STATEMENTS

The financial statements of the City for the year ended December 31, 2017 are presented in APPENDIX B to this Official Statement. The financial statements referred to above have been audited by PKF O'Connor Davies, LLP, Livingston, New Jersey, independent auditors, as stated in their report appearing in APPENDIX B.

## 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 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 the Chief Financial Officer.

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

\_\_\_\_\_  
**JUAN B. URIBE,  
Chief Financial Officer**

DATED: March \_\_\_\_\_, 2019

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**APPENDIX A**

**CERTAIN FINANCIAL AND DEMOGRAPHIC INFORMATION  
CONCERNING THE CITY OF EAST ORANGE**

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## GENERAL INFORMATION REGARDING THE CITY

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

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

Located within the City are two public high schools, one combined middle school and high school, and 15 junior high and elementary schools. In and around the City are several technical, secretarial and health care schools, which annually produce qualified, specialized office workers and health aides. Essex County College, located near the City's eastern border, is a co-educational two-year public college. Additionally, Seton Hall University, Rutgers University, Montclair State, the New Jersey Institute of Technology, Berkeley College and the College of Medicine and Dentistry of New Jersey are all located in communities adjacent to the City.

The East Orange Public Library system serves as a Federal book depository and area reference center for suburban Essex County. More than 350,000 volumes are available at the main library and in several neighborhood branches.

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

The City operates a professionally staffed Health Department which conducts clinics, educational programs, and inspections. East Orange General Hospital, a 200-physician and 277-bed facility, is located on Central Avenue in the heart of the City. The Hospital was acquired by Prospect Medical Holdings, Inc. on or about March 1, 2016. The Hospital is now a for profit entity and as such, will be taxed as same. Adjacent to East Orange General Hospital is the nationally-known Kessler Institute for Rehabilitation, which is considered one of the largest rehabilitation hospitals of its kind in the world. Kessler Associates, a prosthetic and orthotic center, operates an ultramodern facility within the City. The Veterans Administration Medical Center located on a 32-acre tract serves 1.1 million veterans in New Jersey.

The East Orange Police Department employs 208 police officers, reflecting the City's commitment to public safety and aggressive posture towards crime. In addition, the department employs 54 civilians, 49 crossing guards and 18 police recruits.

The City offers a labor force of approximately 37,000 white and blue-collar workers. The City has an ample supply of modern office space for new and expanding businesses. Besides the various office centers, the City enjoys an important industrial base.

Among the major businesses located in the City are a branch office of American Wear; Verizon; Virgo Medical Transport; Shauger Group, LLC; Village Supermarkets; PNC Bank; Wells Fargo Bank, Bank of America, Investors Bank, Santander Bank as well as a diverse array of leading and savings institutions.

## TRANSPORTATION

### Train Service

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

### Bus Service

New Jersey Transit also provides bus service throughout City.

### Air Service

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

### Public Highways

The Garden State Parkway and Interstate 280 are both located in, and accessible to residents of, the City.

### Population Trends

Area	1990	2000	2010	2016	2017
City of East Orange	73,565	64,976	64,927	64,621	64,455
County of Essex	778,206	793,633	797,434	796,914	783,969
State of New Jersey	7,730,188	8,414,350	8,958,013	8,944,000	9,020,000

### SUMMARY OF THE CITY OF EAST ORANGE Current Fund Budgets (As Adopted)

	2018	2017	2016	2015	2014
Anticipated Revenues:					
Surplus Anticipated	\$ 7,300,000	\$ 4,687,000	\$ 4,270,000	\$ 3,100,000	\$ 6,350,000
Miscellaneous Revenue	40,714,196	42,041,884	40,264,400	37,755,424	33,476,182
Receipts from Delinquent Taxes	7,500,000	6,000,000	6,100,000	6,100,000	5,600,000
Amounts to be Raised by Taxes for					
Support of Municipal Budget	91,767,920	91,155,533	90,350,191	89,088,650	87,291,218
	<u>\$ 147,282,116</u>	<u>\$ 143,884,417</u>	<u>\$ 140,984,591</u>	<u>\$ 136,044,074</u>	<u>\$ 132,717,400</u>
Appropriations:					
Salaries and Wages	\$ 63,155,886	\$ 61,862,777	\$ 61,192,938	\$ 59,800,784	\$ 59,999,423
Other Expenses	47,130,751	47,095,795	46,915,439	41,379,426	39,721,755
Deferred Charges and Statutory					
Expenditures	17,459,989	16,636,543	15,675,541	17,232,679	14,978,047
Capital Improvement Fund	150,000	575,000	-	-	-
Municipal Debt Service	10,574,978	9,255,645	9,512,206	10,091,814	9,575,777
Transfer to Board of Education	128,912	120,467	120,467	120,467	122,247
Reserve for Uncollected Taxes	8,681,600	8,338,190	7,568,000	7,418,904	8,320,151
	<u>\$ 147,282,116</u>	<u>\$ 143,884,417</u>	<u>\$ 140,984,591</u>	<u>\$ 136,044,074</u>	<u>\$ 132,717,400</u>

Source: The City of East Orange Adopted Budgets for the years ending December 31, 2017, 2016, 2015, 2014 and 2013



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

	Year Ended 12/31/17	Year Ended 12/31/16	Year Ended 12/31/15	Year Ended 12/31/14
<b>Assets:</b>				
Cash & Cash Equivalents	\$ 37,208,546	\$ 32,444,276	\$ 26,767,764	\$ 16,583,491
Change Funds	300	300	300	50
	<u>37,208,846</u>	<u>32,444,576</u>	<u>26,768,064</u>	<u>16,583,541</u>
Due from State of New Jersey	3,107,818	3,090,129	3,077,155	2,724,948
	<u>40,316,664</u>	<u>35,534,705</u>	<u>29,845,219</u>	<u>19,308,489</u>
Receivable and Other Assets with Full Reserves:				
Delinquent Property Taxes	8,292,027	5,242,917	5,559,465	4,881,472
Tax Title Liens	3,362,988	4,597,342	8,012,342	7,177,078
Property Acquired for Taxes - Assessed Valuation	16,733,360	15,730,250	8,936,450	8,936,450
Due from Board of Education	261,743	461,743	-	-
Revenue Account Receivable	581,606	290,653	864,681	815,142
Other Accounts Receivable	48,085	36,145	-	-
Prepaid Including School Taxes	246,683	246,683	246,683	57,182
Interfunds Receivable	3,184,576	3,399,326	3,174,488	5,090,318
	<u>32,711,068</u>	<u>30,005,059</u>	<u>26,794,109</u>	<u>26,957,642</u>
Deferred Charges:				
Over-expenditures	98,500	567,775	-	-
Special Emergency Appropriation	567,775	-	280,000	2,050,853
	<u>666,275</u>	<u>567,775</u>	<u>280,000</u>	<u>2,050,853</u>
<b>Total Current Fund</b>	<u>73,694,007</u>	<u>66,107,539</u>	<u>56,919,328</u>	<u>48,316,984</u>
Grant Fund:				
Cash	329,943	495,960	-	-
Overexpenditure of Appropriated Reserve	-	6,282	32,449	5,517
Grants Receivable	21,027,707	17,684,606	16,263,860	17,473,189
	<u>21,027,707</u>	<u>17,684,606</u>	<u>16,263,860</u>	<u>17,473,189</u>
<b>Total Assets</b>	<u>\$ 95,051,657</u>	<u>\$ 84,294,387</u>	<u>\$ 73,215,637</u>	<u>\$ 65,795,690</u>

	12/31/17	12/31/16	12/31/15	12/31/14
<b>Liabilities, Reserves &amp; Fund Balance</b>				
Appropriation Reserves:				
Encumbered	\$ 3,229,474	\$ 3,446,687	\$ 3,979,510	\$ 3,838,648
Unencumbered	5,256,327	6,372,458	7,269,362	3,653,113
Accounts Payable	959,263	1,141,123	1,201,096	789,227
Due State of New Jersey	27,984	18,023	2,640	6,037
Special Emergency Note Payable	-	2,500,000	280,000	2,050,500
Tax Overpayments	928,315	2,001,740	1,557,388	1,575,656
Various Reserves	342,101	313,361	281,361	389,091
Reserve for Sale of City Property	1,660,920	1,660,920	-	-
Interfunds Payable	3,556,503	4,874	1,800,250	-
Prepaid Taxes	2,345,743	1,347,163	1,313,795	1,281,806
Prepaid Expenses	-	-	-	9,289
Taxes Payable	89,005	89,621	49,197	13,869
	<u>18,395,635</u>	<u>18,895,970</u>	<u>17,734,599</u>	<u>13,607,236</u>
Reserve for Receivables	32,711,068	30,005,059	26,794,109	26,957,642
Fund Balance	<u>22,587,304</u>	<u>17,206,510</u>	<u>12,390,620</u>	<u>7,752,106</u>
	-	-		
<b>Total Current Fund</b>	<u>73,694,007</u>	<u>66,107,539</u>	<u>56,919,328</u>	<u>48,316,984</u>
Grant Fund:				
Interfunds Payable	3,137,608	3,137,608	3,155,789	2,856,107
Appropriated Federal and State Grants	18,110,111	14,997,591	13,088,871	14,556,467
Unappropriated Federal and state Grants	109,931	51,649	51,649	66,132
	<u>109,931</u>	<u>51,649</u>	<u>51,649</u>	<u>66,132</u>
<b>Total Liabilities, Reserves and Fund Balance</b>	<u>\$ 95,051,657</u>	<u>\$ 84,294,387</u>	<u>\$ 73,215,637</u>	<u>\$ 65,795,690</u>

Source: The City's audited financial Statements

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

	Year Ended 12/31/17	Year Ended 12/31/16	Year Ended 12/31/15	Year Ended 12/31/14
<b>Revenues and Other Income:</b>				
Anticipated Fund Balance	\$ 4,687,000	\$ 4,270,000	\$ 3,100,000	\$ 6,350,000
Miscellaneous Anticipated Revenue	46,906,220	44,016,240	39,966,143	39,055,856
Receipts from Delinquent Taxes	5,922,445	5,979,801	6,274,702	6,129,022
Receipts from Current Taxes	119,892,760	119,938,046	117,164,406	116,085,491
Non-Budget Revenues	1,589,639	942,575	673,226	312,277
Other Credit to Income:				
Credit from School Board	-	-	-	355,905
Other Accounts Receivable Realized	277,492	-	-	-
Cancellations	-	-	-	352,141
Lapsed Balances of Appropriation Reserves	6,297,853	5,792,093	3,222,863	3,507,384
Interfund Returned	214,750	18,152	-	961,950
<b>Total Revenues:</b>	<u>185,788,159</u>	<u>180,956,907</u>	<u>170,401,340</u>	<u>173,110,026</u>
<b>Expenditures:</b>				
Budget Appropriations:				
Salaries and Wages	60,926,722	60,411,542	58,794,128	58,432,739
Other Expenses	51,492,016	48,732,379	42,386,081	47,810,251
Deferred Charges & Statutory Expenditures	16,202,049	16,249,938	15,751,428	14,975,230
Transfer to Board of Education	120,467	-	-	122,247
Municipal Debt Service	8,486,673	9,511,127	10,043,306	9,575,775
Deferred Charges	750,000	-	-	-
Capital Improvements	575,000	-	-	-
	<u>138,552,927</u>	<u>134,904,986</u>	<u>126,974,943</u>	<u>130,916,242</u>
Interfund Advance	4,873	554,787	474,979	2,235,587
Prepaid School Taxes	-	120,467	-	288,651
Refunds	165,527	58,325	91,591	409,420
Overexpenditures	-	-	-	-
Deferred Charges not Budgeted	-	-	-	-
Special Reserves	-	291,312	-	-
Special District Taxes	7,066	34,150	58,752	59,407
Open Space	497,468	498,085	498,759	503,086
County Taxes	13,745,520	14,275,309	14,105,933	14,998,986
Local District Taxes	22,845,484	21,701,371	20,457,869	20,544,012
	<u>37,265,938</u>	<u>37,533,806</u>	<u>35,687,883</u>	<u>39,039,149</u>
<b>Total Expenditures</b>	<u>175,818,865</u>	<u>172,438,792</u>	<u>162,662,826</u>	<u>169,955,391</u>
<b>Excess (Deficit) of Revenues Over (Under)</b>				
<b>Expenditures</b>	<u>9,969,294</u>	<u>8,518,115</u>	<u>7,738,514</u>	<u>3,154,635</u>
<b>Adjustments to Income Before Fund Balance:</b>				
Expenditures included above which by statute are				
Deferred Charges to Budget in Succeeding Year	98,500	567,775	-	1,200,000
<b>Statutory Excess</b>	10,067,794	9,085,890	7,738,514	4,354,635
<b>Fund Balance, Beginning of Year</b>	<u>17,206,510</u>	<u>12,390,620</u>	<u>7,752,106</u>	<u>9,747,471</u>
Subtotal	<u>27,274,304</u>	<u>21,476,510</u>	<u>15,490,620</u>	<u>14,102,106</u>
<b>Utilized as Anticipated Revenue</b>	<u>4,687,000</u>	<u>4,270,000</u>	<u>3,100,000</u>	<u>6,350,000</u>
<b>Fund Balance, End of Year</b>	<u>\$ 22,587,304</u>	<u>\$ 17,206,510</u>	<u>\$ 12,390,620</u>	<u>\$ 7,752,106</u>

Source: The City's audited financial Statements

## Comparative Schedule of Fund Balances Current Fund

<u>Tax Year</u>	<u>Balance at December 31,</u>	<u>Utilized in Succeeding Budgets</u>
2017	\$ 22,587,304	\$ 7,300,000
2016	17,206,510	4,687,000
2015	12,390,620	4,270,000
2014	7,752,106	3,100,000
2013	9,747,471	6,350,000
2012	10,199,075	3,400,000

Source: City of East Orange's Annual Audit Reports for the years ended December 31, 2017, 2016, 2015, 2014, 2013 and 2012.

## TAX INFORMATION ON THE CITY OF EAST ORANGE

### TEN LARGEST TAXPAYERS

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

<u>Property Owner</u>	<u>2017 Assessed Valuation</u>
Park View at 320, LLC	\$ 24,269,100
Harrison Park Owners	22,983,400
LLC NJ Limited Liability Co.	18,854,800
LC E. Orange Shop. Ctr. LLC	18,020,600
RNJ Arlington House	11,953,500
MOD Rehab Housing Assoc.	12,386,200
175 Executive House, LLC	11,711,200
Third Glenwood Assoc.	11,150,200
Bayville Holding II, LLC	10,900,000
Munn Chestnut Realty Assoc., LLC	10,441,700
	<u>\$ 152,670,700</u>

### Current Tax Collections

<u>Tax Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2017	\$ 128,947,910	\$ 119,892,760	92.98%
2016	127,477,070	119,938,046	94.09%
2015	124,487,961	117,164,406	94.12%
2014	123,397,713	116,085,491	94.07%
2013	122,607,820	114,443,656	93.34%

Source: Annual Audit Reports for the years ended December 31, 2017, 2016, 2015, 2014, 2013.

## Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Amount of Tax Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2017	\$ 3,362,988	\$ 8,292,027	\$ 11,655,015	9.03%
2016	4,597,342	5,242,917	9,840,259	7.72%
2015	8,012,342	5,559,465	13,571,807	10.90%
2014	7,177,078	4,881,472	12,058,550	9.77%
2013	5,709,345	5,600,032	11,309,377	9.22%

Source: Annual Audit Reports for the years ended December 31, 2017, 2016, 2015, 2014, 2013.

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

<u>Fiscal Year</u>	<u>Net Valuation Taxable</u>	<u>Municipal Rate</u>	<u>County Rate</u>	<u>Local School Rate</u>	<u>Total Tax Rate</u>
2018	\$ 2,449,403,602	\$ 3.767	\$ 0.604	\$ 0.962	\$ 5.333
2017	2,472,432,236	3.708	0.552	0.924	5.184
2016	2,481,271,947	3.661	0.572	0.870	5.103
2015	2,490,881,881	3.596	0.565	0.817	4.978
2014	2,513,103,146	3.493	0.597	0.818	4.908

Source: East Orange Tax Collector.

## Assessed Valuations/Land and Improvements by Class

<u>Year</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartment</u>	<u>Total</u>
2018	\$17,429,000	\$1,453,053,250	\$339,029,400	\$22,649,800	\$608,810,800	\$2,440,972,250
2017	20,265,000	1,459,334,450	353,213,300	23,255,400	608,405,100	2,464,473,250
2016	21,670,200	1,476,519,200	338,502,700	23,607,300	614,453,200	2,474,752,600
2015	21,135,100	1,478,060,500	339,399,200	23,807,700	622,695,100	2,485,097,600
2014	21,738,100	1,496,943,000	345,336,200	25,888,900	617,769,600	2,507,675,800

Source: City of East Orange Tax Duplicate.

## Assessed Valuations/Net Valuation Taxable

<u>Year</u>	<u>Real Property</u>	<u>Business Personal Property</u>	<u>Net Valuation taxable</u>	<u>Ratio of Assessed to True Value</u>	<u>Total True Value of Assessed Property</u>
2018	\$2,440,972,250	\$8,431,352	\$2,449,403,602	82.53%	\$2,996,001,271
2017	2,464,483,250	7,948,986	2,472,432,236	91.56%	2,729,845,146
2016	2,474,752,600	6,519,347	2,481,271,947	91.95%	2,729,633,486
2015	2,485,097,600	5,784,281	2,490,881,881	89.90%	2,803,390,280
2014	2,507,675,800	5,427,346	2,513,103,146	86.77%	2,936,276,482

Source: Essex County Abstract of Ratables.

(1) Revaluation effective January 1, 2013

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

<u>Year</u>	<u>Total</u>	<u>County</u>	<u>Local School</u>	<u>Municipal</u>
2018	\$ 129,861,376	\$ 13,929,646	\$ 23,674,476	\$ 92,257,254
2017	128,979,817	13,745,519	22,965,951	92,268,347
2016	126,824,954	14,275,308	21,701,371	90,848,275
2015	124,100,275	14,056,737	20,457,869	89,585,669
2014	126,322,967	17,985,116	20,544,012	87,793,839

Source: 2018 Apportionment of Taxes and Audit Reports for the years ended December 31, 2017, 2016, 2015, 2014 and 2013

**DEBT INFORMATION ON THE CITY**

**Debt Statements**

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

**Debt Incurring Capacity as of December 31, 2018**

**Municipal**

Equalized Valuation Basis (2018, 2017 and 2016)	\$2,978,626,358
3-1/2% Borrowing Margin	104,251,923
Net Debt Issued, Outstanding and Authorized	42,578,330
Remaining Municipal Borrowing Capacity	\$61,673,593

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

**Gross and Statutory Net Debt**

<u>Date</u>	<u>Gross Debt Amount</u>	<u>Statutory Net Debt</u>	
		<u>Amount</u>	<u>Percentage</u>
December 31, 2018	\$ 106,938,809	\$ 42,578,330	1.43%
December 31, 2017	111,615,247	53,484,888	2.15%
December 31, 2016	122,233,385	58,820,420	2.10%
December 31, 2015	103,349,047	59,179,998	3.25%
December 31, 2014	99,685,587	99,657,543	1.67%

Source: Annual Debt Statements for December 31, 2018, 2017, 2016, 2015 and 2014.

**STATUTORY DEBT INFORMATION  
FOR THE CITY OF EAST ORANGE  
AS OF DECEMBER 31, 2018**

**GROSS DEBT:**

**Self Liquidating Utility Debt**

Serial Bonds Issued and Outstanding	\$ 13,580,000	
Bond Anticipation Notes Issued	4,165,327	
Bond Anticipation Notes Authorized, But Not Issued	25,441,822	
Infrastructure Trust Loans	12,847,589	
		<b>\$ 56,034,738</b>

**Municipal Debt (Other)**

Serial Bonds, Notes and Loans		
Issued and Outstanding	\$ 23,970,937	
Bond Anticipation Notes	19,193,254	
Bond Anticipation Notes Authorized, But Not Issued	7,387,816	
Green Trust Loan	352,064	
		<b>50,904,071</b>

**Total Gross Debt** **\$ 106,938,809**

**STATUTORY DEDUCTIONS:**

Self-Liquidating Debt	\$ 56,034,738	
Deduction Applicable to Serial Bonds	8,325,741	<b>64,360,479</b>

**STATUTORY NET DEBT** **\$ 42,578,330**

**OVERLAPPING DEBT**

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

**TOTAL OVERLAPPING DEBT** **\$ 15,210,617**

**GROSS DEBT**

Per Capita (2010 - 68,190)	\$	1,568
Equalized Valuation - \$2,978,626,358		3.59%

**NET MUNICIPAL DEBT**

Per Capita (2010 - 68,190)	\$	624
Equalized Valuation - \$2,978,626,358		1.43%

**OVERALL DEBT (Net and Overlapping)**

Per Capita (2010 - 68,190)	\$	847
Equalized Valuation - \$2,978,626,358		1.94%

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

Note 2: Overlapping debt was computed based upon usage.

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**APPENDIX B**

**AUDITED FINANCIAL STATEMENTS OF THE CITY OF EAST ORANGE  
FOR THE YEAR ENDING DECEMBER 31, 2017**

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**CITY OF EAST ORANGE  
COUNTY OF ESSEX, NEW JERSEY**

**FINANCIAL STATEMENTS  
AND SUPPLEMENTARY SCHEDULES  
DECEMBER 31, 2017**

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**CITY OF EAST ORANGE**

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**PART I**

**ROSTER OF OFFICIALS, INDEPENDENT AUDITORS' REPORT, FINANCIAL  
STATEMENTS AND SUPPLEMENTARY SCHEDULES**

**YEAR ENDED DECEMBER 31, 2017**

CITY OF EAST ORANGE  
ROSTER OF OFFICIALS

MAYOR

Ted R. Green

CITY COUNCIL

Romal D. Bullock, Chairman  
Christopher D. James  
Amy Lewis  
Jacquelyn E. Johnson  
Quilla E. Talmadge  
Bergson Leneus  
Tyshammie L. Cooper  
Casim L. Gomez  
Alicia Holman  
Mustafa A. Brent

CITY ADMINISTRATOR

Soloman Steplight

ACTING CHIEF FINANCIAL OFFICER

Juan B. Uribe

CITY CLERK

Cynthia Brown

ACTING CORPORATE COUNSEL

Ryan Linder, Esq.

## Independent Auditors' Report

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

### Report on the Financial Statements

We have audited the accompanying regulatory basis financial statements of the various funds of the City of East Orange, Essex County, New Jersey (the "City") which comprise the balance sheets as of and for the year ended December 31, 2017, and the related statements of operations and changes in fund balance for the year then ended and related notes to the financial statements, the statements of changes in fund balance, statements of revenues and statement of expenditures for the year ended December 31, 2017 which collectively comprise the City's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). 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.

#### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller of the United States; and audit requirements as prescribed by the Division. Those standards and requirements prescribed by the Division require that we plan and perform the audit to obtain reasonable assurance about whether the regulatory basis financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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

As described in Note 1, the financial statements are prepared by the City on the basis of the financial reporting provisions of the Division to demonstrate compliance with Division's regulatory basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statements of the variances between the basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

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

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles paragraph, the financial statements referred to above 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, 2017, or the results of its operations and changes in fund balances for the year then ended.

***Basis for Qualified Opinion on Regulatory Basis Accounting Principles***

The City records of fixed assets have not been updated for additions and deletions for several years as required by N.J.A.C. 5:30-5.6 and we were unable to satisfy ourselves as to the correct carrying value of the general fixed assets. The amount that should have been reported as general fixed assets using the guidelines prescribed by the Division could not be determined. In addition, the City did not obtain an actuarial valuation of their OPEB liability as required by Governmental Accounting Standards Board Statement Number 45 and the Division. As such, we were unable to satisfy ourselves as to the amount of the liability.

***Qualified Opinion on Regulatory Basis of Accounting***

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion on Regulatory Basis Accounting Principles paragraph, the regulatory basis financial statements referred to above present fairly, in all material respects, the respective financial position of the various funds of the City of East Orange, Essex County, New Jersey, as of December 31, 2017, and the respective results of its operations and changes in fund balance for the year then ended, and Statements of Changes in Fund Balance, Statements of Revenues, and Statements of Expenditures, of the various funds for the year ended December 31, 2017 in accordance with the financial reporting provisions of the Division, as described in Note 1 to the financial statements.

***Prior Period Financial Statements***

The regulatory-basis financial statements of the City of East Orange as of December 31, 2016, were audited by other auditors whose report dated May 25, 2017, expressed a qualified opinion on those statements in accordance with the financial reporting provisions of the Division as a result of the City not updating its general fixed asset records. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived, except for the City's general fixed asset balances.

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

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City's basic financial statements. The supplementary information, as identified as exhibits A-4 through D-32, the comments and recommendations and supplementary information in the table of contents, is presented for purposes of additional analysis as required by the Division and is not a required part of the 2017 regulatory-basis financial statements of the City. Such information is the responsibility of

management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 20, 2018 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*PKF O'Connor Davies, LLP*

July 20, 2018  
Livingston, New Jersey

*Francis M. McEnerney*

Francis M. McEnerney, CPA  
Licensed Registered Municipal Accountant, No. 539



**Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards***

**Independent Auditor's Report**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), the regulatory basis financial statements of the various funds and account group of the City of East Orange, Essex County, New Jersey (the "City"), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated July 20, 2018, in which we expressed an adverse opinion on the conformity of the statements with accounting principles generally accepted in the United States of America due to the differences between those principles and the financial reporting provisions of the Division and a qualified opinion since the City did not update its General Fixed Asset files and failed to obtain an actuarial valuation of the Other Post-Employment Benefits liability.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the regulatory basis financial statements, we considered the City's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the regulatory basis financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of comments and recommendations, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

PKF O'CONNOR DAVIES, LLP

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**The Honorable Mayor and Members  
of the City Council  
City of East Orange  
Page 2**

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of comments and recommendations as item 2017-001 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of comments and recommendations as items 2017-002 and 2017-003 to be significant deficiencies.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's regulatory basis financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**City's Response to Findings**

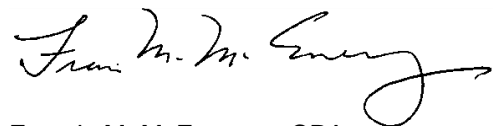
The City's response to the findings identified in our audit is described in the accompanying comments and recommendations section. The City's response as not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*PKF O'Connor Davies, LLP*

Livingston, New Jersey  
July 20, 2018



Francis M. McEnerney, CPA  
Licensed Registered Municipal Accountant, No. 539

CITY OF EAST ORANGE  
CURRENT FUND

A  
Sheet # 1

COMPARATIVE BALANCE SHEETS  
REGULATORY BASIS  
DECEMBER 31, 2017 AND 2016

ASSETS AND DEFERRED CHARGES

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
<u>CURRENT FUND</u>			
Cash - Checking Accounts	A-4, A-5	\$ 37,208,545.77	\$ 32,444,276.00
Cash - Change Funds	A-6	300.00	300.00
		<u>37,208,845.77</u>	<u>32,444,576.00</u>
 Due from State of New Jersey	 A-7a	 <u>3,107,818.08</u>	 <u>3,090,129.00</u>
Receivables and Other Assets with Full Reserves			
Delinquent Property Taxes	A-8	8,292,026.53	5,242,917.00
Tax Title Liens	A-9	3,362,988.37	4,597,342.00
Property Acquired for Taxes - Assessed Valuation	A-10	16,733,360.00	15,730,250.00
Due from Board of Education	A-11	261,743.00	461,743.00
Revenue Accounts Receivable	A-12	581,605.85	290,653.00
Due From East Orange Pulic Library	A-14	1,995.00	1,995.00
Interfunds Receivable	A-15	3,184,576.38	3,399,326.00
Due From Open Space	A-25	4,873.52	
Due from Central Avenue Improvement District	A-21	41,216.35	34,150.00
Prepaid School Taxes	A-31	246,683.00	246,683.00
		<u>32,711,068.00</u>	<u>30,005,059.00</u>
Deferred Charges			
Emergency Authorization	A-16	98,500.00	
Overexpenditure of Budget Appropriations	A-16	567,775.00	567,775.00
		<u>666,275.00</u>	<u>567,775.00</u>
		 <u>73,694,006.85</u>	 <u>66,107,539.00</u>
 <u>STATE AND FEDERAL GRANT FUND</u>			
Cash	A-4	329,943.51	495,960.00
Grants Receivable	A-18	21,027,707.12	17,684,606.00
Overexpenditure of Appropriation Reserve			6,282.00
		<u>21,357,650.63</u>	<u>18,186,848.00</u>
		<u>\$ 95,051,657.48</u>	<u>\$ 84,294,387.00</u>

See accompanying notes to financial statements.

CITY OF EAST ORANGE  
CURRENT FUND

A  
Sheet # 2

COMPARATIVE BALANCE SHEETS  
REGULATORY BASIS  
DECEMBER 31, 2017 AND 2016

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Appropriation Reserves			
Encumbered	A-3, A-17	\$ 3,229,473.58	\$ 3,446,687.00
Unencumbered	A-3, A-19	5,256,326.90	6,372,458.00
Accounts Payable	A-20	959,262.87	1,141,123.00
Due to State of New Jersey	A-7	27,983.57	18,023.00
Tax Overpayments	A-22	928,314.81	2,001,740.00
Special Emergency Note Payable	A-26		2,500,000.00
Reserve for Revaluations	A-27	18,731.00	18,731.00
Reserve for Sale of City Property	A-23	1,660,920.00	1,660,920.00
Reserve for Tax Appeals	A-28	91,460.00	91,460.00
Interfunds Payable	A-15	3,556,501.52	4,874.00
Prepaid Taxes	A-32	2,345,743.37	1,347,163.00
Reserve for Hurricane Irene	A-33	35,067.00	35,067.00
County Taxes Payable	A-30	89,005.07	89,621.00
Accrued Salary & Wages	A	3,939.00	3,939.00
Special Reserves	A-24	192,906.65	164,164.00
		<u>18,395,635.34</u>	<u>18,895,970.00</u>
Reserve for Receivables		32,711,068.00	30,005,059.00
Fund Balance	A-1	22,587,303.51	17,206,510.00
		<u>73,694,006.85</u>	<u>66,107,539.00</u>
<u>STATE AND FEDERAL GRANT FUND</u>			
Due to Current	A-34	3,137,608.00	3,137,608.00
Unappropriated Reserves	A-29	109,931.37	51,649.00
Reserve for Grant Expenditures - Encumbered	A-35	1,690,242.13	1,467,178.00
Reserve for Grant Expenditures	A-35	16,419,869.13	13,530,413.00
		<u>21,357,650.63</u>	<u>18,186,848.00</u>
		<u>\$ 95,051,657.48</u>	<u>\$ 84,294,387.00</u>

See accompanying notes to financial statements.

CITY OF EAST ORANGE  
CURRENT FUND

A-1

STATEMENTS OF OPERATIONS  
AND CHANGES IN FUND BALANCE  
REGULATORY BASIS  
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
<u>REVENUE AND OTHER INCOME:</u>			
Anticipated Fund Balance	A-2	\$ 4,687,000.00	\$ 4,270,000.00
Miscellaneous Anticipated Revenue	A-2	46,906,219.58	44,016,240.00
Receipts from Delinquent Taxes	A-2b	5,922,444.69	5,979,801.00
Receipts from Current Taxes	A-2b	119,892,759.60	119,938,046.00
Non-Budget Revenues	A-2c	1,589,639.66	942,575.00
Other Credit to Income:			
Miscellaneous Credits	A-1	0.39	
Other Accounts Receivable Realized	A-13	77,492.52	
Interfund Returned	A-15	214,749.62	18,152.00
Other Accounts Receivable Realized	A-11	200,000.00	
Lapsed Balances of Appropriation Reserves	A-19	6,297,853.21	5,792,093.00
		<u>185,788,159.27</u>	<u>180,956,907.00</u>
<u>TOTAL REVENUE AND OTHER INCOME</u>			
<u>EXPENDITURES:</u>			
Budget Appropriations:			
Operations:			
Salaries & Wages		60,926,722.30	60,411,542.00
Other Expenses		36,113,799.79	48,732,379.00
Municipal Debt Service		8,486,673.32	9,511,127.00
Capital Improvements		575,000.00	
Deferred Charges To Future Taxation		750,000.00	
Deferred Charges and Statutory Expenditures		16,202,048.52	16,249,938.00
Other Appropriations within "CAP"		15,378,216.01	
Transferred to Board of Education		120,467.00	120,467.00
	A-3	<u>138,552,926.94</u>	<u>135,025,453.00</u>
Special Reserves			291,312.00
Due From Open Space	A-25	4,873.52	554,787.00
Due from Central Improvement District	A-21	7,066.35	34,150.00
Prior Year Refunds	A-4	165,527.31	58,325.00
Local Open Space	A-25	497,467.97	498,085.00
County Taxes	A-30	13,745,519.67	14,275,309.00
Local District Taxes	A-31	22,845,484.00	21,701,371.00
		<u>175,818,865.76</u>	<u>172,438,792.00</u>
<u>EXCESS OF REVENUES OVER EXPENDITURES</u>		9,969,293.51	8,518,115.00
<u>ADJUSTMENTS TO INCOME BEFORE FUND BALANCE:</u>			
Expenditures Included Above Which By Statute Are			
Deferred Charges to Budget in Succeeding Year	A-16	98,500.00	567,775.00
<u>STATUTORY EXCESS</u>		10,067,793.51	9,085,890.00
<u>FUND BALANCE, BEGINNING OF YEAR</u>		17,206,510.00	12,390,620.00
Subtotal		27,274,303.51	21,476,510.00
<u>UTILIZED AS ANTICIPATED REVENUE</u>		4,687,000.00	4,270,000.00
<u>FUND BALANCE, END OF YEAR</u>		<u>\$ 22,587,303.51</u>	<u>\$ 17,206,510.00</u>

See accompanying notes to financial statements.

CITY OF EAST ORANGE  
CURRENT FUND

STATEMENT OF REVENUE  
REGULATORY BASIS  
AS OF DECEMBER 31, 2017

A-2

	<u>Ref.</u>	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance	A-1	\$ 4,687,000.00	\$ 4,687,000.00	
Miscellaneous Revenues	A-1, A-2a	45,719,056.44	46,906,219.58	\$ 1,187,163.14
Receipts from Delinquent Taxes	A-1, A-2b	<u>6,000,000.00</u>	<u>5,922,444.69</u>	<u>(77,555.31)</u>
Sub - Total General Revenue		<u>56,406,056.44</u>	<u>57,515,664.27</u>	<u>1,109,607.83</u>
Amount to be Raised by Taxation:				
Local, Library and Additional School	A-2b	<u>91,155,532.59</u>	<u>91,142,477.96</u>	<u>(13,054.63)</u>
		<u>91,155,532.59</u>	<u>91,142,477.96</u>	<u>(13,054.63)</u>
Total General Revenue		147,561,589.03	148,658,142.23	1,096,553.20
Non-Budget Revenues	A-2c	<u>  </u>	<u>1,589,639.66</u>	<u>1,589,639.66</u>
	A-3	<u>\$ 147,561,589.03</u>	<u>\$ 150,247,781.89</u>	<u>\$ 2,686,192.86</u>

CITY OF EAST ORANGE  
CURRENT FUND

STATEMENT OF REVENUES  
REGULATORY BASIS  
AS OF DECEMBER 31, 2017

A-2a

	<u>Ref.</u>	<u>Budget</u>	<u>Chapter 159</u>	<u>Realized</u>	<u>(Deficit) or Excess</u>
<b>MISCELLANEOUS REVENUES:</b>					
Licenses:					
Alcoholic Beverages	A-12	\$ 45,000.00		\$ 41,408.80	\$ (3,591.20)
Other	A-12	300,000.00		199,412.01	(100,587.99)
Fees and Permits:					
Uniform Construction Code Fees	A-12	1,460,000.00		1,446,288.88	(13,711.12)
Other	A-12	122,039.00		88,794.29	(33,244.71)
Fines and Costs - Municipal Court	A-12	2,423,984.00		2,898,761.47	474,777.47
Interest and Costs on Taxes	A-5	1,600,000.00		1,685,723.30	85,723.30
Property Sales	A-12			16,810.00	16,810.00
Interest on Investments	A-12	15,000.00		41,191.66	26,191.66
Code Enforcement	A-12	380,000.00		473,932.06	93,932.06
Payments in Lieu of Taxes:	A-12	3,344,100.00		4,301,676.13	957,576.13
Franchise Fee from Cable TV Gross Revenue	A-12	295,537.29		295,537.31	0.02
Energy Receipts Tax	A-12	14,582,640.00		14,557,582.18	(25,057.82)
Consolidated Municipal Property Tax Relief	A-12	7,535,036.00		7,441,365.10	(93,670.90)
Alarm Registration Fees	A-12	15,000.00		22,300.00	7,300.00
Fire Official	A-12	46,000.00		56,870.00	10,870.00
State and Federal Revenue Offsets with Appropriations:					
Alcoholism & Drug Abuse Treatment	A-18	21,590.00	\$ 21,590.00	43,180.00	
HIV Counseling & Testing	A-18	140,588.00		140,588.00	
Afterschool Meals	A-18	377,873.62		377,873.62	
WIC Supplemental Food Grant	A-18		1,053,437.00	1,053,437.00	
Delta Dental	A-18	15,000.00		15,000.00	
Body Armour	A-18		17,774.20	17,774.20	
Clean Communities	A-18	107,976.59		107,976.59	
EO Substance Abuse Project Hope Grant	A-18		258,200.00	258,200.00	
Winter Food Service Program	A-18	1,866,010.00		1,866,010.00	
New Jersey Health Officers Association	A-18		2,320.00	2,320.00	
Medication Assited Treatment Outreach	A-18		214,000.00	214,000.00	
Recycling Tonnage Grant (UA Reserve)	A-18	7,605.67		7,605.67	
Childhood Lead- Base Paint Poison	A-18		248,750.00	248,750.00	
Community Development Block Grant	A-18		1,300,175.00	1,300,175.00	
Home Program	A-18		378,799.00	378,799.00	
Home Friends	A-18	315,082.00		315,082.00	
SAFER (UA Reserve)	A-18	44,043.00		44,043.00	
SAFER	A-18	2,813,690.00		2,813,690.00	
Healthy Out of School	A-18	25,000.00		25,000.00	
NJDEP Soveral Park Recreational Trail	A-18	21,000.00		21,000.00	
Summer Food - 2018	A-18	394,007.32	182,126.61	576,133.93	
Distracted Driving Crackdown Grant	A-18	5,500.00		5,500.00	
New Jersey Transportation Fund	A-18	448,898.00		448,898.00	
Uniform Fire Safety Act	A-12	66,521.00		60,738.01	(5,782.99)
Housing Inspection	A-12	82,239.00		85,316.00	3,077.00
Bell Atlantic Contract	A-12	10,950.00		12,592.92	1,642.92
COPS in School - EO Board of Education	A-12	358,974.14		205,835.81	(153,138.33)
East Orange Golf Cart Revenue	A-12	180,000.00		137,551.11	(42,448.89)
East Orange Golf Course Revenues	A-12	700,000.00		890,241.53	190,241.53
Capital Fund Balance	A-12	575,000.00		575,000.00	
Reserve for Retoractive Salaries	A-12	1,300,000.00		1,090,255.00	(209,745.00)
	A-2	<u>\$ 42,041,884.63</u>	<u>\$ 3,677,171.81</u>	<u>\$ 46,906,219.58</u>	<u>\$ 1,187,163.14</u>

CITY OF EAST ORANGE  
CURRENT FUND

A-2b

STATEMENT OF REVENUE  
ANALYSIS OF REALIZED TAX REVENUE  
REGULATORY BASIS  
AS OF DECEMBER 31, 2017

	<u>Ref.</u>		
Receipts from Delinquent Taxes			
Delinquent Tax Collections:			
2017 Collections	A-8	\$ 5,003,169.92	
Tax Title Lien Collections	A-9	<u>919,274.77</u>	
	A-1, A-2		\$ 5,922,444.69
Allocation of Current Tax Collections			
Revenue from Collections:			
2017 Collections	A-8	118,425,950.02	
2016 Collections	A-8	1,347,163.00	
Due from State of New Jersey	A-8	<u>119,646.58</u>	
	A-1		119,892,759.60
Less: Allocated to:			
City Open Space	A-8	497,467.97	
Essex County	A-8	13,745,519.67	
Local School District	A-8	<u>22,845,484.00</u>	
			<u>37,088,471.64</u>
			82,804,287.96
Plus: Appropriation Reserve for Uncollected Taxes	A-3		<u>8,338,190.00</u>
Amount of Municipal Support	A-2		<u>\$ 91,142,477.96</u>

See accompanying notes to financial statements.

CITY OF EASTORANGE  
CURRENT FUND

A-2c

STATEMENT OF REVENUE  
ANALYSIS OF NON-BUDGET REVENUE  
REGULATORY BASIS  
AS OF DECEMBER 31, 2017

	Ref.	
Miscellaneous Revenue Not Anticipated		
Fire Report Fees		\$ 175.00
City Clerk - Copy Fees & Notary Fees		2,859.37
Police System Fees		14,765.80
Tax Collect Bounced Check Fees		1,212.76
Duplicate Tax Sale Certif Fee		7,300.00
Fee- Planning Board Cases		19,722.00
Fee - Zoning Board Cases		8,390.00
Fees - Child Support		2,335.00
Fees - Garnishes		4,644.20
Fees - Bingo & Raffle		3,130.00
Fees - Passport		25,989.28
Fees - Rent Leveling Division		44,349.96
Property Maintenance - Copy Fees		1,785.00
Fees - Bid Specs		5,450.00
Fees - Tax Sale Cost		52,850.32
Tax Assessor - Short Term Tax Exempt Application Fee		10,500.00
Tax Assessor - Long Term Tax Exempt Application Fee		46,695.61
STD Clinic Fees		8,720.00
Foreclosure Fees		32,383.22
Fees - Use of Police Vehicles		27,270.00
Police Off-Duty Admin Fees		24,056.25
Fees - Vacant Properties		508,475.00
Fee - Fire Dept. EMS Dispatch		50,575.39
Fees - Property Sale Misc Fees Collected		235.00
FEMA Grant		24,990.22
COPS Grant		254,079.16
Rent - Golf Course/Restaurant		18,000.00
Rent - Parking Lot 20-30 Evergreen		28,000.00
Commission on Vending Machines		2,014.01
Commission - T Mobile Rents		17,418.41
Commission - AT&T Cell Sites		44,056.01
Commission - PNC Bank ATM Fees		420.00
Refund - Passaic Valley Sewerage		5,917.87
Refund - NJ Turnpike Authority		1,400.00
Prior Year Current Account Check Write-offs		5,421.99
Police - Bike Auction		3,388.77
Payroll Account #2		237,969.11
Restitution - Police		4,270.00
Law Dept - Restitution		69.00
Finance - Restitution		125.00
Premium on Sale of Notes		38,230.95
		38,230.95
	A-1,A-5	\$ 1,589,639.66

See accompanying notes to financial statements.



CITY OF EAST ORANGE  
CURRENT FUND

STATEMENT OF EXPENDITURES  
REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2017

A-3  
Sheet # 1

	Budget	Budget After Modification	Expended			Canceled
			Paid or Charged	Encumbered	Reserved	
OPERATIONS - WITHIN "CAPS":						
Office of the Mayor						
Salaries & Wages	\$ 373,965.00	\$ 373,965.00	\$ 357,428.39		\$ 16,536.61	
Other Expenses	73,500.00	73,500.00	25,333.49	\$ 2,773.74	45,392.77	
Division of Public Information & Consumer Services						
Salaries & Wages	86,670.00	92,470.00	84,150.00		8,320.00	
Other Expenses	15,500.00	9,700.00	2,868.00	39.82	6,792.18	
Office of the City Administrator						
Salaries & Wages	228,265.48	229,965.48	229,930.80		34.68	
Other Expenses	71,450.00	69,750.00	60,860.18	5,932.96	2,956.86	
Division of Procurement						
Salaries & Wages	354,230.43	354,230.43	342,797.89		11,432.54	
Other Expenses	74,700.00	74,700.00	66,159.99	7,632.69	907.32	
Duplicating Unit						
Other Expenses	52,000.00	52,000.00	37,693.00	14,292.39	14.61	
Public Defender						
Salaries & Wages	225,000.00	225,000.00	168,300.00	5,000.00	51,700.00	
Other Expenses	4,000.00	4,000.00	1,210.75		2,789.25	
Division Of Human Services						
Salaries & Wages	640,048.31	640,048.31	623,927.01		16,121.30	
Other Expenses	54,250.00	54,250.00	18,152.72	3,900.63	32,196.65	
Data Processing						
Salaries & Wages	753,080.08	746,080.08	741,911.27		4,168.81	
Other Expenses	903,850.00	1,071,850.00	836,876.86	62,958.41	172,014.73	
Board of Alcoholic Beverage Control						
Salaries and Wages	3,005.00	3,005.00	3,000.00		5.00	
Other Expenses	1,295.00	1,295.00	914.59	157.51	222.90	
Policy, Planning & Economic Development						
Salaries and Wages	359,602.07	360,122.23	360,108.26		13.97	
Other Expenses	76,889.00	76,889.00	29,251.97	37,040.72	10,596.31	
Division of Economic Development						
Salaries and Wages	125,240.00	117,890.88	105,819.90		12,070.98	
Other Expenses	12,324.00	12,324.00	7,005.14	980.82	4,338.04	
Division of Neighborhood Housing Revitalization						
Salaries and Wages	227,777.31	230,795.42	230,664.18		131.24	
Other Expenses	17,600.00	17,600.00	4,685.73	1,448.62	11,465.65	

CITY OF EAST ORANGE  
CURRENT FUND

STATEMENT OF EXPENDITURES  
REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2017

A-3  
Sheet # 2

	Budget	Budget After Modification	Expended			Canceled
			Paid or Charged	Encumbered	Reserved	
OPERATIONS - WITHIN "CAPS" (Continued):						
Comprehensive Planning						
Salaries and Wages	\$ 306,236.01	\$ 310,046.86	\$ 310,018.20		\$ 28.66	
Other Expenses	99,800.00	99,800.00	48,426.99	\$ 28,501.61	22,871.40	
Zoning Board Adjustment						
Salaries and Wages	4,800.00	4,800.00	4,800.00			
Other Expenses	20,553.00	20,553.00	5,050.64	12,199.90	3,302.46	
Planning Board						
Salaries and Wages	4,920.00	4,920.00	4,920.00			
Other Expenses	21,576.00	21,576.00	8,648.26	10,905.21	2,022.53	
City Council						
Salaries and Wages	753,138.59	753,138.59	747,304.50		5,834.09	
Other Expenses	248,405.00	248,405.00	135,070.28	68,501.99	44,832.73	
City Clerk's Office						
Salaries and Wages	488,978.47	468,978.47	464,170.08		4,808.39	
Other Expenses	103,400.00	103,400.00	89,001.40	9,960.28	4,438.32	
City Clerk Election						
Salaries and Wages	14,500.00	14,500.00	8,589.00		5,911.00	
Other Expenses	24,000.00	24,000.00	23,392.39		607.61	
Department of Finance						
Salaries and Wages	43,010.00	43,010.00	43,009.92		0.08	
Other Expenses	423,690.00	423,690.00	364,377.25	32,514.88	26,797.87	
Surety Bonds	835.00	835.00			835.00	
Claim Administration Fee	96,000.00	96,000.00	47,065.38	32,534.62	16,400.00	
Unemployment Insurance	258,516.98	233,516.98	14,886.79	69,056.46	149,573.73	
Group Insurance for Employees	11,634,662.68	12,359,662.68	11,646,881.33	266,766.78	446,014.57	
Insurance Claim Fund - Workers Compensation	2,617,097.92	2,617,097.92	2,562,034.19	0.60	55,063.13	
Health Benefit Waiver	220,000.00	242,125.00	242,125.00			
Miscellaneous Insurance	21,300.00	21,300.00	13,955.21	1,685.10	5,659.69	
Insurance Claim Fund ( Auto & General)	1,100,000.00	1,125,000.00	1,071,307.50	28,692.50	25,000.00	
Fire Insurance - City Building	1.00	1.00			1.00	
City Insurance Premium	866,323.00	866,323.00	866,323.00			
Short Term Insurance	215,211.31	215,211.31	194,794.39	9,477.16	10,939.76	
Public Officials Liability Insurance	1.00	1.00			1.00	
Division of Accounts & Controls						
Salaries and Wages	191,294.92	191,294.92	191,284.56		10.36	
Other Expenses	62,150.00	62,150.00	34,495.51	16,368.75	11,285.74	
Division of Treasury						
Salaries and Wages	333,510.82	333,510.82	330,481.68		3,029.14	
Other Expenses	2,150.00	2,150.00	1,766.37	90.00	293.63	
Division of Tax Collection & Revenue						
Salaries and Wages	481,562.84	481,562.84	462,496.67		19,066.17	
Other Expenses	77,900.00	77,900.00	31,341.60	26,573.38	19,985.02	
Division of Property Taxation						
Salaries and Wages	348,707.07	348,707.07	342,928.31		5,778.76	
Other Expenses	257,100.00	257,100.00	163,342.15	68,526.51	25,231.34	

CITY OF EAST ORANGE  
CURRENT FUND

STATEMENT OF EXPENDITURES  
REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2017

A-3  
Sheet # 3

	Budget	Budget After Modification	Expended			Canceled
			Paid or Charged	Encumbered	Reserved	
OPERATIONS - WITHIN "CAPS" (Continued):						
Department of Law						
Salaries and Wages	\$ 1,028,863.86	\$ 947,763.86	\$ 903,654.27		\$ 44,109.59	
Other Expenses	474,500.00	474,500.00	365,277.07	\$ 22,856.45	86,366.48	
Special Prosecutors						
Salaries and Wages	8,000.00	8,000.00	2,925.00		5,075.00	
Municipal Court						
Salaries and Wages	2,014,945.95	2,014,945.95	1,978,872.57		36,073.38	
Other Expenses	188,863.00	188,863.00	126,165.06	23,743.52	38,954.42	
DEPARTMENT OF PUBLIC WORKS						
Office of Director						
Salaries and Wages	585,178.59	585,178.59	565,842.43		19,336.16	
Other Expenses	60,800.00	60,800.00	16,029.44	19,985.00	24,785.56	
Street's & Road Division						
Salaries and Wages	1,348,498.75	1,298,498.75	1,244,989.46		53,509.29	
Other Expenses	1,698,000.00	1,698,000.00	1,219,072.01	447,841.26	31,086.73	
Snow & Ice removal						
Salaries and Wages	82,500.00	147,500.00	107,695.03		39,804.97	
Other Expenses	220,000.00	205,000.00	151,522.61	47,194.80	6,282.59	
Plan & Construction Division						
Salaries and Wages	476,353.17	476,353.17	396,228.45		80,124.72	
Other Expenses	96,400.00	96,400.00	8,640.71	5,781.28	81,978.01	
Traffic Engineering Division						
Salaries and Wages	302,111.80	302,111.80	196,777.64		105,334.16	
Other Expenses	93,000.00	93,000.00	58,426.97	34,141.87	431.16	
Employee Safety Program						
Other Expenses	22,500.00	22,500.00	7,571.28	14,038.00	890.72	
East Orange Golf Course						
Salaries and Wages	691,814.21	601,814.21	590,717.01		11,097.20	
Other Expenses	631,550.00	721,550.00	396,810.15	162,975.45	161,764.40	
Garbage & Trash Removal - Solid Waste						
Salaries and Wages	426,265.90	426,265.90	296,232.11		130,033.79	
Other Expenses	4,750,000.00	4,750,000.00	4,385,720.47	188,583.20	175,696.33	
Mandated Recycling Program						
Other Expenses	1,000.00	1,000.00			1,000.00	
Public Buildings & Grounds						
Salaries and Wages	709,389.22	689,389.22	576,099.08		113,290.14	
Other Expenses	1,546,700.00	1,566,700.00	910,987.35	549,503.22	106,209.43	

CITY OF EAST ORANGE  
CURRENT FUND

STATEMENT OF EXPENDITURES  
REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2017

A-3  
Sheet # 4

	Budget	Budget After Modification	Expended			Canceled
			Paid or Charged	Encumbered	Reserved	
OPERATIONS - WITHIN "CAPS" (Continued):						
DEPARTMENT OF PUBLIC WORKS						
Garage Division						
Salaries and Wages	\$ 351,932.00	\$ 351,932.00	\$ 306,195.39		\$ 45,736.61	
Other Expenses	638,600.00	644,600.00	320,876.21	\$ 249,428.34	74,295.45	
Parks Maintenance						
Salaries and Wages	475,059.43	475,059.43	442,363.65		32,695.78	
Other Expenses	127,900.00	127,900.00	68,010.61	56,335.73	3,553.66	
PUBLIC SAFETY						
Directors office						
Salaries and Wages	361,802.99	361,802.99	344,464.71		17,338.28	
Other Expenses	142,850.00	142,850.00	563.65	284.96	142,001.39	
Department of Fire						
Salaries and Wages	15,824,033.85	15,327,902.93	15,325,196.76		2,706.17	
Other Expenses	567,400.00	567,400.00	244,386.83	235,004.27	88,008.90	
Animal Control						
Salaries and Wages	135,355.00	135,355.00	116,709.71		18,645.29	
Other Expenses	92,529.00	92,529.00	23,790.02	1,007.51	67,731.47	
Cert- Office of Management						
Salaries and Wages	30,000.00	30,000.00	30,000.00			
Other Expenses	36,000.00	36,000.00	12,061.65	18,027.43	5,910.92	
Uniform Safety Act						
Other Expenses	69,739.00	69,739.00	69,739.00			
Department of Police						
Salaries and Wages	22,611,351.44	22,476,351.44	22,382,040.87		9,757.03	84,553.54
Other Expenses	2,035,450.00	1,851,450.00	1,273,521.42	212,185.71	365,742.87	
School Traffic Guards						
Salaries and Wages	759,575.64	679,575.64	679,026.84		548.80	
Other Expenses	18,000.00	18,000.00	6,027.88	8,722.12	3,250.00	
Department of Data Processing- Police						
Other Expenses	21,000.00	21,000.00			21,000.00	
DEPARTMENT OF PROPERTY MAINTENANCE						
Office of Director						
Salaries and Wages	295,515.00	307,915.00	288,117.62		19,797.38	
Other Expenses	4,100.00	4,100.00	883.26		3,216.74	
Building Division						
Salaries and Wages	626,098.80	688,098.80	683,596.48		4,502.32	
Other Expenses	247,400.00	185,400.00	45,366.78	5,845.33	134,187.89	

CITY OF EAST ORANGE  
CURRENT FUND

STATEMENT OF EXPENDITURES  
REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2017

A-3  
Sheet # 5

	Budget	Budget After Modification	Expended			Canceled
			Paid or Charged	Encumbered	Reserved	
OPERATIONS - WITHIN "CAPS" (Continued):						
DEPARTMENT OF PROPERTY MAINTENANCE						
Code Enforcement						
Salaries and Wages	\$ 1,206,110.25	\$ 1,106,110.25	\$ 1,079,177.84		\$ 26,932.41	
Other Expenses	196,300.00	183,900.00	41,538.21	\$ 11,510.04		130,851.75
Housing Inspection	53,590.00	53,590.00	53,590.00			
Vacant & Abandoned						
Salaries and Wages	284,346.00	298,346.00	283,429.40			14,916.60
Other Expenses			(24,600.00)	8,000.00		16,600.00
DEPARTMENT OF HEALTH & HUMAN SERVICES						
Office of Director						
Salaries and Wages	445,767.15	448,767.15	441,361.84			7,405.31
Other Expenses	43,150.00	42,899.99	28,161.04	5,735.65		9,003.30
Division of Health Services						
Salaries and Wages	140,902.36	140,902.36	138,323.20			2,579.16
Other Expenses	5,500.00	5,500.00	1,710.96	180.56		3,608.48
Dental						
Salaries and Wages	120,895.00	116,261.44	62,673.38			53,588.06
Other Expenses	400.00	400.00	400.00			
Environmental Health						
Salaries and Wages	201,825.00	201,825.00	200,727.98			1,097.02
Other Expenses	17,900.00	17,900.00	8,583.17	1,346.36		7,970.47
Division of Weights & Measures						
Salaries and Wages	73,760.18	74,086.48	74,086.48			
Other Expenses	2,319.00	2,319.00				2,319.00
HIV Counseling						
Salaries and Wages	17,764.00	19,397.56	19,397.56			
Other Expenses	800.00	800.00	800.00			
Lead Poisoning						
Salaries and Wages	37,713.24	37,713.24	36,830.00			883.24
Public Health Nursing						
Salaries and Wages	408,171.14	407,844.84	357,272.56			50,572.28
Other Expenses	39,230.00	39,230.00	13,449.39	1,716.44		24,064.17
Substance Abuse						
Salaries and Wages	30,660.36	30,660.36	14,442.57			16,217.79
Vital Statistics						
Salaries and Wages	132,138.55	132,138.55	130,124.64			2,013.91
Other Expenses	5,600.00	5,600.00	2,077.53	361.98		3,160.49
WIC						
Salaries and Wages	8,669.28	8,669.28	580.42			8,088.86

CITY OF EAST ORANGE  
CURRENT FUND

STATEMENT OF EXPENDITURES  
REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2017

A-3  
Sheet # 6

	Budget	Budget After Modification	Expended			Canceled
			Paid or Charged	Encumbered	Reserved	
Emergency Medical Service	\$ 581,250.00	\$ 581,500.01	\$ 581,500.00	\$ 0.01		
Essex Regional Health Commission	13,000.00	13,000.00	6,382.00	6,401.80	\$ 216.20	
Lab Waste Disposal	2,500.00	2,500.00	529.20		1,970.80	
Division of Senior Citizens						
Salaries and Wages	799,766.25	799,766.25	761,818.83		7,947.42	
Other Expenses	224,500.00	224,500.00	141,276.87	17,742.64	65,480.49	
Division of Employment & Training						
Salaries and Wages	543,319.28	543,319.28	539,305.20		4,014.08	
Other Expenses	168,000.00	68,000.00	36,281.18	11,084.77	20,634.05	
Child Food Program						
Salaries and Wages	141,607.77	141,607.77	140,794.11		813.66	
DEPARTMENT OF RECREATION & CULTURAL AFFAIRS						
Directors Office						
Salaries and Wages	384,445.00	384,445.00	374,213.97		10,231.03	
Other Expenses	105,672.00	105,672.00	75,810.37	5,011.00	24,850.63	
Instructional & Recreational Leaders						
Salaries and Wages	901,632.84	901,632.84	882,842.99		18,789.85	
Other Expenses	69,333.00	69,333.00	47,195.15	21,606.50	531.35	
Day Camp Program						
Salaries and Wages	45,185.00	57,461.24	57,461.24			
Other Expenses	31,250.00	18,973.76	18,973.76			
Swimming Pool Program						
Salaries and Wages	270,720.00	270,720.00	270,720.00			
Division of Neighborhood Facilities						
Salaries and Wages	175,190.33	175,190.33	172,663.61		2,526.72	
Other Expenses	18,271.00	18,271.00	15,082.49	2,480.21	708.30	
Water Comission						
Other Expenses	1,000.00	1,000.00			1,000.00	
Bonds & Notes Sale	25,000.00	25,000.00	10,691.00		14,309.00	
COPS In School	358,974.14	358,974.14	205,835.81		153,138.33	
OPERATIONS WITHIN CAP						
Salaries and Wages	61,862,776.98	60,926,722.30	59,654,033.52	14,757.03	1,257,931.75	
Other Expenses	35,475,851.03	36,113,799.79	29,632,016.61	3,216,177.45	3,265,605.73	
	<u>97,338,628.01</u>	<u>97,040,522.09</u>	<u>89,286,050.13</u>	<u>3,230,934.48</u>	<u>4,523,537.48</u>	
DEFERRED CHARGES						
Emergency Appropriation		98,500.00	98,500.00			
Overexpenditures in Prior Years Budget	77,910.82	77,910.82	77,910.82			
Accumulated Sick Leave & Hold Back	1,000,000.00	1,160,000.00	1,151,908.78		8,091.22	
Settlement Costs for Previous Litigation	200,000.00	200,000.00	11,340.38		188,659.62	
Prior Years bills	161,450.00	161,450.00	151,736.06	973.25	8,740.69	
	<u>1,439,360.82</u>	<u>1,697,860.82</u>	<u>1,491,396.04</u>	<u>973.25</u>	<u>205,491.53</u>	
STATUTORY EXPENDITURES						
Public Employee Retirement System	3,394,010.00	3,394,010.00	3,353,144.70		40,865.30	
Social Security System ( O.A.S.I.)	2,472,673.21	2,472,673.21	2,441,127.05	(2,434.15)	33,980.31	
Consolidated Police and Fire	84.00	89.92	89.92			
Police and Fire Retirement System	8,564,518.57	8,621,518.57	8,621,468.43		50.14	
PERS Death Benefit	1.00	1.00			1.00	
PERS Employer Delayed Equipment	15,895.00	15,895.00	15,894.60		0.40	
	<u>14,447,181.78</u>	<u>14,504,187.70</u>	<u>14,431,724.70</u>	<u>(2,434.15)</u>	<u>74,897.15</u>	
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	<u>113,225,170.61</u>	<u>113,242,570.61</u>	<u>105,209,170.87</u>	<u>3,229,473.58</u>	<u>4,803,926.16</u>	

CITY OF EAST ORANGE  
CURRENT FUND  
STATEMENT OF EXPENDITURES  
REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2017

A-3  
Sheet # 7

	Budget	Budget After Modification	Expended			Canceled
			Paid or Charged	Encumbered	Reserved	
<b>OPERATIONS EXCLUDED FROM CAP</b>						
Maintenance of Free Public Library	\$ 4,239,080.00	\$ 4,239,080.00	\$ 4,239,080.00			
Reserve for Tax Appeals	750,000.00	831,100.00	830,699.26		\$ 400.74	
<b>Public &amp; Private Programs Offset by Revenues:</b>						
Alcoholism & Drug Abuse Treatment Rehab Grant	21,590.00	43,180.00	43,180.00			
HIV Counsel & Test Grant	140,588.00	140,588.00	140,588.00			
After-school Meals Program	377,873.62	377,873.62	377,873.62			
WIC Supplemental Food Grant		1,053,437.00	1,053,437.00			
Delta Dental	15,000.00	15,000.00	15,000.00			
Body Armour		17,774.20	17,774.20			
Clean Communities	107,976.59	107,976.59	107,976.59			
EO Substance Abuse Project Hope Grant		258,200.00	258,200.00			
Winter Food Service Grant	1,866,010.00	1,866,010.00	1,866,010.00			
New Jersey Health Officers Association		2,320.00	2,320.00			
Medication Assisted Treatment Outreach		214,000.00	214,000.00			
Recycling Tonnage Grant (UA Reserve)	7,605.67	7,605.67	7,605.67			
Childhood Lead-Base Paint Program		248,750.00	248,750.00			
Community Development Block Grant		1,300,175.00	1,300,175.00			
Home Program		378,799.00	378,799.00			
Home Friends Grant	315,082.00	315,082.00	315,082.00			
SAFER (UA Reserve)	44,043.00	44,043.00	44,043.00			
SAFER	2,813,690.00	2,813,690.00	2,813,690.00			
Healthy Out of School	25,000.00	25,000.00	25,000.00			
NJDEP Soveral Park Recreational Trail	21,000.00	21,000.00	21,000.00			
Distracted Driving Crackdown Grant	5,500.00	5,500.00	5,500.00			
NJDOT FY 2017 Muni Aid Prgm. - Various Streets	448,898.00	448,898.00	448,898.00			
Summer Food Service Program - 2017	394,007.32	576,133.93	576,133.93			
<b>Public &amp; Private Programs Offset by Revenues - Match</b>						
Matching Funds for Grants	21,750.00	21,750.00			21,750.00	
NJDEP Soveral Park Recreational Trail - Match	5,250.00	5,250.00			5,250.00	
	<u>11,619,944.20</u>	<u>15,378,216.01</u>	<u>15,350,815.27</u>	<u>-</u>	<u>27,400.74</u>	
<b>CAPITAL IMPROVEMENTS</b>						
Capital Improvement Fund	150,000.00	150,000.00	150,000.00			
Reserve for East Orange Golf Course	200,000.00	200,000.00	-		200,000.00	
Reserve for Fire house	225,000.00	225,000.00	-		225,000.00	
	<u>575,000.00</u>	<u>575,000.00</u>	<u>150,000.00</u>	<u>-</u>	<u>425,000.00</u>	
<b>MUNICIPAL DEBT SERVICE</b>						
Payment of Bond Principal	5,285,000.00	5,285,000.00	5,285,000.00			
Payment of Bond Anticipation Notes & Capital Notes	2,025,640.00	2,025,640.00	1,377,500.00			\$ 648,140.00
Interest on Bonds	1,185,676.55	1,185,676.55	1,185,676.55			-
Interest on Notes	464,423.05	464,423.05	343,591.54			120,831.51
Loan Repayments for Principal & Interest	30,889.32	30,889.32	30,889.30			0.02
Capital Lease Obligations	264,016.49	264,016.49	264,015.93			0.56
	<u>9,255,645.41</u>	<u>9,255,645.41</u>	<u>8,486,673.32</u>	<u>-</u>	<u>-</u>	<u>768,972.09</u>
DEFERRED CHARGES TO FUTURE TAXATION UNFUNDED	750,000.00	750,000.00	750,000.00			
TOTAL OPERATIONS EXCLUDED FORM CAP	22,200,589.61	25,958,861.42	24,737,488.59	-	452,400.74	
TRANSFERRED TO BOARD OF EDUCATION	120,467.00	120,467.00	120,467.00			
TOTAL GENERAL APPROPRIATIONS EXCLUDED FORM CAP	<u>22,321,056.61</u>	<u>26,079,328.42</u>	<u>24,857,955.59</u>	<u>-</u>	<u>452,400.74</u>	
TOTAL GENERAL APPROPRIATIONS	135,546,227.22	139,321,899.03	130,067,126.46	\$ 3,229,473.58	5,256,326.90	
RESERVE FOR UNCOLLECTED TAXES	8,338,190.00	8,338,190.00	8,338,190.00			
	<u>\$ 143,884,417.22</u>	<u>\$ 147,660,089.03</u>	<u>\$ 138,405,316.46</u>	<u>\$ 3,229,473.58</u>	<u>\$ 5,256,326.90</u>	<u>\$ 768,972.09</u>
Ref.	A		Below	A-17, A-20	A	A-1
Adopted budget	A-2 \$ 143,884,417.22	Cash	A-4 \$ 118,728,180.45			
Chapter 159s	A-2a 3,677,171.81	Reserve for uncollected taxes	A-2b 8,338,190.00			
Emergency appropriations	A-16 98,500.00	Emergency appropriation	A-15 907,910.00			
Canceled	A-1 (768,972.09)	Capital Improvement Fund	A-15 150,000.00			
Reserve for Uncollected Taxes	A-2b (8,338,190.00)	Reserve for grant expenditures - appropriated	A-35 10,281,036.01			
	A-1 <u>\$ 138,552,926.94</u>		<u>\$ 138,405,316.46</u>			

CITY OF EAST ORANGE  
TRUST FUND

COMPARATIVE BALANCE SHEETS  
REGULATORY BASIS  
DECEMBER 31, 2017 AND 2016

		B Sheet 1	
		2017	2016
<b>ASSETS</b>			
<b>ANIMAL CONTROL FUND:</b>			
Cash	B-1	\$ 5,990.63	\$ 4,766.00
		<u>\$ 5,990.63</u>	<u>\$ 4,766.00</u>
<b>TAX REDEMPTION FUND</b>			
Cash	B-1	\$ 992,411.51	\$ 804,947.00
		<u>\$ 992,411.51</u>	<u>\$ 804,947.00</u>
<b>GENERAL TRUST FUND:</b>			
Cash	B-1	\$ 15,089,934.08	\$ 12,278,062.00
Interfund Receivable	B-5	4,873.52	4,874.00
		<u>\$ 15,094,807.60</u>	<u>\$ 12,282,936.00</u>
<b>COMMUNITY DEVELOPMENT BLOCK GRANT TRUST FUND:</b>			
Cash	B-1	\$ 2,098.60	\$ 42,273.00
Due from H.U.D.	B-8	1,896,433.03	2,449,457.00
Interfunds Receivable	B-5	95,201.00	260,701.00
		<u>\$ 1,993,732.63</u>	<u>\$ 2,752,431.00</u>
<b>SELF INSURANCE FUND</b>			
Cash	B-1	\$ 854,100.13	\$ 852,681.00
		<u>\$ 854,100.13</u>	<u>\$ 852,681.00</u>
<b>HOME LOAN PROGRAM FUND</b>			
Cash	B-1	\$ 160,017.91	\$ 56,958.00
Due from H.U.D	B-6	786,265.34	997,555.00
Other Loans Receivable	B-7	4,907,643.00	4,907,643.00
Construction Loan Receivable	B-9	339,485.00	339,485.00
		<u>\$ 6,193,411.25</u>	<u>\$ 6,301,641.00</u>
<b>TOTAL ASSETS</b>		<u>\$ 25,134,453.75</u>	<u>\$ 22,999,402.00</u>



CITY OF EAST ORANGE  
TRUST FUND

B  
Sheet 2

COMPARATIVE BALANCE SHEETS  
REGULATORY BASIS  
DECEMBER 31, 2017 AND 2016

		<u>2017</u>	<u>2016</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
<b>ANIMAL CONTROL FUND:</b>			
Reserve for Expenditures	B-4	\$ 4,431.20	\$ 3,202.00
Interfunds Payable	B-5	1,551.03	1,560.00
Due to State of New Jersey	B-3	8.40	4.00
		<u>\$ 5,990.63</u>	<u>\$ 4,766.00</u>
<b>TAX REDEMPTION FUND</b>			
Reserve for Expenditures	B-11	\$ 992,411.51	\$ 804,947.00
		<u>\$ 992,411.51</u>	<u>\$ 804,947.00</u>
<b>GENERAL TRUST FUND:</b>			
Interfunds Payable	B-5	\$ 397,358.35	\$ 31,243.00
Reserve for:			
Other Reserves	B-10	13,508,464.12	10,558,797.00
Salary Account	B-12	109,106.16	239,954.19
Payroll and Deductions	B-12	1,079,878.97	1,452,941.81
		<u>\$ 15,094,807.60</u>	<u>\$ 12,282,936.00</u>
<b>COMMUNITY DEVELOPMENT BLOCK GRANT TRUST FUND:</b>			
Interfund Accounts Payable	B-5		\$ 200,856.00
Reserve for Community Development	B-13	\$ 1,993,732.63	2,551,575.00
		<u>\$ 1,993,732.63</u>	<u>\$ 2,752,431.00</u>
<b>SELF INSURANCE FUND</b>			
Reserve for:			
Workers Compensation	B-18	\$ 560,016.73	\$ 561,908.00
Auto/General Liability	B-19	264,783.70	261,476.00
AFLAC Flex Plus	B-20	29,299.70	29,297.00
		<u>\$ 854,100.13</u>	<u>\$ 852,681.00</u>
<b>HOME LOAN PROGRAM FUND</b>			
Reserve for:			
Interfunds Payable	B-5	\$ 95,201.00	\$ 260,701.00
Program Expenditures	B-14	768,706.25	711,436.00
Loans Receivable	B-15	4,907,643.00	4,907,643.00
UDAG Expenditures	B-16	82,376.00	82,376.00
Construction Loan Receivable	B-17	339,485.00	339,485.00
		<u>\$ 6,193,411.25</u>	<u>\$ 6,301,641.00</u>
<b>TOTAL LIABILITIES AND RESERVES</b>		<u>\$ 25,134,453.75</u>	<u>\$ 22,999,402.00</u>

CITY OF EAST ORANGE  
GENERAL CAPITAL FUND

C

COMPARATIVE BALANCE SHEETS  
REGULATORY BASIS  
DECEMBER 31, 2017 AND 2016

ASSETS	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
Cash	C-2	\$ 5,088,210.00	\$ 6,195,323.00
Loans Receivable	C-4	11,500.00	11,500.00
Interfund Receivable	C-14	3,931,628.00	
Deferred Charges			
Overexpenditure of Capital Improvement Fund	C-11		23,973.00
Overexpenditure of Improvement Authorization	C-11	27,462.56	47,655.00
Deferred Charges to Future Taxation:			
Funded	C-6	29,816,496.00	35,169,191.00
Unfunded	C-7	23,668,392.00	23,695,892.00
		<u>\$ 62,543,688.56</u>	<u>\$ 65,143,534.00</u>
LIABILITIES AND FUND BALANCE			
Serial Bonds Payable	C-18	\$ 29,440,937.00	\$ 34,725,937.00
Bond Anticipation Notes	C-19	22,387,991.00	14,908,491.00
Green Acres Trust Loan Payable:			
General	C-16	375,559.00	398,591.00
Lease Purchase Agreement Payable	C-15		44,663.00
Improvement Authorizations:			
Funded	C-8	376,593.00	481,776.00
Unfunded	C-8	7,901,001.18	11,900,672.00
Contracts Payable	C-13	1,369,171.38	1,776,003.00
Encumbrances Payable	C-12	37,216.00	37,216.00
Capital Improvement Fund	C-9	150,000.00	
Reserves for:			
Future Improvements	C-10	106,569.00	106,569.00
Down Payment on Improvements	C-17	109,653.00	109,653.00
Fund Balance	C-1	288,998.00	653,963.00
		<u>\$ 62,543,688.56</u>	<u>\$ 65,143,534.00</u>
Bonds and Notes Authorized But Not Issued	C-5	<u>\$ 1,280,401.00</u>	<u>\$ 8,787,401.00</u>

See accompanying notes to financial statements.

CITY OF EAST ORANGE  
GENERAL CAPITAL FUND

STATEMENT OF FUND BALANCE  
REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2017

C-1

	<u>Ref.</u>	
Beginning Balance, December 31, 2016	C	\$ 653,963.00
Increased by:		
Premium on Sale of Notes	C-2	<u>210,035.00</u>
Decreased by:		
Surplus Anticipated in the Current Fund Budget	C-2	<u>575,000.00</u>
Ending Balance, December 31, 2017	C	<u>\$ 288,998.00</u>

See accompanying notes to financial statements.

CITY OF EAST ORANGE  
WATER UTILITY FUND

COMPARATIVE BALANCE SHEETS  
REGULATORY BASIS  
DECEMBER 31, 2017 AND 2016

D  
Sheet # 1

<u>Assets</u>	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
Operating Fund:			
Cash - Checking	D-5	\$ 11,077,694.97	\$ 9,091,720.00
		<u>11,077,694.97</u>	<u>9,091,720.00</u>
Receivables with Full Reserves:			
Consumer Accounts Receivable	D-11	5,207,525.66	5,361,551.00
Water Liens	D-12	100,468.33	132,913.00
Inventory - Materials & Supplies	D-10a	361,056.28	394,739.00
		<u>5,669,050.27</u>	<u>5,889,203.00</u>
Grants Receivable			110,339.00
Interfund Receivable	D-9	276,486.59	
		<u>276,486.59</u>	<u>110,339.00</u>
Deferred Charges:			
Overexpenditures of Appropriations	D-4		18,784.00
		<u>-</u>	<u>18,784.00</u>
Total Operating Fund		<u>17,023,231.83</u>	<u>15,110,046.00</u>
Capital Fund:			
Cash - Checking	D-5,D-8	4,464,059.87	2,528,897.00
Interfund Receivable	D-10		228,416.00
Fixed Capital	D-14	61,331,134.00	61,331,134.00
Fixed Capital Authorized and Uncompleted	D-15	49,341,040.00	49,341,040.00
NJEIT Loans Receivable	D-13	2,029,254.00	1,332,151.00
Overcommitment of Ordinance Appropriations	D-5		331,353.00
Total Capital Fund		<u>117,165,487.87</u>	<u>115,092,991.00</u>
Total Assets		<u>\$ 134,188,719.70</u>	<u>\$ 130,203,037.00</u>

See accompanying notes to financial statements.

CITY OF EAST ORANGE  
WATER UTILITY FUND

COMPARATIVE BALANCE SHEETS  
REGULATORY BASIS  
DECEMBER 31, 2017 AND 2016

D  
Sheet # 2

<u>Liabilities, Reserves and Fund Balance</u>	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
Operating Fund:			
Appropriation Reserves:			
Encumbered	D-4,D-16	\$ 3,746,806.72	\$ 1,146,653.00
Unencumbered	D-4,D-16	3,376,993.01	35,856.00
Accounts Payable	D-18	216,127.27	307,429.00
Due to ILSA East Newark	D-17	18,013.83	337,664.00
Accrued Interest on Bonds	D-19	511,811.96	474,178.00
Reserve for Future Improvements	D-26		118,735.00
Reserve for Labor Union Negotiations	D-20		65,077.00
Reserve for Retirement	D-4	135,400.00	
Reserve for Healthcare	D-4	15,000.00	
Interfunds Payable	D-9	28,059.00	256,475.00
		<u>8,048,211.79</u>	<u>2,742,067.00</u>
Reserve for Receivables		5,669,050.27	5,889,203.00
Fund Balance	D-1	3,305,969.77	6,478,776.00
		<u>17,023,231.83</u>	<u>15,110,046.00</u>
Capital Fund:			
Serial Bonds Payable	D-25	15,010,000.00	16,380,000.00
N.J. Environmental Trust Fund	D-24	12,848,677.00	6,485,309.00
Bond Anticipation Notes	D-29	4,829,860.00	5,473,000.00
NJEIT Interim Financing Payable	D-30		6,094,434.00
Improvement Authorizations:			
Funded	D-21	1,005,939.00	1,009,496.00
Unfunded	D-21	24,491,291.47	27,467,691.00
Contracts Payable	D-27	3,442,055.31	3,776,724.00
Capital Improvement Fund	D-6	2,472,235.50	900,000.00
Interfund Payables	D-10	276,486.59	
Reserve for Capital Improvements	D-31	238,485.00	238,485.00
Reserve for Amortization	D-22	37,401,125.00	32,118,519.00
Deferred Reserve for Amortization	D-23	15,140,690.00	15,140,690.00
Reserve for Payment of Debt	D-28	4,804.00	4,804.00
Fund Balance	D-2	3,839.00	3,839.00
		<u>117,165,487.87</u>	<u>115,092,991.00</u>
Total Liabilities, Reserves and Fund Balances		<u>\$ 134,188,719.70</u>	<u>\$ 130,203,037.00</u>
Bonds and Notes Authorized but Not Issued	D-32	<u>\$ 25,441,822.00</u>	<u>\$ 28,980,222.00</u>

See accompanying notes to financial statements.

CITY OF EAST ORANGE  
WATER UTILITY FUND

D-1

STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE  
REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2017 AND 2016

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
Revenue and Other Income:			
Surplus Anticipated	D-1	\$ 3,847,106.00	\$ 225,000.00
Water and Sewer Rents	D-3	22,015,127.40	26,424,080.00
Miscellaneous Revenues	D-3	286,217.67	202,949.00
Other Credits to Income:			
Cancellation of Labor Union Reserve	D-20	65,077.00	
Cancellation of Future Improvement Reserve	D-26	118,735.00	109,646.00
Unexpended Balance of Appropriation Reserves	D-16	63,041.21	374,180.00
		<u>26,395,304.28</u>	<u>27,335,855.00</u>
Expenditures:			
Budget Appropriations			
Salaries & Wages	D-4	4,498,000.00	3,751,014.00
Other Expenses	D-4	14,689,450.00	14,033,686.00
Deferred Charges & Statutory Expenditures	D-4	796,137.00	2,739,941.00
Capital Improvement Fund	D-4	2,075,000.00	
Debt Service	D-4	3,552,078.69	3,384,703.00
Cancellation of Grant Receivable	D	110,339.00	
		<u>25,721,004.69</u>	<u>23,909,344.00</u>
Excess in Revenues		674,299.59	3,426,511.00
Adjustments To Income Before Surplus:			
Overexpenditures of Appropriation			18,784.00
		<u>-</u>	<u>18,784.00</u>
Excess in Revenues		674,299.59	3,445,295.00
Fund Balance, Beginning of Year	D	<u>6,478,776.18</u>	<u>3,259,481.00</u>
		7,153,075.77	6,704,776.00
Fund Balance Utilized	D-1	<u>(3,847,106.00)</u>	<u>(225,000.00)</u>
Fund Balance, End of Year	D	<u>\$ 3,305,969.77</u>	<u>\$ 6,478,776.18</u>

See accompanying notes to financial statements.

CITY OF EASTORANGE  
WATER UTILITY FUND

D-2

STATEMENT OF FUND BALANCE - UTILITY CAPITAL FUND  
REGULATORY BASIS  
DECEMBER 31, 2017 AND 2016

	<u>Ref.</u>	
Balance, December 31, 2017 and 2016	D	<u>\$ 3,839.00</u>

See accompanying notes to financial statements.

CITY OF EAST ORANGE  
WATER UTILITY FUND

D-3

STATEMENT OF REVENUE  
REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2017

<u>Source</u>	<u>Ref.</u>	<u>Budget</u>	<u>Realized</u>	<u>Excess (Deficit)</u>
Surplus Anticipated	D-1	\$ 3,847,106.00	\$ 3,847,106.00	
Water and Sewer Rents	D-1, D-7	22,000,000.00	22,015,127.40	\$ 15,127.40
Miscellaneous Revenues	D-1, D-7	295,000.00	286,217.67	(8,782.33)
	D-4	<u>\$ 26,142,106.00</u>	<u>\$ 26,148,451.07</u>	<u>\$ 6,345.07</u>

See accompanying notes to financial statements.



CITY OF EAST ORANGE  
WATER UTILITY FUND

D-4

STATEMENT OF EXPENDITURES  
REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2017

Ref.	Appropriation Budget	Balance After Transfer	Paid	Reserved		Unexpended Balance Canceled
				Encumbered	Unencumbered	
<b>Operating:</b>						
	\$ 4,498,000.00	\$ 4,498,000.00	\$ 3,784,016.29		\$ 713,983.71	
	15,064,450.00	14,689,450.00	8,816,554.86	\$ 3,244,042.22	2,628,852.92	
	446,000.00	446,000.00	411,843.62		34,156.38	
	350,137.00	350,137.00	350,137.00			
	2,000,000.00	2,075,000.00	1,572,235.50	502,764.50		
Total Operating	D-1 22,358,587.00	22,058,587.00	14,934,787.27	3,746,806.72	3,376,993.01	-
<b>Debt Service:</b>						
	1,370,000.00	1,370,000.00	1,370,000.00			
	884,726.00	884,726.00	727,244.00			\$ 157,482.00
	643,140.00	643,140.00	643,140.00			
	188,780.00	188,780.00	109,156.00			79,624.00
	401,248.00	663,248.00	581,618.10			81,629.90
	295,625.00	333,625.00	120,920.59			212,704.41
Total Debt Service	D-1 3,783,519.00	4,083,519.00	3,552,078.69			531,440.31
	<u>\$ 26,142,106.00</u>	<u>\$ 26,142,106.00</u>	<u>\$ 18,486,865.96</u>	<u>\$ 3,746,806.72</u>	<u>\$ 3,376,993.01</u>	<u>\$ 531,440.31</u>
<u>Ref.</u>	D-3	D-1	Below	D	D	D-1
Cash Disbursements	D-5		\$ 16,935,197.78			
Deferred Charges	D		18,784.18			
Overcommitment of Ordinance Appropriations	D		331,353.00			
Reserve for Healthcare	D		15,000.00			
Reserve for Retirement	D		135,400.00			
Accrued Interest	D-19		1,051,131.00			
			<u>\$ 18,486,865.96</u>			

CITY OF EAST ORANGE  
 GENERAL FIXED ASSETS ACCOUNT GROUP  
 BALANCE SHEETS  
 REGULATORY BASIS  
 DECEMBER 2017 AND 2016

E

ASSETS

	December 31,	
	2017	2016
Land	\$ 2,434,409.00	\$ 2,434,409.00
Land Improvements	7,459,289.00	7,459,289.00
Buildings	28,286,487.00	28,286,487.00
Machinery and Equipment	13,280,838.00	13,280,838.00
	51,461,023.00	51,461,023.00
Investments in General Fixed Assets	\$ 51,461,023.00	\$ 51,461,023.00

CITY OF EAST ORANGE  
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017 AND 2016

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

**Reporting Entity**

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

GASB Statement No. 14 as amended by GASB No. 61 establishes certain standards for defining and reporting on the financial reporting entity. In accordance with these standards, the reporting entity should include the primary government and those component units which are fiscally accountable to the primary government.

**Basic Financial Statements**

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

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

The accounting policies of the City conform to the accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the “Division”) which is a Special Purpose Framework of accounting other than generally accepted accounting principles. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the City accounts for its financial transactions through the separate funds, which differ from the fund structure required by GAAP.

**Basis of Accounting**

The City uses funds, as required by the Division, to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial administration by segregating transactions related to certain City functions or activities. An account group, on the other hand, is designed to provide accountability for certain assets and liabilities that are not recorded in those funds.

The City has the following funds and account groups:

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

CITY OF EAST ORANGE  
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017 AND 2016

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

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

**Accounting Principles**

The accounting principles and practices prescribed for municipalities by the Division differ in certain respects from GAAP applicable to local government units. The more significant differences are as follows:

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

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

Property Tax Revenues – Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County, and School purposes. Taxes are payable in four quarterly installments on February 1, May 1, August 1 and November 1. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500.00. The City also imposes a 6% year end penalty for a delinquency over \$10,000.00 as of December 31. The School levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of June 30, of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15, to the County by the City. When unpaid taxes or any municipal lien, or part thereof, on real property, remains in arrears on May 1 in the year following the calendar year levy when the same became in arrears, the collector of the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing the property on a tax sale. The City institutes annual in rem tax foreclosure proceedings to enforce the tax collection or acquisition of the property. In accordance with the accounting principles prescribed by the Division, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the taxes receivable and tax title liens that are uncollectible. GAAP requires property tax revenues to be recognized in the accounting period when they become subject to accrual, reduced by an allowance for doubtful accounts.

Budget and Budgetary Accounting – An annual budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures. Budget amounts presented in the accompanying financial statements represent amounts adopted by the City and approved by the Division per N.J.S.A. 40A:4 et seq. The City is not required to adopt budgets for the following funds:

- General Capital Funds
- Trust Funds

CITY OF EAST ORANGE  
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017 AND 2016

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

The governing body shall introduce and approve the annual budget no later than February 10 of the year. The budget shall be adopted not later than April 20 and prior to adoption must be certified by the Division. The Director of the Division, with the approval of the Local Finance Board, may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year.

The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. Emergency appropriations, those made after the adoption of the budget and determination of the tax rate, may be authorized by the Governing Body of the municipality. During the last two months of the year, the governing body may, by a 2/3 vote, amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the Governing Body. Expenditures may not legally exceed budgeted appropriations at the line item level.

Expenditures – Are recorded on the “budgetary” basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with an encumbrance accounting system. Outstanding encumbrances at December 31<sup>st</sup> are reported as a cash liability in the financial statements. Unexpended or uncommitted appropriations, at December 31<sup>st</sup> are reported as expenditures through the establishment of appropriation reserves, unless cancelled by the Governing Body. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which should be recognized when due.

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

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

Compensated Absences – Expenditures relating to obligations for unused vested accumulated vacation and sick pay are not recorded until paid. GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the operating funds and the remaining obligations be recorded as a long-term obligation.

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

Interfunds – Interfund receivables in the Current Fund are recorded with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves. GAAP does not require the establishment of an offsetting reserve.

Fixed Assets – In Accordance with Accounting for Governmental Fixed Assets, as promulgated by the Division, which differs in certain respects from GAAP, the City has not maintained a fixed asset accounting and reporting system.

General Capital Fixed Assets - General Capital Fixed Assets used in governmental operations are accounted for in the Capital Fixed Assets. Public domain (infrastructure) general 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 capital fixed asset record. Vehicles, furniture, equipment and other items are reflected at replacement values at time of inventory preparation. Additions to the established capital fixed assets are valued at cost. The City has not maintained proper records to account for either the purchase or disposition for fixed assets.

CITY OF EAST ORANGE  
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017 AND 2016

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

Utilities – Capital acquisitions, including utility infrastructure costs of the Water Utility are recorded at cost upon purchase or project completion in the Fixed Asset Account of the Utility. The Fixed Asset account is adjusted for dispositions or abandonments. Utility improvements that may have been constructed by developers are not recorded as additions to Fixed Capital. Fixed Capital of the Utilities are offset by accumulations in the Amortization Reserve Accounts. The accumulations represent costs of fixed assets purchased with budgeted funds or acquired by gift as well as grants, developers' contributions or liquidations of bonded debt and other liabilities incurred upon fixed asset acquisition.

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

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

Tax Appeal and Other Contingent Losses – Losses arising from tax appeals and other contingent losses are recognized at the time a decision is rendered by an administrative or judicial body and not when it is probable that a loss has been incurred and the amount of such loss can be reasonably estimated.

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

The GASB Codification also defines the financial statements of a governmental unit to be presented in the general purpose financial statements to be in accordance with GAAP. The City presents the financial statements listed in the table of contents which are required by the Division and which differ from the financial statements required by GAAP. In addition, the Division requires the financial statements listed in the table of contents to be referenced to the supplementary schedules. This practice differs from GAAP.

**Recent Pronouncements**

The GASB issued Statement 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions in June 2015. This Statement replaces the requirements of Statement 45 and the primary objective of this Statement is to improve accounting and reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local government employers about financial support for OPEB that is provided by other entities. The requirements of this Statement are effective for financial statements for reporting periods beginning after June 15, 2017. Management has not yet determined the impact of the Statement on the financial statements.

The GASB issued Statement 77, Tax Abatement Disclosures in August 2015. This Statement is intended to improve financial reporting by requiring disclosure of tax abatement information about a reporting government's own tax abatement agreements and those that are entered into by other governments and that reduce the reporting government's tax revenues. The requirements of this Statement are effective for financial statements for reporting periods beginning after December 15, 2015. The City has implemented this standard in the current year.

CITY OF EAST ORANGE  
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017 AND 2016

**2. CASH, CASH EQUIVALENTS 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), the Savings Association Insurance Fund (SAIF), or by any other agencies of the United States that insures deposits or the State of New Jersey Cash Management Fund.

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 Government Money Market Mutual Funds purchased through state registered brokers/dealers and banks.

New Jersey Statutes require public depositories 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.

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

Custodial Credit Risk – the custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be returned to it. Although the City does not have a formal deposit policy for custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in a public depositories protected from loss under the provisions of GUDPA. Public funds owned by the municipality in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds, or funds that may pass to the municipality relative to the happening of a future condition. As of December 31, 2017 and 2016 the City's bank balances were exposed to custodial credit risk.

CITY OF EAST ORANGE

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017 AND 2016

**2. CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)**

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank for periods ending December 31, 2017 and 2016. At December 31, 2017 and 2016, the book value of the City's deposits were \$75,273,006.98 and \$61,771,306.00, respectively. The City's deposits, which are displayed on the various fund Balance Sheets are categorized as:

<u>Depository Account</u>	December 31, 2017
Insured	\$ 671,438.66
Uninsured and Collateralized	75,084,294.00
	\$ 75,755,732.66

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).



CITY OF EAST ORANGE  
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017 AND 2016

**3. MUNICIPAL DEBT**

The Local Bond Law governs the issuance of bonds and notes used to finance capital expenditures. General obligation bonds have been issued for both General Capital and Utility Funds. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the City are general obligation bonds, backed by the full faith and credit of the City. Bond anticipation notes, which are issued to temporarily finance capital projects, must be paid off within ten years and four months or retired by the issuance of bonds.

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

	<u>2017</u>	<u>2016</u>
<u>Issued</u>		
General Capital Fund		
Bonds, Notes and Loans	\$ 52,204,487	\$ 50,077,682
Water Utility Fund		
Bonds, Notes and Loans	32,688,537	34,432,743
Net Debt Issued	84,893,024	84,510,425
 <u>Authorized but Not Issued</u>		
General Capital Fund		
Bonds, Notes and Loans	1,280,401	8,787,401
Water Utility Fund		
Bonds, Notes and Loans	25,441,822	28,980,222
Net Bonds and Notes Issued and Authorized but Not Issued	\$ 111,615,247	\$ 122,278,048

The statement of debt condition that follows is extracted from the City's Annual Debt Statement and indicates a statutory net debt of 1.912% at December 31, 2017.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
General Debt	\$ 53,484,888.00	\$ -	\$ 53,484,888.00
Water Utility Debt	58,130,359.00	58,130,359.00	
Total	\$ 111,615,247.00	\$ 58,130,359.00	\$ 53,484,888.00

The City's remaining borrowing power under N.J.S.A. 40A:2-6, as amended, at December 31, 2017 as follows:

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 97,903,209.82
Net Debt	53,484,888.00
Remaining Statutory Borrowing Power	\$ 44,418,321.82

CITY OF EAST ORANGE  
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017 AND 2016

**3. MUNICIPAL DEBT (continued)**

The City's remaining borrowing power under N.J.S.A. 40A:2-6, as amended, at December 31, 2017 as follows:

Surplus and Cash Receipts from Fees, Rent or Other Charges for Year		\$ 26,148,451
Deductions:		
Operating and Maintenance Costs	\$ 19,983,587	
Debt Service per Swimming Pool		
Utility Operating Fund	<u>3,552,079</u>	
		<u>23,535,666</u>
Excess in Revenue		<u>\$ 2,612,785</u>

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

**General Obligation Bonds**

The City levies ad valorem taxes to pay debt service on general obligation bonds. General obligation bonds outstanding at December 31, 2017 and 2016 are as follows:

CITY OF EAST ORANGE  
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017 AND 2016

**3. MUNICIPAL DEBT (continued)**

<u>General Obligation Bonds</u>	2017	2016
\$9,350,938.00: 2003 Pension Refunding Bonds, in annual installments of \$199,130.00 to \$309,393.00 through April 2028, interest from 6.47% to 6.57%	\$ 1,800,937.00	\$ 1,800,937.00
\$22,725,000.00: 2006 Refunding Bonds, in one final installment of \$1,605,000.00 through August 2018, interest at 4.00%	1,605,000.00	3,155,000.00
\$9,380,000.00: 2012 Refunding Bonds, in annual installments of \$560,000.00 to \$635,000.00 through September 2028, interest from 2.13% to 4.00%	6,625,000.00	7,265,000.00
\$15,785,000.00: 2013 Refunding Bonds, in annual installments of \$1,410,000.00 to \$2,965,000.00 through June 2023, interest at 4.00%	13,005,000.00	14,425,000.00
\$6,095,000.00: 2013 Pension Refunding Bonds, in annual installments of \$780,000.00 to \$1,030,000.00 through April 2021, interest from 2.22 to 3.11%	3,610,000.00	4,320,000.00
\$4,770,000.00: 2015 Refunding Bonds, in annual installments of \$915,000.00 to \$945,000.00 through July 2020, interest from 4.00% to 5.00%	2,795,000.00	3,760,000.00
	\$ 29,440,937.00	\$ 34,725,937.00

**Utility Bonds**

The City pledges revenue from operations to pay debt service on utility bonds issued. The utility bonds outstanding at December 31, 2017 and 2016 are as follows:

Water Utility Bonds

\$18,125,000.00: 2015 Bonds due in annual installments of \$245,000.00 to \$1,990,000.00 through July 2028, interest at 3.25% to 5.00%	\$ 15,010,000.00	\$ 16,380,000.00
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CITY OF EAST ORANGE  
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017 AND 2016

**3. MUNICIPAL DEBT (continued)**

The City's principal and interest for long-term debt issued and outstanding as of December 31, 2017 is as follows:

Fiscal Year	Total General Debt	General Debt			
		General Obligation Bonds		Green Trust Loan	
		Principal	Interest	Principal	Interest
2018	\$ 6,614,081.69	\$ 5,470,000.00	\$1,113,192.40	\$ 23,495.00	\$ 7,394.29
2019	4,765,469.39	3,830,000.00	904,580.35	23,967.00	6,922.04
2020	4,715,354.65	3,980,000.00	704,465.35	24,449.00	6,440.30
2021	4,876,778.18	4,390,000.00	455,889.30	24,940.00	5,948.88
2022	4,879,977.52	3,809,393.00	1,039,694.95	25,442.00	5,447.57
2023-2027	11,768,109.22	7,202,414.00	4,411,247.75	135,089.00	19,358.47
2028-2031	1,701,756.73	759,130.00	819,070.00	118,177.00	5,379.73
	<u>\$39,321,527.38</u>	<u>\$ 29,440,937.00</u>	<u>\$9,448,140.10</u>	<u>\$ 375,559.00</u>	<u>\$ 56,891.28</u>

Fiscal Year	Total Utility Debt	Utility Debt			
		Water Utility Bonds		NJEIT Loans Payable	
		Principal	Interest	Principal	Interest
2018	\$ 2,985,903.26	\$ 1,430,000.00	\$ 672,443.76	\$ 616,087.00	\$ 267,372.50
2019	2,988,453.26	1,495,000.00	615,243.76	624,087.00	254,122.50
2020	2,971,383.26	1,555,000.00	555,443.76	620,087.00	240,852.50
2021	2,973,563.26	1,635,000.00	477,693.76	633,087.00	227,782.50
2022	2,974,083.26	1,720,000.00	395,943.76	644,087.00	214,052.50
2023-2027	11,961,482.30	6,930,000.00	733,493.80	3,455,436.00	842,552.50
2028-2032	2,819,854.00	245,000.00	8,575.00	2,078,669.00	487,610.00
2033-2037				1,393,587.00	352,156.28
2038-2042				1,484,195.00	225,237.52
2043-2047				1,299,355.00	69,475.00
	<u>\$29,674,722.60</u>	<u>\$ 15,010,000.00</u>	<u>\$3,458,837.60</u>	<u>\$ 12,848,677.00</u>	<u>\$3,181,213.80</u>

CITY OF EAST ORANGE  
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017 AND 2016

**3. MUNICIPAL DEBT (continued)**

**Changes in Long-Term Municipal Debt**

The City's long-term capital debt activity for 2017 and 2016 is as follows:

	Balance December 31, 2016	Increases	Reductions	Balance December 31, 2017	Due Within One Year
General Capital Fund					
Bonds Payable	\$34,725,937.00		\$5,285,000.00	\$29,440,937.00	\$ 5,470,000.00
Green Trust Loans Payable	398,591.00		23,032.00	375,559.00	23,495.00
Lease Purchase Agreement Payable	44,663.00		44,663.00	-	-
Water Utility Capital Fund					
Bonds Payable	16,380,000.00		1,370,000.00	15,010,000.00	1,430,000.00
NJEIT Loans Payable	6,485,309.00	\$ 9,632,834.00	3,269,466.00	12,848,677.00	616,087.00
	<u>\$58,034,500.00</u>	<u>\$ 9,632,834.00</u>	<u>\$9,992,161.00</u>	<u>\$57,675,173.00</u>	<u>\$ 7,539,582.00</u>
	Balance December 31, 2015	Increases	Reductions	Balance December 31, 2016	Due Within One Year
General Capital Fund					
Bonds Payable	\$39,845,937.00		\$5,120,000.00	\$34,725,937.00	\$ 5,285,000.00
Green Trust Loans Payable	421,169.00		22,578.00	398,591.00	375,559.00
Lease Purchase Agreement Payable	87,886.00		43,223.00	44,663.00	44,663.00
Water Utility Capital Fund					
Bonds Payable	17,715,000.00		1,335,000.00	16,380,000.00	1,370,000.00
NJEIT Loans Payable	6,876,557.00		391,248.00	6,485,309.00	3,269,466.00
	<u>\$64,946,549.00</u>	<u>\$ -</u>	<u>\$6,912,049.00</u>	<u>\$58,034,500.00</u>	<u>\$10,344,688.00</u>

**Short – Term Debt**

The City's short-term capital debt activity for 2017 and 2016 is as follows:

	Balance, December 31, 2016	Additions	Reductions	Balance, December 31, 2017
General Capital Fund				
Bond Anticipation Notes	\$14,908,491.00	\$22,387,991.00	\$14,908,491.00	\$22,387,991.00
Water Utility Capital Fund				
Bond Anticipation Notes	5,473,000.00	4,829,860.00	5,473,000.00	4,829,860.00
NJEIT Interim Financing Payable	6,094,434.00	2,722,720.00	8,817,154.00	
Total	<u>\$26,475,925.00</u>	<u>\$29,940,571.00</u>	<u>\$29,198,645.00</u>	<u>\$27,217,851.00</u>

CITY OF EAST ORANGE  
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017 AND 2016

**3. MUNICIPAL DEBT (continued)**

	Balance, December 31, 2015	Additions	Reductions	Balance, December 31, 2016
General Capital Fund				
Bond Anticipation Notes	\$17,632,491.00	\$14,908,491.00	\$17,632,491.00	\$14,908,491.00
Water Utility Capital Fund				
Bond Anticipation Notes	5,103,000.00	5,473,000.00	5,103,000.00	5,473,000.00
NJEIT Interim Financing Payable	6,094,434.00	6,094,434.00		6,094,434.00
<b>Total</b>	<b>\$22,735,491.00</b>	<b>\$26,475,925.00</b>	<b>\$22,735,491.00</b>	<b>\$26,475,925.00</b>

**4. FIXED ASSETS**

**General Fixed Assets**

The following is a summary of changes in the General Fixed Assets account group as of December 31, 2017 and 2016:

	Balance December 31, 2016	Additions	Deletions	Balance December 31, 2017
Land	\$ 2,434,409.00	\$ -	\$ -	\$ 2,434,409.00
Land Improvements	7,459,289.00	-	-	7,459,289.00
Buildings	28,286,487.00	-	-	28,286,487.00
Machinery and Equipment	13,280,838.00	-	-	13,280,838.00
	<b>\$ 51,461,023.00</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 51,461,023.00</b>

	Balance December 31, 2015	Additions	Deletions	Balance December 31, 2016
Land	\$ 2,434,409.00			\$ 2,434,409.00
Land Improvements	7,459,289.00			7,459,289.00
Buildings	28,286,487.00			28,286,487.00
Machinery and Equipment	13,280,838.00			13,280,838.00
	<b>\$ 51,461,023.00</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 51,461,023.00</b>

CITY OF EAST ORANGE  
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017 AND 2016

**4. FIXED ASSETS (continued)**

**Utility Fund Fixed Assets**

The following is a summary of changes in the Utility Fund fixed assets as of December 31, 2017 and 2016:

	Balance December 31, 2016	Additions	Deletions	Balance December 31, 2017
Fixed Capital				
Reservation Sources of Supply, etc.	\$ 12,386,629.00			\$ 12,386,629.00
Pumping System	4,997,996.00			4,997,996.00
Distribution System	11,360,201.00			11,360,201.00
General Equipment	2,428,189.00			2,428,189.00
Sewer System	5,952,377.00			5,952,377.00
Administrative/Service Facility	8,826,549.00			8,826,549.00
System-Wide Development	15,379,193.00			15,379,193.00
	<u>\$ 61,331,134.00</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 61,331,134.00</u>
Fixed Capital Authorized and Uncompleted				
Garden State Parkway Project	\$ 711.00			\$ 711.00
Well Field Testing & Improvements	62,001.00			62,001.00
Upgrades & Improvements	299,957.00			299,957.00
Various Improvements to Water System	7,912,217.00			7,912,217.00
Various Improvements to Water System	920,973.00			920,973.00
Solar System Project	28,407.00			28,407.00
Acquisition of Telephone Equipment	226,250.00			226,250.00
Rowling Park	1,109.00			1,109.00
EOWC/WORPS Remodeling	132,975.00			132,975.00
Water Storage Project	28,622.00			28,622.00
Hydrogeological Study	3,710.00			3,710.00
Master Plan - Phase II	38,704.00			38,704.00
Acquisition of Equipment (Homeland Security)	10.00			10.00
Hurricane Sandy Projects	394.00			394.00
Emergency Temporary Appropriation Refunding	3,165,000.00			3,165,000.00
Waste Water Treatment Plant Improvements	520,000.00			520,000.00
Water Treatment and Supply Program	11,300,000.00			11,300,000.00
Customer Billing Software	500,000.00			500,000.00
Water Distribution Imp. & Acquisition of Equipment	1,100,000.00			1,100,000.00
Various Water Imp & Acquisition of Equipment	23,100,000.00			23,100,000.00
	<u>\$ 49,341,040.00</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 49,341,040.00</u>

**CITY OF EAST ORANGE  
NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2017 AND 2016**

**4. FIXED ASSETS (continued)**

	Balance December 31, 2015	Additions	Deletions	Balance December 31, 2016
Fixed Capital				
Reservation Sources of Supply, etc.	\$ 12,386,629.00			\$ 12,386,629.00
Pumping System	4,997,996.00			4,997,996.00
Distribution System	11,360,201.00			11,360,201.00
General Equipment	2,428,189.00			2,428,189.00
Sewer System	5,952,377.00			5,952,377.00
Administrative/Service Facility	8,826,549.00			8,826,549.00
System-Wide Development	15,379,193.00			15,379,193.00
	<u>\$ 61,331,134.00</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 61,331,134.00</u>
Fixed Capital Authorized and Uncompleted				
Garden State Parkway Project	\$ 711.00			\$ 711.00
Well Field Testing & Improvements	62,001.00			62,001.00
Upgrades & Improvements	299,957.00			299,957.00
Various Improvements to Water System	7,912,217.00			7,912,217.00
Various Improvements to Water System	920,973.00			920,973.00
Solar System Project	28,407.00			28,407.00
Acquisition of Telephone Equipment	226,250.00			226,250.00
Rowling Park	1,109.00			1,109.00
EOWC/WORPS Remodeling	132,975.00			132,975.00
Water Storage Project	28,622.00			28,622.00
Hydrogeological Study	3,710.00			3,710.00
Master Plan - Phase II	38,704.00			38,704.00
Acquisition of Equipment (Homeland Security)	10.00			10.00
Hurricane Sandy Projects	394.00			394.00
Emergency Temporary Appropriation Refunding	3,165,000.00			3,165,000.00
Waste Water Treatment Plant Improvements	520,000.00			520,000.00
Water Treatment and Supply Program	12,400,000.00		\$ 1,100,000.00	11,300,000.00
Customer Billing Software		\$ 500,000.00		500,000.00
Water Distribution Imp. & Acquisition of Equipment		1,100,000.00		1,100,000.00
Various Water Imp & Acquisition of Equipment		23,100,000.00		23,100,000.00
	<u>\$ 25,741,040.00</u>	<u>\$ 24,700,000.00</u>	<u>\$ 1,100,000.00</u>	<u>\$ 49,341,040.00</u>

**5. DUE TO/FROM OTHER FUNDS**

As of December 31, 2017 and 2016, interfund receivables and payables that resulted from various interfund transactions are as follows:

	2017		2016	
	Due from Other Funds	Due to Other Funds	Due from Other Funds	Due to Other Funds
Current Fund:				
Regular	\$ 3,184,576.38	\$ 3,556,501.52	\$ 3,399,326.00	\$ 4,874.00
Grant		3,137,608.00		3,137,608.00
Trust Fund:				
Animal Control Fund		1,551.03		1,560.00
General Trust Fund	4,873.52	397,358.35	4,874.00	31,243.00
Community Development Block Grant Trust Fund	95,201.00		260,701.00	200,856.00
Home Loan Program Fund		95,201.00		260,701.00
General Capital Fund	3,931,628.00			
Water Utility:				
Water Operating	276,486.59	28,059.00		256,475.00
Water Capital		276,486.59	228,416.00	
	<u>\$ 7,492,765.49</u>	<u>\$ 7,492,765.49</u>	<u>\$ 3,893,317.00</u>	<u>\$ 3,893,317.00</u>

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



CITY OF EAST ORANGE  
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017 AND 2016

**6. COMPENSATED ABSENCES**

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

It is estimated that the current cost of such unpaid compensation and salary related payments would approximate \$3,649,216 and \$3,513,644 at December 31, 2017 and 2016 respectively. This estimate by management is unaudited.

As of December 31, 2017 and 2016, the City has reserved \$16,329.97 and \$219.00, respectively to fund compensated absences in accordance with N.J.S.A. 40A:4-39.

**7. EMPLOYEE RETIREMENT SYSTEMS**

*Public Employee Retirement System*

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

*Plan Membership and Contributing Employers-* Substantially all full-time employees of the State of New Jersey or any county, municipality, school district or public agency are enrolled in PERS, provided the employee is not required to be a member of another state-administered retirement 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, 2017 and 2016:

	2017	2016
Inactive plan members or beneficiaries currently receiving benefits	170,124	170,685
Inactive plan members entitled to but not yet receiving benefits	650	650
Active plan members	254,685	254,685
Total	425,459	426,020

Contributing Employers – 1,703

*Significant Legislation* – For State of New Jersey contributions to PERS, Chapter 1, P.L. 2010, effective May 21, 2010, required the State to resume making actuarially recommended contributions to the pension plan on a phased-in basis over a seven year period beginning in the fiscal year ended June 30, 2012. For State fiscal year 2017, the State was required to make a minimum contribution representing 6/7<sup>th</sup> of the actuarially determined contribution amount based on the July 1, 2014 actuarial valuation.

CITY OF EAST ORANGE  
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017 AND 2016

**7. EMPLOYEE RETIREMENT SYSTEMS (continued)**

Chapter 19, P.L. 2009, effective March 17, 2009, provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State Fiscal Year 2009. Such an employer will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of PERS, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

The City of East Orange opted for this deferral in the amount of \$4,460,772. The amount outstanding at December 31, 2017 and 2016 was \$2,922,207 and \$3,240,642, respectively.

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, 2017 and 2016 the City's total payroll for all employees was \$63,438,049.81 and \$62,889,425, respectively. Total PERS covered payroll was \$28,279,122.00 and \$27,027,175.00, respectively. 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. Members contribute at a uniform rate. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012 until a 7.5% member contribution rate is reached in July 2018. The member contribution rate was 7.06% in State fiscal year 2016 and increased to 7.20% for State fiscal year 2017, commencing July 1, 2017. The phase-in of the additional incremental member contribution rate will take place in July of the subsequent State fiscal year.

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. City payments to PERS for the years ending December 31, 2017 and 2016 consisted of the following:

	2017	2016
Total Regular Billing	\$ 3,512,670	\$ 3,410,449

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. 43:15. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

Tier	Definition
1	Members who were enrolled prior to July 1, 2007.
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 8, 2008
3	Members who were eligible on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

CITY OF EAST ORANGE  
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017 AND 2016

**7. EMPLOYEE RETIREMENT SYSTEMS (continued)**

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

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

At June 30, 2017, the PERS reported a net pension liability of \$23,278,401,588 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 \$92,825,921 or 0.3987641528%, which was an increase of 0.0033649548% from its proportion measured as of June 30, 2016.

At June 30, 2016, the PERS reported a net pension liability of \$29,617,131,759 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 \$117,105,901 or 0.3953991980%.

At December 31, 2017 the City deferred outflows of resources and deferred inflows of resources related to PERS from the following sources, if GASB #68 was recognized:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expended and actual experience	\$ 2,185,730	
Changes of assumptions	18,701,224	\$ 18,632,662
Net difference between projected and actual earnings on pension plan investments	632,082	
Changes in proportion and differences between City contributions and proportionate share of contributions	1,883,054	164,015
City contributions subsequent to the measurement date	3,694,124	
	\$ 27,096,214	\$ 18,796,677

CITY OF EAST ORANGE  
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017 AND 2016

**7. EMPLOYEE RETIREMENT SYSTEMS (continued)**

\$3,694,124 shown as deferred outflows of resources related to PERS resulting from City contributions subsequent to the measurement date. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS should have been recognized in pension expense as follows, if GASB #68 was recognized:

Year ended December 31,	Amount
2018	\$ 3,044,429
2019	3,044,429
2020	2,397,812
2021	(1,708,812)
2022	(2,172,445)
Total	<u>\$ 4,605,413</u>

*Actuarial Assumptions-* The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	June 30, 2017	June 30, 2016
Inflation	2.25%	3.08%
Salary Increases (2012-2026)	1.65 - 4.15% Based on age	1.65 - 4.15% Based on age
Thereafter	2.65 -5.15% Based on age	2.65 -5.15% Based on age
Investment rate of return	7.00%	7.65%
	June 30, 2017	June 30, 2016
Inflation	2.25%	3.08%
Salary Increases (through 2026)	1.65 - 4.15% Based on age	1.65 - 4.15% Based on age
Thereafter	2.65 -5.15% Based on age	2.65 -5.15% Based on age
Investment rate of return	7.00%	7.65%

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale.

Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

CITY OF EAST ORANGE  
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017 AND 2016

**7. EMPLOYEE RETIREMENT SYSTEMS (continued)**

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) 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, 2017 and 2016 are summarized in the following table:

CITY OF EAST ORANGE  
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017 AND 2016

**7. EMPLOYEE RETIREMENT SYSTEMS (continued)**

<u>Asset Class</u>	<u>June 30, 2017</u>		<u>June 30, 2016</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash equivalents	5.50%	1.00%	5.00%	0.87%
U.S. Treasuries	3.00%	1.87%	1.50%	1.74%
Global diversified credit	5.00%	7.10%		
Credit oriented hedge funds	1.00%	6.60%		
Debt related private equity	2.00%	10.63%		
Debt related real estate	1.00%	6.61%		
Private real asset	2.50%	11.83%	2.00%	6.91%
Equity related real estate	6.25%	9.23%		
U.S. equity	30.00%	8.19%	26.00%	8.53%
Non-U.S. developed markets equity	11.50%	9.00%		
Emerging markets equity	6.50%	11.64%	6.50%	9.95%
Buyouts/venture capital	8.25%	13.08%		
Absolute return/risk mitigation	5.00%	5.51%		
Investment grade credit	10.00%	3.78%	8.00%	1.79%
Public high yield	2.50%	6.82%		
Mortgages			2.00%	1.67%
High Yield Bonds			2.00%	4.56%
Inflation Indexed Bonds			1.50%	3.44%
Private Equity			9.00%	12.40%
Hedge funds/absolute returns			12.50%	4.68%
Commodities			0.50%	5.45%
Developed foreign markets			13.25%	6.83%
REIT			5.25%	5.63%
Global Debt ex US			5.00%	-0.25%
	100.00%		100.00%	

CITY OF EAST ORANGE  
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017 AND 2016

**7. EMPLOYEE RETIREMENT SYSTEMS (continued)**

*Discount Rate* – The discount rate used to measure the total pension liability as of June 30, 2016 was 3.98% and as of June 30, 2017 was 5.00%. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.58% as of June 30, 2017 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plans fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

	At 1% Decrease	At Current Discount Rate	At 1% Increase
PERS	\$ 115,156,855	\$ 92,825,921	\$ 74,221,486

*Plan Fiduciary Net Position* – The plan fiduciary net position for PERS, including the State of New Jersey, at June 30, 2017 and 2016 were \$28,464,239,518 and \$26,762,070,610, respectively. The portion of the Plan Fiduciary Net Position that was allocable to the Local (Non-State) Group at June 30, 2017 and 2016 was \$21,573,965,463 and \$19,857,566,387, respectively.

*Additional information*

Collective Local Group balances at June 30, 2017 are as follows:

Collective deferred outflows of resources	\$	6,424,456,842
Collective deferred inflows of resources		5,700,625,981
Collective net pension liability - Local group		23,278,401,588
 City's Proportion		 0.3987641528%

Collective pension expense for the Local Group for the measurement period ended June 30, 2017 and 2016 was \$1,694,305,613 and \$2,830,763,540, respectively. The average of the expected remaining service lives of all plan members if 5.48, 5.57, 5.72 and 6.44 years for 2017, 2016, 2015 and 2014, respectively.

CITY OF EAST ORANGE  
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017 AND 2016

**7. EMPLOYEE RETIREMENT SYSTEMS (continued)**

**State Contribution Payable Dates**

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

**Receivable Contributions**

State contributions expected to be paid the June 30<sup>th</sup> following the valuation date. Effective with the July 1, 2017 valuation, State contributions expected to be paid in equal quarterly amounts as of September 30<sup>th</sup>, December 31<sup>st</sup>, March 31<sup>st</sup> and June 30<sup>th</sup> following the valuation date are discounted by the interest rate used at the valuation.

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.

**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, 2017 and 2016:

	2017	2016
Inactive plan members or beneficiaries currently receiving benefits	43,011	40,789
Inactive plan members entitled to but not yet receiving benefits	47	47
Active plan members	40,789	45,625
Total	83,847	86,461

Contributing Employers – 585

In addition to the State, who is the sole payer of regular employer contributions to the fund, PFRS’s contributing employers include boards of education who elected to participate in the Early Retirement Incentive Program (ERIP) and are legally responsible to continue to pay towards their incurred liability. The current number of ERIP Contributing Employers is 26.

*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 State fiscal year 2017, the State was required to make a minimum contribution representing 6/7<sup>th</sup> of the actuarially determined contribution amount based on the July 1, 2014 actuarial valuation.

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



CITY OF EAST ORANGE  
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017 AND 2016

**7. EMPLOYEE RETIREMENT SYSTEMS (continued)**

For the years ended December 31, 2017 and 2016 the City’s total payroll for all employees were \$63,438,049.81 and \$62,889,425.00, respectively. Total PFRS covered payroll was \$31,317,950 and \$30,718,660. 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 contributions are due and payable on April 1<sup>st</sup> in the second fiscal period subsequent to plan year for which the contributions requirements were calculated.

	<u>2017</u>	<u>2016</u>
Total PFRS Payment - Regular	<u>\$ 8,100,102</u>	<u>\$ 8,180,014</u>

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

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

The following represents the membership tiers for PFRS:

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

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

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

At June 30, 2017, the PFRS reported a net pension liability of \$17,167,260,198 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 \$145,824,553, or 0.9445778135% which was a decrease of 0.0488845591% from its proportion measured as of June 30, 2016. Then pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017.

CITY OF EAST ORANGE  
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017 AND 2016

**7. EMPLOYEE RETIREMENT SYSTEMS (continued)**

At June 30, 2016, the PFRS reported a net pension liability of \$20,706,699,056 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 \$189,776,726, or 0.9934623726%.

At December 31, 2017 the City would have reported deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources, if GASB #68 was recognized:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expended and actual experience	\$ 946,024	\$ 855,869
Changes of assumptions	17,981,792	23,881,798
Net difference between projected and actual earnings on pension plan investments	2,782,674	
Changes in proportion and differences between City contributions and proportionate share of contributions	1,725,108	8,658,290
City contributions subsequent to the measurement date	<u>8,359,688</u>	
	<u>\$ 31,795,286</u>	<u>\$ 33,395,957</u>

\$8,359,688 shown as deferred outflows of resources related to PFRS resulting from City contributions subsequent to the measurement. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to PFRS would have been recognized in pension expense on GAAP basis as follows:

Year ended <u>December 31,</u>	<u>Amount</u>
2018	\$ 959,174
2019	959,173
2020	(769,382)
2021	(6,229,880)
2022	<u>(4,879,444)</u>
Total	<u>\$ (9,960,359)</u>

*Actuarial Assumptions-* The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Inflation	2.25%	3.08%
Salary Increases (2012-2026)	2.10 - 8.98% Based on age	2.10 - 8.98% Based on age
Thereafter	3.10 - 9.98% Based on age	3.10 - 9.98% Based on age
Investment rate of return	7.00%	7.65%

CITY OF EAST ORANGE  
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017 AND 2016

**7. EMPLOYEE RETIREMENT SYSTEMS (continued)**

Pre-retirement mortality rates were based on the RP-2000 Pre-Retirement mortality tables projected thirteen years using Projection Scale BB and then projected on a generational basis using the plan actuary's modified 2014 projection scales. Post-retirement mortality rates for male service retirements and beneficiaries are based the RP-2000 Combined Healthy Mortality Tables projected one year using Projection Scale AA and two years using the plan actuary's modified 2014 projection scales, which was further projected on a generational basis using the plan actuary's 2014 projection scales. Post-retirement mortality rates for female service retirements and beneficiaries were based the RP-2000 Combined Healthy Mortality Tables projected thirteen years using Projection Scale BB and then two years using the plan actuary's modified 2014 projection scales, which was further projected on a generational basis using the plan actuary's modified 2014 projection scales. Disability mortality tables were based on special mortality tables used for the period after disability retirement.

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) 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, 2017 and 2016 are summarized in the following table:

CITY OF EAST ORANGE  
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017 AND 2016

**7. EMPLOYEE RETIREMENT SYSTEMS (continued)**

<u>Asset Class</u>	<u>June 30, 2017</u>		<u>June 30, 2016</u>	
	<u>Target</u>	<u>Long-Term</u> <u>Expected Real</u>	<u>Target</u>	<u>Long-Term</u> <u>Expected Real</u>
	<u>Allocation</u>	<u>Rate of Return</u>	<u>Allocation</u>	<u>Rate of Return</u>
Cash equivalents	5.50%	1.00%	5.00%	0.87%
U.S. Treasuries	3.00%	1.87%	1.50%	1.74%
Global diversified credit	5.00%	7.10%		
Credit oriented hedge funds	1.00%	6.60%		
Debt related private equity	2.00%	10.63%		
Debt related real estate	1.00%	6.61%		
Private real asset	2.50%	11.83%	2.00%	6.91%
Equity related real estate	6.25%	9.23%		
U.S. equity	30.00%	8.19%	26.00%	8.53%
Non-U.S. developed markets equity	11.50%	9.00%		
Emerging markets equity	6.50%	11.64%	6.50%	9.95%
Buyouts/venture capital	8.25%	13.08%		
Absolute return/risk mitigation	5.00%	5.51%		
Investment grade credit	10.00%	3.78%	8.00%	1.79%
Public high yield	2.50%	6.82%		
Mortgages			2.00%	1.67%
High yield bonds			2.00%	4.56%
Inflation indexed bonds			1.50%	3.44%
Private equity			9.00%	12.40%
Hedge funds/absolute returns			12.50%	4.68%
Commodities			0.50%	5.45%
Developed foreign markets			13.25%	6.83%
REIT			5.25%	5.63%
Global debt ex US			5.00%	-0.25%
	<u>100.00%</u>		<u>100.00%</u>	

*Discount Rate* – The discount rate used to measure the total pension liability as of June 30, 2016 was 5.55% and as of June 30, 2017 was 6.14%. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.58% as of June 30, 2017 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

CITY OF EAST ORANGE  
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017 AND 2016

**7. EMPLOYEE RETIREMENT SYSTEMS (continued)**

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

	At 1% Decrease	At Current Discount Rate	At 1% Increase
PFRS	\$ 192,135,858	\$ 145,824,553	\$ 107,774,550

*Plan Fiduciary Net Position* – The plan fiduciary net position for PFRS at June 30, 2017 and 2016 was \$25,847,718,399 and \$23,984,726,664, respectively.

*Additional Information*

Collective balances at June 30, 2017 are as follows:

Collective deferred outflows of resources	\$	2,941,952,753
Collective deferred inflows of resources		3,262,432,093
Collective net pension liability - Local group		17,167,260,198
City's Proportion		0.9445778135%

Collective pension expense for the Local Group for the measurement period ended June 30, 2017 and 2016 was \$1,624,455,951 and \$2,255,296,958, respectively. The average of the expected remaining service lives of all plan members if 5.59, 5.58, 5.53 and 6.17 years for 2017, 2016, 2015 and 2014, respectively.

**State Contribution Payable Dates**

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

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

*Special Funding Situation*

Under N.J.S.A 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The amounts contributed on behalf of the local participating employers under this legislation is considered to be a special funding situation and state is treated as a non-employer entity. The non-employer contributing entities' total proportionate share of the collective net pension liability that is associated with the City as of June 30, 2017 and 2016 for police and fire is 0.9445778135% and 0.9934623726%, respectively. The non-employer contributing entities' contribution for the year ended June 30, 2017 and 2016 was \$816,748 and \$610,642, respectively. The state's proportionate share of net pension liability attributable to the City as of June 30, 2017 and 2016 was \$16,333,578 and \$15,936,538, respectively.

CITY OF EAST ORANGE  
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017 AND 2016

**7. EMPLOYEE RETIREMENT SYSTEMS (continued)**

**Defined Contribution Retirement Plan**

DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007. Prudential is acting on behalf of the NJ Division of Pensions and Benefits as the record keeper and investment funds manager. Chapter 1, P.L. 2010 increased the minimum annual salary required for eligibility in the DCRP. An employee must earn an annual salary of at least \$5,000 to be eligible or to continue participation. The Defined Contribution Retirement Plan (DCRP) is a multiple employer defined contribution plan as defined in GASB Statement No. 68. The Plan is administered by The New Jersey Division of Pensions and Benefits (Division). The more significant aspects of the DCRP are as follows:

*Plan Membership and Contributing Employers-* Enrollment in the DCRP is required for state or local officials, elected or appointed on or after July 1, 2007; employees enrolled in PFRS or PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in PFRS or PERS on or after November 2, 2008, who do not earn the minimum annual salary for tier 3 enrollment but who earn salary of at least \$5,000 annually; and employees otherwise eligible to enroll in PFRS or PERS after May 21, 2010, who do not work the minimum number of hours per week required for tier 4 or tier 5 enrollment, but who earn salary of at least \$5,000 annually. At June 30, 2017 and 2016, the membership in the DCRP, based on the information within the Division's database, was 46,557 and 36,808.

*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.

**Employer and Employee Pension Contributions**

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

CITY OF EAST ORANGE  
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017 AND 2016

**8. RISK MANAGEMENT**

The City is self-insured for Automobile Liability, General Liability (Employment Practices, Law Enforcement, and Employee Benefits) Health Benefits and Workers' Compensation for a single retention limit of \$300,000 for auto and general liability and \$500,000 for workers compensation for any one claim. The City maintains excess reinsurance over and above the self-insured retention up to a \$3 million limit. Claims are administered by a Third-Party Administrator. The programs are administered by an independent contractor. As of January 31, 1999, the administrator has estimated a cumulative potential liability of pending claims to be approximately \$6,000,000. Under the Division's requirements, the City appropriates amounts in its annual budget to meet expected payments of claims. The City has not created a liability for loss reserves for claims incurred which were unpaid at December 31, 2017 and 2016. In addition, the City has not created a liability for loss reserves for any potential unreported losses. The effect on the financial statements from these omissions could not be determined, but is probably material. A contingent liability exists with respect to reinsurance, which would become an actual liability in the event the reinsuring company might be unable to meet their obligations to the City under existing reinsurance agreements. The City has established a reserve in the Trust Fund to pay for expected claims. There was a cash balance of \$854,100.13 and \$852,681.00 at December 31, 2017 and 2016, respectively. Appropriations of \$2,617,097.92 (workers' compensation), \$1,125,000.00 (auto and general) and \$12,359,662.68 (group insurance) were available in the CY 2017 municipal budget for self-insurance claims.

**9. TAXES COLLECTED IN ADVANCE**

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

	Balance December 31, 2017	Balance December 31, 2016
Prepaid Taxes	\$ 2,345,743.37	\$ 1,347,163.00
Cash Liability for Taxes Collected in Advance	\$ 2,345,743.37	\$ 1,347,163.00

**10. COMMITMENTS AND CONTINGENT LIABILITIES**

An action entitled, Village of South Orange and City of Newark v. East Orange Water Commission, ESX-C-149-11 ("the Lawsuit"), was commenced on or about June 14, 2011 in the Superior Court of New Jersey – Essex County, Chancery Division, by and/or on behalf of Co-Plaintiffs, The Township of South Orange Village ("Plaintiff SOV") and City of Newark ("Plaintiff City of Newark"), respectively, which named the City of East Orange Board of Water Commissioners, ("the EOBWC") (Now Known as the City's Operating Fund), as defendant in the action and asserted various claims against the EOBWC, including but limited to claims for underpayment of sewer fees due the City of Newark from approximately 2009 and alleged breaches of the Interlocal Services Agreement with Plaintiff SOV.

The EOBWC is in the process of finalizing a negotiated settlement of the Lawsuit with both the Co-Plaintiffs, City of Newark and SOV which is expected to be finalized in 2018. The total settlement amount of both claims to Plaintiff SOV and Plaintiff City of Newark amount to \$6,950,000.00, with payments anticipated of \$1,600,000 in 2018 (\$1,000,000.00 to Newark and \$600,000.00 to SOV), \$1,175,000.00 in 2019 (\$575,000.00 to Newark and \$600,000.00 to SOV), \$725,000.00 in 2020 (\$575,000.00 to Newark and \$150,000.00 to SOV), and \$575,000.00 to Newark, thereafter annually for six (6) years beginning 2021 and ending 2026.

The EOBWC reserved \$2,000,000.00 in 2017 to anticipate meeting the possible settlement payments required in 2018 and beyond, and will reserve additional funds as required to meet its' obligations in respect to the settlement of the Lawsuit in 2018 and beyond.

CITY OF EAST ORANGE  
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017 AND 2016

**10. COMMITMENTS AND CONTINGENT LIABILITIES (continued)**

North Oraton Urban Renewal v. City of East Orange – In or about 1995, an entity known as North Oraton Urban Renewal Associates, LLC (“North Oraton”) entered into an agreement for Payments in Lieu of Taxes (“PILOT”) with the City. In or about 2005, the tax collector for the City discovered that no payments had been made in accordance with the PILOT agreement. As a result, the tax collector terminated the PILOT agreement and began assessing taxes on the property. The taxpayer attempted to make a partial payment, but a significant amount of taxes were left unpaid. As a result, tax sale certificates were eventually sold and subsequent advances made by the tax sale certificate holders to keep the taxes current on the property. Litigation ensued between North Oraton and the City, with North Oraton claiming that the PILOT agreement had been improperly terminated. The matter was tried before the Tax Court in 2009. After several interim decisions, a final decision was issued by the Tax Court in 2016, which not only held that the City had wrongfully terminated the PILOT agreement, but that the City must repurchase the tax sale certificates from tax sale certificate holders and pay interest to the tax sale certificate holders, not based upon the interest payable on ordinary judgments, but upon the interest rate the tax sale certificates carried. The City then paid the principal amount of the tax sale certificates to the tax sale certificate holders in order to stop the running of interest. The City also filed an appeal to the New Jersey Superior Court, Appellate Division, challenging the Tax Court’s decision to award interest at the tax sale certificate rate. In April of 2018, the Appellate Division issued a decision upholding the Tax Court’s decision with respect to interest. The interest that had been accrued up until payment of principal in 2016 was approximately \$900,000 in total. The City is currently considering the issuance of debt to obtain the financing for that payment.

The City is involved in several claims and lawsuits incidental to its operations. In the opinion of the administration and legal counsel, the ultimate resolution of these matters will not have a material adverse effect on the financial position of the City.

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

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2017 and 2016, the following deferred charges are shown on the balance sheets of the Current and Utility Funds.

	Balance December 31, 2017	Amount Raised in 2018 Budget
<b><u>2017 Current Fund</u></b>		
Overexpenditure of Budget Appropriations	\$ 567,775.00	
Emergency Authorization	98,500.00	\$ 98,500.00
	\$ 666,275.00	\$ 98,500.00
	Balance December 31, 2017	Amount Raised in 2018 Budget
<b><u>2017 General Capital Fund</u></b>		
Overexpenditure of Improvement Authorization	\$ 27,462.56	
	\$ 27,462.56	\$ -



CITY OF EAST ORANGE  
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017 AND 2016

**11. DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS (continued)**

	Balance December 31, 2016	Amount Raised in 2017 Budget
	<hr/>	<hr/>
<b><u>2016 Current Fund:</u></b>		
Overexpenditure of Budget Appropriations	\$ 567,775.00	\$ -
Overexpenditure of Appropriated Grant Reserve	6,282.00	6,282.00
	<hr/>	<hr/>
	<u>\$ 574,057.00</u>	<u>\$ 6,282.00</u>

	Balance December 31, 2016	Amount Raised in 2017 Budget
	<hr/>	<hr/>
<b><u>2016 General Capital Fund</u></b>		
Overexpenditure of Capital Improvement Fund	\$ 23,973.00	\$ 23,973.00
Overexpenditure of Improvement Authorization	47,565.00	47,565.00
	<hr/>	<hr/>
	<u>\$ 71,538.00</u>	<u>\$ 71,538.00</u>

	Balance December 31, 2016	Amount Raised in 2017 Budget
	<hr/>	<hr/>
<b><u>2016 Water Utility Fund:</u></b>		
Overexpenditure of Appropriations	\$ 18,784.00	\$ 18,784.00
Overcommitment of Ordinance Appropriations	331,353.00	331,353.00
	<hr/>	<hr/>
	<u>\$ 350,137.00</u>	<u>\$ 350,137.00</u>

CITY OF EAST ORANGE  
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017 AND 2016

**12. DEFERRED WAGES**

In February 1996, as part of the City's Fiscal Recovery Plan, certain employees (except police services) agreed to have a portion of their pay deferred. Accordingly, as of June 30, 1996, employees had two weeks of pay withheld, which amounted to approximately \$1,600,000 for the Current Fund and \$176,000 for the Water Utility Fund. As of December 31, 2017 and 2016, the estimated balance of deferred wages amounted to \$1,506,526, for the Current Fund and \$103,529 for the Water Utility Fund. These amounts for the Current Fund and the Water Utility Fund are not reflected as liabilities in the financial statements, but rather will be included as expenditures when paid out upon the employee's resignation, termination or retirement.

**13. TAX ABATEMENTS**

Government Accounting Statement No. 77, Tax Abatement Disclosures became effective for financial statements for periods beginning after December 15, 2015. This statement establishes financial reporting standards for tax abatement agreements entered into by state and local governments. The disclosures required by this Statement encompass tax abatements resulting from both (a) agreements that are entered by the reporting government and (b) agreements that are entered into by other governments that reduce the reporting governments' tax revenues. The following are the existing tax abatement agreements for the City of East Orange:

Entity Name	Pilot Billing	Taxes If Billed In Full	Abated Taxes
Bakery Village Urban Renewal Association	\$77,383.28	\$644,956.99	\$567,573.71
Fern Preservation Urban Renewal, LLC	174,361.66	636,144.19	461,782.53
Essex Valley Supportive Housing Par	15,657.00	96,028.42	80,371.42
Prospect EOGH Hospital Properties	154,605.03	220,320.00	65,714.97
329 Park Ave, Tenants Assoc.Inc.	12,506.78	104,976.00	92,469.22
PTGH-EO Urban Renewal, LLC	75,974.24	687,087.36	611,113.12
Hampshire URB Ren Preservation	133,659.42	315,757.44	182,098.02
Arlington Grove, LLC	11,997.36	140,128.70	128,131.34
The Burnet Walnut Corporation	20,086.50	179,832.96	159,746.46
Arlington Grove, LLC	11,997.36	127,137.60	115,140.24
CNP 2, LLC	49,207.52	150,662.59	101,455.07
Prospect EOGH Hospital Properties	154,605.03	764,640.00	610,034.97
Mclver Homes, LP	158,977.80	219,594.24	60,616.44
Dr King Plaza Urban Renewal Association	231,884.66	864,354.24	632,469.58
Pavilion Housing Partners, LP	395,876.56	564,056.00	168,179.44
Prospect Park Apartments Urban Renewal	139,884.36	309,531.46	169,647.10
Dr King Plaza Urban Renewal Association	175,932.88	798,818.11	622,885.23
141 So Harrison Street, LLC	223,400.50	509,188.03	285,787.53
Indigo240 Urban Renewal Cp., LLC	175,935.64	374,067.07	198,131.43
Park View at 320, LLC	658,920.00	1,159,043.90	500,123.90
East Orange UAW S.C. Housing Corp	96,405.22	490,131.65	393,726.43
725 Park Associates, L.P.	32,276.70	207,525.89	175,249.19
E O Senior Citizens Housing Association	173,924.56	383,232.38	209,307.82
	<u>\$3,355,460.06</u>	<u>\$9,947,215.22</u>	<u>\$6,591,755.16</u>

CITY OF EAST ORANGE  
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017 AND 2016

**14. POST RETIREMENT BENEFITS**

**Plan Description**

The City provides a post-employment healthcare plan for its eligible retirees and their spouses. The plan is a single-employer defined benefit healthcare plan administered by the City. In accordance with City ordinances, contracts and/or policies, the City provides payment of insurance premiums after retirement upon request by the retiree the entire cost of the premiums for health insurance selected by the City which shall include administrative fees and eligible dependents who have retired after 25 years or more of service credit in a State administered retirement system and a period of 25 years with the City at the time of retirement; or who have retired and reached the age of 65 years or older with 25 years or more of service credit in a State administered retirement system and a period of service of 15 years with the City at the time of retirement.

The City shall assume upon request by the retiree fifty (50%) percent of the costs for health insurance premiums selected by the City which shall include administrative fees and eligible dependents for retirees from a State administered retirement system who have retired and reached the age of 62 years or older with at least 15 years of service with the City; or who have retired on a disability pension with at least 10 years of service with the City.

**Covered Benefits**

Medical coverage, including prescription drugs as part of the medical plan, is offered to pre-65 and post-65 retirees on a fully insured basis. Coverage is subsidized for dental and life insurance are not subsidized or reflected in the valuation. Similarly retirees eligible for Medicare do not receive subsidies or reimbursements for Medicare Part B and Part D premium payments.

The number of retirees receiving premium-free benefits as of June 30, 2016, the effective date of the biannual Other-Post Employment Benefit, herein referred to as "OPEB", valuation is 261. Active employees number 852 as of the same valuation date. There have been no significant changes in the number of covered retirees or type of coverage since the valuation date.

**Funding Policy**

The required contribution is funded on a pay-as-you-go basis with an additional amount to prefund benefits as determined annually by the City. For the years 2017 and 2016, the City's projected contribution was \$2,912,077 to the plan for self-insured claims.

CITY OF EAST ORANGE  
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017 AND 2016

**14. POST RETIREMENT BENEFITS (continued)**

**Annual OPEB Cost and Net OPEB Obligation**

The City's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation to the Plan.

Annual Required Contribution	\$	8,347,148.00
Interest on Net OPEB Obligation		701,409.00
Adjustment to ARC		<u>3,232,725.00</u>
Total Annual OPEB Cost (Expense)		12,281,282.00
Contributions Made (Projected)		<u>(2,912,077.00)</u>
Increase in Net OPEB Obligation		9,369,205.00
Net OPEB Obligation - Beginning of Year		<u>26,904,424.00</u>
Net OPEB Obligation - End of Year	\$	<u><u>36,273,629.00</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the years 2016 and 2014 were as follows:

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
December 31, 2016	\$ 12,281,282.00	23.7	\$ 36,273,629.00
December 31, 2014	8,032,355.00	37.2	17,535,219.00

**Funded Status and Funding Progress**

As of December 31, 2015, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was \$128,120,609, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$128,120,609.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples included assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

CITY OF EAST ORANGE  
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017 AND 2016

**14. POST RETIREMENT BENEFITS (continued)**

**Actuarial Methods and Assumptions**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan member) and includes the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the December 31, 2015 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions include a 5.0 percent investment rate of return (net of administrative expense) which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the actuarial valuation date, and an annual healthcare cost trend rate of 10 percent initially, reduced by decrements to an ultimate rate of 5 percent after five years. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investment over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2016 was 27 years.

**15. SUBSEQUENT EVENTS**

The City has evaluated subsequent events occurring after December 31, 2017 through July 20, 2018, which is the date the financial statements were available to be issued. Based on this evaluation, management has determined that no events require disclosure.

CITY OF EAST ORANGE  
CURRENT FUND

A-4

CASH RECEIPTS AND DISBURSEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Ref.</u>	<u>Regular Fund</u>	<u>Grant Fund</u>
Balance, December 31, 2016	A	<u>\$ 32,444,276.00</u>	<u>\$ 495,960.00</u>
Increased by Receipts:			
Transfers from Tax Collector	A-5	165,551,370.22	
Due from State of New Jersey per Ch.129 P.L. 1976	A-7	129,607.15	
Interfunds Receivable	A-15,A-34	40,700,770.63	10,281,036.01
Grants Receivable	A-18		6,722,464.89
Unappropriated Reserves	A-29		58,282.37
		<u>206,381,748.00</u>	<u>17,061,783.27</u>
		<u>238,826,024.00</u>	<u>17,557,743.27</u>
Decreased by Disbursements:			
Budget Appropriations	A-3	(118,728,180.45)	
Interfunds Receivable	A-15,A-34	(40,492,303.49)	(10,274,754.01)
Appropriation Reserves	A-19	(3,521,291.40)	
Tax Overpayments	A-22	(1,329,132.35)	
Accounts Payable	A-20	(181,860.13)	
Special Reserves	A-24	(98,155.66)	
Due from Business Improvement District	A-21	(7,066.35)	
Due From Open Space	A-25	(502,341.49)	
County Taxes	A-30	(13,746,135.60)	
Local School District Tax	A-31	(22,845,484.00)	
Prior Year Refunds	A-1	(165,527.31)	
Reserve for Grant Expenditures	A-35		(6,953,045.75)
		<u>(201,617,478.23)</u>	<u>(17,227,799.76)</u>
Balance, December 31, 2017	A, A-5	<u>\$ 37,208,545.77</u>	<u>\$ 329,943.51</u>

CITY OF EAST ORANGE  
CURRENT FUND

A-5

CASH RECEIPTS AND DISBURSEMENTS - COLLECTOR  
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Ref.</u>		
Increased by:			
Interest and Costs on Taxes	A-2a	\$ 1,685,723.30	
Miscellaneous Revenue Not Anticipated	A-2c	1,589,639.66	
Tax Overpayments	A-22	255,707.16	
Taxes Receivable	A-8	123,429,119.94	
Tax Title Liens	A-9	919,274.77	
Other Accounts Receivable	A-13	77,492.52	
Due From Board of Education	A-11	200,000.00	
Revenue Accounts Receivable	A-12	34,921,771.19	
Due to State of N.J	A-24	126,898.31	
Prepaid Taxes	A-32	<u>2,345,743.37</u>	
			<u>\$ 165,551,370.22</u>
Decreased by:			
Turnovers to Treasurer	A-4		<u>\$ 165,551,370.22</u>

CITY OF EAST ORANGE  
CURRENT FUND

CHANGE FUNDS  
DECEMBER 31, 2017

A-6

Municipal Court

\$ 300.00

\$ 300.00

Ref.

A



CITY OF EAST ORANGE

CURRENT FUND

A-7

DUE FROM (TO) STATE OF NEW JERSEY  
PER CHAPTER 129 P.L. 1976  
FOR THE YEAR ENDED DECEMBER 31, 2017

Ref.

Balance, December 31, 2016	A	\$ (18,023.00)
Increased by:		
Deductions per Tax Billings		
Senior Citizens	\$ 55,000.00	
Veterans	67,750.00	
	<u>122,750.00</u>	
Allowed by Tax Collector:		
Senior Citizens	<u>2,000.00</u>	
Disallowed by Tax Collector		
Senior Citizens	3,853.42	
Veterans	1,250.00	
	<u>5,103.42</u>	
	A-8	<u>119,646.58</u>
		<u>101,623.58</u>
Decreased by:		
Collections	A-4	<u>129,607.15</u>
Balance, December 31, 2017 (Due To)	A	<u>\$ (27,983.57)</u>

ANALYSIS OF 2017 REVENUE

Senior Citizens and Veterans Deductions Per Abstract	\$ 122,750.00
Senior Citizens and Veterans Deductions Allowed by Tax Collector	2,000.00
Senior Citizens and Veterans Deductions Disallowed by Tax Collector	<u>(5,103.42)</u>
	A-8
	<u>\$ 119,646.58</u>

CITY OF EAST ORANGE  
CURRENT FUND

A-7a

DUE FROM STATE OF NEW JERSEY - STATE AID  
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Ref.</u>	
Balance, December 31, 2016	A	\$ 3,090,129.00
Increased by:		
Revenue Accounts Receivable	A-12	<u>17,689.08</u>
Balance, December 31, 2017	A	<u><u>\$ 3,107,818.08</u></u>

CITY OF EAST ORANGE  
CURRENT FUND

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY  
FOR THE YEAR ENDED DECEMBER 31, 2017

A-8

Year	Balance,	Levy	Collected		Seniors Veterans	Tax Title Liens	Canceled	Balance,
	December 31, 2016		2016	2017				December 31, 2017
2012	\$ 9,856.00						\$ 9,856.00	
2013	9,970.00						9,970.00	
2014	32,507.00			\$ 6,629.38			19,503.92	\$ 6,373.70
2015	205,909.00			197,462.65				8,446.35
2016	4,984,675.00			4,799,077.89				185,597.11
	5,242,917.00			5,003,169.92			39,329.92	200,417.16
2017		\$ 128,947,910.12	\$ 1,347,163.00	118,425,950.02	\$ 119,646.58	\$ 560,676.65	402,864.50	8,091,609.37
	<u>\$ 5,242,917.00</u>	<u>\$ 128,947,910.12</u>	<u>\$ 1,347,163.00</u>	<u>\$ 123,429,119.94</u>	<u>\$ 119,646.58</u>	<u>\$ 560,676.65</u>	<u>\$ 442,194.42</u>	<u>\$ 8,292,026.53</u>
Ref.	A	Below	A-2b, A-32	A-2b, A-5	A-2b, A-7	A-9	Reserve	A

**Analysis of 2017 tax levy**

Tax Yield:  
General purpose tax  
Added and omitted taxes (54:4-63.1 et seq.)

	\$ 128,154,999.64
	792,910.48
Above	<u>\$ 128,947,910.12</u>

Tax Levy:  
Local district school tax (abstract)  
County tax (abstract)  
County open space  
Due County for added and omitted taxes (54:4-63.1 et. seq.)

A-31	\$ 22,845,484.00
A-30	13,258,393.82
A-30	398,121.26
A-30	89,004.59
	36,591,003.67

Local tax for municipal purposes (abstract)  
Local tax for open space  
Additional tax levied

A-2	91,155,532.59
A-2	497,467.97
	92,356,906.45
Above	<u>\$ 128,947,910.12</u>

CITY OF EAST ORANGE  
CURRENT FUND

TAX TITLE LIENS  
FOR THE YEAR ENDED DECEMBER 31, 2017

A-9

	<u>Ref.</u>		
Balance, December 31, 2016	A		\$ 4,597,342.00
Increased by:			
Interest and Costs Accrued by Sale	Reserve	\$ 125,874.25	
Transfer from Taxes Receivable	A-8	<u>560,676.65</u>	
			<u>686,550.90</u>
			<u>5,283,892.90</u>
Decreased by:			
Collections	A-5, A-2b	919,274.77	
Transfers to Property Acquired for Taxes	A-10	<u>1,001,629.76</u>	
			<u>1,920,904.53</u>
Balance, December 31, 2017	A		<u><u>\$ 3,362,988.37</u></u>

SCHEDULE OF PROPERTY ACQUIRED FOR TAXES  
DECEMBER 31, 2017

A-10

	<u>Ref.</u>		
Balance, December 31, 2016	A		\$ 15,730,250.00
Increased by:			
Transfers from Tax Title Liens	A-9		1,001,629.76
Adjustment to Assessed Valuation	Reserve		<u>1,480.24</u>
Balance, December 31, 2017	A		<u><u>\$ 16,733,360.00</u></u>

CITY OF EAST ORANGE  
CURRENT FUND

A-11

DUE FROM BOARD OF EDUCATION  
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Ref.</u>	
Balance, December 31, 2016	A	\$ 461,743.00
Decreased by:		
Collections	A-1, A-5	<u>200,000.00</u>
Balance, December 31, 2017	A	<u>\$ 261,743.00</u>

CITY OF EAST ORANGE  
CURRENT FUND

A-12

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE  
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Ref.</u>	<u>Balance,</u> <u>December 31, 2016</u>	<u>Accrued</u> <u>2017</u>	<u>Collected</u> <u>by</u> <u>Treasurer</u>	<u>Balance,</u> <u>December 31, 2017</u>
Licenses:					
Alcoholic Beverages	A-2a		\$ 41,408.80	\$ 41,408.80	
Other	A-2a		199,412.01	199,412.01	
Fees and Permits:					
Uniform Construction Code Fees	A-2a		1,446,288.88	1,446,288.88	
Other	A-2a		88,794.29	88,794.29	
Fines and Costs - Municipal Court	A-2a	\$ 190,818.00	2,989,385.65	2,898,761.47	\$ 281,442.18
Parking Meters	A-2a		41,191.66	41,191.66	
Interest on Investments and Deposits	A-2a		16,810.00	16,810.00	
Interest on Investments	A-2a		473,932.06	473,932.06	
Payments in Lieu of Taxes	A-2a	99,835.00	4,502,004.80	4,301,676.13	300,163.67
Franchise Fee from Cable TV Gross Revenue	A-2a		295,537.31	295,537.31	
Energy Receipts Tax	A-2a		14,557,582.18	14,557,582.18	
Consolidated Municipal Property Tax Relief	A-2a, A-7a		7,441,365.10	7,441,365.10	
Alarm Registration Fees	A-2a		22,300.00	22,300.00	
Fire Official	A-2a		56,870.00	56,870.00	
Uniform Fire Safety Act	A-2a		60,738.01	60,738.01	
Housing Inspection	A-2a		85,316.00	85,316.00	
Bell Atlantic Contract	A-2a		12,592.92	12,592.92	
COPS in School - EO Board of Education	A-2a		205,835.81	205,835.81	
East Orange Golf Cart Revenue	A-2a		137,551.11	137,551.11	
East Orange Golf Course Revenues	A-2a		890,241.53	890,241.53	
Capital Fund Balance	A-2a		575,000.00	575,000.00	
Reserve for Retroractive Salaries			1,090,255.00	1,090,255.00	
		<u>\$ 290,653.00</u>	<u>\$ 35,230,413.12</u>	<u>\$ 34,939,460.27</u>	<u>\$ 581,605.85</u>
<u>Ref.</u>	A			Below	A
			<u>Ref.</u>		
			A-5	\$ 34,921,771.19	
			Accounts Receivable - State Aid A-7a	17,689.08	
				<u>34,939,460.27</u>	
				Above	

CITY OF EAST ORANGE  
CURRENT FUND

A-13

OTHER ACCOUNTS RECEIVABLE  
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Ref.</u>	<u>Total</u>	<u>Property Maintenance</u>
Balance, December 31, 2016	A		
Increased by :			
Billings	Reserve	\$ 77,492.52	\$ 77,492.52
Decreased by:			
Cash Received	A-1, A-5	77,492.52	77,492.52
		<u>                    </u>	<u>                    </u>
Balance, December 31, 2017		<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

CITY OF EAST ORANGE  
CURRENT FUND

A-14

DEPOSITS RECEIVABLE  
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Ref.</u>	<u>Total</u>	<u>Due from East Orange Public Library</u>
Balance, December 31, 2017 and 2016	A	<u>\$ 1,995.00</u>	<u>\$ 1,995.00</u>



CITY OF EAST ORANGE  
CURRENT FUND

A-15

INTERFUNDS RECEIVABLE (PAYABLE)  
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Ref.</u>	<u>Total</u>	<u>Federal and State Grant Fund</u>	<u>General Trust Fund</u>	<u>General Capital</u>	<u>CDBG Trust Fund</u>	<u>Open Space Fund</u>	<u>Water Operating Fund</u>	<u>Animal Control Fund</u>
Balance, December 31, 2016									
	From A	\$ 3,399,326.00	\$ 3,137,608.00	\$ 31,243.00		\$ 200,856.00		\$ 28,059.00	\$ 1,560.00
	(To) A	(4,874.00)					\$ (4,874.00)		
Increased by:									
Cash Disbursement - Checking	A-4	<u>40,492,303.49</u>	<u>10,281,036.01</u>	<u>616,400.73</u>	<u>\$ 14,100,956.00</u>	<u>593,260.68</u>	<u>153,066.35</u>	<u>14,747,583.72</u>	
		<u>40,492,303.49</u>	<u>10,281,036.01</u>	<u>616,400.73</u>	<u>14,100,956.00</u>	<u>593,260.68</u>	<u>153,066.35</u>	<u>14,747,583.72</u>	<u>-</u>
		<u>\$ 43,886,755.49</u>	<u>13,418,644.01</u>	<u>647,643.73</u>	<u>14,100,956.00</u>	<u>794,116.68</u>	<u>148,192.35</u>	<u>14,775,642.72</u>	<u>1,560.00</u>
Decreased by:									
Cash Receipts - Checking	A-4	40,700,770.63	10,274,754.01	630,285.38	14,100,956.00	794,116.68	153,065.87	14,747,583.72	8.97
Capital Improvement Fund	A-3	150,000.00			150,000.00				
Paydown of Emergency Note	A-26	2,500,000.00			2,500,000.00				
Appropriations	A-3	907,910.00	6,282.00		901,628.00				
		<u>44,258,680.63</u>	<u>10,281,036.01</u>	<u>630,285.38</u>	<u>17,652,584.00</u>	<u>794,116.68</u>	<u>153,065.87</u>	<u>14,747,583.72</u>	<u>8.97</u>
Balance, December 31, 2017									
	From A	<u>\$ 3,184,576.38</u>	<u>\$ 3,137,608.00</u>	<u>\$ 17,358.35</u>		<u>\$ -</u>		<u>\$ 28,059.00</u>	<u>\$ 1,551.03</u>
	(To) A	<u>\$ (3,556,501.52)</u>			<u>\$ (3,551,628.00)</u>		<u>\$ (4,873.52)</u>		
<u>Net Credit to Operations</u>	<u>Ref.</u>								
Balance, December 31, 2016	Above	\$ 3,399,326.00							
Balance, December 31, 2017	Above	<u>3,184,576.38</u>							
Net Credit	A-1	<u>\$ 214,749.62</u>							

CITY OF EAST ORANGE  
CURRENT FUND

A-16

DEFERRED CHARGES  
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Balance,</u> <u>December 31, 2016</u>	<u>Increase</u>	<u>Balance,</u> <u>December 31, 2017</u>
Overexpenditure of Budget Appropriations- 2016	\$ 276,463.00		\$ 276,463.00
Overexpenditure of Budget Appropriations	<u>291,312.00</u>		<u>291,312.00</u>
	567,775.00		567,775.00
 Emergency Authorization		<u>\$ 98,500.00</u>	<u>98,500.00</u>
	<u>\$ 567,775.00</u>	<u>\$ 98,500.00</u>	<u>\$ 666,275.00</u>
<u>Ref.</u>	A	A-3	A

CITY OF EAST ORANGE  
CURRENT FUND

A-17

ENCUMBRANCES PAYABLE  
DECEMBER 31, 2017

Beginning Balance, December 31, 2016	A	\$ 3,446,686.61
Increased by:		
Transferred From Current Budget	A-3	<u>3,229,473.58</u>
		6,676,160.19
Decreased by:		
Transferred to Appropriation Reserves	A-19	<u>3,446,686.61</u>
Ending Balance, December 31, 2017	A	<u><u>\$ 3,229,473.58</u></u>

CITY OF EAST ORANGE  
CURRENT FUND  
 GRANTS RECEIVABLE  
 YEAR ENDED DECEMBER 31, 2017

	<u>Balance</u> <u>December 31, 2016</u>	<u>Grants</u>	<u>Chapter 159</u>	<u>Collections</u>	<u>Cancelled</u>	<u>Balance</u> <u>December 31, 2017</u>
East Orange Municipal Alliance	\$ 103,875.00					\$ 103,875.00
Municipal Alliance	12,500.00					12,500.00
Municipal Alliance	17,266.00					17,266.00
Municipal Alliance - Match	2,266.00					2,266.00
Municipal Alliance	25,000.00					25,000.00
Balanced Housing	106,389.00					106,389.00
Body Armour 2017			\$ 17,774.20	\$ 17,774.20		-
Justice Assitance Grant	74,752.00					74,752.00
Justice Assitance Grant	50,474.00					50,474.00
Green Acres Multi Parjs Project	443,322.00					443,322.00
Economic development Initiative	346,500.00					346,500.00
Clean Communities 2017		\$ 107,976.59		107,976.59		-
Distracted Driving Crackdown Grant		5,500.00		4,510.00		990.00
Pandemic Flu	9,602.00					9,602.00
WIC - Supplemental Food Program for Women Infants and Children	92,108.00					92,108.00
WIC - Supplemental Food Program	50,046.00					50,046.00
WIC - Supplemental Food Program	1,456,384.00		1,053,437.00	1,353,344.88		1,156,476.12
County of Essex Home Friends	33,974.00	315,082.00		237,380.76		111,675.24
Childhood Lead - Based paint Poising Grant	58,427.00					58,427.00
Childhood Lead - Based paint Poising Grant	178,645.00					178,645.00
Childhood Lead - Based paint Poising Grant	95,858.00					95,858.00
Childhood Lead - Based paint Poising Grant	250,000.00		248,750.00	32,367.00		466,383.00
Urban Enterprise Zone	662,359.00					662,359.00
Alcohol and Drug Abuse	331,708.00					331,708.00
Alcohol and Drug Abuse Treatment/Rehabilitation	186,214.00					186,214.00
Alcohol and Drug Abuse Treatment/Rehabilitation	215,470.00	21,590.00	21,590.00	11,746.00	\$ 215,470.00	31,434.00
Winter Food Service Program 2017		1,866,010.00		1,514,006.76		352,003.24
Child and Adult Care Food Services Program (Winter Food)	787,396.00					787,396.00
Child and Adult Care Food Services Program (Winter Food)	2,679,560.00					2,679,560.00
Child and Adult Care Food Services Program (Winter Food)	1,700,010.00					1,700,010.00
Summer Food Services Program	846,284.00					846,284.00
Summer Food Services Program	507,343.00					507,343.00
Summer Food Services Program	207,973.00					207,973.00
Summer Food Services Program	377,723.00					377,723.00
Summer Food Services Program	430,656.00					430,656.00
Summer Food Services Program		394,007.32	182,126.61	466,991.35		109,142.58
Healthy Out of School		25,000.00				25,000.00
HIV Counseling and testing II	14,774.00					14,774.00
HIV Counseling and testing	2,984.00					2,984.00
HIV Counseling and testing	140,588.00			130,198.00		10,390.00
HIV Counseling & Testing - 2017		140,588.00				140,588.00
Urban Gateway Enhancement Program	35,300.00					35,300.00
Community Development Block Grant			1,300,175.00	1,300,175.00		-
Home Program			378,799.00	378,799.00		-
Tobacco Enforcement Program	7,890.00					7,890.00
Delta Dental 2017		15,000.00		15,000.00		-

CITY OF EAST ORANGE  
CURRENT FUND  
 GRANTS RECEIVABLE  
 YEAR ENDED DECEMBER 31, 2017

	Balance					Balance
	<u>December 31, 2016</u>	<u>Grants</u>	<u>Chapter 159</u>	<u>Collections</u>	<u>Cancelled</u>	<u>December 31, 2017</u>
NJ Transportation Trust Fund	\$ 2,083,251.00					\$ 2,083,251.00
NJDOT Transportation Trust	46,661.00					46,661.00
New Jersey Transportation Fund		\$ 448,898.00	\$ 2,320.00	\$ 2,320.00		448,898.00
NJDOT Various Strrets	412,350.00					412,350.00
NJDOT Various Strrets	417,350.00					417,350.00
Click It or Ticket It Seat Belt Campaign	4,000.00					4,000.00
Click It or Ticket It Seat Bealt Campaign	5,000.00					5,000.00
Pedestrian Safety Program	15,000.00					15,000.00
Pedestrian Safety Program	14,000.00					14,000.00
COPS Technology Program	22,380.00					22,380.00
NJ Relocation Assistance	8,225.00					8,225.00
HUD Economic Development Initiative	213,750.00					213,750.00
E.O Hazardous Material Incidsents & Waste Management	21,020.00					21,020.00
Senior Citizens Special Project	194,800.00			194,800.00		-
Hurricane Sandy Diaster	12,435.00					12,435.00
Essex County Open Space	150,000.00			150,000.00		-
SAFER (UA Reserve)		44,043.00				44,043.00
SAFER		2,813,690.00				2,813,690.00
Safety Lead Screening	4,589.00					4,589.00
Assistance to Firefighters	12,642.00					12,642.00
DEP &Garden StatePreservation Program	990,000.00					990,000.00
Project Hope	107,581.00		258,200.00	256,586.00		109,195.00
Afterschool Meals Program	190,585.00					190,585.00
Afterschool Meals - 2017		377,873.62		226,146.35		151,727.27
Essex Couuny Local Arts Program Grant	2,020.00					2,020.00
Medication Assisted Treatment	215,345.00		214,000.00	322,343.00		107,002.00
Recycling Tonnage Grant (UA Reserve)		7,605.67				7,605.67
Cops Hiring Recovwery Grant	1.00					1.00
Recreation Trail Program - Soveral Park		21,000.00				21,000.00
Home Program	1.00					1.00
	<u>\$ 17,684,606.00</u>	<u>\$ 6,603,864.20</u>	<u>\$ 3,677,171.81</u>	<u>\$ 6,722,464.89</u>	<u>\$ 215,470.00</u>	<u>\$ 21,027,707.12</u>
	A	A-35	A-35	A-4	A-35	A

CITY OF EAST ORANGE  
CURRENT FUND

APPROPRIATION RESERVES  
FOR THE YEAR ENDED DECEMBER 31, 2017

	Balance 12-31-2016			After Transfer	Paid or Charged	Lapsed
	Encumbrances	Reserve	Total			
General Government						
Office of the Mayor						
Salaries & Wages		\$ 5,473.00	\$ 5,473.00	\$ 5,473.00		\$ 5,473.00
Other Expenses	\$ 527.79	25,931.00	26,458.79	26,458.79	\$ 1,297.32	25,161.47
Division of Public Information & Consumer Services						
Salaries & Wages		278.00	278.00	278.00		278.00
Other Expenses		21,104.00	21,104.00	21,104.00	(876.00)	21,980.00
Office of the City Administrator						
Salaries & Wages		15,242.00	15,242.00	15,242.00		15,242.00
Other Expenses	5,000.00	9,746.00	14,746.00	14,746.00	5,530.86	9,215.14
Division of Procurement						
Salaries & Wages		38,216.00	38,216.00	8,766.00		8,766.00
Other Expenses	7,362.43	1,094.00	8,456.43	17,906.43	13,903.89	4,002.54
Duplicating Unit						
Other Expenses	12,040.05	404.00	12,444.05	12,444.05	12,040.05	404.00
Public Defender						
Salaries & Wages		62,740.00	62,740.00	62,740.00		62,740.00
Other Expenses		3,373.00	3,373.00	3,373.00		3,373.00
Division Of Human Services						
Salaries & Wages		58,269.00	58,269.00	58,269.00	2,402.00	55,867.00
Other Expenses	731.97	16,086.00	16,817.97	16,817.97	910.97	15,907.00
Data Processing						
Salaries & Wages		25,957.00	25,957.00	5,957.00		5,957.00
Other Expenses	30,773.52	3,637.00	34,410.52	94,410.52	69,393.15	25,017.37
Board of Alcoholic Beverage Control						
Salaries and Wages		5.00	5.00	5.00		5.00
Other Expenses		775.00	775.00	775.00		775.00
Policy, Planning & Economic Development						
Salaries and Wages		11,667.00	11,667.00	11,667.00		11,667.00
Other Expenses	5,721.20	2,523.00	8,244.20	8,244.20	6,505.01	1,739.19
Division of Economic Development						
Salaries and Wages		1.00	1.00	1.00		1.00
Other Expenses		2,300.00	2,300.00	2,300.00		2,300.00
Division of Neighborhood Housing Revitalization						
Salaries and Wages		76,112.00	76,112.00	76,112.00	2,858.00	73,254.00
Other Expenses	1,287.56	2,423.00	3,710.56	3,710.56	1,207.13	2,503.43
Comprehensive Planning						
Salaries and Wages		3,344.00	3,344.00	3,344.00		3,344.00
Other Expenses	7,839.48	220,118.00	227,957.48	227,957.48	104,434.57	123,522.91
Zoning Board Adjustment						
Salaries and Wages		1.00	1.00	1.00		1.00
Other Expenses	6,977.90	1,904.00	8,881.90	8,881.90	6,977.90	1,904.00
Planning Board						
Other Expenses	5,762.44	681.00	6,443.44	6,443.44	5,823.44	620.00
City Council						
Salaries and Wages		21,599.00	21,599.00	21,599.00		21,599.00
Other Expenses	8,392.23	48,891.00	57,283.23	57,283.23	6,994.75	50,288.48

CITY OF EAST ORANGE  
CURRENT FUND

APPROPRIATION RESERVES  
FOR THE YEAR ENDED DECEMBER 31, 2017

	Balance 12-31-2016			After Transfer	Paid or Charged	Lapsed
	Encumbrances	Reserve	Total			
City Clerk's Office						
Salaries and Wages		\$ 8,602.00	\$ 8,602.00	\$ 8,602.00		\$ 8,602.00
Other Expenses	\$ 4,477.02	6,015.00	10,492.02	10,492.02	\$ 8,772.63	1,719.39
City Clerk Election						
Salaries and Wages		5,297.00	5,297.00	5,297.00		5,297.00
Other Expenses		346.00	346.00	346.00		346.00
Department of Finance						
Salaries and Wages		6,740.00	6,740.00	6,740.00		6,740.00
Other Expenses	28,981.95	24,165.00	53,146.95	53,146.95	4,649.07	48,497.88
Surety Bonds	835.00	24,165.00	25,000.00	25,000.00		25,000.00
Claim Administration Fee	23,284.53	23,500.00	46,784.53	46,784.53	38,541.65	8,242.88
Unemployment Insurance	195.88	289,295.00	289,490.88	289,490.88	34,314.88	255,176.00
Group Insurance for Employees	884,041.28	1,740,551.00	2,624,592.28	2,274,592.28	571,094.45	1,703,497.83
Insurance Claim Fund - Workers Compensation	4,668.70	21,005.00	25,673.70	125,673.70	34,949.70	90,724.00
Health Benefit Waiver	-	14,542.00	14,542.00	14,542.00		14,542.00
Miscellaneous Insurance	3,465.37	9,103.00	12,568.37	12,568.37	3,465.37	9,103.00
Insurance Claim Fund ( Auto & General)	70,371.01	57,286.00	127,657.01	127,657.01	2,201.07	125,455.94
Short Term Insurance	28,840.52	26,789.00	55,629.52	55,629.52	28,840.52	26,789.00
City Insurance Premium	67,371.00		67,371.00	67,371.00	(20.00)	67,391.00
Public Officials Liability Insurance		5,614.00	5,614.00	5,614.00		5,614.00
Division of Accounts & Controls						
Salaries and Wages		178.00	178.00	178.00		178.00
Other Expenses	5,365.92	37,654.00	43,019.92	23,019.92	5,042.91	17,977.01
Division of Treasury						
Salaries and Wages		11,678.00	11,678.00	11,678.00		11,678.00
Other Expenses	40.00	758.00	798.00	798.00		798.00
Division of Tax Collection & Revenue						
Salaries and Wages		20,298.00	20,298.00	20,298.00		20,298.00
Other Expenses	16,795.59	7,759.00	24,554.59	24,554.59	15,916.03	8,638.56
Division of Property Taxation						
Salaries and Wages		15,287.00	15,287.00	15,287.00		15,287.00
Other Expenses	14,472.20	33,448.00	47,920.20	47,920.20	17,996.41	29,923.79
Department of Law						
Salaries and Wages		76,214.00	76,214.00	76,214.00		76,214.00
Other Expenses	50,035.33	210,505.00	260,540.33	260,540.33	48,999.28	211,541.05
Special Prosecutors						
Salaries and Wages		3,825.00	3,825.00	3,825.00		3,825.00
Municipal Court						
Salaries and Wages		36,356.00	36,356.00	36,356.00		36,356.00
Other Expenses	24,202.12	29,120.00	53,322.12	53,322.12	15,039.11	38,283.01
Department of Public Works						
Office of Director						
Salaries and Wages		2,423.00	2,423.00			
Other Expenses	20,880.65	38,527.00	59,407.65	56,571.65	23,841.65	32,730.00
Street's & Road Division						
Salaries and Wages		117,968.00	117,968.00	38,387.00		38,387.00
Other Expenses	461,959.66	77,038.00	538,997.66	538,997.66	332,783.80	206,213.86
Snow & Ice removal						
Salaries and Wages		73,968.00	73,968.00	6,768.00	50.00	6,718.00
Other Expenses	81,008.07	75,287.00	156,295.07	103,423.07	67,742.33	35,680.74

CITY OF EAST ORANGE  
CURRENT FUND

APPROPRIATION RESERVES  
FOR THE YEAR ENDED DECEMBER 31, 2017

	Balance 12-31-2016			After Transfer	Paid or Charged	Lapsed
	Encumbrances	Reserve	Total			
Plan & Construction Division						
Salaries and Wages		\$ 5,366.00	\$ 5,366.00	\$ 2,000.00		\$ 2,000.00
Other Expenses	\$ 55,405.23	8,343.00	63,748.23	63,748.23	\$ 17,747.62	46,000.61
Traffic Engineering Division						
Salaries and Wages		4,740.00	4,740.00	1,000.00		1,000.00
Other Expenses	30,329.15	13,356.00	43,685.15	43,685.15	22,595.15	21,090.00
Employee Safety Program						
Other Expenses	1,065.00	4,680.00	5,745.00	5,745.00	1.00	5,744.00
Garbage & Trash Removal						
Salaries and Wages		2,972.00	2,972.00	2,972.00		2,972.00
Other Expenses	192,356.51		192,356.51	442,356.51	342,075.02	100,281.49
Mandated State Recycling		1,000.00	1,000.00	1,000.00		1,000.00
Public Building & Grounds						
Salaries and Wages		73,573.00	73,573.00	10,259.00		10,259.00
Other Expenses	315,280.61	344,564.00	659,844.61	547,834.61	245,688.26	302,146.35
Garage Division						
Salaries and Wages		56,790.00	56,790.00	10,975.00	421.00	10,554.00
Other Expenses	183,212.70	70,135.00	253,347.70	253,347.70	88,846.94	164,500.76
Parks Maintenance						
Salaries and Wages		8,626.00	8,626.00	303.00		303.00
Other Expenses	34,604.81	9,558.00	44,162.81	44,162.81	31,769.81	12,393.00
Public Safety						
Directors Office						
Salaries and Wages		7,597.00	7,597.00	7,597.00		7,597.00
Other Expenses	139.54	5,640.00	5,779.54	5,779.54	139.54	5,640.00
Department of Fire						
Salaries and Wages		36,810.00	36,810.00	36,810.00		36,810.00
Other Expenses	133,345.99	214,459.00	347,804.99	347,804.99	150,003.88	197,801.11
Office of Emergency Management						
Other Expenses	1,881.48	7,763.00	9,644.48	9,644.48	703.00	8,941.48
Department of Police						
Salaries and Wages	16,748.76		16,748.76	16,748.76	(51,273.10)	68,021.86
Other Expenses	180,497.73	163,428.00	343,925.73	343,925.73	208,769.27	135,156.46
School Traffic Guards						
Salaries and Wages		6,053.00	6,053.00	6,053.00	1,124.00	4,929.00
Other Expenses	3,278.01	9,502.00	12,780.01	12,780.01	4,123.43	8,656.58
Department of Data Processing- Police						
Other Expenses	1,082.93	23,829.00	24,911.93	24,911.93	1,082.93	23,829.00
Department of Property Maintenance						
Office of the Director						
Salaries and Wages		3,461.00	3,461.00	3,461.00		3,461.00
Other Expenses	295.00	3,777.00	4,072.00	4,072.00	295.00	3,777.00
Building Division						
Salaries and Wages		71,974.00	71,974.00	71,974.00		71,974.00
Other Expenses	19,182.40	43,923.00	63,105.40	63,105.40	16,236.97	46,868.43
Code Enforcement						
Salaries and Wages		7,021.00	7,021.00	7,021.00		7,021.00
Other Expenses	37,765.08	54,335.00	92,100.08	92,100.08	13,662.29	78,437.79
Vacant & Abandoned						
Salaries and Wages		63,837.00	63,837.00	63,837.00		63,837.00
Other Expenses	4,481.20	9,613.00	14,094.20	14,094.20	4,478.61	9,615.59



CITY OF EAST ORANGE  
CURRENT FUND

APPROPRIATION RESERVES  
FOR THE YEAR ENDED DECEMBER 31, 2017

	Balance 12-31-2016			After Transfer	Paid or Charged	Lapsed
	Encumbrances	Reserve	Total			
DEPARTMENT OF HEALTH & HUMAN SERVICES						
Office of Director						
Salaries and Wages		\$ 329.00	\$ 329.00	\$ 329.00		\$ 329.00
Other Expenses	\$ 5,002.67	19,857.00	24,859.67	24,859.67	\$ 3,630.84	21,228.83
Division of Health Services						
Salaries and Wages		49,056.00	49,056.00	49,056.00	400.00	48,656.00
Other Expenses	195.00	6,682.00	6,877.00	6,877.00	195.00	6,682.00
Dental						
Salaries and Wages		4,632.00	4,632.00	4,632.00		4,632.00
Other Expenses		250.00	250.00	250.00		250.00
Lead Poisoning						
Other Expenses		14,815.00	14,815.00	14,815.00		14,815.00
Environmental Health						
Salaries and Wages		21,951.00	21,951.00	21,951.00		21,951.00
Other Expenses	193.08	1,692.00	1,885.08	1,885.08	93.08	1,792.00
Division of Weights & Measures						
Salaries and Wages		6,729.00	6,729.00	6,729.00		6,729.00
Public Health Nursing						
Salaries and Wages		76,700.00	76,700.00	76,700.00		76,700.00
Other Expenses	3,805.94	12,835.00	16,640.94	16,640.94	1,796.67	14,844.27
Substance Abuse						
Salaries and Wages		8,951.00	8,951.00	8,951.00		8,951.00
Vital Statistics						
Salaries and Wages		1.00	1.00	1.00		1.00
Other Expenses	61.35	4,604.00	4,665.35	4,665.35	86.35	4,579.00
WIC						
Salaries and Wages		29,694.00	29,694.00	29,694.00		29,694.00
Animal Control						
Salaries and Wages		70,240.00	70,240.00	70,240.00		70,240.00
Other Expenses	8,604.00	7,993.00	16,597.00	16,597.00	7,394.67	9,202.33
Emergency Medical Services	9,999.99		9,999.99	9,999.99		9,999.99
Essex Regional Health Commission		236.00	236.00	236.00	3.00	233.00
Lab Waste Disposal	176.40	2,046.00	2,222.40	2,222.40	176.40	2,046.00
Division of Senior Citizens						
Salaries and Wages		200.00	200.00	200.00		200.00
Other Expenses	6,545.24	22,631.00	29,176.24	29,176.24	7,018.74	22,157.50
Division of Employment & Training						
Salaries and Wages		24,705.00	24,705.00	24,705.00		24,705.00
Other Expenses	3,278.46	6,233.00	9,511.46	9,511.46	1,299.76	8,211.70
Child Food Program						
Salaries and Wages		35,519.00	35,519.00	35,519.00		35,519.00
Department of Recreation & Cultural Affairs						
Directors Office						
Salaries and Wages		55,527.00	55,527.00	55,527.00		55,527.00
Other Expenses	1,989.37	5,243.00	7,232.37	7,232.37	5,820.36	1,412.01
Instructional & Recreational Leaders						
Salaries and Wages		72,295.00	72,295.00	72,295.00	9,907.00	62,388.00
Other Expenses	1,403.38	7,435.00	8,838.38	8,838.38	8,758.64	79.74
Day Camp Program						
Salaries and Wages		5,287.00	5,287.00	5,287.00		5,287.00
Other Expenses					(334.00)	334.00

CITY OF EAST ORANGE  
CURRENT FUND

APPROPRIATION RESERVES  
FOR THE YEAR ENDED DECEMBER 31, 2017

	Balance 12-31-2016			After Transfer	Paid or Charged	Lapsed
	Encumbrances	Reserve	Total			
Division of Neighborhood Facilities						
Salaries and Wages		\$ 242.00	\$ 242.00	\$ 242.00	\$ (9,204.00)	\$ 9,446.00
Other Expenses	\$ 8,597.90	6,502.00	15,099.90	15,099.90	14,804.90	295.00
East Orange Golf Course						
Salaries and Wages		52.00	52.00	12,052.00	11,033.00	1,019.00
Other Expenses	278,084.31	113,094.00	391,178.31	820,658.31	752,490.64	68,167.67
Water Commission						
Other Expenses		1,000.00	1,000.00	1,000.00		1,000.00
COPS In School		173,092.00	173,092.00	173,092.00		173,092.00
Municipal Bonds/Notes Expenses		14,309.00	14,309.00	14,309.00		14,309.00
Litigation					(3,039.26)	3,039.26
Settlement Costs						
Salaries and Wages		2,996.00	2,996.00	2,996.00		2,996.00
Matching Funds for Grants		46,000.00	46,000.00	46,000.00		46,000.00
<b>Total Operations Within "CAPS"</b>	<b>3,422,597.59</b>	<b>6,079,580.00</b>	<b>9,502,177.59</b>	<b>9,502,177.59</b>	<b>3,404,446.31</b>	<b>6,097,731.28</b>
Detail						
Salaries & Wages	16,748.76	1,523,483.00	1,540,231.76	1,229,019.76	(33,103.10)	1,262,122.86
Other Expenses	3,405,848.83	4,556,097.00	7,961,945.83	8,273,157.83	3,437,589.41	4,835,568.42
	<u>3,422,597.59</u>	<u>6,079,580.00</u>	<u>9,502,177.59</u>	<u>9,502,177.59</u>	<u>3,404,486.31</u>	<u>6,097,691.28</u>
Deferred Charges and Statutory Expenditures Within "CAPS"						
Statutory Expenditures						
Public Employees Retirement System		23.00	23.00	23.00		23.00
Social Security		171,454.00	171,454.00	171,454.00		171,454.00
Consolidated Police and Fireman's Pension		84.00	84.00	84.00		84.00
Police and Firemans Retirement System		97.00	97.00	97.00		97.00
PERS Employer Delayed Enrollment		1.00	1.00	1.00	0.06	0.94
Total Deferred Charges and Statutory Expenditures within "CAPS"	-	<u>171,659.00</u>	<u>171,659.00</u>	<u>171,659.00</u>	<u>0.06</u>	<u>171,658.94</u>
<b>Total Operations within "CAPS"</b>	<b>3,422,597.59</b>	<b>6,251,239.00</b>	<b>9,673,836.59</b>	<b>9,673,836.59</b>	<b>3,404,486.37</b>	<b>6,269,350.22</b>
Maintenance of Free Public Library	24,089.02	752.00	24,841.02	24,841.02	(3,621.97)	28,462.99
Transferred to BOE for Use of Local Schools		120,467.00	120,467.00	120,467.00	120,467.00	
<b>Total Operations Outside "CAPS"</b>	<b>24,089.02</b>	<b>121,219.00</b>	<b>145,308.02</b>	<b>145,308.02</b>	<b>116,845.03</b>	<b>28,462.99</b>
<b>Total Operations</b>	<b>\$ 3,446,686.61</b>	<b>\$ 6,372,458.00</b>	<b>\$ 9,819,144.61</b>	<b>\$ 9,819,144.61</b>	<b>\$ 3,521,291.40</b>	<b>\$ 6,297,853.21</b>
Ref:	A	A	A	A	A-4	A-1

CITY OF EAST ORANGE  
CURRENT FUND

A-20

ACCOUNTS PAYABLE  
YEAR ENDED DECEMBER 31, 2017

	Ref.	
Balance, December 31, 2016	A	\$ 1,141,123.00
Decreased by:		
Disbursements	A-4	<u>181,860.13</u>
Balance, December 31, 2017	A	<u>\$ 959,262.87</u>

CITY OF EAST ORANGE  
CURRENT FUND

A-21

DUE FROM CENTRAL AVENUE IMPROVEMENT DISTRICT  
FOR YEAR ENDED DECEMBER 31, 2017

	<u>Ref.</u>	
Balance, December 31, 2016	A	\$ 34,150.00
Increased by:		
Cash Disbursements	A-1, A-4	<u>7,066.35</u>
Balance, December 31, 2017	A	<u>\$ 41,216.35</u>

CITY OF EAST ORANGE  
CURRENT FUND

TAX OVERPAYMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017

A-22

	<u>Ref.</u>	
Balance, December 31, 2016	A	\$ 2,001,740.00
Increased by:		
Overpayments received in 2017	A-5	<u>255,707.16</u>
		2,257,447.16
Decreased by:		
Cash Disbursements	A-4	<u>1,329,132.35</u>
Balance, December 31, 2017	A	<u>\$ 928,314.81</u>

RESERVE FOR SALE OF CITY PROPERTY  
YEAR ENDED DECEMBER 31, 2017

A-23

	<u>Ref.</u>	
Balance, December 31, 2017 and 2016	A	<u>\$ 1,660,920.00</u>

CITY OF EAST ORANGE  
CURRENT FUND

SPECIAL RESERVES  
FOR THE YEAR ENDED DECEMBER 31, 2017

A-24

	Balance December 31, 2016	Cash Receipts	Cash Disbursements	Balance December 31, 2017
Department of Human Services	\$ 9,697.00	\$ 12,450.00	\$ 12,350.00	\$ 9,797.00
New Construction - State Training	48,885.00	59,757.81	52,516.00	56,126.81
HHS - Civil Unions	600.00			600.00
HHS - Domestic Violence	925.00			925.00
HHS - Weights and Measures	42,346.00	54,685.50	24,717.33	72,314.17
HHS - Employment & Training	800.00			800.00
HHS - Burial & Disinterment	1,265.00	5.00	35.00	1,235.00
HHS - Substance Abuse NJ Access Initiative	23,684.00			23,684.00
HHS - Environmental Division - Special Project	20,637.00			20,637.00
Midatlantic Payroll	15,325.00		8,537.33	6,787.67
	\$ 164,164.00	\$126,898.31	\$ 98,155.66	\$ 192,906.65
	A	A-5	A-4	A

RESERVE FOR OPEN SPACE  
FOR THE YEAR ENDED DECEMBER 31, 2017

A-25

Balance, December 31, 2016			\$ -
Increased by:			
Assesment	A-1		497,467.97
Decreased By:			
Cash Disbursements	A-4		502,341.49
Balance, December 31, 2017 (Due From)	A		\$ (4,873.52)

SPECIAL EMERGENCY NOTES  
FOR THE YEAR ENDED DECEMBER 31, 2017

A-26

Balance, December 31, 2016	A		\$ 2,500,000.00
Decreased by:			
Interfund Payable	A-15		2,500,000.00
Balance, December 31, 2017			\$ -

CITY OF EAST ORANGE  
CURRENT FUND

A-27

RESERVE FOR REVALUATION  
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Ref.</u>	
Balance, December 31, 2017 and 2016	A	<u>\$ 18,731.00</u>

RESERVE FOR TAX APPEALS  
FOR THE YEAR ENDED DECEMBER 31, 2017

A-28

	<u>Ref.</u>	
Balance, December 31, 2017 and 2016	A	<u>\$ 91,460.00</u>

CITY OF EAST ORANGE CURRENT FUND

FEDERAL AND STATE GRANT FUND  
 SCHEDULE OF UNAPPROPRIATED RESERVES  
FOR THE YEAR ENDED DECEMBER 31, 2017

A-29

<u>Program</u>	<u>Balance</u> <u>December 31, 2016</u>	<u>Cash</u> <u>Receipts</u>	<u>Balance</u> <u>December 31, 2017</u>
Recycling Tonnage Grant	\$ 7,606.00	\$ 51,282.37	\$ 58,888.37
SAFER Grant	44,043.00		44,043.00
Emergency Management Agency Assistance (EMMA)		7,000.00	7,000.00
	<u>51,649.00</u>	<u>58,282.37</u>	<u>109,931.37</u>
	\$	\$	\$
<u>Ref.</u>	A	A-4	A



CITY OF EAST ORANGE  
CURRENT FUND

COUNTY TAXES PAYABLE  
FOR THE YEAR ENDED DECEMBER 31, 2017

A-30

	<u>Ref.</u>	
Balance, December 31, 2016	A	\$ 89,621.00
Increased by:		
2017 Tax Levy	A-8	13,656,515.08
2017 Added and Omitted	A-2c, A-8	<u>89,004.59</u>
	A-1	<u>13,835,140.67</u>
Decreased by:		
Disbursements	A-4	<u>13,746,135.60</u>
Balance, December 31, 2017	A	<u><u>\$ 89,005.07</u></u>

SCHOOL TAXES PAYABLE  
FOR THE YEAR ENDED DECEMBER 31, 2017

A-31

	<u>Ref.</u>	
Balance, December 31, 2016 (Prepaid)	A	\$ (246,683.00)
Increased by:		
School Tax Levy	A-1, A-2b, A-8	<u>22,845,484.00</u>
		<u>22,598,801.00</u>
Decreased by:		
Disbursements	A-4	<u>22,845,484.00</u>
Balance, December 31, 2017	A	<u><u>\$ (246,683.00)</u></u>

CITY OF EAST ORANGE  
CURRENT FUND

PREPAID TAXES  
FOR THE YEAR ENDED DECEMBER 31, 2017

A-32

	<u>Ref.</u>	
Balance, December 31, 2016	A	\$ 1,347,163.00
Increased by:		
Collections	A-5	<u>2,345,743.37</u> 3,692,906.37
Decreased by:		
Applied to 2017 Taxes Receivable	A-2c, A-8	<u>1,347,163.00</u>
Balance, December 31, 2017	A	<u><u>\$ 2,345,743.37</u></u>

RESERVE FOR HURRICANE IRENE  
YEAR ENDED DECEMBER 31, 2017

A-33

	<u>Ref.</u>	
Balance, December 31, 2017 and 2016	A	<u><u>\$ 35,067.00</u></u>

CITY OF EAST ORANGE  
CURRENT FUND

A-34

FEDERAL AND STATE GRANT FUND  
DUE TO/FROM CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Ref.</u>		
Balance, December 31, 2016 (due from)	A		\$ 3,137,608.00
Increased by:			
Cash Receipts	A-4	<u>\$ 10,281,036.01</u>	<u>10,281,036.01</u>
			13,418,644.01
Decreased by:			
Cash Disbursements	A-4	10,274,754.01	
Deferred Charges - Budget Appropriation	A	<u>6,282.00</u>	
			<u>10,281,036.01</u>
Balance, December 31, 2017 (due from)	A		<u><u>\$ 3,137,608.00</u></u>

CITY OF EAST ORANGE  
CURRENT FUND  
 FEDERAL AND STATE GRANT FUND  
 RESERVE FOR GRANT EXPENDITURES  
 FOR THE YEAR ENDED DECEMBER 31, 2017

	Balance December 31, 2016 <u>Reserved</u>	Prior Year <u>Encumbrances</u>	2017 Grants					Balance December 31, 2017 <u>Reserved</u>
			<u>Budgeted</u>	<u>Chapter 159</u>	<u>Expenditures</u>	<u>Encumbrances</u>	<u>Cancellations</u>	
Municipal Alliance	\$ 90,081.00				\$ 6,588.83		\$ 83,492.17	
Balanced Housing	18,000.00						18,000.00	
DLPS Body Armour Program	38,517.00	\$ 14,299.00			26,291.10	\$ 26,525.02	(0.12)	
DLPS Body Armour Program - 2017				\$ 17,774.20		17,774.20		
Lead Intervention	85,561.00						85,561.00	
Livable Communities	26,615.00						26,615.00	
Justice Assistance Grant	25,177.00	2,084.00				2,084.00	25,177.00	
USCM - Dupont Excellent Award	5,000.00						5,000.00	
Comcast Video - City Council; Surveillance	8,645.00						8,645.00	
Police PSAP - Equipment	5.00						5.00	
Weed & Seed Initiative	6,748.00						6,748.00	
Green Acres- Multi Parks	7,106.00						7,106.00	
Drunk Driving Enforcement Fund	7,454.00						7,454.00	
Economic Development Initiative	346,500.00						346,500.00	
Lead Hazard Control Assistance Fund	23.00						23.00	
Recreation Trail Program - Soveral Park			\$ 21,000.00				21,000.00	
NJDOT Transportation Trust - 2017				2,320.00			2,320.00	
Clean Communities 2017			107,976.59		38,226.52	27,140.94	42,609.13	
Clean Communities	129,007.00	33,945.00			111,595.33	20,149.20	31,207.47	
Public Health Priority Funding	59,801.00						59,801.00	
Pandemic Flu	318.00						318.00	
WIC- Supplemental Food Program for Women, Infants and Children	1,351,973.00	90,707.00			829,128.52	12,678.16	600,873.32	
WIC- Supplemental Food Program for Women, Infants and Children -2017				1,053,437.00	204,764.72	93,292.32	755,379.96	
County of Essex - Home Friends			315,082.00		314,789.66		292.34	
Childhood Lead Based Poisining Grant	259,437.00	1,387.00			115,655.07	457.00	144,711.93	
Childhood Lead Based Poisining Grant -2017				248,750.00	102,210.75	438.75	146,100.50	
Urban Enterprise Zone	512,346.00						512,346.00	
Traffic Enforcement Fund	14.00						14.00	
Law Enforcement Block Grants	252.00						252.00	
Alcohol Enforcement Block Grant	349,088.00	11,760.00			(122,209.66)	2,310.07	265,277.59	
Alcohol & Drug Abuse Grant - 2017			21,590.00	21,590.00	41,232.09		1,947.91	
DYFS Methadone Drug Abuse	116,847.00						116,847.00	
Child and Adult Care Food Program ( Winter)	3,285,809.00	764,818.00			93,291.50	541,121.13	3,416,214.37	
Child and Adult Care Food Program ( Winter)-2017			1,866,010.00		1,432,564.12	293,516.82	139,929.06	
Summer Food Service Program	1,446,215.00	20,944.00			7,280.54	39,810.01	1,420,068.45	
Summer Food Service Program - 2017			394,007.32	182,126.61	553,997.94	17,345.19	4,790.80	
Healthy Out of School - 2017	25,000.00				24,632.22	171.70	196.08	
HIV Counseling & Testing	119,754.00				9,875.25		109,878.75	
HIV Counseling & Testing-2017			140,588.00		140,588.00			
Community Development Block Grant - 2017				1,300,175.00	1,300,175.00			
Home Program - 2017				378,799.00	378,799.00			
Intensive Methadone Outpatient	33,276.00				(1,741.38)		35,017.38	
SAMSHA	4,261.00						4,261.00	
Colgate Palmolive	6,557.00						6,557.00	
IMF Children Maternity Grant	13,698.00						13,698.00	
	<u>8,354,085.00</u>	<u>939,944.00</u>	<u>2,891,253.91</u>	<u>3,204,971.81</u>	<u>5,607,735.12</u>	<u>1,094,814.51</u>	<u>215,470.00</u>	<u>8,472,235.09</u>

CITY OF EAST ORANGE  
CURRENT FUND  
FEDERAL AND STATE GRANT FUND  
RESERVE FOR GRANT EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2017

	Balance	Prior Year	2017 Grants					Balance
	December 31, 2016 Reserved		Encumbrances	Budgeted	Chapter 159	Expenditures	Encumbrances	Cancellations
Tobacco Enforcement Grant	\$ 87.00							\$ 87.00
Delta Dental Plan	35,318.00	\$ 16.00			\$ 33,140.73	\$ 18.00		2,175.27
Delta Dental Plan			\$ 15,000.00		1,412.05	2,332.48		11,255.47
NJ Transportation Fund	2,751,196.00	461,096.00			402,242.58	476,202.81		2,333,846.61
NJ Transportation Fund - 2017			448,898.00					448,898.00
Click It or Ticket It	4,000.00							4,000.00
Pedestrian Safety Program	1,000.00							1,000.00
EPA Storm Management	2,366.00							2,366.00
Emergency Management Performance	25.00							25.00
Recycling Tonnage	60,549.00							60,549.00
Recycling Tonnage -2017			7,605.67					7,605.67
COPS Technology Grant (CRISP)	1,059.00							1,059.00
Emergency Management Performance	20,000.00							20,000.00
Golf Cart Pass - Stimulus	15,615.00							15,615.00
Energy Efficient and Conservation Grant	427.00	3,111.00				3,111.08		426.92
HUD Economic Development Initiative	204,600.00	9,150.00				9,150.00		204,600.00
EO Hazardous Materials	20,039.00							20,039.00
SAFER Grant - NJ Health Officers	63,820.00							63,820.00
SAFER Grant - NJ Health Officers - 2017			2,857,733.00					2,857,733.00
Senior Services Special Projects	189,500.00					2,500.00		187,000.00
Hurricane Sandy Disaster Grant	7,410.00	550.00				550.00		7,410.00
Essex County Open Space	146,000.00				146,000.00			
Sandy Lead Screening	4,192.00							4,192.00
Assistance to Firefighters Grant	150.00							150.00
Substance Abuse Program - Project Hope	205,348.00	1,125.00			170,454.17	1,300.10		34,718.73
Substance Abuse Program - Project Hope - 2017				\$ 258,200.00	18,071.46			240,128.54
Afterschool Meals Program	101,569.00	49,443.00			57,879.59			93,132.41
Afterschool Meals Program 2017			377,873.62		286,813.68	91,746.65		(686.71)
Essex County Local Arts Program	20.00							20.00
Firehouse Public Safety Foundation	21.00	2,743.00			2,743.42			20.58
Dollarwise Summer Youth Campaign	109.00							109.00
Medication Assistance Treatment	273,724.00				177,318.05	8,516.50		87,889.45
Medication Assistance Treatment - 2017				214,000.00	44,284.90			169,715.10
Comcast Foundation Grant	3,306.00							3,306.00
DEP & Garden State Preservation Trust Loan	990,000.00							990,000.00
NJ Relocation Assistance Grant	74,878.00							74,878.00
Distracted Driving Grant			5,500.00		4,950.00			550.00
	5,176,328.00	527,234.00	3,712,610.29	472,200.00	1,345,310.63	595,427.62	-	7,947,634.04
	<u>\$ 13,530,413.00</u>	<u>\$ 1,467,178.00</u>	<u>\$ 6,603,864.20</u>	<u>\$ 3,677,171.81</u>	<u>\$ 6,953,045.75</u>	<u>\$ 1,690,242.13</u>	<u>\$ 215,470.00</u>	<u>\$ 16,419,869.13</u>
	A	A	A-18	A-18	A-4	A	A-18	A

CITY OF EAST ORANGE  
TRUST FUND

CASH RECEIPTS AND DISBURSEMENTS - TREASURER  
YEAR ENDED DECEMBER 31, 2017

B-1

	<u>Ref.</u>	<u>Animal Control Fund</u>	<u>General Trust Fund</u>	<u>Tax Redemption Trust Fund</u>	<u>CDBG Trust Fund</u>	<u>Home Loan Program Trust Fund</u>	<u>Self- Insurance Trust Fund</u>
Balance, December 31, 2016	B	\$ 4,766.00	\$ 12,278,062.00	\$ 804,947.00	\$ 42,273.00	\$ 56,958.00	\$ 852,681.00
Increased by:							
Essex County Community Development Development Block Grant Receivable	B-8				2,476,440.97		
Interfunds Receivable	B-5		0.48		366,356.00		
Due to State of New Jersey	B-3	551.40					
Reserve for Other Deposits	B-10		13,898,862.79				
Reserve for NJ Self-Insurance	B-18, B-19						4,829,032.43
Reserve for Self-Insurance - Flex Plus	B-20						2.70
Premium on Tax Sale	B-11			5,286,041.76			
Home Loan Program	B-6					590,088.66	
Reserve for Animal Control Trust Fund Expenditures:							
License Fees	B-4	1,867.80					
Reserve for Payroll Deductions Payable	B-12		103,377,009.10				
		<u>2,419.20</u>	<u>117,275,872.37</u>	<u>5,286,041.76</u>	<u>2,842,796.97</u>	<u>590,088.66</u>	<u>4,829,035.13</u>
		<u>7,185.20</u>	<u>129,553,934.37</u>	<u>6,090,988.76</u>	<u>2,885,069.97</u>	<u>647,046.66</u>	<u>5,681,716.13</u>
Decreased by:							
Disbursements	B-2	<u>1,194.57</u>	<u>114,464,000.29</u>	<u>5,098,577.25</u>	<u>2,882,971.37</u>	<u>487,028.75</u>	<u>4,827,616.00</u>
Balance, December 31, 2017	B	<u>\$ 5,990.63</u>	<u>\$ 15,089,934.08</u>	<u>\$ 992,411.51</u>	<u>\$ 2,098.60</u>	<u>\$ 160,017.91</u>	<u>\$ 854,100.13</u>

CITY OF EAST ORANGE  
TRUST FUND

CASH DISBURSEMENTS - TREASURER  
YEAR ENDED DECEMBER 31, 2017

B-2

	<u>Ref.</u>	<u>Animal Control Fund</u>	<u>General Trust Fund</u>	<u>Tax Redemption Trust Fund</u>	<u>CDBG Trust Fund</u>	<u>Home Loan Program Trust Fund</u>	<u>Self- Insurance Trust Fund</u>
Cash Disbursements:							
Essex County Community Development Development Block Grant	B-13				\$ 2,481,259.37		
Due to State of New Jersey	B-3	\$ 547.00					
Reserve for Other Deposits	B-10		\$ 10,569,195.67				
Reserve for NJ Self-Insurance	B-18, B-19						\$ 4,827,616.00
Reserve for Tax Redemption Fund	B-11			\$ 5,098,577.25			
Interfunds Payable	B-5	8.97	13,884.65		401,712.00	\$ 165,500.00	
Home Loan Program	B-14					321,528.75	
Reserve for Animal Control Trust Fund Expenditures:							
License Fees	B-4	638.60					
Reserve for Payroll Deductions Payable	B-12		103,880,919.97				
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance, December 31, 2017	B-1	<u>\$ 1,194.57</u>	<u>\$ 114,464,000.29</u>	<u>\$ 5,098,577.25</u>	<u>\$ 2,882,971.37</u>	<u>\$ 487,028.75</u>	<u>\$ 4,827,616.00</u>

CITY OF EAST ORANGE  
ANIMAL CONTROL FUND

DUE TO STATE OF NEW JERSEY  
YEAR ENDED DECEMBER 31, 2017

B-3

	<u>Ref.</u>	
Balance, December 31, 2016	B	\$ 4.00
Increased by:		
State Registration Fees	B-1	<u>551.40</u>
		555.40
Decreased by:		
Payment to the State	B-2	<u>547.00</u>
Balance, December 31, 2017	B	<u><u>\$ 8.40</u></u>



CITY OF EAST ORANGE  
TRUST FUND

B-4

RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES  
YEAR ENDED DECEMBER 31, 2017

	<u>Ref.</u>	
Balance, December 31, 2016	B	\$ 3,202.00
Increased by:		
Collections:		
Dog and Cat License Fees	B-1	<u>1,867.80</u>
		5,069.80
Decreased by:		
Payments to Vendors	B-2	<u>638.60</u>
Balance, December 31, 2017	B	<u><u>\$ 4,431.20</u></u>

CITY OF EAST ORANGE  
TRUST FUND

INTERFUNDS RECEIVABLE/PAYABLE  
YEAR ENDED DECEMBER 31, 2017

B-5

	Ref.	General Trust Fund Current Fund	Animal Control Current Fund	CDBG Trust Current Fund	CDBG Trust Home Loan Program	Open Space Trust Current Fund	Open Space Trust General Capital Fund	Home Loan Program CDBG Trust
Balance, December 31, 2016	B	\$ (31,243.00)	\$ (1,560.00)	\$ (200,856.00)	\$ 260,701.00	\$ 4,874.00	\$ -	\$ (260,701.00)
Increased by:								
Interfund Returns	B-1			200,856.00		0.48		165,500.00
		-	-	200,856.00	-	0.48	-	165,500.00
Decreased by :								
Interfund Advances	B-2	13,884.65	8.97	401,712.00	165,500.00			
Other Deposits	B-10						380,000.00	
		13,884.65	8.97	401,712.00	165,500.00	-	380,000.00	-
Balance, December 31, 2017	B	<u>\$ 17,358.35</u>	<u>\$ 1,551.03</u>	<u>\$ -</u>	<u>\$ 95,201.00</u>	<u>\$ 4,873.52</u>	<u>\$ (380,000.00)</u>	<u>\$ (95,201.00)</u>
Interfund Receivables					<u>\$ 95,201.00</u>	<u>\$ 4,873.52</u>		
Interfund Payables		<u>\$ (17,358.35)</u>	<u>\$ (1,551.03)</u>				<u>\$ (380,000.00)</u>	<u>\$ (95,201.00)</u>

CITY OF EAST ORANGE  
HOME LOAN PROGRAM

B-6

ACCOUNTS RECEIVABLE- DUE FROM H.U.D.  
YEAR ENDED DECEMBER 31, 2017

	<u>Ref.</u>	
Balance, December 31, 2016	B	\$ 997,555.00
Increased by:		
2017 Grant Award	B-14	<u>378,799.00</u>
		1,376,354.00
Decreased by:		
Collections	B-1	<u>590,088.66</u>
Balance, December 31, 2017	B	<u><u>\$ 786,265.34</u></u>

HOME LOAN PROGRAM

B-7

OTHER LOANS RECEIVABLE  
YEAR ENDED DECEMBER 31, 2017

	<u>Ref.</u>	
Balance, December 31, 2017 and 2016	B	<u><u>\$ 4,907,643.00</u></u>

CITY OF EAST ORANGE  
COMMUNITY DEVELOPMENT TRUST FUND

B-8

ACCOUNTS RECEIVABLE- DUE FROM H.U.D.  
YEAR ENDED DECEMBER 31, 2017

	<u>Ref.</u>	
Balance, December 31, 2016	B	\$ 2,449,457.00
Increased by:		
2017 Grant Award	B-13	<u>1,923,417.00</u> 4,372,874.00
Decreased by:		
Collections	B-1	<u>2,476,440.97</u>
Balance, December 31, 2017	B	<u><u>\$ 1,896,433.03</u></u>

HOME LOAN PROGRAM

B-9

CONSTRUCTION LOANS RECEIVABLE  
YEAR ENDED DECEMBER 31, 2017

	<u>Ref.</u>	
Balance, December 31, 2017 and 2016	B	<u><u>\$ 339,485.00</u></u>

CITY OF EAST ORANGE  
TRUST FUND

B-10

RESERVE FOR OTHER DEPOSITS  
YEAR ENDED DECEMBER 31, 2017

	<u>Balance,</u> <u>December 31, 2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance,</u> <u>December 31, 2017</u>
Police US Customs Expenses	\$ 99,821.00	\$ 93.25		\$ 99,914.25
Police DEA Expenses	204,316.00	311,721.55		516,037.55
Police Forfeited Property Expenses	159,302.00	57,827.65	\$ 22,897.15	194,232.50
Law Enforcement Trust	3,612.00	2.74		3,614.74
Permit Deposits	110,299.00	31,931.49	14,145.60	128,084.89
POAA	187,255.00	23,678.13	5,836.00	205,097.13
Franklin Land Memorial	5,435.00	0.34		5,435.34
Relocation Exepnse	10,666.00			10,666.00
Performance Bonds	20,057.00			20,057.00
Police Off-Duty	32,127.00		0.22	32,126.78
Police Off-Duty	255,552.00	1,204,837.72	1,053,161.13	407,228.59
Hurricane Katrina Funds	102.00		102.00	
Susan G. Koman	297.00		297.00	
Upsala Woodlands Escrow	216,740.00		0.49	216,739.51
North Walnut Realty Escrow	75,000.00			75,000.00
General Trust	107,735.00	0.21		107,735.21
Fourth Ward	2,686.00			2,686.00
Drug Abuse Client Fees	403,744.00	733,937.14	489,636.87	648,044.27
Health - Special Projects	633.00			633.00
Litigation Settlements	275,878.00	0.12		275,878.12
Municipal Enforcing Agencies	6,345.00		0.11	6,344.89
Demolition	10,943.00			10,943.00
Uniform Fire Code Penalties	550.00			550.00
Bid Bond Deposits	17,580.00		0.13	17,579.87
Accumulated Sick/vacation	219.00	16,110.97		16,329.97
Municipal Court DUI Trust	10,532.00			10,532.00
Recycling Program	7,758.00		2,049.22	5,708.78
Snow and Ice Removal	123,429.00			123,429.00
Developers Escrow	17,728.00		0.43	17,727.57
Salary Adjustments	1,320,904.00		1,320,904.00	
State Umenployment Insurance	248,885.00		0.23	248,884.77
Community Benefit Agreements/Parks	50,000.00			50,000.00
Recreation Trust	95,841.00	215,400.15	94,406.19	216,834.96
Performance Art School	3,333.00	2.61		3,335.61
ACH Death and Burial Expense	81,056.00	13,595.64		94,651.64
Developers Escrow #2	233,007.00	406,263.81	222,699.28	416,571.53
Auction Escrow Account	1,663,889.00	1,086,659.35	17,285.00	2,733,263.35
Senior Citizens	44,745.00	76,186.57	71,012.84	49,918.73
Senior Citizens Brick Campaign	8,139.00	3.90	1,300.35	6,842.55
Tax Escrow	3,663,431.00	8,875,880.04	7,159,425.71	5,379,885.33
UEZ Assistance	122,979.00	887.13	8,182.64	115,683.49
Uniform Construction Code	8,720.00	268.50	534.56	8,453.94
Central Ave. Improvement District	5,524.00	7,071.96	12,020.42	575.54
Open Space Trust Fund	642,003.00	836,501.82	453,298.10	1,025,206.72
	<u>\$ 10,558,797.00</u>	<u>\$ 13,898,862.79</u>	<u>\$ 10,949,195.67</u>	<u>\$ 13,508,464.12</u>

<u>Ref.</u>	<u>B</u>	<u>B-1</u>	<u>Below</u>	<u>B</u>
		Cash Disbursements	B-2 \$ 10,569,195.67	
		Interfunds Payable	B-5 380,000.00	
			<u>10,949,195.67</u>	

CITY OF EAST ORANGE  
TRUST FUND

RESERVE FOR TAX REDEMPTION FUND  
YEAR ENDED DECEMBER 31, 2017

B-11

	<u>Ref.</u>	
Balance, December 31, 2016	B	\$ 804,947.00
Increased by:		
Cash Receipts	B-1	<u>5,286,041.76</u>
		6,090,988.76
Decreased by:		
Cash Disbursements	B-2	<u>5,098,577.25</u>
Balance, December 31, 2017	B	<u><u>\$ 992,411.51</u></u>

CITY OF EAST ORANGE  
TRUST FUND

B-12

RESERVE FOR PAYROLL AND DEDUCTIONS PAYABLE  
YEAR ENDED DECEMBER 31, 2017

	<u>Ref.</u>	
Balance, December 31, 2016	B	\$ 1,692,896.00
Increased by:		
Cash Receipts	B-1	<u>103,377,009.10</u>
		105,069,905.10
Decreased by:		
Cash Disbursements	B-2	<u>103,880,919.97</u>
Balance, December 31, 2017	B	<u><u>\$ 1,188,985.13</u></u>

<u>Analysis of Balance</u>	
Salary Account	\$ 109,106.16
Payroll Deductions	<u>1,079,878.97</u>
	<u><u>\$ 1,188,985.13</u></u>

CITY OF EAST ORANGE  
TRUST FUND

B-13

SCHEDULE OF RESERVE FOR PROGRAM EXPENDITURES  
COMMUNITY DEVELOPMENT BLOCK GRANT  
YEAR ENDED DECEMBER 31, 2017

	<u>Ref.</u>	
Balance, December 31, 2016	B	\$ 2,551,575.00
Increased by:		
Current Year Award	B-8	<u>1,923,417.00</u>
		4,474,992.00
Decreased by:		
Cash Disbursements	B-2	<u>2,481,259.37</u>
Balance, December 31, 2017	B	<u><u>\$ 1,993,732.63</u></u>



CITY OF EAST ORANGE  
HOME LOAN PROGRAM

B-14

RESERVE FOR PROGRAM EXPENDITURES  
YEAR ENDED DECEMBER 31, 2017

	<u>Ref.</u>	
Balance, December 31, 2016	B	\$ 711,436.00
Increased by:		
2017 Grant Award	B-6	<u>378,799.00</u>
		1,090,235.00
Decreased by:		
Cash Disbursements	B-2	<u>321,528.75</u>
Balance, December 31, 2017	B	<u><u>\$ 768,706.25</u></u>

HOME LOAN PROGRAM

B-15

RESERVE FOR LOANS RECEIVABLE  
YEAR ENDED DECEMBER 31, 2017

	<u>Ref.</u>	
Balance, December 31, 2017 and 2016	B	<u><u>\$ 4,907,643.00</u></u>

CITY OF EAST ORANGE  
HOME LOAN PROGRAM

B-16

RESERVE FOR UDAG PROGRAM EXPENDITURES.  
YEAR ENDED DECEMBER 31, 2017

	<u>Ref.</u>	
Balance, December 31, 2017 and 2016	B	<u>\$ 82,376.00</u>

HOME LOAN PROGRAM

B-17

RESERVE FOR CONSTRUCTION LOANS RECEIVABLE  
YEAR ENDED DECEMBER 31, 2017

	<u>Ref.</u>	
Balance, December 31, 2017 and 2016	B	<u>\$ 339,485.00</u>

CITY OF EAST ORANGE  
SELF INSURANCE FUND

B-18

RESERVE FOR WORKERS COMPENSATION  
YEAR ENDED DECEMBER 31, 2017

	<u>Ref.</u>	
Balance, December 31, 2016	B	\$ 561,908.00
Increased by:		
Cash Collections	B-1	<u>3,053,020.51</u>
		3,614,928.51
Decreased by:		
Cash Disbursements	B-2	<u>3,054,911.78</u>
Balance, December 31, 2017	B	<u><u>\$ 560,016.73</u></u>

SELF INSURANCE FUND

B-19

RESERVE FOR AUTO/GENERAL LIABILITY  
YEAR ENDED DECEMBER 31, 2017

	<u>Ref.</u>	
Balance, December 31, 2016	B	\$ 261,476.00
Increased by:		
Cash Collections	B-1	<u>1,776,011.92</u>
		2,037,487.92
Decreased by:		
Cash Disbursements	B-2	<u>1,772,704.22</u>
Balance, December 31, 2017	B	<u><u>\$ 264,783.70</u></u>

CITY OF EAST ORANGE  
GRANT TRUST FUND

B-20

RESERVE FOR SELF-INSURANCE - FLEX PLUS  
YEAR ENDED DECEMBER 31, 2017

	<u>Ref.</u>	
Balance, December 31, 2016	B	\$ 29,297.00
Increased by:		
Interest earned	B-1	<u>2.70</u>
Balance, December 31, 2017	B	<u><u>\$ 29,299.70</u></u>

CITY OF EAST ORANGE  
GENERAL CAPITAL FUND

SCHEDULE OF CASH - TREASURER  
FOR THE YEAR ENDED DECEMBER 31, 2017

C-2

	<u>Ref.</u>		
Balance, December 31, 2016	C		\$ 6,195,323.00
Increased by Receipts:			
Deferred Charges - Overexpenditures	C-11	\$ 71,628.00	
Premium on Sale of Notes	C-1	210,035.00	
Capital Improvement Fund	C-9	150,000.00	
Deferred Charges to Future Taxation	C-7	750,000.00	
Bond Anticipation Notes	C-19	22,387,991.00	
Interfunds	C-14	<u>14,100,956.00</u>	
			<u>37,670,610.00</u>
			<u>43,865,933.00</u>
Decreased by Disbursements:			
Fund Balance	C-1	575,000.00	
Contracts Payable	C-13	7,019,148.00	
Interfunds	C-14	17,652,584.00	
Bond Anticipation Notes	C-19	<u>13,530,991.00</u>	
			<u>38,777,723.00</u>
Balance, December 31, 2017	C		<u>\$ 5,088,210.00</u>

CITY OF EAST ORANGE  
GENERAL CAPITAL FUND

ANAYSIS OF CASH  
FOR THE YEAR ENDED DECEMBER 31, 2017

C-3

	<u>Balance</u> <u>December 31, 2016</u>	<u>Balance</u> <u>December 31, 2017</u>	
Capital Improvement Fund		\$ 150,000.00	
Reserve for Down Payment on Improvements	\$ 109,653.00	109,653.00	
Loans Receivable	(11,500.00)	(11,500.00)	
Interfunds Receivable		(3,931,628.00)	
Contracts Payable	1,776,003.00	1,369,171.38	
Encumbrances Payable	37,216.00	37,216.00	
Reserve for Future Improvements	106,569.00	106,569.00	
Deferred Charges	(71,628.00)	(27,462.56)	
Fund Balance	653,963.00	288,998.00	
Improvement Authorizations:			
Ordinance 11-00	1,100.00		
Ordinance 05-02	650.00	650.00	
Ordinance 18-02	30,098.00	30,098.00	
Ordinance 02-07	1.00	1.00	
Ordinance 02-09/12-09	138,116.00	138,116.00	
Ordinance 13-09/18 -09	52,212.00	52,212.00	
Ordinance 07-10	521.00		
Ordinance 23-10	3,957.00	3,957.00	
Ordinance 12-11	9,182.00	9,182.00	
Ordinance 39-11	64,467.00	64,467.00	
Ordinance 09-13	142,377.00	142,377.00	
Ordinance 08-14	28,939.00		
Ordinance 29-14	(105,071.00)	(105,071.00)	
Ordinance 30-14	4,356,738.00	2,102,590.46	
Ordinance 27-16	751,439.00	50,036.51	
Ordinance 42-16	(2,096,679.00)	1,103,321.00	
Ordinance 59-16	217,000.00	2,947,584.15	
Ordinance 01-17		69,214.22	
Ordinance 09-17		388,457.84	
	<u>\$ 6,195,323.00</u>	<u>\$ 5,088,210.00</u>	

Ref.

C

C

CITY OF EAST ORANGE  
GENERAL CAPITAL FUND

C-4

OTHER ACCOUNTS  
RECEIVABLE  
FOR THE YEAR ENDED DECEMBER 31, 2017

Balance, December 31, 2017 and 2016	<u>Ref.</u>	C	<u>\$</u>	<u>11,500.00</u>
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CITY OF EAST ORANGE  
GENERAL CAPITAL FUND

C-5

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED  
YEAR ENDED DECEMBER 31, 2017

Ordinance Number	Improvement Description	Balance, December 31, 2016	Decrease	Balance, December 31, 2017
39-11	Various Repairs & Improvements - Municipal Court	\$ 10,401.00		\$ 10,401.00
01-13	Refunding Bond Ordinance - Pension	215,000.00		215,000.00
02-13	Refunding Bond Ordinance - Pension	5,000.00		5,000.00
29-14	Refunding Bond Ordinance - Tax Appeals	420,000.00		420,000.00
12-15	Refunding Bonds	630,000.00		630,000.00
42-16	Refunding Bond Ordinance - To Fund Emergency Appropriation for Tax Lien Refunds	3,200,000.00	\$ 3,200,000.00	
59-16	Various Capital Improvements	4,307,000.00	4,307,000.00	
		<u>\$ 8,787,401.00</u>	<u>\$ 7,507,000.00</u>	<u>\$ 1,280,401.00</u>
		C		C



CITY OF EAST ORANGE  
GENERAL CAPITAL FUND

C-6

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION FUNDED  
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Ref.</u>		
Balance, December 31, 2016	C		\$ 35,169,191.00
Decreased by:			
<u>2017 Budget Appropriations to Pay Debt:</u>			
N.J. Environmental Infrastructure Trust			
Loan Payable	C-15	\$ 44,663.00	
Green Acres Loan:			
General	C-16	23,032.00	
General Refunding Bonds	C-18	<u>5,285,000.00</u>	
			<u>5,352,695.00</u>
Balance, December 31, 2017	C		<u><u>\$ 29,816,496.00</u></u>

CITY OF EAST ORANGE  
GENERAL CAPITAL FUND

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION UNFUNDED  
FOR THE YEAR ENDED DECEMBER 31, 2017

C-7

Ordinance Number	Improvement Description	Balance, December 31, 2016	2017 Authorizations	Decreased By:	Reappropriation of Ordinance	December 31, 2017	Analysis of Balance	
							Financed by Bond Anticipation Notes	Debt Authorized and Not Issued
39-11	Various Repairs to Municipal Court	\$ 465,467.00				\$ 465,467.00	\$ 455,066.00	\$ 10,401.00
01-13	Refunding Bond Ordinance - Pension	215,000.00				215,000.00		215,000.00
02-13	Refunding Bond Ordi.- Pension Refunding Bonds	5,000.00				5,000.00		5,000.00
09-13	Refunding of Various Tax Appeals	547,500.00		\$ 547,500.00				
29-14	Refunding of Bond Ord. - Tax Appeals	2,925,000.00		830,000.00		2,095,000.00	1,675,000.00	420,000.00
30-14	Various Capital Acquisitions & Improvements	10,554,500.00			\$ (2,140,000.00)	8,414,500.00	8,414,500.00	
12-15	Refunding Bond Ordinance	630,000.00				630,000.00		630,000.00
27-15	Improvements to City Owned Golf Course & Appropriations for Tax Liens	846,425.00				846,425.00	846,425.00	
42-16	Refunding Bond Ord. - To Fund Emergency Appropriations for Tax Liens	3,200,000.00		750,000.00		2,450,000.00	2,450,000.00	
59-16	Various Capital Improvements	4,307,000.00				4,307,000.00	4,307,000.00	
01-17	Tax Appeal Refunding		\$ 2,100,000.00			2,100,000.00	2,100,000.00	
09-17	Various Capital Improvements				2,140,000.00	2,140,000.00	2,140,000.00	
		<u>\$ 23,695,892.00</u>	<u>\$ 2,100,000.00</u>	<u>\$ 2,127,500.00</u>	<u>\$ -</u>	<u>\$ 23,668,392.00</u>	<u>\$ 22,387,991.00</u>	<u>\$ 1,280,401.00</u>

<u>Ref.</u>	C	C-8	Below	C	C-19	C-5
	Budget Approp- Debt Service		C-19 \$ 1,377,500.00			
	Budget Approp- Deferred Chrg, Fut Tax		C-2 750,000.00			
			<u>\$ 2,127,500.00</u>			
			Above			

CITY OF EAST ORANGE  
GENERAL CAPITAL FUND

C-8

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS  
YEAR ENDED DECEMBER 31, 2017

Improvement Description	Number	Amount	Balance December 31, 2016		2017 Authorizations	Reappropriation of Ordinance	Paid or Charged	Over Expenditures	Balance December 31, 2017	
			Funded	Unfunded					Funded	Unfunded
Underground Storage Tanks	11-00	\$ 513,500.00	\$ 1,100.00				\$ 9,685.00	\$ 8,585.00		
Various Capital Improvements	05-02	957,500.00	650.00						\$ 650.00	
Capital Improvements - Police Facility	18-02	1,400,000.00	30,098.00						30,098.00	
Acquisition of Office Furniture & Related Fixtures	02-07	200,000.00	1.00						1.00	
Capital Improvements	02/09/12-09	3,600,000.00	138,116.00						138,116.00	
	31-05						2,882.06	2,882.06		
Refunding Tax Appeals	13-09/18-09	9,400,000.00	52,212.00						52,212.00	
Acquisition of Vacuum Truck & Acquisition & Installation of Various Parking Signs	07-10	150,000.00	521.00				16,516.50	15,995.50		
Refunding Tax Appeals	23-10	2,400,000.00	3,957.00						3,957.00	
Various Capital Improvements	12-11	400,000.00	9,182.00						9,182.00	
Various Repairs & Improvements - Municipal Co	39-11	1,400,000.00		\$ 74,868.00						\$ 74,868.00
Refunding Bond Ordinance Pension	01-13	16,000,000.00		215,000.00						215,000.00
Refunding Bond Ordinance Pension Refunding	02-13	6,100,000.00		5,000.00						5,000.00
Tax Appeal Refunds	09-13	2,190,000.00		142,377.00					142,377.00	
DPW Garage Improvements	08-14	500,000.00	28,939.00				28,939.00			
Refunding Bond Ordinance - Tax Appeals	29-14	3,700,000.00		314,929.00						314,929.00
Various Capital Acquisition & Improvements	30-14	11,100,000.00		4,356,738.00		\$ (2,140,000.00)	114,147.54			2,102,590.46
Refunding Bond Ordinance	12-15	5,400,000.00		630,000.00						630,000.00
Improvements to City Owned Golf Course & Various Road Improvements	27-16	1,287,646.00		751,439.00			701,402.49			50,036.51
Refunding Bond Ordinance - To Fund Emergency Appropriations for Tax Liens	42-16	3,200,000.00		1,103,321.00						1,103,321.00
Various Capital Improvements	59-16	4,524,000.00	217,000.00	4,307,000.00			1,576,415.85			2,947,584.15
Tax Appeal Refunding	01-17	2,100,000.00			\$ 2,100,000.00		2,030,785.78			69,214.22
Various Capital Improvements	09-17	2,520,000.00			380,000.00	2,140,000.00	2,131,542.16			388,457.84
			<u>\$ 481,776.00</u>	<u>\$ 11,900,672.00</u>	<u>\$ 2,480,000.00</u>	<u>\$ -</u>	<u>\$ 6,612,316.38</u>	<u>\$ 27,462.56</u>	<u>\$ 376,593.00</u>	<u>\$ 7,901,001.18</u>
<u>Ref:</u>			C	C	Below		C-13	C-11	C	C

	<u>Ref.</u>	
Deferred Charges to Future Taxation - Unfunded	C-7	\$ 2,100,000.00
Open Space Trust	C-14	380,000.00
		<u>\$ 2,480,000.00</u>
		Above

CITY OF EAST ORANGE  
GENERAL CAPITAL FUND

C-9

SCHEDULE OF CAPITAL IMPROVEMENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Ref.</u>	
Balance, December 31, 2016		\$ -
Increased:		
Cash Receipts	C-2	<u>150,000.00</u>
Balance, December 31, 2017	C	<u>\$ 150,000.00</u>

CITY OF EAST ORANGE  
GENERAL CAPITAL FUND

RESERVE FOR DEBT SERVICE  
FOR THE YEAR ENDED DECEMBER 31, 2017

C-10

	<u>Ref.</u>	
Balance, December 31, 2017 and 2016	C	<u>\$ 106,569.00</u>

DEFERRED CHARGES  
YEAR ENDED DECEMBER 31, 2017

C-11

	<u>Ref.</u>	
Balance, December 31, 2016		
Overexpenditure of Capital Improvement Fund	C	\$ 23,973.00
Overexpenditure of Improvement Authorization	C	47,655.00
Increased:		
Overexpenditures of Improvement Authorizations	C-8	<u>27,462.56</u>
		99,090.56
Decreased:		
Cash Receipt - Current Fund	C-2	<u>71,628.00</u>
Balance, December 31, 2017	C	<u>\$ 27,462.56</u>

CITY OF EAST ORANGE  
GENERAL CAPITAL FUND

ENCUMBRANCES PAYABLE  
FOR THE YEAR ENDED DECEMBER 31, 2017

C-12

	<u>Ref.</u>	
Balance, December 31, 2017 and 2016	C	<u>\$ 37,216.00</u>

CONTRACTS PAYABLE  
YEAR ENDED DECEMBER 31, 2017

C-13

	<u>Ref.</u>	
Balance, December 31, 2016	C	\$ 1,776,003.00
Increased by:		
Improvement Authorizations	C-8	<u>6,612,316.38</u>
		8,388,319.38
Decreased by:		
Cash Disbursements	C-2	<u>7,019,148.00</u>
Balance, December 31, 2017	C	<u>\$ 1,369,171.38</u>

CITY OF EAST ORANGE  
GENERAL CAPITAL FUND

INTERFUNDS RECEIVABLE  
YEAR ENDED DECEMBER 31, 2017

	Ref.	<u>Total</u>	<u>Current Fund</u>	<u>General Trust Fund</u>
Balance, December 31, 2016				
	From C			
	(To) C			
Cash Disbursements:				
Improvement Authorizations	C-8	\$ 380,000.00		\$ 380,000.00
Cash Disbursements	C-2	<u>17,652,584.00</u>	<u>\$ 17,652,584.00</u>	
		<u>18,032,584.00</u>	<u>17,652,584.00</u>	<u>380,000.00</u>
Decreased by:				
Cash Receipts	C-2	<u>14,100,956.00</u>	<u>14,100,956.00</u>	<u>-</u>
		<u>14,100,956.00</u>	<u>14,100,956.00</u>	
Balance, December 31, 2017	C	<u>\$ 3,931,628.00</u>	<u>\$ 3,551,628.00</u>	<u>\$ 380,000.00</u>

CITY OF EAST ORANGE  
GENERAL CAPITAL FUND

C-15

SALE OF LEASE PURCHASE AGREEMENT PAYABLE

YEAR ENDED DECEMBER 31, 2017

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Balance December 31, 2016</u>	<u>Decreased</u>	<u>Balance December 31, 2017</u>
2011 Crimson Star Pumper	1/16/2022	\$ 211,800.00	\$ 44,663.00	\$ 44,663.00	\$ -
			<u>\$ 44,663.00</u>	<u>\$ 44,663.00</u>	<u>\$ -</u>
		<u>Ref.</u>	C	C-6	C



CITY OF EAST ORANGE  
GENERAL CAPITAL FUND

GREEN ACRES TRUST LOAN PAYABLE - GENERAL  
YEAR ENDED DECEMBER 31, 2017

C-16

Purpose	Amount of Original Issue	Maturities of Bonds Outstanding, December 31, 2017		Interest Rate	Balance December 31, 2016	Decreased	Balance December 31, 2017
		Date	Amount				
Rowley Park Redevelopment	\$ 465,000.00	2/24/2018	\$ 11,689.00	2.00%			
		8/24/2018	11,806.00	2.00%			
		2/24/2019	11,924.00	2.00%			
		8/24/2019	12,043.00	2.00%			
		2/24/2020	12,164.00	2.00%			
		8/24/2020	12,285.00	2.00%			
		2/24/2021	12,408.00	2.00%			
		8/24/2021	12,532.00	2.00%			
		2/24/2022	12,658.00	2.00%			
		8/24/2022	12,784.00	2.00%			
		2/24/2023	12,912.00	2.00%			
		8/24/2023	13,041.00	2.00%			
		2/24/2024	13,172.00	2.00%			
		8/24/2024	13,303.00	2.00%			
		2/24/2025	13,436.00	2.00%			
		8/24/2025	13,571.00	2.00%			
		2/24/2026	13,706.00	2.00%			
		8/24/2026	13,844.00	2.00%			
		2/24/2027	13,982.00	2.00%			
		8/24/2027	14,122.00	2.00%			
		2/24/2028	14,263.00	2.00%			
		8/24/2028	14,405.00	2.00%			
		2/24/2029	14,550.00	2.00%			
		8/24/2029	14,695.00	2.00%			
		2/24/2030	14,842.00	2.00%			
		8/24/2030	14,990.00	2.00%			
		2/24/2031	15,140.00	2.00%			
		8/24/2031	15,292.00	2.00%	\$ 398,591.00	\$ 23,032.00	\$ 375,559.00
					<u>\$ 398,591.00</u>	<u>\$ 23,032.00</u>	<u>\$ 375,559.00</u>
				Ref.	C	C-6	C

CITY OF EAST ORANGE  
GENERAL CAPITAL FUND

C-17

RESERVE FOR DOWN PAYMENTS ON IMPROVEMENTS

YEAR ENDED DECEMBER 31, 2017

Balance, December 31, 2017 and 2016	C	<u>\$ 109,653.00</u>
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CITY OF EAST ORANGE  
GENERAL CAPITAL FUND

GENERAL REFUNDING BONDS  
YEAR ENDED DECEMBER 31, 2017

C-18  
Sheet 1

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding, December 31, 2017		Interest Rate	Balance December 31, 2016	Decreased	Balance December 31, 2017
			Date	Amount				
Pension Refunding Bonds	4/01/2003	\$ 9,350,938.00	4/1/2022	\$ 309,393.00	6.470%	\$ 1,800,937.00		\$ 1,800,937.00
			4/1/2023	288,620.00	6.500%			
			4/1/2024	267,576.00	6.510%			
			4/1/2025	270,629.00	6.530%			
			4/1/2026	252,669.00	6.550%			
			4/1/2027	212,920.00	6.560%			
			4/1/2028	199,130.00	6.570%			
2006 Refunding Bonds	2/23/2006	22,725,000.00	8/1/2018	1,605,000.00	4.000%	3,155,000.00	\$ 1,550,000.00	1,605,000.00
2012 Refunding Bonds	4/02/2012	9,380,000.00	9/15/2018	635,000.00	3.000%	7,265,000.00	640,000.00	6,625,000.00
			9/15/2019	630,000.00	3.000%			
			9/15/2020	625,000.00	3.000%			
			9/15/2021	620,000.00	2.125%			
			9/15/2022	610,000.00	4.000%			
			9/15/2023	605,000.00	4.000%			
			9/15/2024	600,000.00	2.875%			
			9/15/2025	590,000.00	3.000%			
			9/15/2026	580,000.00	3.125%			
			9/15/2027	570,000.00	3.125%			
			9/15/2028	560,000.00	3.250%			

CITY OF EAST ORANGE  
GENERAL CAPITAL FUND

GENERAL REFUNDING BONDS  
YEAR ENDED DECEMBER 31, 2017

C-18  
Sheet 2

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding, December 31, 2017		Interest Rate	Balance December 31, 2016	Decreased	Balance December 31, 2017
			Date	Amount				
2013 Refunding Bonds	4/25/2013	\$ 15,785,000.00	06/01/18	\$ 1,505,000.00	4.00%	\$ 14,425,000.00	\$ 1,420,000.00	\$ 13,005,000.00
			06/01/19	1,410,000.00	4.00%			
			06/01/20	1,495,000.00	4.00%			
			06/01/21	2,740,000.00	4.00%			
			06/01/22	2,890,000.00	4.00%			
			06/01/23	2,965,000.00	4.00%			
Pension Refunding Bonds	4/25/2013	6,095,000.00	04/01/18	780,000.00	2.217%	4,320,000.00	710,000.00	3,610,000.00
			04/01/19	855,000.00	2.530%			
			04/01/20	945,000.00	2.730%			
			04/01/21	1,030,000.00	3.112%			
2015 Refunding Bonds	5/13/2015	4,770,000.00	07/15/18	945,000.00	4.00%	3,760,000.00	965,000.00	2,795,000.00
			07/15/19	935,000.00	4.00%			
			07/15/20	915,000.00	5.00%			
						<u>\$ 34,725,937.00</u>	<u>\$ 5,285,000.00</u>	<u>\$ 29,440,937.00</u>
<u>Ref.</u>						C	C-6	C

CITY OF EAST ORANGE  
GENERAL CAPITAL FUND

SCHEDULE OF BOND ANTICIPATION NOTES  
YEAR ENDED DECEMBER 31, 2017

Ordinance Number	Improvement Description	Date of Issue of Original Note	Date of Issue	Date of Maturity	Interest Rate	Balance December 31, 2016	Increased	Decreased	Balance December 31, 2017
09-2013	Tax Appeal Refunds	9/28/2013	8/18/2016	8/17/2017	2.00%	\$ 547,500.00		\$ 547,500.00	
24-2010	Acquistion of Telephone Equipment	9/22/2015	8/18/2016	8/17/2017	2.00%	646,425.00		646,425.00	
24-2010	Acquistion of Telephone Equipment	9/22/2015	8/09/2017	8/15/2018	2.25%		\$ 646,425.00		\$ 646,425.00
39-2011	Various Repairs & Improv. Municipal Center	9/22/2015	8/18/2016	8/17/2017	2.00%	655,066.00		655,066.00	
39-2011	Various Repairs & Improv. Municipal Center	9/22/2015	8/09/2017	8/15/2018	2.25%		655,066.00		655,066.00
29-2014	Refunding Bond Ord. - Tax Appeals	3/31/2015	3/29/2016	3/28/2017	2.00%	2,505,000.00		2,505,000.00	
29-2014	Refunding Bond Ord. - Tax Appeals	3/31/2015	3/21/2017	3/26/2018	2.50%		1,675,000.00		1,675,000.00
30-2014	Various Capital Acquisitions & Improvements	3/31/2015	3/29/2016	3/28/2017	2.00%	10,554,500.00		10,554,500.00	
30-2014	Various Capital Acquisitions & Improvements	3/31/2015	3/21/2017	3/26/2018	2.50%		8,414,500.00		8,414,500.00
42-2016	Refunding Bond Ord. - Tax Appeals	3/31/2015	8/09/2017	8/15/2018	2.25%		2,450,000.00		2,450,000.00
59-2016	Various Capital Acquisitions & Improvements	3/21/2017	3/21/2017	3/26/2018	2.50%		4,307,000.00		4,307,000.00
01-2017	Refunding Bond Ord. - Tax Appeals	3/31/2015	3/21/2017	3/26/2018	2.50%		2,100,000.00		2,100,000.00
09-2017	Various Capital Improvements	3/31/2015	3/21/2017	3/26/2018	2.50%		2,140,000.00		2,140,000.00
						<u>\$ 14,908,491.00</u>	<u>\$ 22,387,991.00</u>	<u>\$ 14,908,491.00</u>	<u>\$ 22,387,991.00</u>
					<u>Ref.</u>	C	C-2	Below	C
							Ref.		
							C-2	\$ 13,530,991.00	\$ 13,530,991.00
							C-2	8,857,000.00	
							C-7	1,377,500.00	
							<u>\$ 22,387,991.00</u>	<u>\$ 14,908,491.00</u>	

CITY OF EAST ORANGE  
WATER UTILITY FUND

D-5

CASH RECEIPTS AND DISBURSEMENTS - TREASURER  
YEAR ENDED DECEMBER 31, 2017

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance, December 31, 2016	D	\$ 9,091,720.00	\$ 2,528,897.00
Increased By:			
Collector	D-7	22,301,345.07	
Interfunds Receivable	D-9,D-10	75,057.25	5,409,819.84
Deferred Charge - Overcommitted	D		331,353.00
NJEIT Loans Receivable	D-13		118,577.00
Due to ILSA - East Newark	D-17	318,644.69	
Capital Improvement Fund	D-6		1,572,235.50
Bond Anticipation Notes	D-29		4,829,860.00
NJEIT Interim Financing Payable	D-30		2,722,720.00
		<u>22,695,047.01</u>	<u>14,984,565.34</u>
		<u>31,786,767.01</u>	<u>17,513,462.34</u>
Decreased By:			
Budget Appropriation	D-4	16,935,197.78	
Deferred Charge - Overcommitted	D	331,353.00	
Interfunds Receivable	D-9,D-10	579,959.84	4,904,917.25
Due to ILSA - East Newark	D-17	638,294.86	
Appropriation Reserves	D-16	1,102,448.19	
Accrued Interest on Bonds	D-19	1,013,497.04	
Accounts Payable	D-18	108,321.33	
Contracts Payable	D-27		3,314,625.22
Bond Anticipation Notes	D-29		4,829,860.00
		<u>20,709,072.04</u>	<u>13,049,402.47</u>
Balance, December 31, 2017	D	<u>\$ 11,077,694.97</u>	<u>\$ 4,464,059.87</u>

CITY OF EAST ORANGE  
WATER UTILITY FUND

D-6

CAPITAL IMPROVEMENT FUND  
DECEMBER 31, 2017

	<u>Ref.</u>	
Balance, December 31, 2016	D	\$ 900,000.00
Increased by:		
Cash Receipts	D-5	<u>1,572,235.50</u>
Balance, December 31, 2017	D	<u>\$ 2,472,235.50</u>

CITY OF EAST ORANGE  
WATER UTILITY FUND

CASH RECEIPTS AND DISBURSEMENTS  
WATER AND SEWER COLLECTIONS  
YEAR ENDED DECEMBER 31, 2017

D-7

	<u>Ref.</u>	
Increased by:		
Miscellaneous Revenues	D-3	\$ 286,217.67
Consumer Accounts Receivable	D-11	<u>22,015,127.40</u>
		<u>22,301,345.07</u>
Decreased by:		
Remittances to Treasurer	D-5	<u>22,301,345.07</u>
		<u><u>\$ -</u></u>



CITY OF EAST ORANGE  
WATER UTILITY FUND

D-8

ANALYSIS OF CAPITAL CASH AND INVESTMENTS  
YEAR ENDED DECEMBER 31, 2017

	<u>Balance</u> <u>December 31, 2016</u>	<u>Balance</u> <u>December 31, 2017</u>
Fund Balance	\$ 3,839.00	\$ 3,839.00
Overexpenditures of Capital Improvement Fund	(331,353.00)	-
NJEIT Receivable	(1,332,151.00)	(2,029,254.00)
Capital Improvement Fund	900,000.00	2,472,235.50
Reserve for Capital Improvement	238,485.00	238,485.00
Reserve for Payment of Debt Service	4,804.00	4,804.00
Contracts Payable	3,776,724.00	3,442,055.31
Interfunds Accounts Receivable	(228,416.00)	-
Interfunds Accounts Payable		276,486.59

Improvement Authorizations:

<u>Ordinance</u> <u>Number</u>			
Not available	Security Services	4,100.00	4,100.00
Not available	Well Field Testing & Improvements	62,001.00	62,001.00
Not available	Improvements and Upgrades	221,041.00	221,041.00
04-2009	Various Improvements to Water System	(520,000.00)	(520,000.00)
05-2009	Various Improvements to Sewer System	(474,625.00)	(474,625.00)
28-2010	Acquisition of Telephone Equipment	(48,295.00)	(48,295.00)
Not available	Solar System Project	30,947.00	30,947.00
Not available	PSE&G Project Plan	4,407.00	4,407.00
Not available	Rowley Park	1,109.00	1,109.00
Not available	EOWC/WORPS Remoding	132,975.00	132,975.00
Not available	Water Storage Projects	29,947.00	29,947.00
Not available	Master Plan Phase II	2,792.00	2,792.00
Not available	Acquisition of Equipment (Homeland Security)	10.00	10.00
Not available	Hurricane Sandy Projects	167.00	167.00
23-2014	Waste Water Treatment Plan Improvements	520,000.00	516,443.00
12-2015	Refunding Bond		(21,475.27)
24-2015	Water Treatment and Supply Program	(1,687,711.00)	748,237.50
12-2016	Customer Billing Software	500,000.00	500,000.00
13-2016	Water Distribution Imp & Acquisition of Equip	1,100,000.00	1,100,000.00
17-2016	Various Water Imp & Acquisition of Equipment	(381,900.00)	(2,234,372.76)
		<u>\$ 2,528,897.00</u>	<u>\$ 4,464,059.87</u>

Ref.                      D    D

CITY OF EAST ORANGE  
WATER UTILITY FUND

D-9

INTERFUNDS RECEIVABLE (PAYABLE) - WATER OPERATING FUND  
YEAR ENDED DECEMBER 31, 2017

	Ref.	Total	Water Operating Fund	
			Due from Water Capital	Due from Current Fund
Balance, December 31, 2016	D	\$ (256,475.00)	\$ (228,416.00)	\$ (28,059.00)
Increased by:				
Disbursements	D-5	579,959.84	579,959.84	
		<u>323,484.84</u>	<u>351,543.84</u>	<u>(28,059.00)</u>
Decreased by:				
Receipts	D-5	75,057.25	75,057.25	
Balance, December 31, 2017	D	<u>\$ 248,427.59</u>	<u>\$ 276,486.59</u>	<u>\$ (28,059.00)</u>

CITY OF EAST ORANGE  
WATER UTILITY FUND

D-10

INTERFUNDS RECEIVABLE (PAYABLE) - WATER CAPITAL FUND  
YEAR ENDED DECEMBER 31, 2017

	Ref.	Total	Water Capital Fund	
			Due from Current Fund	Due from Water Operating Fund
Balance, December 31, 2016	D	\$ 228,416.00	\$ -	\$ 228,416.00
Increased by:				
Cash Disbursements	D-5	<u>4,904,917.25</u>	<u>4,829,860.00</u>	<u>75,057.25</u>
		5,133,333.25	4,829,860.00	303,473.25
Decreased by:				
Cash Receipts	D-5	<u>5,409,819.84</u>	<u>4,829,860.00</u>	<u>579,959.84</u>
Balance, December 31, 2017	D	<u>\$ (276,486.59)</u>	<u>\$ -</u>	<u>\$ (276,486.59)</u>

CITY OF EAST ORANGE  
WATER UTILITY FUND

D-10a

INVENTORY  
YEAR ENDED DECEMBER 31, 2017

Balance, December 31, 2016	D	\$ 394,739.00
Decreased by:		
Amount used in operations	Reserve	<u>118,577.00</u>
Balance, December 31, 2017	D	<u><u>\$ 361,056.28</u></u>

CITY OF EAST ORANGE  
WATER UTILITY FUND

CONSUMER ACCOUNTS RECEIVABLE  
YEAR ENDED DECEMBER 31, 2017

D-11

	<u>Ref.</u>	
Balance, December 31, 2016	D	\$ 5,361,551.00
Increased by:		
Water and Sewer Billings	Reserve	<u>21,861,102.06</u>
		27,222,653.06
Decreased by:		
Collections	D-3, D-7	<u>22,015,127.40</u>
Balance, December 31, 2017	D	<u><u>\$ 5,207,525.66</u></u>

WATER AND SEWER LIEN RECEIVABLE  
YEAR ENDED DECEMBER 31, 2017

D-12

	<u>Ref.</u>	
Balance, December 31, 2016	D	\$ 132,913.00
Decreased by:		
Cancellation of Liens Receivable	Reserve	<u>32,444.67</u>
Balance, December 31, 2017	D	<u><u>\$ 100,468.33</u></u>

CITY OF EAST ORANGE  
WATER UTILITY FUND

NJEIT LOANS RECEIVABLE  
YEAR ENDED DECEMBER 31, 2017 AND 2016

D-13

	<u>Ref.</u>	
Balance, December 31, 2016	D	\$ 1,332,151.00
Increased by:		
2017 NJEIT Award	D-24	<u>9,632,834.00</u>
		10,964,985.00
Decreased by:		
Cash Receipts	D-5	118,577.00
NJEIT Interim Financing	D-30	<u>8,817,154.00</u>
Balance, December 31, 2017	D	<u><u>\$ 2,029,254.00</u></u>

CITY OF EAST ORANGE  
WATER UTILITY FUND

FIXED CAPITAL  
DECEMBER 31, 2017 AND 2016

D-14

	<u>2016</u>	<u>2017</u>
Reservation Sources of Supply, etc.	\$ 12,386,629.00	\$ 12,386,629.00
Pumping System	4,997,996.00	4,997,996.00
Distribution System	11,360,201.00	11,360,201.00
General Equipment	2,428,189.00	2,428,189.00
Sewer System	5,952,377.00	5,952,377.00
Administrative/Service Facility	8,826,549.00	8,826,549.00
System-Wide Development	15,379,193.00	15,379,193.00
	<u>\$ 61,331,134.00</u>	<u>\$ 61,331,134.00</u>

Ref.

D

D

CITY OF EAST ORANGE  
WATER UTILITY FUND

FIXED CAPITAL AUTHORIZED AND UNCOMPLETED  
DECEMBER 31, 2017 AND 2016

D-15

	<u>2016</u>	<u>2017</u>
Garden State Parkway Project	\$ 711.00	\$ 711.00
Well Field Testing & Improvements	62,001.00	62,001.00
Upgrades & Improvements	299,957.00	299,957.00
Various Improvements to Water System	7,912,217.00	7,912,217.00
Various Improvements to Water System	920,973.00	920,973.00
Solar System Project	28,407.00	28,407.00
Acquisition of Telephone Equipment	226,250.00	226,250.00
Rowling Park	1,109.00	1,109.00
EOWC/WORPS Remodeling	132,975.00	132,975.00
Water Storage Project	28,622.00	28,622.00
Hydrogeological Study	3,710.00	3,710.00
Master Plan - Phase II	38,704.00	38,704.00
Acquisition of Equipment (Homeland Security)	10.00	10.00
Hurricane Sandy Projects	394.00	394.00
Emergency Temporary Appropriation Refunding	3,165,000.00	3,165,000.00
Waste Water Treatment Plant Improvements	520,000.00	520,000.00
Water Treatment and Supply Program	11,300,000.00	11,300,000.00
Customer Billing Software	500,000.00	500,000.00
Water Distribution Imp. & Acquisition of Equipment	1,100,000.00	1,100,000.00
Various Water Imp. & Acquisition of Equipment	23,100,000.00	23,100,000.00
	<u>\$ 49,341,040.00</u>	<u>\$ 49,341,040.00</u>
	D	D



CITY OF EAST ORANGE  
WATER UTILITY FUND

2016 APPROPRIATION RESERVES  
DECEMBER 31, 2017

D-16

	Balance December 31, 2016		Paid or Charged	<u>Unexpended Balance</u>
	<u>Encumbered</u>	<u>Unencumbered</u>		
<u>Operating</u>				
Salaries and Wages	\$ -	\$ 26,111.00	\$ 26,111.00	
Other Expenses	1,146,653.00	9,745.00	1,093,356.79	\$ 63,041.21
	\$ 1,146,653.00	\$ 35,856.00	\$ 1,119,467.79	\$ 63,041.21
<u>Ref.</u>	D	D	Below	D-1
		Cash Disbursements	D-5 \$ 1,102,448.19	
		Accounts Payable	D-18 17,019.60	
			Above \$ 1,119,467.79	

CITY OF EAST ORANGE  
WATER UTILITY FUND

DUE TO ILSA EAST NEWARK  
YEAR ENDED DECEMBER 31, 2017

D-17

	<u>Ref.</u>	
Balance, December 31, 2016	D	\$ 337,664.00
Increased by:		
Collections	D-5	318,644.69
		656,308.69
Decreased by:		
Payments	D-5	638,294.86
		638,294.86
Balance, December 31, 2017	D	\$ 18,013.83

ACCOUNTS PAYABLE  
YEAR ENDED DECEMBER 31, 2017

D-18

	<u>Ref.</u>	
Balance, December 31, 2016	D	\$ 307,429.00
Increased by:		
Appropriation Reserve Transfers	D-16	17,019.60
		324,448.60
Decreased by:		
Payments	D-5	108,321.33
		108,321.33
Balance, December 31, 2017	D	\$ 216,127.27

CITY OF EAST ORANGE  
WATER UTILITY FUND

D-19

ACCRUED INTEREST ON BONDS  
YEAR ENDED DECEMBER 31, 2017

	<u>Ref.</u>	
Balance, December 31, 2016	D	\$ 474,178.00
Increased by:		
Budget Appropriations	D-4	<u>1,051,131.00</u>
		1,525,309.00
Decreased by:		
Payments	D-5	<u>1,013,497.04</u>
Balance, December 31, 2017	D	<u><u>\$ 511,811.96</u></u>

Analysis of Balance

Serial Bonds

<u>Date of Issue</u>	<u>Balance December 31, 2017</u>	<u>Interest Payment</u>	<u>From</u>	<u>To</u>	<u>Period of Days</u>	<u>Amount</u>
5/5/2015	\$ 15,010,000.00	\$336,222.00	7/15/2017	12/31/2017	169	\$ 315,675.10

Bond Anticipation Notes

<u>Date of Issue</u>	<u>Balance December 31, 2017</u>	<u>Interest Payment</u>	<u>From</u>	<u>To</u>	<u>Period of Days</u>	<u>Amount</u>
8/9/2017	\$ 4,829,860.00	\$ 84,522.50	8/10/2017	12/31/2017	143	\$ 67,148.43

New Jersey Environmental Infrastructure Trust Loan

<u>Date of Issue</u>	<u>Balance December 31, 2017</u>	<u>Interest Payment</u>	<u>From</u>	<u>To</u>	<u>Period of Days</u>	<u>Amount</u>
3/10/2010	\$ 514,000.00	\$ 10,455.00	8/2/2017	12/31/2017	151	\$ 8,770.58
3/10/2010	2,132,000.00	51,612.50	8/2/2017	12/31/2017	151	43,297.15
5/5/2015	90,000.00	2,025.00	8/2/2017	12/31/2017	151	1,698.75
Not available	3,855,000.00	69,593.75	8/2/2017	12/31/2017	151	<u>58,381.42</u>
						494,971.44
					Amount to be used in future years	<u>16,840.52</u>
						<u><u>\$ 511,811.96</u></u>

CITY OF EAST ORANGE  
WATER UTILITY FUND  
RESERVE FOR LABOR UNION NEGOTIATIONS

D-20

YEAR ENDED DECEMBER 31, 2017

	<u>Ref.</u>	
Balance, December 31, 2016	D	\$ 65,077.00
Decreased by:		
Cancellation of Reserve	D-1	<u>65,077.00</u>
Balance, December 31, 2017		<u><u>\$ -</u></u>

CITY OF EAST ORANGE  
WATER UTILITY FUND

D-21

IMPROVEMENT AUTHORIZATIONS  
YEAR ENDED DECEMBER 31, 2017

	Ordinance Number	December 31, 2016		Paid or Charged	December 31, 2017	
		Funded	Unfunded		Funded	Unfunded
Security Services	Not available	\$ 4,100.00			\$ 4,100.00	
Well Field Testing & Improvements	Not available	62,001.00			62,001.00	
Improvements & Upgrades	Not available	221,041.00			221,041.00	
Acquisition of Telephone Equipment	28-2010		\$ 177,955.00			\$ 177,955.00
Solar System Project	Not available	30,947.00			30,947.00	
PSE & G Project Plan	Not available	4,407.00			4,407.00	
Rowley Park	Not available	1,109.00			1,109.00	
EOWC/WORPS Remodeling	Not available	132,975.00			132,975.00	
Water Storage Project	Not available	29,947.00			29,947.00	
Master Plan Phase II	Not available	2,792.00			2,792.00	
Acquisition of Equipment (Homeland Securities)	Not available	10.00			10.00	
Hurricane Sandy Projects	Not available	167.00			167.00	
Waste Water Treatment Plant Improvements	23-2014	520,000.00		\$ 3,557.00	516,443.00	
Refunding Bond	12-2015		775,000.00	21,475.27		753,524.73
Water Treatment & Supply Program	24-2015		2,196,636.00	1,102,451.50		1,094,184.50
Customer Billing Software	12-2016		500,000.00			500,000.00
Water Distribution Imp & Acquisition of Equipment	13-2016		1,100,000.00			1,100,000.00
Various Water Imp, & Acquisition of Equipment	17-2016		22,718,100.00	1,852,472.76		20,865,627.24
		<u>\$ 1,009,496.00</u>	<u>\$ 27,467,691.00</u>	<u>\$ 2,979,956.53</u>	<u>\$ 1,005,939.00</u>	<u>\$ 24,491,291.47</u>
		D	D	D-27	D	D

CITY OF EAST ORANGE  
WATER UTILITY FUND

RESERVE FOR AMORTIZATION  
YEAR ENDED DECEMBER 31, 2017

D-22

	<u>Ref.</u>	
Balance, December 31, 2016	D	<u>\$ 32,118,519.00</u>
Increased by:		
Payment of bond anticipation notes by budget appropriation	D-29	643,140.00
Payment of bonds by budget appropriation	D-25	1,370,000.00
Payment of NJEIT loan principal by budget appropriation	D-24	581,610.10
NJEIT loan principal forgiveness	D-24	<u>2,687,855.90</u>
		<u>5,282,606.00</u>
 Balance, December 31, 2017	 D	 <u><u>\$ 37,401,125.00</u></u>

CITY OF EAST ORANGE  
WATER UTILITY FUND

DEFERRED RESERVE FOR AMORTIZATION  
YEAR ENDED DECEMBER 31, 2017

D-23

Ref.

Balance, December 31, 2017 and 2016

D

\$ 15,140,690.00

CITY OF EAST ORANGE  
WATER UTILITY FUND

N.J. ENVIRONMENTAL INFRASTRUCTURE TRUST LOAN PAYABLE  
YEAR ENDED DECEMBER 31, 2017

Purpose	Date of Issue	Amount Of Original Issue	Maturities of Bonds Outstanding December 31, 2017		Interest Rate	Balance December 31, 2016	Increase	Decrease	Balance December 31, 2017
			Date	Amount					
Trust Loan- Sewer	3/10/2010	\$ 745,000.00	8/1/2018	\$ 35,000.00	5.00%				
			8/1/2019	40,000.00	4.00%				
			8/1/2020	40,000.00	5.00%				
			8/1/2021	40,000.00	3.00%				
			8/1/2022	40,000.00	4.00%				
			8/1/2023	45,000.00	4.00%				
			8/1/2024	45,000.00	4.00%				
			8/1/2025	45,000.00	4.00%				
			8/1/2026	50,000.00	3.50%				
			8/1/2027	50,000.00	4.00%				
			8/1/2028	55,000.00	4.00%				
			8/1/2029	55,000.00	4.00%				
								\$ 575,000.00	
Fund Share	3/10/2010	2,280,375.00	2/1/2018	38,650.00	*				
			8/1/2018	77,301.00	*				
			2/1/2019	38,650.00	*				
			8/1/2019	77,301.00	*				
			2/1/2020	38,650.00	*				
			8/1/2020	77,301.00	*				
			2/1/2021	38,650.00	*				
			8/1/2021	77,301.00	*				
			2/1/2022	38,650.00	*				
			8/1/2022	77,301.00	*				
			2/1/2023	38,650.00	*				
			8/1/2023	77,301.00	*				
			2/1/2024	38,650.00	*				
			8/1/2024	77,301.00	*				
			2/1/2025	38,650.00	*				
			8/1/2025	77,301.00	*				
			2/1/2026	38,650.00	*				
			8/1/2026	77,301.00	*				
			2/1/2027	38,650.00	*				
8/1/2027	77,302.00	*							
2/1/2028	38,650.00	*							
8/1/2028	77,302.00	*							
2/1/2029	38,650.00	*							
8/1/2029	77,302.00	*							
					1,507,366.00		189,640.00	1,317,726.00	
Trust Loan - Water	3/10/2010	3,400,000.00	8/1/2018	150,000.00	5.00%				
			8/1/2019	155,000.00	5.00%				
			8/1/2020	165,000.00	5.00%				
			8/1/2021	175,000.00	5.00%				
			8/1/2022	180,000.00	5.00%				
			8/1/2023	190,000.00	5.00%				
			8/1/2024	200,000.00	5.00%				
			8/1/2025	210,000.00	5.00%				
			8/1/2026	220,000.00	5.00%				
			8/1/2027	230,000.00	5.00%				
			8/1/2028	245,000.00	5.00%				
8/1/2029	255,000.00	5.00%							
8/1/2030	270,000.00	5.00%							
					2,785,000.00		653,000.00	2,132,000.00	



CITY OF EAST ORANGE  
WATER UTILITY FUND

N.J. ENVIRONMENTAL INFRASTRUCTURE TRUST LOAN PAYABLE  
YEAR ENDED DECEMBER 31, 2017

Purpose	Date of Issue	Amount Of Original Issue	Maturities of Bonds Outstanding December 31, 2017		Interest Rate	Balance December 31, 2016	Increase	Decrease	Balance December 31, 2017
			Date	Amount					
Fund Loan - Water	3/10/2010	\$ 1,831,000.00	2/1/2018	\$ 31,034.00	*				
			8/1/2018	62,068.00	*				
			2/1/2019	31,034.00	*				
			8/1/2019	62,068.00	*				
			2/1/2020	31,034.00	*				
			8/1/2020	62,068.00	*				
			2/1/2021	31,034.00	*				
			8/1/2021	62,068.00	*				
			2/1/2022	31,034.00	*				
			8/1/2022	62,068.00	*				
			2/1/2023	31,034.00	*				
			8/1/2023	62,068.00	*				
			2/1/2024	31,034.00	*				
			8/1/2024	62,068.00	*				
			2/1/2025	31,034.00	*				
			8/1/2025	62,068.00	*				
			2/1/2026	31,034.00	*				
			8/1/2026	62,068.00	*				
			2/1/2027	31,033.00	*				
			8/1/2027	62,068.00	*				
			2/1/2028	31,033.00	*				
			8/1/2028	62,068.00	*				
			2/1/2029	31,033.00	*				
			8/1/2029	62,068.00	*				
			2/1/2030	31,033.00	*				
			8/1/2030	62,068.00	*	\$ 1,303,424.00		\$ 336,127.00	\$ 967,297.00
Trust Loan - Water	5/5/2015	100,000.00	8/1/2018	5,000.00	5.00%				
			8/1/2019	5,000.00	5.00%				
			8/1/2020	5,000.00	5.00%				
			8/1/2021	5,000.00	5.00%				
			8/1/2022	5,000.00	5.00%				
			8/1/2023	5,000.00	5.00%				
			8/1/2024	5,000.00	5.00%				
			8/1/2025	5,000.00	5.00%				
			8/1/2026	5,000.00	5.00%				
			8/1/2027	5,000.00	4.00%				
			8/1/2028	5,000.00	4.00%				
			8/1/2029	5,000.00	4.00%				
			8/1/2030	5,000.00	4.00%				
			8/1/2031	5,000.00	4.00%				
			8/1/2032	5,000.00	4.00%				
			8/1/2033	5,000.00	4.00%				
			8/1/2034	10,000.00	4.00%	95,000.00		5,000.00	90,000.00
Fund Loan - Water	5/5/2015	239,844.00	2/1/2018	4,065.00	*				
			8/1/2018	8,130.00	*				
			2/1/2019	4,065.00	*				
			8/1/2019	8,130.00	*				
			2/1/2020	4,065.00	*				
			8/1/2020	8,130.00	*				
			2/1/2021	4,065.00	*				
			8/1/2021	8,130.00	*				
			2/1/2022	4,065.00	*				
			8/1/2022	8,130.00	*				
			2/1/2023	4,065.00	*				
			8/1/2023	8,130.00	*				
			2/1/2024	4,065.00	*				
			8/1/2024	8,130.00	*				
			2/1/2025	4,065.00	*				
			8/1/2025	8,130.00	*				
			2/1/2026	4,065.00	*				
			8/1/2026	8,131.00	*				
			2/1/2027	4,065.00	*				
			8/1/2027	8,131.00	*				
			2/1/2028	4,065.00	*				
			8/1/2028	8,131.00	*				
			2/1/2029	4,065.00	*				
			8/1/2029	8,131.00	*				
			2/1/2030	4,065.00	*				
			8/1/2030	8,131.00	*				
			2/1/2031	4,065.00	*				
			8/1/2031	8,131.00	*				
			2/1/2032	4,065.00	*				
			8/1/2032	8,131.00	*				
			2/1/2033	4,065.00	*				
			8/1/2033	8,131.00	*				
			2/1/2034	4,065.00	*				
			8/1/2034	8,131.00	*	219,519.00		12,195.00	207,324.00

CITY OF EAST ORANGE  
WATER UTILITY FUND

N.J. ENVIRONMENTAL INFRASTRUCTURE TRUST LOAN PAYABLE  
YEAR ENDED DECEMBER 31, 2017

Purpose	Date of Issue	Amount Of Original Issue	Maturities of Bonds Outstanding December 31, 2017		Interest Rate	Balance December 31, 2016	Increase	Decrease	Balance December 31, 2017
			Date	Amount					
Trust Loan - Water	Not available	\$ 3,855,000.00	8/1/2018	\$ 75,000.00	5.00%				
			8/1/2019	75,000.00	5.00%				
			8/1/2020	80,000.00	5.00%				
			8/1/2021	85,000.00	5.00%				
			8/1/2022	90,000.00	5.00%				
			8/1/2023	95,000.00	5.00%				
			8/1/2024	100,000.00	5.00%				
			8/1/2025	105,000.00	5.00%				
			8/1/2026	110,000.00	3.00%				
			8/1/2027	110,000.00	3.00%				
			8/1/2028	115,000.00	3.00%				
			8/1/2029	120,000.00	3.00%				
			8/1/2030	120,000.00	3.00%				
			8/1/2031	125,000.00	3.00%				
			8/1/2032	130,000.00	3.00%				
			8/1/2033	135,000.00	3.13%				
			8/1/2034	135,000.00	3.25%				
			8/1/2035	140,000.00	3.25%				
			8/1/2036	145,000.00	3.38%				
			8/1/2037	150,000.00	3.38%				
8/1/2038	155,000.00	3.38%							
8/1/2039	160,000.00	3.38%							
8/1/2040	165,000.00	3.38%							
8/1/2041	175,000.00	3.50%							
8/1/2042	180,000.00	3.50%							
8/1/2043	185,000.00	3.50%							
8/1/2044	190,000.00	3.50%							
8/1/2045	200,000.00	3.50%							
8/1/2046	205,000.00	3.50%							
							\$ 3,855,000.00		\$ 3,855,000.00
Fund Loan - Water	Not available	5,777,834.00	2/1/2018	43,280.00	*				
			8/1/2018	86,559.00	*				
			2/1/2019	43,280.00	*				
			8/1/2019	86,559.00	*				
			2/1/2020	43,280.00	*				
			8/1/2020	86,559.00	*				
			2/1/2021	43,280.00	*				
			8/1/2021	86,559.00	*				
			2/1/2022	43,280.00	*				
			8/1/2022	86,559.00	*				
			2/1/2023	43,280.00	*				
			8/1/2023	86,559.00	*				
			2/1/2024	43,280.00	*				
			8/1/2024	86,559.00	*				
			2/1/2025	43,280.00	*				
			8/1/2025	86,559.00	*				
			2/1/2026	43,280.00	*				
			8/1/2026	86,559.00	*				
			2/1/2027	43,280.00	*				
			8/1/2027	86,559.00	*				
2/1/2028	43,280.00	*							
8/1/2028	86,559.00	*							
2/1/2029	43,280.00	*							
8/1/2029	86,559.00	*							
2/1/2030	43,280.00	*							
8/1/2030	86,559.00	*							
2/1/2031	43,280.00	*							
8/1/2031	86,559.00	*							
2/1/2032	43,280.00	*							
8/1/2032	86,559.00	*							
2/1/2033	43,280.00	*							
8/1/2033	86,559.00	*							
2/1/2034	43,280.00	*							
8/1/2034	86,559.00	*							
2/1/2035	43,280.00	*							
8/1/2035	86,559.00	*							
2/1/2036	43,280.00	*							
8/1/2036	86,559.00	*							
2/1/2037	43,280.00	*							
8/1/2037	86,559.00	*							
2/1/2038	43,280.00	*							
8/1/2038	86,559.00	*							
2/1/2039	43,280.00	*							
8/1/2039	86,559.00	*							
2/1/2040	43,280.00	*							
8/1/2040	86,559.00	*							
2/1/2041	43,280.00	*							
8/1/2041	86,559.00	*							
2/1/2042	43,280.00	*							
8/1/2042	86,559.00	*							
2/1/2043	43,280.00	*							
8/1/2043	86,559.00	*							
2/1/2044	43,280.00	*							
8/1/2044	86,559.00	*							
2/1/2045	43,280.00	*							
8/1/2045	86,559.00	*							
2/1/2046	43,280.00	*							
8/1/2046	86,558.00	*							
							5,777,834.00	\$ 2,012,504.00	3,765,330.00
							\$ 6,485,309.00	\$ 9,632,834.00	\$ 3,269,466.00
							D	D-13	Below
									D

Payment of principal by budget appropriation	D-22	\$ 581,610.10
Principal forgiveness	D-22	2,687,855.90
		<u>\$ 3,269,466.00</u>

CITY OF EAST ORANGE  
WATER UTILITY FUND

D-25

SERIAL BONDS  
YEAR ENDED DECEMBER 31, 2017

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2017		Interest Rate	Balance December 31, 2016	Decrease	Balance December 31, 2017
			Date	Amount				
Water Utility Refunding Bonds, Series B Franchise and Improvement to Water System and Sewer System	5/5/2015	\$ 18,125,000.00	7/15/2018	\$ 1,430,000.00	4.000%	<u>\$ 16,380,000.00</u>	<u>\$ 1,370,000.00</u>	<u>\$ 15,010,000.00</u>
			7/15/2019	1,495,000.00	4.000%			
			7/15/2020	1,555,000.00	5.000%			
			7/15/2021	1,635,000.00	5.000%			
			7/15/2022	1,720,000.00	5.000%			
			7/15/2023	1,805,000.00	5.000%			
			7/15/2024	1,900,000.00	5.000%			
			7/15/2025	1,990,000.00	3.779%			
			7/15/2026	610,000.00	3.250%			
			7/15/2027	625,000.00	3.375%			
			7/15/2028	245,000.00	3.500%			
						<u>\$ 16,380,000.00</u>	<u>\$ 1,370,000.00</u>	<u>\$ 15,010,000.00</u>
						<u>\$ 16,380,000.00</u>	<u>\$ 1,370,000.00</u>	<u>\$ 15,010,000.00</u>
					<u>Ref.</u>	D	D-22	D

CITY OF EAST ORANGE  
WATER UTILITY FUND

RESERVE FOR FUTURE IMPROVEMENTS  
YEAR ENDED DECEMBER 31, 2017

D-26

	<u>Ref.</u>	
Balance, December 31, 2016	D	\$ 118,735.00
Decreased by:		
Cancellation of Reserve	D-1	<u>118,735.00</u>
Balance, December 31, 2017	D	<u><u>\$ -</u></u>

D-27

CONTRACTS PAYABLE  
YEAR ENDED DECEMBER 31, 2017

	<u>Ref.</u>	
Balance, December 31, 2016	D	\$ 3,776,724.00
Increased by:		
Contracts Payable Established	D-21	<u>2,979,956.53</u>
		6,756,680.53
Decreased by:		
Cash Disbursements	D-5	<u>3,314,625.22</u>
Balance, December 31, 2017	D	<u><u>\$ 3,442,055.31</u></u>

CITY OF EAST ORANGE  
WATER UTILITY FUND

SCHEDULE OF RESERVE FOR PAYMENT OF DEBT  
YEAR ENDED DECEMBER 31, 2017

	<u>Ref.</u>	
Balance, December 31, 2017 and 2016	D	<u>\$ 4,804.00</u>

CITY OF EAST ORANGE  
WATER UTILITY FUND

SCHEDULE OF BOND ANTICIPATION NOTES  
YEAR ENDED DECEMBER 31, 2017

<u>Ord No.</u>	<u>Improvement Description</u>	<u>Date of Issue of Original Notes</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance December 31, 2016</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance December 31, 2017</u>
04-2009	Various Improvements to Water System	9/24/2014	8/18/2016	8/17/2017	2.00%	\$ 1,038,000.00		\$ 1,038,000.00	
04-2009	Various Improvements to Water System	9/24/2014	8/9/2017	8/15/2018	2.25%		\$ 1,024,860.00		\$ 1,024,860.00
04-2014	Emergency Temporary Appropriation Refunding	9/24/2014	8/18/2016	8/17/2017	2.00%	1,275,000.00		1,275,000.00	
04-2014	Emergency Temporary Appropriation Refunding	9/24/2014	8/18/2016	8/17/2017	2.00%	660,000.00		660,000.00	
04-2014	Emergency Temporary Appropriation Refunding	9/24/2014	8/9/2017	8/15/2018	2.25%		1,305,000.00		1,305,000.00
24-2015	Water Treatment & Supply	9/22/2015	8/18/2016	8/17/2017	2.00%	900,000.00		900,000.00	
24-2015	Water Treatment & Supply	9/22/2015	8/9/2017	8/15/2018	2.25%		900,000.00		900,000.00
12-2016	Billing & Customer Service Software	8/18/2016	8/18/2016	8/17/2017	2.00%	500,000.00		500,000.00	
12-2016	Billing & Customer Service Software	8/18/2016	8/9/2017	8/15/2018	2.25%		500,000.00		500,000.00
13-2016	Various Improvements to Water System	8/18/2016	8/18/2016	8/17/2017	2.00%	1,100,000.00		1,100,000.00	
13-2016	Various Improvements to Water System	8/18/2016	8/9/2017	8/15/2018	2.25%		1,100,000.00		1,100,000.00
						<u>\$ 5,473,000.00</u>	<u>1,100,000.00</u>	<u>\$ 5,473,000.00</u>	<u>\$ 4,829,860.00</u>
							<u>\$ 4,829,860.00</u>	<u>\$ 5,473,000.00</u>	<u>\$ 4,829,860.00</u>
					<u>Ref.</u>	D	Below	Below	D
							<u>Ref.</u>		
					Renewals		D-5	\$ 4,829,860.00	\$ 4,829,860.00
					Notes paid by Utility Operating Fund b		D-22		643,140.00
					Above		<u>\$ 4,829,860.00</u>	<u>\$ 5,473,000.00</u>	

CITY OF EAST ORANGE  
WATER UTILITY FUND

D-30

SCHEDULE OF NJEIT INTERIM FINANCING PAYABLE  
YEAR ENDED DECEMBER 31, 2017

	<u>Ref.</u>	
Balance, December 31, 2016	D	\$ 6,094,434.00
Increased by:		
Cash Receipts	D-5	<u>2,722,720.00</u>
		8,817,154.00
Decreased by:		
Applied to Loan Receivable	D-13	<u>8,817,154.00</u>
Balance, December 31, 2017		<u><u>\$ -</u></u>

CITY OF EAST ORANGE  
WATER UTILITY FUND

D-31

RESERVE FOR CAPITAL IMPROVEMENT FUND  
FOR YEAR ENDED DECEMBER 31, 2017

	<u>Ref.</u>	
Balance, December 31, 2017 and 2016	D	<u>\$ 238,485.00</u>



CITY OF EAST ORANGE  
WATER UTILITY FUND

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED  
YEAR ENDED DECEMBER 31, 2017

D-32

Authorizations	Ordinance Number	Balance December 31, 2016	Decreased	Balance December 31, 2017
Various Improvements to Water System	04-2009	\$ 520,000.00		\$ 520,000.00
Various Improvements to Sewer System	05-2009	474,625.00		474,625.00
Acquisition of Telephone Equipment	28-2010	226,250.00		226,250.00
Refunding Bond Ordinance	12-2015	775,000.00		775,000.00
Water Treatment and Supply Program	24-2015	3,884,347.00	\$ 3,538,400.00	345,947.00
Various Water Imp & Acquisition of Equip	17-2016	23,100,000.00		23,100,000.00
		\$ 28,980,222.00	\$ 3,538,400.00	\$ 25,441,822.00
		D	Below	D
			<u>Ref.</u>	
		Cash Received	D-30	\$ 2,722,720.00
		Loan Principal Forgiveness (Partial)	D-24	815,680.00
				\$ 3,538,400.00

**CITY OF EAST ORANGE  
COUNTY OF ESSEX, NEW JERSEY  
YEAR ENDED DECEMBER 31, 2017**

**COMMENTS**

An audit of the financial accounts and transactions for the City of East Orange, County of Essex, New Jersey, for the year ended December 31, 2017, has recently been completed. The results of the audit are herewith set forth:

**Scope of Audit**

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

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

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

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

**Contracts and Agreements Required to be Advertised Per N.J.S.A. 40A:11-4**

N.J.S.A. 40A:11-4, as amended states "Every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only by the Governing Body of the contracting unit after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the bid threshold as set forth in New Jersey Statute 40A:11-4". The bidding threshold for the period under audit was \$40,000 in accordance with the provisions of N.J.S.A. 40A:11-3a since the City has a qualified purchasing agent.

The City Council has the responsibility of determining whether the expenditures in any category will exceed the threshold set for the fiscal year and, where question arises as to whether any contract or agreement might result in violation of the statute, the opinion of the City Attorney should be sought before a commitment is made.

Notwithstanding N.J.S.A. 40A:11-3a, P.L. 2005, Chapter 51 and N.J.S.A. 19:44A-20.5, known as the Pay to Play Law", provides that a municipality is prohibited from executing any contract in excess of \$17,500.00, on or after January 1, 2006 to a business entity that made certain reportable contributions to any municipal committee or a political party if a member of that party is in office as a member of the governing body of the municipality when the contract is awarded unless proposals or qualifications are solicited through a fair and open process.

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

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

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

**CITY OF EAST ORANGE  
COUNTY OF ESSEX, NEW JERSEY  
YEAR ENDED DECEMBER 31, 2017**

**Purchases, Contracts or Agreements Not Required to be Advertised (N.J.S.A. 40A:11-6.1)**

N.J.S.A. 40A:11-6.1 states, "Except contracts which require the performance of professional services, all contracts or agreements which do not require public advertising for bids and the estimated cost or price exceeds fifteen percent of the bid threshold or \$6,000, at least two quotations as to the cost or price, whenever practicable, shall be solicited by the contracting agent, and the contract or agreement shall be made with and awarded to the lowest responsible bidder."

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

The statute provides the method for authorizing interest and the maximum rate to be charged for the nonpayment of taxes or assessments on or before the date when they would become delinquent.

**Collection of Interest on Delinquent Taxes and Assessments**

The governing body adopted the following resolution authorizing interest to be charged on delinquent taxes:

"Not to exceed 8% per annum on the first \$1,500 of the delinquency and 18% on any amount in excess of \$1,500."

"The City Council by resolution instructed the Tax Collector to permit a ten (10) day grace period in the collection of taxes before a charge of interest is made."

"Be it further resolved that an additional 6% penalty be charged for delinquencies in excess of \$10,000 remaining unpaid at the end of the calendar year in accordance with the amended provisions of N.J.S.A. 54:4-67."

It appears from the examination of the Collector's records that interest was collected in accordance with the foregoing resolution,

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

**Purchase Order System and Encumbrance System**

The City's budgetary operation is on a full encumbrance system with the exception of payrolls and other direct costs. All purchases are made directly by the purchasing department or subsequently confirmed on an emergency basis. Tests of the system disclosed no exceptions during 2017. Blanket orders and other outstanding encumbrances were reviewed at the close of the year, and adjustments and cancellations were made where appropriate to reflect actual commitments outstanding for budgetary control.

**CITY OF EAST ORANGE  
COUNTY OF ESSEX, NEW JERSEY  
YEAR ENDED DECEMBER 31, 2017**

**Pension Eligibility**

The State of New Jersey enacted legislation under Ch. 92 P.L. 2007 and codified under N.J.S.A. 43:15A-7.2 and 43:15c-2b(4). The law establishes that individuals performing professional services 1) under a contract awarded pursuant to N.J.S.A. 40A:11.5 and 1 or 2 under an independent contract as determined in accordance with rules and policy of the IRS are eligible for membership in the State's Pension System – PERS. There were no “grandfathering” provisions under N.J.S.A. 43:15A-7.2. The municipalities were required to remove them from the pension rolls.

It appears there are no individuals who are enrolled in PERS who do not meet the requirements under the statutes.

**Payment of Claims**

The examination did not and could not determine the character of services rendered for which payment had been made or for which reserves had been set up, nor could it determine the character, proper price or quantity of materials supplied for which claims had been passed. Authorization for payment of claims is delegated to the Chief Financial Officer and bill lists are submitted to the City Council for approval and recorded as a supplement to the official minutes.

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

In accordance with N.J.A.C. 5:30-5.3, a certification of availability of funds must be made prior to any commitment of rendered services or purchased goods.

**Capital Fixed Assets**

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

**CITY OF EAST ORANGE  
COUNTY OF ESSEX, NEW JERSEY  
YEAR ENDED DECEMBER 31, 2017**

**Status of Prior Years' Audit Recommendation**

A review was performed on all prior years' recommendations. Findings and recommendations that were repeated were noted in the Comments and Recommendations section.

**Miscellaneous**

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

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

The City was unable to provide a report on the operations of the Uniform Construction Code office.

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

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

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

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

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

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

**CITY OF EAST ORANGE  
COUNTY OF ESSEX, NEW JERSEY  
YEAR ENDED DECEMBER 31, 2017**

**Comparative Schedule of Tax Rate Information**

	2017	2016	2015
Tax Rate	<u>\$ 5.184</u>	<u>\$ 5.103</u>	<u>\$ 4.978</u>
Apportionment of Tax Rate:			
Municipal	3.651	3.605	3.539
Minimum Library Tax	0.037	0.036	0.037
County	0.536	0.555	0.548
School	0.924	0.870	0.817
Municipal - Open Space	0.020	0.020	0.020
County - Open Space	<u>0.016</u>	<u>0.017</u>	<u>0.017</u>
	<u>\$ 5.184</u>	<u>\$ 5.103</u>	<u>\$ 4.978</u>
Assessed Valuation	<u>\$ 2,472,432,236</u>	<u>\$ 2,481,271,947</u>	<u>\$ 2,490,881,881</u>

**Comparison of Tax Levies and Collections**

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

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percent of Collections</u>
2017	\$ 128,947,910.12	\$ 119,892,759.60	92.98%
2016	127,477,070.00	119,938,046.00	94.09%
2015	124,487,961.00	117,164,406.00	94.12%

**CITY OF EAST ORANGE  
COUNTY OF ESSEX, NEW JERSEY  
YEAR ENDED DECEMBER 31, 2017**

**Delinquent Taxes and Tax Title Liens**

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

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2017	\$ 3,362,988.37	\$ 8,158,668.01	\$ 11,521,656.38	8.94%
2016	4,597,342.00	5,242,917.00	9,840,259.00	7.72%
2015	8,012,342.00	5,559,465.00	13,571,807.00	10.90%

The last tax sale was held via the internet on October 5, 2017 and was complete.

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

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

<u>Years</u>	<u>Tax Title Liens</u>
2017	49
2016	25
2015	22

**Property Acquired by Tax Title Lien Liquidation**

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

<u>Years</u>	<u>Amount</u>
2017	\$16,733,360
2016	15,730,250
2015	8,936,450

**Equalized Valuations – Real Property**

<u>Year</u>	<u>Amount</u>
2017	\$ 2,797,234,566
2016	2,731,647,646
2015	2,819,961,090

**CITY OF EAST ORANGE  
COUNTY OF ESSEX, NEW JERSEY  
YEAR ENDED DECEMBER 31, 2017**

**Comparison of Water Utility Levies and Collections**

<u>Year</u>	<u>Levy</u>	<u>Cash Collections(*)</u>	<u>Percentage of Collection</u>
2017	\$ 21,861,102.06	\$ 22,015,127.40	100.70%
2016	26,922,584.00	26,424,080.00	101.89%
2015	24,735,775.00	23,347,634.00	94.39%

\* Includes collection of prior year receivables

**Comparative Schedule of Fund Balances**

**Current Fund**

<u>Year</u>	<u>Balance December 31</u>	<u>Utilized in Budget of Succeeding Year</u>
2017	\$ 22,587,303.51	\$ 6,918,500.00
2016	17,206,510.00	4,687,000.00
2015	12,390,620.00	4,270,000.00

**Water Utility Fund**

<u>Year</u>	<u>Balance December 31</u>	<u>Utilized in Budget of Succeeding Year</u>
2017	\$3,305,969.77	\$ 2,300,000.00
2016	6,478,776.00	3,847,106.00
2015	3,259,481.00	225,000.00

**Bonded Officials**

The following officials were bonded during the year ended December 31, 2017 through policies issued by Western Surety Company:

<u>Name</u>	<u>Title</u>	<u>Amount</u>
Sybonae Oliphant	Municipal Court Administrator	\$75,000
Annamarie Corbitt	Taxes and Revenue Collector	720,000
Shu Yang	Acting, Chief Financial Officer	50,000
Sherwin Campbell	Municipal Judge	75,000
Cynthia Brown	City Clerk	5,000

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



**CITY OF EAST ORANGE**  
**COMMENTS AND RECOMMENDATIONS**  
**DECEMBER 31, 2017**

**2017-001 Material Weakness in Internal Control**

**General Ledger**

*Criteria:*

Timely and accurate financial reporting is an important element of the City's control environment. Financial reporting provides the foundation for financial analysis, a critical component needed to be able to respond timely to financial related issues.

*Condition:*

The City did not maintain a general ledger that was in agreement with the City's underlying accounting records nor were entries made in a timely manner. Balances in the general ledger were not examined or reconciled to detailed analyses on an ongoing basis.

*Context:*

Management's preparation and review of the financial statements and related supporting schedules in regards to various accounts were not performed timely and consistently.

*Cause and Effect:*

As a result, the City's financial records for the year ending December 31, 2017 were not finalized until several months after fiscal year end and financial information provided throughout the year may not have accurately reflected the financial activity of the City. A large number of adjusting journal entries were needed to ensure completeness and accuracy of the financial statements at year end.

*Recommendation:*

We suggest that the City maintain a general ledger that is reconciled monthly to underlying accounting records. The City should also strengthen internal controls to ensure accurate and timely posting of the financial activity for the fiscal period so that actions can be taken and informed decisions can be made in a timely manner.

*View of Responsible Officials and Planned Corrective Action:*

The City has reviewed this finding and has indicated corrective action will be taken.

**CITY OF EAST ORANGE**  
**COMMENTS AND RECOMMENDATIONS**  
**DECEMBER 31, 2017**

**2017-002 Significant Deficiency in Internal Control**

**Fixed Assets**

*Criteria:*

The City must adhere to State requirements and establish a system of internal control over fixed assets.

*Condition:*

During the course of our engagement, it was noted that the City does not maintain a proper fixed assets ledger in accordance with State requirements. The effect is that the City is not properly recording and maintaining a record of tangible property.

*Context:*

The City has not updated the financial statements of the general fixed assets account group and has not implemented a system to record fixed assets in accordance with state requirements.

*Cause and Effect:*

Lack of establishment of system to maintain internal control over fixed assets. Lack of control over identification of City assets and related lack of the insurance coverage for these assets.

*Recommendation:*

The City should implement procedures to record and periodically review all fixed assets.

*View of Responsible Officials and Planned Corrective Action:*

The City has reviewed this finding and has indicated corrective action will be taken.

**CITY OF EAST ORANGE**  
**COMMENTS AND RECOMMENDATIONS**  
**DECEMBER 31, 2017**

**2017-003 Significant Deficiency in Internal Control**

**Other Post-Employment Benefits Liability**

*Criteria:*

The City must adhere to regulations promulgated by the Division of Local Government Services.

*Condition:*

The City did not have an actuarial valuation performed related to its OPEB liability. The regulations require an actuarial valuation to be performed on a biennial basis.

*Context:*

The City is unable to disclose the unfunded liability and other related information of the City's post-employment benefit plan which is a material disclosure in the City's financial statements.

*Cause and Effect:*

As a result, the City's notes to the financial statements do not include updated information on the City's post-employment benefit plan.

*Recommendation:*

The City should obtain an actuarial valuation on a biennial basis to ensure compliance with applicable standards.

*View of Responsible Officials and Planned Corrective Action:*

The City has reviewed this finding and has indicated corrective action will be taken.

**CITY OF EAST ORANGE**  
**COMMENTS AND RECOMMENDATIONS**  
**DECEMBER 31, 2017**

**FINANCE**

**2017-004 \***

**Finding:**

A review of trust accounts and reserve balances found that there were several reserve balances that did not have Dedication by Riders.

**Recommendation:**

That trust account reserves should be reviewed to determine if the balance should be cancelled or if a Dedication by Rider should be obtained

**2017-005\***

**Finding:**

A detailed list of accounts payable balances that agrees to the general ledger balance could not be provided at the time of audit.

**Recommendation:**

That a detailed list of accounts payable be provided at the time of audit.

**2017-006\***

**Finding:**

Large receivable and reserve balances exist in the Community Development and Home Loan Trust Funds which should be investigated for collectability.

**Recommendation:**

That Community Development and Home Loan Trust Fund receivable and reserve balances be reviewed to ensure collection is possible and cancelled if necessary.

**2017-007\***

**Finding:**

There is a revenue accounts receivable due from the School Board greater than one year old.

**Recommendation:**

That aged accounts receivable be investigated for collectability and cancelled if necessary.

**CITY OF EAST ORANGE**  
**COMMENTS AND RECOMMENDATIONS**  
**DECEMBER 31, 2017**

**2017-008\***

**Finding:**

The amounts reported in the Current Fund as tax collections do not agree to the amounts posted to the tax system.

**Recommendation:**

That more care be taken to reconcile the collections per the tax departments to the amounts posted to the Current Fund.

**2017-009**

**Finding:**

Cash receipts related to Payments In Lieu of Tax Payments, liens, current taxes and delinquent taxes were not separated in the general ledger balance sheet accounts.

**Recommendation:**

That cash receipts related to Payments in Lieu of Taxes, liens, current and delinquent taxes be reported separately in the general ledger.

**2017-010**

**Finding:**

Payments In Lieu of Tax Billings were not recorded and no receivable was established.

**Recommendation:**

That Payments in Lieu of Taxes billings and receivables be recorded in the City's general ledger.

**2017-011**

**Finding:**

Multiple instances where prior year audit adjustments posted did not agree to prior year audit.

**Recommendation:**

That City properly book all prior year adjustments in the accounting system.

**2017-012**

**Finding:**

During examination of payroll there were instances noted where Employee Eligibility Forms, W-4 Forms and timecards could not be provided.

**Recommendation:**

That all employee payroll documentation be properly secured and filed away for authorized reference.

**CITY OF EAST ORANGE**  
**COMMENTS AND RECOMMENDATIONS**  
**DECEMBER 31, 2017**

**2017-013**

**Finding:**

A review of grant receivable balances found that there were several balances that should be reviewed for collectability as they have not had activity in multiple years.

**Recommendation:**

That an analysis of grant receivables is performed to assess collectability.

**2017-014**

**Finding:**

A review of reserves for grant expenditure balances found that there were balances that should be reviewed for ability to expend as they have not had activity in multiple years and may be beyond the period of performance.

**Recommendation:**

That an analysis of reserves for grant expenditures is performed to assess the ability to expend and to ensure that the City is still within the period of performance.

**2017-015**

**Finding:**

The financial activity of the Tax Collector's Office and the Water Commission needs to have better integration into the general ledger.

**Recommendation:**

That the City perform monthly reconciliations to ensure that the financial activity of outside offices is reflected in the general ledger.

**PURCHASING**

**2017-016\***

**Finding:**

There were instances in which quotes were not provided for items selected for review which exceeded 15% of the bid threshold.

**Recommendation:**

That verification of quotes obtained for purchases which exceed 15% of the bid threshold be provided for review at the time of audit.

**CITY OF EAST ORANGE**  
**COMMENTS AND RECOMMENDATIONS**  
**DECEMBER 31, 2017**

**2017-017**

**Finding:**

There were instances in which the City did not have vendor's Business Registration Certificates on file for review.

**Recommendation:**

That vendor's Business Registration Certificates be obtained and kept on file before the procurement of good and services.

**2017-018**

**Finding:**

The Uniform construction code annual report was not prepared correctly and did not reflect activity which took place during the fiscal year.

**Recommendation:**

That the annual Uniform Construction Code report accurately reflect current fiscal year activity.

**2017-019**

**Finding:**

Cash receipts were not turned over within the required 48 hour period to the finance department.

**Recommendation:**

All department cash receipts be turned over to the finance department within 48 hours.

**WATER UTILITY FUND**

**2017-020\***

**Finding:**

A detailed list of accounts payable balances that agrees to the general ledger balance could not be provided at the time of audit.

**Recommendation:**

That a detailed list of accounts payable be provided at the time of audit.

**2017-021\***

**Finding:**

There are Water Utility Capital Fund Improvement Authorizations greater than five years old that have unfunded portions outstanding.

**Recommendation:**

That Water Utility Capital Fund Improvement Authorizations greater than five years old be funded.

**CITY OF EAST ORANGE**  
**COMMENTS AND RECOMMENDATIONS**  
**DECEMBER 31, 2017**

**2017-022**

**Finding:**

A detailed list of inventory balances that agrees to the general ledger balance could not be provided at the time of audit.

**Recommendation:**

That a detailed list of inventory be provided at the time of audit.

\*- Repeat of prior year finding and recommendation.



**APPENDIX C**

**FORM OF APPROVING LEGAL OPINION FOR THE BONDS**

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# WILENTZ

—ATTORNEYS AT LAW—

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

March \_\_\_\_, 2019

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

Ladies and Gentlemen:

We have served as Bond Counsel in connection with the authorization, sale, issuance and delivery of \$25,330,000\* aggregate principal amount of General Obligation Bonds, Series 2019, consisting of \$21,830,000\* aggregate principal amount of General Improvement Bonds, Series 2019 (the "General Improvement Bonds") and \$3,500,000\* aggregate principal amount of Water Utility Bonds, Series 2019 (the "Water Utility Bonds" and together with the General Improvement Bonds, the "Bonds"), of the City of East Orange, in the County of Essex (the "City"), a municipal corporation of the State of New Jersey (the "State").

The Bonds are authorized by and are issued pursuant to: (i) the provisions of the Local Bond Law, N.J.S.A. 40A:2-1 et seq., as amended and supplemented (the "Local Bond Law"); (ii) various bond ordinances duly adopted by the City Council of the City, approved by the Mayor and published as required by law; and (iii) a resolution duly adopted by the City Council of the City on February 25, 2019.

The Bonds are issued in fully registered, book-entry only form, without coupons, initially registered in the name of and held by Cede & Co., as nominee for The Depository Trust Company, New York, 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 of each series maturing in each year. Purchases of the Bonds will be made in book-entry only form, without certificates, in principal denominations of \$1,000 each or any integral multiple thereof, with a minimum purchase of \$5,000 required. 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 City as Paying Agent (or a

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\* Preliminary, subject to change

Paying Agent duly appointed by 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 fifteenth day of March and September (each an "Interest Payment Date") in each year until maturity or prior redemption, commencing September 15, 2019. The Bonds shall mature on September 15 in each of the years and in the principal amounts as follows:

<u>Year</u>	<u>General Improvement Bonds*</u>	<u>Water Utility Bonds*</u>	<u>Combined Principal Amounts*</u>	<u>Interest Rates</u>
2019	\$1,450,000	\$100,000	\$1,550,000	%
2020	1,100,000	100,000	1,200,000	
2021	1,000,000	100,000	1,100,000	
2022	1,080,000	100,000	1,180,000	
2023	1,200,000	150,000	1,350,000	
2024	2,000,000	150,000	2,150,000	
2025	2,000,000	200,000	2,200,000	
2026	2,000,000	200,000	2,200,000	
2027	2,000,000	200,000	2,200,000	
2028	2,000,000	200,000	2,200,000	
2029	2,000,000	200,000	2,200,000	
2030	2,000,000	200,000	2,200,000	
2031	<u>2,000,000</u>	200,000	2,200,000	
2032		200,000	200,000	
2033		200,000	200,000	
2034		200,000	200,000	
2035		200,000	200,000	
2036		200,000	200,000	
2037		200,000	200,000	
2038		<u>200,000</u>	200,000	
Total:	<u>\$21,830,000*</u>	<u>\$3,500,000*</u>	<u>\$25,330,000*</u>	

\* Preliminary, subject to change

The Bonds of this issue maturing prior to September 15, 2028 are not subject to redemption prior to their stated maturities. The Bonds maturing on or after September 15, 2028 are redeemable at the option of the City, in whole or in part, on any date on or after September 15, 2027, upon notice as required therein, at a redemption price equal to one hundred percent (100%) of the principal amount being redeemed (the "Redemption Price"), plus accrued interest to the date fixed for redemption.

We have examined such matters of law, certified copies of the proceedings, including all authorization proceedings for the Bonds, and other documents and proofs relative to the issuance and sale of the Bonds as we have deemed necessary or appropriate for the purposes of the opinion 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 and sale of the Bonds pursuant to the Local Bond Law, (ii) the Bonds have been duly authorized, executed and delivered and constitute valid and legally binding obligations of the City 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 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 its 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, assuming continuing compliance by the City with the requirements of the Code and aforementioned covenants and representations in its tax certificate, under existing statutes, regulations, rulings and court decisions, 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.

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 is not includable in gross income under the New Jersey Gross Income Tax Act, 1976 N.J. Laws c. 47, as amended and supplemented.

[The Bonds maturing on September 15 of the years \_\_\_\_ through \_\_\_\_, inclusive (collectively, the "Premium Bonds"), have been sold to the public at a premium. Section 171 of the Code provides rules under which a bond premium may be amortized and a deduction allowed for the amount of the amortizable bond premium for a taxable year. Under Section 171(a)(2) of the Code, however, no deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excludable from gross income. Under Section 1016(a)(5) of the Code, the purchaser's basis in a Premium Bond will be reduced by the amount of the amortizable bond premium disallowable as a deduction under Section 171(2) of the Code. Proceeds received from the sale, exchange, redemption or payment of a Premium Bond in excess of the owner's adjusted basis (as reduced pursuant to Section 1016(a)(5) of the Code), will be treated as a gain from the sale or exchange of such Premium Bonds and not as interest.]

[We are also of the opinion that the difference between the stated principal amount of the Bonds maturing on September 15 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 person 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.]

Except as stated in the preceding four (4) paragraphs, we express no opinion as to any Federal, state or local tax consequences of the ownership or disposition of the Bonds. Furthermore, we express no opinion as to any Federal, state or local 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.

We have examined one of the 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,

WILENTZ, GOLDMAN & SPITZER, P.A.

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**APPENDIX D**

**FORM OF APPROVING LEGAL OPINION FOR THE NOTES**

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

March \_\_\_\_\_, 2019

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

Ladies and Gentlemen:

We have examined certified copies of the proceedings of the City Council of the City of East Orange (the "City"), in the County of Essex, a municipal corporation of the State of New Jersey (the "State"), and other proofs submitted to us relative to the issuance and sale of \$1,307,000 Tax Appeal Refunding Notes, Series 2019 (the "Notes") of the City.

The Notes are dated March 20, 2019, mature on March 19, 2020 and bear interest at the rate of \_\_\_\_\_ per centum (\_\_\_\_%) per annum.

The Notes are issued in fully registered form without coupons, initially registered in the name of, and held by Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), an automated depository for securities and clearing house for securities transactions. Individual purchases of the Notes will be made in book-entry only form in the principal amount of \$1,000 or any integral multiple thereof, with a minimum purchase of \$5,000 required. The Notes are not subject to redemption prior to maturity. So long as DTC or its nominee is the registered owner of the Notes, payments of principal of and interest on the Notes will be made by the City or a duly designated paying agent directly to Cede & Co., as nominee for DTC.

The City will apply the proceeds from the sale of the Notes to refund, on a current basis, a \$700,000 portion (along with \$1,545,000 budgeted paydowns of the City) of Prior Tax Appeal Refunding Notes of the City issued in the aggregate principal amount of \$2,245,000 on March 23, 2018 and maturing on March 22, 2019 (the "Prior March Tax Appeal Refunding Notes") and a \$607,000 portion (along with a \$609,000 budgeted paydown of the City) of Prior Tax Appeal Refunding Notes of the City issued in the aggregate principal amount of \$1,216,000 on June 1, 2018 and maturing on March 22, 2019 (the "Prior June Tax Appeal Refunding Notes" and together with the Prior March Tax Appeal Refunding Notes, the "Prior Tax Appeal Notes").

The Notes are authorized and issued pursuant to (i) the Local Bond Law, N.J.S.A. 40A:2-1 et seq., as amended and supplemented (the "Local Bond Law"), and (ii) refunding bond ordinances duly adopted by the City Council of the City, and approved by the Mayor and published as required by law. The Notes have been approved by resolutions of the Local Finance Board within the Division of Local Government Services of the Department of Community Affairs of the State of New Jersey.

The Notes are extraordinary expenses and the amounts of the expenses were not foreseen at the time of the City Council's adoption of the budget in the year such liabilities were incurred and were required to meet the pressing need for public expenditures to protect and promote the public health, safety, morals and welfare of the citizens of the City.

We are of the opinion that (i) such proceedings and proofs show lawful authority for the issuance and sale of the Notes pursuant to the Local Bond Law, (ii) the Notes are valid and legally binding general obligations of the City, and (iii) the City has pledged its full faith and credit for the payment of the principal of and interest on the Notes and, unless paid from other sources, all the taxable property within the City is subject to the levy of *ad valorem* taxes, without limitation as to rate or amount, for the payment of the principal of and interest on the Notes.

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

In our opinion, assuming continuing compliance by the City with the requirements of the Code and aforementioned covenants and representations in its tax certificate, under existing statutes, regulations, rulings and court decisions, interest on the Notes is not includable for Federal income tax purposes in the gross income of the owners of the Notes pursuant to Section 103 of the Code. The Notes are not “specified private activity bonds” within the meaning of Section 57(a)(5) of the Code and, therefore, the interest on the Notes will not be treated as a preference item for purposes of computing the Federal alternative minimum tax.

Furthermore, in our opinion, interest on the Notes and any gain on the sale thereof are not includable in gross income of the owners of the Notes 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 or local tax consequences of the ownership or disposition of the Notes. Furthermore, we express no opinion as to any Federal, state or local tax law consequences with respect to the Notes, or the interest thereon, if any action is taken with respect to the Notes or the proceeds thereof upon the advice or approval of other bond counsel.

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

We have examined the form of the unexecuted Notes and, in our opinion, the form of the Notes is regular and proper.

Very truly yours,

WILENTZ, GOLDMAN & SPITZER, P.A.

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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 \_\_\_\_\_, 2019 (the "Disclosure Certificate") is executed and delivered by the City of East Orange, in the County of Essex, State of New Jersey (the "City" or the "Issuer") in connection with the issuance of its \$25,330,000\* aggregate principal amount of General Obligation Bonds, Series 2019 consisting of \$21,830,000\* aggregate principal amount of General Improvement Bonds, Series 2019 (the "General Improvement Bonds") and \$3,500,000\* aggregate principal amount of Water Utility Bonds, Series 2019 (the "Water Utility Bonds" and together with the General Improvement Bonds, the "Bonds"), all such Bonds being dated their date of delivery. The Bonds are being issued pursuant to various bond ordinances duly adopted by the City Council of the City, approved by the Mayor and published as required by law, and a resolution entitled, "RESOLUTION (A) PROVIDING FOR THE COMBINATION OF CERTAIN BOND ORDINANCES AND DETERMINING THE FORM AND OTHER DETAILS OF THE OFFERING OF \$25,330,000 GENERAL OBLIGATION BONDS, SERIES 2019 CONSISTING OF \$21,830,000 GENERAL IMPROVEMENT BONDS, SERIES 2019 AND \$3,500,000 WATER UTILITY BONDS, SERIES 2019 OF THE CITY OF EAST ORANGE, IN THE COUNTY OF ESSEX, STATE OF NEW JERSEY AND PROVIDING FOR THEIR SALE AND (B) AUTHORIZING THE SALE AND ISSUANCE OF \$1,307,000 TAX APPEAL REFUNDING NOTES" (the "Resolution"), being duly adopted by the City Council of the City on February 25, 2019. 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:

*"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.

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\* Preliminary, subject to change

“*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 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 Authority with EMMA pursuant to Section 5 of this Disclosure Certificate.

“*Disclosure Representative*” shall mean the Chief Financial Officer of the City 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, the NW Financial Group, 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 (as defined below) consistent with the Rule (as defined below).

“*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 (as defined below) 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.

“Underwriters” shall mean any of the original underwriters 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 no later than two hundred seventy (270) days after the end of its fiscal year (currently December 31) for each fiscal year 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, 2018). 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 fifteen (15) 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 fifteen (15) 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 general financial information and operating data of the City consistent with the information set forth in Appendix A to the Official Statement dated March 7, 2019, prepared in connection with the sale of the Bonds (the "Official Statement") consisting of (1) City indebtedness; (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 EMMA 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 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 EMMA, 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)(4) and (5) 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, which notice shall be filed with EMMA 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 NW Financial Group, 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.

**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 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:

City of East Orange  
44 City Hall Plaza  
East Orange, New Jersey 07018  
Attention: Chief Financial Officer

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

NW Financial Group, LLC  
2 Hudson Place  
Hoboken, New Jersey 07030

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

**By:** \_\_\_\_\_  
**JUAN URIBE,**  
**Chief Financial Officer**

**Acknowledged and Accepted by:**  
**NW Financial Group, LLC,**  
**as Dissemination Agent**

\_\_\_\_\_  
**AUTHORIZED SIGNATORY**

**EXHIBIT A**

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

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

Name of Issue: \$25,330,000 General Obligation Bonds, Series 2019  
Dated: March 20, 2019  
(CUSIP Number: 274137\_\_\_\_)

Date of Issuance: March 20, 2019

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 General Obligation Bonds, Series 2019 dated March 20, 2019 executed by the City.

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

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

cc: The City

**APPENDIX F**

**FORM OF CERTIFICATE OF COMPLIANCE WITH SECONDARY MARKET  
DISCLOSURE REQUIREMENTS FOR THE NOTES**

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

I, JUAN URIBE, Chief Financial Officer of the City of East Orange, in the County of Essex (the "City"), a municipal corporation organized and existing under the laws of the State of New Jersey, DO HEREBY CERTIFY in connection with the issuance of \$1,307,000 aggregate principal amount of Tax Appeal Refunding Notes, Series 2019 of the City dated March 20, 2019 and maturing March 19, 2020 (the "Notes"), in connection with the issuance of the Notes, 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 of certain material events (the "Notice") to the Municipal Securities Rulemaking Board (the "MSRB") via its Electronic Municipal Market Access system ("EMMA") as a PDF file to [www.emma.msrb.org](http://www.emma.msrb.org), of any of the following events with respect to the Notes herein described, as applicable, if material: (1) principal and interest payment delinquencies; (2) non-payment related defaults; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions or events effecting the tax-exempt status of the security; (7) modifications to rights of security holders; (8) bond calls; (9) defeasances; (10) release, substitution or sale of property securing repayment of the securities; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event; (13) consummation of a merger, consolidation, or acquisition, or sale of all or substantially all of the assets of the City, entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such action; (14) appointment of a successor or additional trustee or change of name of a trustee; (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.

Whenever the City obtains actual knowledge of the occurrence of any of the aforementioned events and when the occurrence of such events will constitute material information to the holders of the Notes, the City shall file a Notice of each such occurrence with the MSRB via EMMA on a timely basis.

The City's obligations under this Certificate shall terminate upon the defeasance, prior redemption 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.

IN WITNESS WHEREOF, I have hereunto set my hand on behalf of the City and caused the official seal of the City to be hereunto affixed and attested to by the Clerk of the City this \_\_\_\_ day of March, 2019.

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

(SEAL)

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**JUAN URIBE,  
Chief Financial Officer**

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**CYNTHIA BROWN,  
City Clerk**