

CITY OF EAST ORANGE  
2015 OCT 20 A 9:03

**CITY OF EAST ORANGE**  
**Financial Statements With**  
**Supplementary Information**  
**December 31, 2014**  
**(With Independent Auditors' Reports Thereon)**

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**CITY OF EAST ORANGE**

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**CITY OF EAST ORANGE**

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**PART I**

**REPORT OF AUDIT ON FINANCIAL STATEMENTS**

**AND SUPPLEMENTARY DATA**

**YEAR ENDED DECEMBER 31, 2014**

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## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the City of East Orange in the County of Essex, New Jersey as of December 31, 2014 and 2013, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2014, and the related notes to the financial statements, 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 basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. 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 misstatements, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion 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 audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.



Honorable Mayor and  
Members of the City Council  
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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and 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 entity'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 of the financial statements, the financial statements are prepared by the City of East Orange on the basis of the financial reporting provisions prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of New Jersey.

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

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

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the City of East Orange as of December 31, 2014 and 2013 or changes in financial position for the years 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 by other auditing procedures.



The City did not maintain a current actuarial as required by Government Accounting Standards Board (GASB), Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, State of New Jersey Local Finance Notice 2007-15 also dictates that municipalities follow the guidelines established by this GASB.

### ***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*”, the financial statements referred to above, present fairly, in all material respects, the regulatory basis balance sheets and account group as of December 31, 2014 and 2013, the regulatory basis statements of operations for the years then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2014 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

### ***Other Matters***

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of East Orange’s basic financial statements. The supplementary information listed in the table of contents and schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the schedule of expenditures of state financial assistance as required by NJ OMB 04-04 and the letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental information listed in the table of contents and the schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, the schedule of expenditures of state financial assistance as required by NJ OMB 04-04 are the responsibility of management and were 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 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information listed in the table of contents, schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the schedule of expenditures of state financial assistance as required by NJ OMB 04-04 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Honorable Mayor and  
Members of the City Council  
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The letter of comments and recommendations section has not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 2, 2015 on our consideration of the City of East Orange'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 of East Orange's internal control over financial reporting and compliance.



Steven D. Wielkocz, C.P.A.  
Registered Municipal Accountant  
No. CRO0413



FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.  
Certified Public Accountants  
Pompton Lakes, New Jersey

October 2, 2015



CITY OF EAST ORANGE, N.J.

Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31, 2014 and 2013

	<u>Ref.</u>	<u>2014</u>	<u>2013</u>
<u>Assets</u>			
Current Fund:			
Cash	A-4	\$ 16,583,491	19,411,243
Change Funds	A-5	50	300
Accounts Receivable:			
State Aid	A-7	<u>2,724,948</u>	<u>2,744,248</u>
		<u>19,308,489</u>	<u>22,155,791</u>
Receivables and Other Assets with Full Reserves:			
Revenue Accounts Receivable	A-7	815,142	962,001
Municipal Liens Receivable	A-8	7,177,078	5,709,345
Delinquent Taxes Receivable	A-9	4,881,472	5,600,032
Property Acquired for Taxes - Assessed Valuation	A-10	8,936,450	8,936,450
Prepaid School Taxes	A-22	57,182	124,436
Interfund Accounts Receivable	A-11	<u>5,090,318</u>	<u>4,144,207</u>
		<u>26,957,642</u>	<u>25,476,471</u>
Deferred Charges:			
Emergency Authorization	A-12	1,200,000	500,000
Special Emergency Authorizations	A-13	<u>850,853</u>	<u>1,580,000</u>
		<u>2,050,853</u>	<u>2,080,000</u>
Total Current Fund		<u>48,316,984</u>	<u>49,712,262</u>
Federal and State Grant Fund:			
Grants Receivable	A-32	17,473,189	17,494,633
Overexpenditure of Appropriated Reserve	A-35	<u>5,517</u>	<u>          </u>
		<u>17,478,706</u>	<u>17,494,633</u>
		<u>\$ 65,795,690</u>	<u>67,206,895</u>

## CITY OF EAST ORANGE, N.J.

## Comparative Balance Sheet - Regulatory Basis

## Current Fund

December 31, 2014 and 2013

	<u>Ref.</u>	<u>2014</u>	<u>2013</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Current Fund:			
Appropriation Reserves	A-3/A-14 \$	3,838,648	4,304,770
Encumbrances Payable	A-3/A-15	3,653,113	4,440,789
Accounts Payable	A-16	789,227	646,307
Due to State of New Jersey:			
Senior Citizens and Veterans Deductions	A-17	6,037	19,390
Tax Overpayments	A-18	1,575,656	1,058,219
Prepaid Taxes	A-19	1,281,806	1,295,797
Special Emergency Notes Payable	A-20	850,500	1,580,000
Emergency Notes Payable	A-21	1,200,000	500,000
County Taxes Payable	A-23	13,869	29,417
Accrued Salaries & Wages	A-24	100,644	101,930
Prepaid Expenses	A-25	9,289	
Interfund Accounts Payable	A-11		806
Reserve for Tax Appeals	A-26	91,460	91,460
Reserve for Revaluation	A-27	18,731	18,731
Reserve for Hurricane Irene	A-28	35,067	35,067
Reserve for Sandy Reimbursements	A-29		199,147
Due to Central Ave Improvement District	A-30	15,053	5,308
Special Reserves	A-31	128,136	161,182
		<u>13,607,236</u>	<u>14,488,320</u>
Reserve for Receivables	Contra	26,957,642	25,476,471
Fund Balance	A-1	<u>7,752,106</u>	<u>9,747,471</u>
Total Current Fund		<u>48,316,984</u>	<u>49,712,262</u>
Federal and State Grant Fund:			
Interfund Accounts Payable	A-33	2,856,107	3,536,997
Reserve for Encumbrance	A-34	1,279,287	795,193
Appropriated Federal and State Grants	A-35	13,277,180	13,113,459
Unappropriated Federal and State Grants	A-36	66,132	48,984
Total Federal and State Grant Fund		<u>17,478,706</u>	<u>17,494,633</u>
Total Liabilities, Reserves and Fund Balance	\$	<u>65,795,690</u>	<u>\$ 67,206,895</u>

See accompanying notes to financial statements.

## CITY OF EAST ORANGE, N.J.

Comparative Statement of Operations and Changes in  
Fund Balance - Regulatory Basis

## Current Fund

Years Ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Revenues and Other Income:		
Fund Balance Utilized	6,350,000	3,400,000
Miscellaneous Revenue Anticipated	39,055,856	46,404,199
Receipts from Delinquent Taxes	6,129,022	8,368,722
Receipts from Current Taxes	116,085,491	114,443,656
Non-Budget Revenue	312,277	323,267
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	3,507,384	3,686,683
Accounts Payable Cancelled		
Interfunds Returned	961,950	1,671
Due From Board of Ed. - Revenue Accounts Receivable	288,651	44,339
Prepaid School Taxes	67,254	
Statutory Excess - Animal Control Fund		4,658
Cancellation of Prior Year Tax Overpayments	326,150	
Prior Year Void Checks	25,991	26,948
	<u>173,110,026</u>	<u>176,704,143</u>
Total Revenues and Other Income		
Expenditures:		
Budget and Emergency Appropriations:		
Operations:		
Salaries and Wages	58,432,739	55,505,910
Other Expenses	47,810,251	50,904,595
Capital Improvement Fund		50,000
Municipal Debt Service	9,575,775	9,045,522
Deferred Charges and Statutory Expenditures - Municipal	14,975,230	15,505,101
Transfer to Board of Education for Use of Local Schools	122,247	124,436
Local District School Tax	20,544,012	20,616,969
County Taxes including Added Taxes	14,998,986	17,121,377
Due from Board of Ed - Revenue Accounts Receivable	288,651	288,651
Prepaid School Taxes		124,436
PILOT Taxes Receivable		507,416
Local Open Space Taxes	503,086	
Special District Taxes	59,407	
Refunds	409,420	174,337
Interfunds Advanced	2,235,587	4,286,997
	<u>169,955,391</u>	<u>174,255,747</u>
Total Expenditures		
Excess (Deficit) Revenue Over Expenditures	<u>3,154,635</u>	<u>2,448,396</u>
Adjustments to Income before Surplus:		
Expenditures included above which are by Statute Deferred Charges to Budget of Succeeding Year:		
Emergency Authorization - Group Insurance	1,200,000	500,000
	<u>4,354,635</u>	<u>2,948,396</u>
Statutory Excess to Surplus		
Fund Balance, January 1,	<u>9,747,471</u>	<u>10,199,075</u>
	14,102,106	13,147,471
Decreased by:		
Fund Balance Utilized as Budget Revenue	<u>6,350,000</u>	<u>3,400,000</u>
Fund Balance, December 31,	<u>7,752,106</u>	<u>9,747,471</u>

See accompanying notes to the financial statements.

**CITY OF EAST ORANGE, N.J.**  
**Statement of Revenues - Regulatory Basis**  
**Current Fund**  
**Year Ended December 31, 2014**

	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance Anticipated	\$ 6,350,000	6,350,000	
Miscellaneous Revenues:			
Licenses:			
Alcoholic Beverages	43,409	64,354	20,945
Other	342,610	303,310	(39,300)
Fees and Permits	76,146	84,905	8,759
Fines and Costs:			
Municipal Court	2,774,123	2,468,998	(305,125)
Interest and Costs on Taxes	1,227,376	1,394,313	166,937
Interest on Investments and Deposits	22,345	13,465	(8,880)
Payments in Lieu of Real Estate Taxes	2,100,000	2,352,253	252,253
Code Enforcement	208,630	331,270	122,640
Cable Television Franchise Fees	146,221	146,220	(1)
Fire Official LIU Fees	49,183	55,230	6,047
Alarm Registration Fees	30,950	25,400	(5,550)
Consolidated Municipal Property Tax Relief Aid	8,074,999	8,074,999	
Energy Receipts Tax	14,042,677	14,042,677	
Uniform Construction Code Fees	766,147	822,512	56,365
Municipal Alliance	12,500	12,500	
DLPS Body Armor Program	48,952	48,952	
Justice Assistance Grant	92,266	92,266	
Clean Communities act	91,450	91,450	
County of Essex-Home Friends	240,000	240,000	
HIV Counseling & Testing	140,588	140,588	
Urban Gateway Enhance Program	32,000	32,000	
Community Development Block Grant	1,363,259	1,363,259	
Home Program	68,298	68,298	
Delta Dental Plan	26,563	26,563	
State Recycling Program	16,199	16,199	
Essex County Recreation and Open Space Trust Grant	150,000	150,000	
Shelter Plus Care Program	607,553	607,553	
WIC Supplemental Food Program	1,077,063	1,077,063	
Childhood LeadBase Paint Poison	250,000	250,000	
Alcohol & Drug Abuse Treat Rehab	745,916	745,916	
Winter Food Service Pgm	1,874,383	1,874,383	
Summer Food Service Program	432,829	432,829	
NJ Transportation Fund	412,760	412,760	
Sandy SSBG Lead Screening	125,000	125,000	
Uniform Fire Safety Act	71,761	59,396	(12,365)
Housing Inspection	72,356	53,520	(18,836)
Bell Atlantic Contract	10,950	10,950	
COPS in School East Orange Board of Ed.	554,684	568,655	13,971
General Capital Fund Balance	65,607	65,607	
Reserve for Payment of Bonds	111,096	111,096	
Reserve for Sandy Reimbursements	199,147	199,147	
Total Miscellaneous Revenues	<u>38,797,996</u>	<u>39,055,856</u>	<u>257,860</u>
Receipts from Delinquent Taxes	<u>5,600,000</u>	<u>6,129,022</u>	<u>529,022</u>
Subtotal General Revenues	<u>50,747,996</u>	<u>51,534,878</u>	<u>786,882</u>
Amount to be Raised by Taxes for Support of Municipal Budget - Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes	<u>87,291,218</u>	<u>88,300,151</u>	<u>1,008,933</u>
Budget Totals	<u>138,039,214</u>	<u>139,835,029</u>	<u>1,795,815</u>
Non-Budget Revenue		<u>312,277</u>	<u>312,277</u>
	<u>\$ 138,039,214</u>	<u>140,147,306</u>	<u>2,108,092</u>

## CITY OF EAST ORANGE, N.J.

## Statement of Revenues - Regulatory Basis

## Current Fund

Year Ended December 31, 2014

Analysis of Realized Revenues

Revenue from Current Tax Collections	\$ 116,085,491
Allocated to Municipal Open Space	503,086
Allocated to County and Local and Regional School Taxes	<u>35,602,405</u>
Balance for Support of Municipal Budget Appropriations	79,980,000
Add : Appropriation - Reserve for Uncollected Taxes	<u>8,320,151</u>
Amount for Support of Municipal Budget Appropriations	\$ <u>88,300,151</u>
Receipts from Delinquent Taxes:	
Delinquent Taxes	4,668,083
Municipal Liens	<u>1,460,939</u>
Delinquent Taxes	\$ <u>6,129,022</u>

CITY OF EAST ORANGE, N.J.  
Statement of Revenues - Regulatory Basis

Current Fund

Year Ended December 31, 2014

Analysis of Non-budget Revenues

Fire Reports	\$	229
City Clerk Copy Fees		3,957
Police Fees		11,667
Bounced Check Fees		1,058
Duplicate Tax Sale Cert. Fee		4,800
Planning Board		4,244
Zoning Board		14,106
Child Support Fee		2,989
Garnishes Fees		5,621
Bingo and Raffle		3,190
Passport Fees		350
Contractor Licenses		205
Rent Leveling		1,060
Property Maint Fees		2,050
Tax Sale Costs		19,856
Auction		2,316
Tax Assessor Tax Exempt Application Fee		43,300
Animal Control		4,661
STD Clinic Fees		10,540
Foreclosure Fees		19,000
Senior Citizens Adm Fee		2,812
Police Off Duty ADM		7,230
Fees Vacant Properties		6,000
Fire EMS Dispatch Fees		4,001
Rent Family Development Center		19,850
Commissions		57,601
Premiums		53,030
Misc		6,554
		<u>312,277</u>

See accompanying notes to the financial statements.

CITY OF EAST ORANGE, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2014

	Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
General Government:					
Office of the Mayor					
Salaries and Wages	\$ 385,043	385,043	384,831	212	
Other Expenses	75,000	75,000	39,418	35,582	
Division of Public Information & Consumer Service					
Salaries and Wages	83,217	83,217	83,217		
Office of the City Administrator					
Salaries and Wages	251,257	252,257	251,760	497	
Other Expenses	115,215	105,215	73,708	31,507	
Division of Procurement					
Salaries and Wages	360,577	360,577	360,325	252	
Other Expenses	80,130	80,130	65,207	14,923	
Duplicating Unit					
Other Expenses	58,500	58,500	49,120	9,380	
Public Defender					
Salaries and Wages	252,000	252,000	195,190	56,810	
Other Expenses	4,500	4,500	3,736	764	
Human Resources					
Salaries and Wages	564,913	573,913	560,762	13,151	
Other Expenses	27,100	27,100	8,426	18,674	
Data Processing Department - City					
Salaries and Wages	701,015	701,015	700,744	271	
Other Expenses	950,499	950,499	887,934	62,565	
Board of Alcoholic Beverage Control					
Salaries and Wages	3,001	3,001	3,000	1	
Other Expenses	2,265	2,265	83	2,182	
Dept. of Policy, Planning & Economic Development					
Salaries and Wages	214,284	205,284	203,884	1,400	
Other Expenses	5,850	14,850	13,817	1,033	
Division of Economic Development					
Salaries and Wages	72,963	72,963	66,034	6,929	
Other Expenses	6,300	6,300	6,110	190	

CITY OF EAST ORANGE, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2014

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Division of Neighborhood Housing Revitalization					
Salaries and Wages	321,556	321,556	307,178	14,378	
Other Expenses	9,700	9,700	5,321	4,379	
Comprehensive Planning					
Salaries and Wages	170,502	170,502	161,217	9,285	
Other Expenses	5,516	5,516	824	4,692	
Zoning Board of Adjustment					
Salaries and Wages	4,801	4,801	4,800	1	
Other Expenses	35,450	35,450	31,056	4,394	
Planning Board					
Salaries and Wages	4,920	4,920	4,920		
Other Expenses	34,850	34,850	31,921	2,929	
City Council					
Salaries and Wages	670,878	672,878	667,317	5,561	
Other Expenses	155,405	153,405	136,131	17,274	
City Clerk's Office					
Salaries and Wages	429,670	429,670	413,845	15,825	
Other Expenses	101,010	101,010	97,274	3,736	
City Clerk's Elections					
Salaries and Wages	13,000	13,000	10,203	2,797	
Other Expenses	19,500	19,500	19,412	88	
Department of Finance					
Director's Office (CFO)					
Salaries & Wages	207,492	207,492	192,302	15,190	
Other Expenses	307,340	307,340	269,685	37,655	
Surety Bonds	25,000	25,000	4,010	20,990	
Claim Administration Fee	115,500	115,500	103,000	12,500	
Unemployment Insurance	404,150	404,150	351,091	53,059	
Group Insurance for Employees	12,443,820	13,643,820	12,771,252	872,568	
Health Benefit Waiver	195,000	195,000	190,292	4,708	
Insurance Claim Fund - Workers Comp	1,676,141	1,996,141	1,864,227	131,914	
Miscellaneous Insurance	15,000	15,000	12,828	2,172	
Insurance Claim Fund (Auto & General)	1,120,000	1,235,000	1,230,356	4,644	
Fire Insurance - City Building	30,000	5,000		5,000	
City Insurance Premium	750,000	750,000	750,000		
Short Term Insurance	200,867	225,867	215,986	9,881	

CITY OF EAST ORANGE, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2014

	Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
Public Officials Liability Insurance	89,000	89,000	71,283	17,717	
Division of Accounts & Control					
Salaries and Wages	135,727	122,727	75,427	47,300	
Other Expenses	43,400	56,400	55,561	839	
Division of Treasury					
Salaries and Wages	401,024	401,024	400,723	301	
Other Expenses	1,700	1,700	1,178	522	
Division of Tax Collection & Revenue					
Salaries and Wages	444,121	444,121	411,436	32,685	
Other Expenses	81,800	81,800	73,063	8,737	
Department of Property Taxation					
Salaries and Wages	346,819	346,819	333,747	13,072	
Other Expenses	279,950	279,950	206,198	73,752	
Department of Law					
Salaries and Wages	984,381	984,381	983,931	450	
Other Expenses	371,750	371,750	200,797 <sup>e</sup>	170,953	
Special Prosecutors					
Salaries and Wages	10,000	10,000	7,475	2,525	
Municipal Court					
Salaries and Wages	1,959,595	1,959,595	1,933,528	26,067	
Other Expenses	286,840	286,840	261,603	25,237	
Department of Public Works					
Director's Office					
Salaries and Wages	421,509	421,509	415,644	5,865	
Other Expenses	23,020	23,020	17,525	5,495	
Street & Roads Division					
Salaries and Wages	904,835	939,835	897,675	42,160	
Other Expenses	1,679,200	1,749,200	1,658,694	90,506	
Snow & Ice Removal					
Salaries and Wages	67,200	67,200	67,196	4	
Other Expenses	219,200	149,200	87,038	62,162	

CITY OF EAST ORANGE, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2014

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Plan & Construction Division					
Salaries and Wages	359,594	359,594	348,746	10,848	
Other Expenses	8,805	8,805	7,653	1,152	
Traffic Engineering Division					
Salaries and Wages	237,254	237,254	232,868.	4,386	
Other Expenses	90,576	90,576	72,992	17,584	
Employee Safety Program					
Other Expenses	900	900		900	
Garbage & Trash Removal Solid Waste					
Salaries and Wages	307,285	307,285	303,785	3,500	
Other Expenses	4,507,900	4,448,400	4,429,299	19,101	
Mandated State Recycling Program	1,800	1,800		1,800	
Public Building & Grounds Division					
Salaries and Wages	563,498	556,498	552,527	3,971	
Other Expenses	1,478,620	1,498,120	1,493,806	4,314	
Garage Division					
Salaries and Wages	331,762	338,762	335,599	3,163	
Other Expenses	525,600	531,900	523,006	8,894	
Parks Maintenance					
Salaries and Wages	380,468	385,468	381,624	3,844	
Other Expenses	95,100	95,100	72,072	23,028	
Public Safety					
Department of Fire					
Salaries and Wages	15,046,837	14,891,837	14,808,399	83,438	
Other Expenses	585,690	619,390	416,917	202,473	
Cert-Office of Emergency Management					
Salaries and Wages	99,064	99,064	98,932	132	
Other Expenses	36,700	36,700	35,489	1,211	
Uniform Fire Safety Act					
Other Expenses	71,761	71,761	71,761		
Department of Police					
Salaries and Wages	23,977,664	23,502,664	23,130,384	372,280	
Other Expenses	1,464,437	1,464,437	1,404,199	60,238	

CITY OF EAST ORANGE, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2014

	Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
School Traffic Guards					
Salaries and Wages	748,224	818,224	785,824	32,400	
Other Expenses	19,000	19,000	18,000	1,000	
Data Processing Department - Police					
Other Expenses	76,500	76,500	18,132	58,368	
Department of Property Maintenance					
Office of Director					
Salaries and Wages	449,984	447,984	445,583	2,401	
Other Expenses	2,700	2,700	1,192	1,508	
Building Division					
Salaries and Wages	742,082	731,082	728,756	2,326	
Other Expenses	71,018	74,018	69,807	4,211	
Code Enforcement					
Salaries and Wages	771,125	741,125	739,846	1,279	
Other Expenses	205,350	245,350	226,558	18,792	
Housing Inspection	72,356	72,356	72,356		
Department of Health & Human Services					
Office of the Director					
Salaries and Wages	402,933	402,933	389,735	13,198	
Other Expenses	54,970	64,970	44,660	20,310	
Health Officer/Division of Health Services					
Salaries and Wages	268,894	268,894	267,693	1,201	
Other Expenses	9,300	9,300	3,686	5,614	
Dental					
Salaries and Wages	86,522	86,522	86,522		
Other Expenses	250	250	250		
HIV Counseling					
Salaries and Wages	1,753	1,753		1,753	
Lead Poisoning					
Salaries and Wages	16,434	16,434	11,074	5,360	
Environmental Health					
Salaries and Wages	297,375	277,375	233,622	43,753	
Other Expenses	7,150	7,150	5,874	1,276	

CITY OF EAST ORANGE, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2014

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Public Health Nursing					
Salaries and Wages	312,054	312,054	310,182	1,872	
Other Expenses	25,850	25,850	19,092	6,758	
Substance Abuse					
Salaries and Wages	7,868	7,868	7,868		
Vital Statistics					
Salaries and Wages	116,541	116,541	105,761	10,780	
Other Expenses	6,830	6,830	665	6,165	
WIC					
Salaries and Wages	32,158	32,158	25,609	6,549	
Animal Control					
Salaries and Wages	81,392	91,392	73,233	18,159	
Other Expenses	88,529	88,529	88,134	395	
Emergency Medical Service	724,500	724,500	718,375	6,125	
Essex Regional Health Commission	13,150	13,150	12,782	368	
Lab Waste Disposal	5,200	5,200	2,280	2,920	
Division of Senior Citizens					
Salaries and Wages	546,580	546,580	504,445	42,135	
Other Expenses	104,352	104,352	98,193	6,159	
Division of Employment & Training					
Salaries and Wages	536,431	542,431	538,379	4,052	
Other Expenses	57,965	51,965	34,054	17,911	
Child Food Program - Summer					
Salaries and Wages	101,941	101,941	79,291	22,650	
Department of Recreation & Cultural Affairs					
Director's Office					
Salaries and Wages	373,164	364,164	357,617	6,547	
Other Expenses	2,360	2,360	2,131	229	
Instructional & Recreational Leaders					
Salaries and Wages	790,537	777,537	765,998	11,539	
Other Expenses	14,300	14,300	13,710	590	
Community Celebrations					
Other Expenses	37,733	37,733	35,066	2,667	

CITY OF EAST ORANGE, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2014

	Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
Day Camp Program	56,622	56,622	56,622		
Salaries and Wages					
Swimming Pool Program	136,205	158,205	158,205		
Salaries and Wages					
Division of Neighborhood Facilities	198,321	198,321	193,807	4,514	
Salaries and Wages	15,596	15,596	15,196	400	
Other Expenses					
East Orange Golf Course	179,873	244,873	244,486	387	
Salaries and Wages	259,645	279,645	248,000	31,645	
Other Expenses					
Water Commission	1,000	1,000		1,000	
Other Expenses	25,000	25,000	15,707	9,293	
Bond & Note Sales Expense	500,000	500,000	500,000		
Settlement Costs - Salary Expense	554,684	554,684	554,684		
COPS in School - EO Board of Education	46,875	46,875		46,875	
Matching Funds for Grants					
<b>Total Operations within "CAPS"</b>	<b>92,860,259</b>	<b>94,060,259</b>	<b>90,612,276</b>	<b>3,447,983</b>	
<b>Total Operations Including Contingent-within "CAPS"</b>	<b>92,860,259</b>	<b>94,060,259</b>	<b>90,612,276</b>	<b>3,447,983</b>	
Detail:					
Salaries & Wages	58,944,739	58,432,739	57,401,333	1,031,406	
Other Expenses (Including Contingent)	33,915,520	35,627,520	33,210,943	2,416,577	
(E) Deferred Charges and Statutory Expenditures- Municipal within "CAPS"					
(1) DEFERRED CHARGES					
Emergency Authorizations	400,000	400,000	381,578	18,422	
Accumulated Sick Leave & Hold Back	200,000	200,000	176,908	23,092	
Settlement Cost for Previous Litigation	20,000	20,000	17,181		
Prior Years Bills					2,819

CITY OF EAST ORANGE, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2014

	Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
<b>(2) STATUTORY EXPENDITURES:</b>					
Contribution to:					
Public Employees' Retirement System	2,689,115	2,689,115	2,654,343	34,772	
Social Security System (O.A.S.I.)	2,533,187	2,533,187	2,342,536	190,651	
Consolidated Police and Fireman's Pension Fund	6,228	6,228	6,227	1	
Police and Fireman's Retirement System of N.J.	7,822,473	7,822,473	7,820,996	1,477	
PERS - Employer Delayed Enrollment	15,964	15,964	15,963	1	
PRFRS Retroactive Pay	61,934	61,934	61,933	1	
PERS Death Benefit	1	1		1	
Total Deferred Charged and Statutory Expenditures-Municipal within "CAPS"	<u>13,748,902</u>	<u>13,748,902</u>	<u>13,477,665</u>	<u>268,418</u>	<u>2,819</u>
Total General Appropriations for Municipal Purposes within "CAPS"	<u>106,609,161</u>	<u>107,809,161</u>	<u>104,089,941</u>	<u>3,716,401</u>	<u>2,819</u>
Operations - Excluded from "CAPS":					
Maintenance of Free Public Library	4,215,029	4,215,029	4,215,029		
Declared State of Emergency for Snow Removal	157,000	157,000	157,000		
Total Other Operations - Excluded from "CAPS"	<u>4,372,029</u>	<u>4,372,029</u>	<u>4,372,029</u>		
Public and Private Programs Offset by Revenues					
Shelter Plus Care Program - Isaiah House	607,553	607,553	607,553		
Clean Communities Program	91,450	91,450	91,450		
Community Development Block Grant	1,130,275	1,130,275	1,130,275		
HIV Counseling & Testing	140,588	140,588	140,588		
Home Program	68,298	68,298	68,298		
Home Friends	240,000	240,000	240,000		
Delta Dental Plan	5,000	5,000	5,000		
Delta Dental Plan CY 2014	21,563	21,563	21,563		
Emergency Shelter Care - Stimulus	150,000	150,000	150,000		
DLPS Body Armour Program	48,951	48,951	48,951		
Summer Food Service Program	432,828	432,828	432,828		
FY 2014 Justice Assistance Grant	45,191	45,191	45,191		
CY 2013 Justice Assistance Grant	47,075	47,075	47,075		
State Recycling Grant	16,199	16,199	16,199		

CITY OF EAST ORANGE, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2014

	Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
Community Development Block Grant - Carry Over	232,984	232,984	232,984		
Youth Corps Urban Gateway Enhancement Grant	32,000	32,000	32,000		
Municipal Alliance Drug Abuse Grant	12,500	12,500	12,500		
Municipal Alliance Local Match	3,125	3,125	3,125		
WIC Supplemental Food Grant	1,077,063	1,077,063	1,077,063		
Childhood Lead-Base Paint Poison	250,000	250,000	250,000		
Alcohol & Drug Abuse Treash Rehab	745,916	745,916	745,916		
Winter Food Service Program	1,874,383	1,874,383	1,874,383		
NJ Trans Trust Fund	412,760	412,760	412,760		
Sandy SSBG Lead Screening	125,000	125,000	125,000		
<b>Total Public and Private Programs Offset by Revenues</b>	<b>7,810,702</b>	<b>7,810,702</b>	<b>7,810,702</b>		
<b>Total Operations-Excluded from "CAPS"</b>	<b>12,182,731</b>	<b>12,182,731</b>	<b>12,182,731</b>		
Detail:					
Salaries and Wages					
Other Expenses	12,182,731	12,182,731	12,182,731		
<b>Municipal Debt Service - Excluded from "CAPS"</b>					
Payment of Bond Principal	4,755,000	4,755,000	4,755,000		
Payment of Bond Anticipation Notes and Capital Notes	2,673,500	2,673,500	2,673,500		
Interest on Bonds	1,755,814	1,755,814	1,755,813		1
Interest on Notes	127,713	127,713	127,712		1
Loan Repayments for Principal and Interest	30,890	30,890	30,890		
Capital Lease Payments	232,860	232,860	232,860		
<b>Total Municipal Debt Service-Excluded from "CAPS"</b>	<b>9,575,777</b>	<b>9,575,777</b>	<b>9,575,775</b>		<b>2</b>

CITY OF EAST ORANGE, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2014

	Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
Deferred Charges and Statutory Expenditures- Municipal excluded from "CAPS"					
(1) DEFERRED CHARGES:					
Emergency Authorizations	500,000	500,000	500,000		
Special Emergency Authorizations - 5 years	729,147	729,147	729,147		
Total Deferred Charged and Statutory Expenditures-Municipal exclude from "CAPS"	<u>1,229,147</u>	<u>1,229,147</u>	<u>1,229,147</u>		
Transferred to BOE for Use of Local Schools	<u>122,247</u>	<u>122,247</u>		<u>122,247</u>	
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>23,109,902</u>	<u>23,109,902</u>	<u>22,987,653</u>	<u>122,247</u>	<u>2</u>
Subtotal General Appropriations	129,719,063	130,919,063	127,077,594	3,838,648	2,821
Reserve for Uncollected Taxes	<u>8,320,151</u>	<u>8,320,151</u>	<u>8,320,151</u>		
Total General Appropriations	<u>\$ 138,039,214</u>	<u>139,239,214</u>	<u>135,397,745</u>	<u>3,838,648</u>	<u>2,821</u>
Appropriation by 40:A4-87 \$		5,321,814			
Emergency Appropriation		1,200,000			
Adopted Budget		<u>132,717,400</u>			
		<u>\$ 139,239,214</u>			
Reserve for Uncollected Taxes \$		8,320,151			
Federal and State Grants		7,810,702			
State Aid - Debt Payments		8,074,999			
Deferred Charges		1,229,147			
Interfunds		500,000			
Encumbrances		3,653,113			
Cash		105,809,633			
		<u>\$ 135,397,745</u>			

See accompanying notes to the financial statements.

## CITY OF EAST ORANGE, N.J.

## Comparative Balance Sheet - Regulatory Basis

## Trust Funds

December 31, 2014 and 2013

	<u>Ref.</u>	<u>2014</u>	<u>2013</u>
<u>Assets</u>			
Animal Trust Fund:			
Cash	B-1	\$ <u>3,648</u>	<u>7,312</u>
		<u>3,648</u>	<u>7,312</u>
Tax Redemption Fund:			
Cash	B-1	<u>1,036,603</u>	<u>1,157,038</u>
		<u>1,036,603</u>	<u>1,157,038</u>
Other Trust Funds:			
Cash	B-1	<u>7,275,697</u>	<u>7,161,611</u>
Interfunds Accounts Receivable	B-4		<u>414,833</u>
		<u>7,275,697</u>	<u>7,576,444</u>
Community Development Trust Fund:			
Cash	B-1	<u>41,923</u>	<u>5,617</u>
Interfunds Accounts Receivable	B-4	<u>105,043</u>	
Due from H.U.D.	B-5	<u>2,752,644</u>	<u>3,270,906</u>
		<u>2,899,610</u>	<u>3,276,523</u>
Home Loan Program Fund:			
Cash	B-1	<u>55,769</u>	<u>51,260</u>
Interfunds Accounts Receivable	B-4		<u>6,601</u>
Due from H.U.D.	B-6	<u>1,415,759</u>	<u>1,522,207</u>
Other Loans Receivable	B-7	<u>4,947,564</u>	<u>4,906,064</u>
Construction Loan Receivable	B-8	<u>339,485</u>	<u>339,485</u>
		<u>6,758,577</u>	<u>6,825,617</u>
Self Insurance Fund:			
Cash	B-1	<u>858,816</u>	<u>783,920</u>
		<u>858,816</u>	<u>783,920</u>
		<u>\$ 18,832,951</u>	<u>19,626,854</u>

## CITY OF EAST ORANGE, N.J.

## Comparative Balance Sheet - Regulatory Basis

## Trust Funds

December 31, 2014 and 2013

<u>Liabilities, Reserves &amp; Fund Balance</u>	<u>Ref.</u>	<u>2014</u>	<u>2013</u>
Animal Trust Fund:			
Due to State of New Jersey	B-2	\$ 29	33
Reserve for Animal Trust Fund Expenditures	B-3	3,619	2,621
Interfund Accounts Payable	B-4	<u>          </u>	<u>4,658</u>
		<u>3,648</u>	<u>7,312</u>
Tax Redemption Fund:			
Interfund Accounts Payable	B-4		414,027
Reserve for Expenditures	B-9	<u>1,036,603</u>	<u>743,011</u>
		<u>1,036,603</u>	<u>1,157,038</u>
Other Trust Fund:			
Interfund Accounts Payable	B-4		98,125
Reserve for Miscellaneous Reserves	B-10	6,395,723	5,719,312
Reserve for Payroll and Deductions Payable	B-11	<u>879,974</u>	<u>1,759,007</u>
		<u>7,275,697</u>	<u>7,576,444</u>
Community Development Grant Fund:			
Interfund Accounts Payable	B-4		6,601
Reserve for Expenditures	B-12	<u>2,899,610</u>	<u>3,269,922</u>
		<u>2,899,610</u>	<u>3,276,523</u>
Home Loan Program Fund:			
Interfund Accounts Payable	B-4	105,043	
Reserve for Program Expenditures	B-13	1,321,241	1,539,333
Reserve for Loans Receivable	B-14	4,947,564	4,906,064
Reserve for UDAG Expenditures	B-15	45,244	40,735
Reserve for Construction Loan Receivable	B-16	<u>339,485</u>	<u>339,485</u>
		<u>6,758,577</u>	<u>6,825,617</u>
Self Insurance Fund:			
Interfund Accounts Payable	B-4		504,427
Reserve for Worker's Compensation Expenditures	B-17	617,813	217,535
Reserve for Auto/General Liability	B-18	211,712	32,670
Reserve for Health Benefits (Flexible Spending)	B-19	<u>29,291</u>	<u>29,288</u>
		<u>858,816</u>	<u>783,920</u>
		<u>\$ 18,832,951</u>	<u>19,626,854</u>

See accompanying notes to financial statements.

## CITY OF EAST ORANGE, N.J.

## Comparative Balance Sheet - Regulatory Basis

## General Capital Fund

December 31, 2014 and 2013

<u>Assets</u>	<u>Ref.</u>	<u>2014</u>	<u>2013</u>
Cash	C-2/C-3	\$ 1,506,643	4,204,581
Deferred Charges to Future Taxation:			
Funded	C-4	45,738,489	50,730,203
Unfunded	C-5	21,433,576	9,852,576
Other Accounts Receivable	C-6	<u>11,500</u>	<u>11,500</u>
		<u>\$ 68,690,208</u>	<u>64,798,860</u>
<u>Liabilities, Reserves and Fund Balance</u>			
General Serial Bonds	C-7	\$ 44,990,937	49,745,937
Bond Anticipation Notes Payable	C-8	5,645,500	8,319,000
NJ Green Trust Loans Payable	C-9	443,302	465,000
Capital Lease Obligations Payable	C-10	304,250	519,266
Improvement Authorizations:			
Funded	C-11	2,280,576	1,920,454
Unfunded	C-11	14,050,818	1,383,682
Contracts Payable	C-12	537,532	804,069
Capital Improvement Fund	C-13	193,027	1,248,527
Down Payment on Improvements	C-14	109,653	109,653
Reserve for Payment of Debt	C-15	28,044	111,096
Reserve for Future Improvements	C-17	106,569	106,569
Fund Balance	C-1	<u>65,607</u>	<u>65,607</u>
		<u>\$ 68,690,208</u>	<u>64,798,860</u>

There were \$15,788,076 and \$1,533,576 of Bonds and Notes Authorized But Not Issued on December 31, 2014 and 2013 respectively (Exhibit C-18).

See accompanying notes to the financial statements.

CITY OF EAST ORANGE, N.J.

Statement of Changes in Fund Balance - Regulatory Basis

General Capital Fund

For the Years Ended December 31,

	<u>2014</u>	<u>2013</u>
Balance - December 31,	\$ 65,607	65,607
Decreased By:		
Disbursement - 2014 Budget Appropriation	<u>65,607</u>	<u>                    </u>
Balance - December 31,	<u><u>\$                    </u></u>	<u><u>65,607</u></u>

See accompanying notes to the financial statements.

## CITY OF EAST ORANGE, N.J.

## Comparative Balance Sheet - Regulatory Basis

## Water Utility Fund

December 31, 2014 and 2013

<u>Assets</u>	<u>Ref.</u>	<u>2014</u>	<u>2013</u>
Water Utility Operating Fund:			
Cash - Treasurer	D-5	\$ 2,957,662	2,765,498
		<u>2,957,662</u>	<u>2,765,498</u>
Receivables with Full Reserves:			
Consumers' Accounts Receivable	D-7	3,634,462	2,889,599
Water Liens Receivable	D-8	25,667	44,557
Inventory - Materials and Supplies	D-9	538,323	608,584
		<u>4,198,452</u>	<u>3,542,740</u>
Grants Receivable	D-11	110,339	684,313
		<u>110,339</u>	<u>684,313</u>
Deferred Charges:			
Emergency Authorization	D-12		1,000,000
Overexpenditure of Appropriations	D-12	236,685	391,785
Overcommitment of Appropriations	D-12	850,788	
Overexpenditure of Appropriation Reserves	D-12	536,940	
Deficit in Operations	D-12	1,406,235	
		<u>3,030,648</u>	<u>1,391,785</u>
Total Water Utility Operating Fund		<u>10,297,101</u>	<u>8,384,336</u>
Capital Fund:			
Cash - Treasurer	D-5/D-6	1,118,284	796,941
Fixed Capital	D-13	61,331,134	61,331,134
Fixed Capital Authorized and Uncompleted	D-14	13,341,040	9,656,040
NJEIT Loans Receivable	D-15	5,674,278	7,373,842
Overexpenditure of Capital Improvement Fund	D-16		125,985
Interfunds Receivable	D-17	245,779	523,890
Overcommitment of Ordinance Appropriations	D-29	31,666	
Total Capital Fund		<u>81,742,181</u>	<u>79,807,832</u>
		<u>\$ 92,039,282</u>	<u>88,192,168</u>

CITY OF EAST ORANGE, N.J.  
Comparative Balance Sheet - Regulatory Basis

Water Utility Fund

December 31, 2014 and 2013

<u>Liabilities, Reserves and Fund Balance</u>	<u>Ref.</u>	<u>2014</u>	<u>2013</u>
Water Utility Operating Fund:			
Appropriation Reserves	D-4/D-18	\$ 50,000	820,767
Reserve for Encumbrances	D-19	1,165,685	201,794
Accounts Payable	D-20	370,644	371,013
Interfund Accounts Payable	D-10	2,479,990	523,890
Emergency Note Payable	D-21		1,000,000
Accrued Interest	D-22	363,208	288,645
Other Payables-Due to ILSA-East Newark	D-23	184,094	149,259
Reserve for Cashier's Imprest Fund	D-24		1,200
Reserve for Inventory Revolving Fund	D-25	118,735	118,735
		<u>4,732,356</u>	<u>3,475,303</u>
Reserve for Receivables and Inventory	contra	4,198,452	3,542,740
Fund Balance	D-1	<u>1,366,293</u>	<u>1,366,293</u>
Total Water Utility Operating Fund		<u>10,297,101</u>	<u>8,384,336</u>
Capital Fund:			
Serial Bonds Payable	D-26	20,480,000	21,770,000
NJEIT Loans Payable	D-27	6,913,896	7,277,949
Bond Anticipation Notes Payable	D-28	4,203,000	
Improvement Authorizations			
Funded	D-29	1,285,113	7,917,165
Unfunded	D-29	2,480,396	1,738,875
Contracts Payable	D-30	3,678,247	656,367
Capital Improvement Fund	D-31	600,000	
Reserve for Capital Improvements	D-32	238,483	238,483
Reserve for Amortization	D-33	26,713,713	25,059,660
Deferred Reserve for Amortization	D-34	15,140,690	15,140,690
Reserve for Payment of Debt	D-35	4,804	4,804
Fund Balance	D-2	<u>3,839</u>	<u>3,839</u>
Total Capital Fund		<u>81,742,181</u>	<u>79,807,832</u>
		<u>\$ 92,039,282</u>	<u>88,192,168</u>

There were \$1,220,875 and \$1,738,875 of Bonds and Notes Authorized But Not Issued on December 31, 2014 and 2013 respectively (Exhibit D-34).

See accompanying notes to financial statements.

## CITY OF EAST ORANGE, N.J.

Comparative Statement of Operations and Changes in  
Fund Balance - Regulatory Basis

## Water Utility Operating Fund

For the Years ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Revenue and other income:		
Fund Balance Utilized	\$	1,475,070
Water/Sewer rents	17,937,153	19,848,352
Miscellaneous Revenue	591,564	159,323
Hurricane Sandy Disaster National Emergency (NEG) Grant		143,757
Appropriations Cancelled		1,077,502
FEMA - Hurricane Sandy Aid		524,526
Other Credit to Income:		
Interfund Advances	849,722	
Unexpended balance appropriation reserve		<u>844,255</u>
Total revenue and other income	<u>19,378,439</u>	<u>24,072,785</u>
Expenditures:		
Operating	17,032,413	19,565,844
Capital improvements	600,000	1,000,000
Debt Service	2,819,498	2,808,813
Deferred charges and statutory expenditures	1,048,138	726,243
Expenditure without Appropriation	74,563	
Overexpenditure of Appropriation Reserves	536,940	
Interfunds Returned	271,535	
Refunds	<u>26,000</u>	
Total expenditures	<u>22,409,087</u>	<u>24,100,900</u>
Excess(Deficit) in revenues	(3,030,648)	(28,115)
Adjustments to Income before Surplus:		
Expenditures included above which are Statute Deferred		
Charges to Budget of Succeeding Year		
Emergency Authorizations		1,000,000
Overexpenditure of Appropriations	236,685	391,785
Overcommitment of Appropriations	850,788	
Overexpenditure of Appropriation Reserves	<u>536,940</u>	
Statutory excess to Surplus		1,363,670
Deficit in Operations to be Raised in Budget of Subsequent Year	<u>(1,406,235)</u>	
Fund balance, January 1	<u>1,366,293</u>	<u>1,477,693</u>
	1,366,293	2,841,363
Decreased by:		
Utilization by water operating budget		<u>1,475,070</u>
Balance, December 31	<u>\$ 1,366,293</u>	<u>1,366,293</u>

See accompanying notes to financial statements.

**CITY OF EAST ORANGE, N.J.**  
**Statement of Fund Balance - Regulatory Basis**  
**Water Utility Capital Fund**  
**For the Years Ended December 31,**

	<u>2014</u>	<u>2013</u>
Balance - December 31,	\$ <u>3,839</u>	\$ <u>3,839</u>
Balance - December 31,	\$ <u><u>3,839</u></u>	\$ <u><u>3,839</u></u>

See accompanying notes to financial statements.

CITY OF EAST ORANGE, N.J.

Statement of Revenues - Regulatory Basis

Water Utility Operating Fund

Year ended December 31, 2014

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess (deficit)</u>
Rents	\$ 20,320,618	17,937,153	(2,383,465)
Miscellaneous	<u>159,000</u>	<u>591,564</u>	<u>432,564</u>
	<u>20,479,618</u>	<u>18,528,717</u>	<u>(1,950,901)</u>
	<u>\$ 20,479,618</u>	<u>18,528,717</u>	<u>(1,950,901)</u>

Analysis of Realized Revenue

Cash Receipts	\$ <u>18,528,717</u>
	<u>\$ 18,528,717</u>

See accompanying notes to financial statements.

CITY OF EAST ORANGE, N.J.  
 Statement of Expenditures - Regulatory Basis  
 Water Utility Operating Fund  
 Year ended December 31, 2014

	Appropriations					Over-
	Budget	Budget after modifi- cation	Paid or charged	Reserved	Canceled	commitments/ Over- expenditures
Operating:						
Salaries and Wages	\$ 3,873,917	3,873,917	3,910,094			36,177
Other Expenses	11,374,349	11,374,349	12,385,459			1,011,110
Employees Group Insurance	711,161	711,161	736,860			25,699
Total Operating	15,959,427	15,959,427	17,032,413			1,072,986
Capital Improvements:						
Capital Improvement Fund	600,000	600,000	600,000			
Total Capital Improvements	600,000	600,000	600,000			
Debt Service:						
Payment of Bond Principal	1,654,053	1,654,053	1,654,053			
Interest on Bonds	1,186,191	1,186,191	1,165,445		20,746	
Interest on Notes	7,950	7,950			7,950	
NJFIT Fees and Charges	38,346	38,346			38,346	
Total Debt Service	2,886,540	2,886,540	2,819,498		67,042	
Deferred Charges and Statutory Expenditures:						
Deferred Charges:						
Overexpenditure of Appropriations	391,785	391,785	391,785			
Overexpenditure of Capital Improvement Fund	125,985	125,985	125,985			
Statutory Expenditures - Contribution to:						
Public Employees' Retirement System	150,000	150,000	150,000			
Social Security System (O.A.S.I.)	265,881	265,881	280,368			14,487
Unemployment Compensation Insurance	100,000	100,000	50,000	50,000		
Total Deferred Charges and Statutory Expenditures	1,033,651	1,033,651	480,368	50,000		14,487
	\$ 20,479,618	20,479,618	20,932,279	50,000	67,042	1,087,473
Adopted Budget \$	20,479,618					
		\$ 20,479,618				
			Cash Disbursed \$ 16,366,938			
			Reserve for Encumbrances 1,165,685			
			Accrued Interest on Bonds 1,165,445			
			Interfunds 2,234,211			
			\$ 20,932,279			

See accompanying notes to financial statements.

CITY OF EAST ORANGE, N.J.

Comparative Statement of General Fixed Assets - Regulatory Basis

December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
<u>General Fixed Assets:</u>		
Land	\$ 2,434,409	2,434,409
Land Improvements	7,459,289	7,459,289
Buildings	28,286,487	28,286,487
Machinery and Equipment	<u>13,133,199</u>	<u>13,133,199</u>
	<u>\$ 51,313,384</u>	<u>51,313,384</u>
Investment in Fixed Assets	<u>\$ 51,313,384</u>	<u>51,313,384</u>

See accompanying notes to financial statements.

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**CITY OF EAST ORANGE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2014 AND 2013**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB Codification 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 financial statements of the City of East Orange have been prepared in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") which is another comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. 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 following separate funds which differ from the fund structure required by GAAP.

**A. 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 has issued Statement No. 14 which requires the financial reporting entity to include both the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

However, the municipalities in the State of New Jersey do not prepare financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements. The financial statements contained herein include only those boards, bodies, officers or commissions as required by NJS 40A:5-5. Accordingly, the financial statements of the City do not include the Public Library, which is considered a component unit under GAAP. Complete financial statements of the above components can be obtained by contacting the Treasurer of the respective entity.

CITY OF EAST ORANGE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2014 AND 2013  
(continued)

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

**B. Measurement Focus, Basis of Accounting and Basis of Presentation**

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 group:

Current Fund – This fund accounts for resources and expenditures for governmental operations of a general nature, including Federal and State grants.

Trust Funds – Trust Funds are used to account for assets held by the government in a trustee capacity. Funds held by the City as an agent for individual, private organizations, or other governments are recorded in the Trust Funds.

Animal License Fund – This fund is used to account for fees collected from animal licenses and expenditures, which are regulated by NJS 4:19-15.11.

Tax Redemption Fund – This fund is used to account for the receipts and disbursements relating to tax redemptions.

Other Trust Fund – This fund is established to account for the assets and resources which are also held by the City as a trustee or agent for individuals, private organizations, other governments and/or other funds. These funds include dedicated fees/proceeds collected, developer deposits, payroll related deposits and funds deposited with the City as collateral.

Community Development Block Grant Fund – This fund is used to account for grant proceeds and related expenditures for Block grant entitlements.

Home Loan Program Fund – This fund is used to account for grant proceeds and related expenditures for the Home Loan Investment Program.

Self-Insurance Fund – This fund is used to account for the resources and expenditures for worker's compensation, auto/general liability and health benefits insurance claims and premiums.

CITY OF EAST ORANGE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2014 AND 2013  
(continued)

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

**B. Measurement Focus, Basis of Accounting and Basis of Presentation, (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.

Water Utility Fund – This fund is used to account for the revenues and expenditures for the operation of the City’s water utility and the assets and liabilities relative to such activities. Acquisition or improvement of capital facilities are 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.

Basis of Accounting

A modified accrual basis of accounting is followed by the City of East Orange. Under this method of accounting, revenues, except State/Federal Aid, are recognized when received and expenditures are recorded when incurred. The accounting principles and practices prescribed for municipalities by the Division differ in certain respects from accounting principles generally accepted in the United States of America (GAAP) applicable to local government units. The more significant differences are as follows:

Property Tax Revenues - Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County, and School purposes. The bills are mailed annually in June for that calendar year’s levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1, and November 1. The amounts of the first and second installments are determined as one quarter of the total tax levied against the property for the preceding year. The installment due the third and fourth quarters is determined by taking the current year levy less the amount previously charged for the first and second installments, with the remainder being divided equally. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of June 30, of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15, to the County by the City. When unpaid taxes or any municipal

CITY OF EAST ORANGE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2014 AND 2013  
(continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

Basis of Accounting, (continued)

lien, or part thereof, on real property, remains in arrears on the 11<sup>th</sup> day of the 11<sup>th</sup> month in the year when levied, the collector in the municipality shall subject to the provisions of the New Jersey Statutes enforce the lien by placing the property on a tax sale. Annual in rem tax foreclosure proceedings are instituted to enforce the tax collection or acquisition of title to the property by the City. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the taxes receivable and tax title liens that are uncollectible. GAAP requires property tax revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

Miscellaneous Revenues - Miscellaneous revenues are recognized on a cash basis. Receivables for the miscellaneous items that are susceptible 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 susceptible 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's budget. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual.

Budgets and Budgetary Accounting - An annual budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures for the Current Fund and the water utility operating fund. Budget amounts presented in the accompanying financial statements represent amounts adopted by the City and approved by the State Division of Local Government Services per N.J.S.A. 40A:4 et seq.

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

- General Capital Fund
- Trust Fund
- Water Utility Capital Fund

**CITY OF EAST ORANGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2014 AND 2013**  
**(continued)**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

Basis of Accounting, (continued)

The governing body shall introduce and approve the annual budget not later than August 10, of the fiscal year. The budget shall be adopted not later than September 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, 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 fiscal year, the governing body may, by a 2/3 vote, amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the Governing Body. Expenditures may not legally exceed budgeted appropriations at the line item level.

During the years ended December 31, 2014 and 2013, the City Council approved additional revenues and appropriations of \$5,321,814 and \$5,223,670, respectively, in accordance with N.J.S.A. 40A:4-87. The Council also approved \$1,200,000 and \$500,000 of emergency appropriations for group insurance claims in 2014 and 2013, respectively. During 2014 the East Orange Water Commission did not increase the Water Utility Operating Budget, while in 2013, the Water Commission increased the budget by \$1,000,000 for emergency appropriations for tax appeals refunds. In addition, several budget transfers were approved by the governing body in 2014 and 2013.

Expenditures - Are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with an encumbrance accounting system. Outstanding encumbrances at December 31, are reported as a cash liability in the financial statements. Unexpended or uncommitted appropriations, at December 31, are reported as expenditures through the establishment of appropriation reserves unless canceled 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.

**CITY OF EAST ORANGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2014 AND 2013**  
**(continued)**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

Basis of Accounting, (continued)

Encumbrances - Contractual orders outstanding at December 31 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.

Inventories - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets.

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 which approximates fair value and are limited by N.J.S.A. 40A:5-15.1(a).

**CITY OF EAST ORANGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2014 AND 2013**  
**(continued)**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

Basis of Accounting, (continued)

Deferred Charges to Future Taxation Funded and Unfunded - Upon the authorization of capital projects, the City establishes deferred charges for the costs of the capital projects to be raised by future taxation. Funded deferred charges relate to permanent debt issued, whereas unfunded deferred charges relate to temporary or nonfunding of the authorized cost of capital projects. According to N.J.S.A. 40A:2-4, the City may levy taxes on all taxable property within the local unit to repay the debt. Annually, the City raises the debt requirements for that particular year in the current budget. As the funds are raised by taxation, the deferred charges are reduced.

General Fixed Assets - The City of East Orange has developed a fixed assets accounting and reporting system, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles.

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

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available.

No depreciation has been provided for in the financial statements.

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

Fixed assets acquired through grants in aid or contributed capital have not been accounted for separately.

GAAP requires that fixed assets be capitalized at historical or estimated historical cost if actual historical cost is not available.

Use of Estimate - The preparation of financial statements requires management of the City to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from these estimates.

CITY OF EAST ORANGE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2014 AND 2013  
(continued)

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

Basis of Accounting, (continued)

Comparative Data - Comparative data for the prior year has been presented in the accompanying balance sheets and statements of operations in order to provide an understanding of changes in the City's financial position and operations. However, comparative data have not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand.

Recent Accounting Pronouncements

In June 2012, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27. This statement, which is effective for fiscal periods beginning after June 15, 2014, will not have any effect on the entity's financial reporting. However, the provisions of this statement will require significant modifications to the disclosure requirements related to the entity's proportionate share of the cost-sharing defined benefit plans reported at the State of New Jersey level.

In January 2013, the Government Accounting Standards Board issued GASB Statement No. 69, Government Combinations and Disposals of Government Operations. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term "government combinations" includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. This Statement, which is effective for financial statements beginning after December 15, 2013, will not have any effect on the entity's financial reporting.

In April of 2013, the Government Accounting Standards Board issued GASB Statement No. 70, Accounting and Financial Reporting for Nonexchange Financial Guarantees. The objective of this Statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. This Statement is effective for reporting periods beginning after June 15, 2013 and will not have any impact on the entity's financial statement disclosures.

In November 2013, the Government Accounting Standards Board issued GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68. The provisions of this statement are required to be applied simultaneously with the provisions of Statement 68 which is effective for periods beginning after June 15, 2014. The provisions of this statement will require significant modifications to the disclosure requirements related to the entity's proportionate share of the cost-sharing defined benefit plans reported at the State of New Jersey level.

CITY OF EAST ORANGE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2014 AND 2013  
(continued)

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

Basis of Accounting, (continued)

C. Basic Financial Statements

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.

**NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENTS**

Cash

Custodial Credit Risk - Deposits

Custodian credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The City's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. As of December 31, 2014, \$-0- of the City's bank balance of \$30,452,437 was exposed to custodial credit risk. As of December 31, 2013, \$-0- of the City's bank balance of \$35,870,874 was exposed to custodial credit risk.

Investments

Investment Rate Risk

The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes 40A:5-15.1(a) limits the length of time for most investments to 397 days.

**CITY OF EAST ORANGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2014 AND 2013**  
**(continued)**

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

**Credit Risk**

New Jersey Statutes 40A:5-15.1(a) limits municipal investments to those specified in the Statutes. The type of allowance investments are Bonds of the United States of America, bonds or other obligations of the City or bonds or other obligations of the local unit or units within which the City is located: obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

**Concentration of Credit Risk**

The City places no limit on the amount the City may invest in any one issuer.

**NOTE 3. MUNICIPAL DEBT**

Changes in long-term debt as of December 31, 2014 and 2013 were as follows:

	<u>Balance</u> <u>Dec. 31, 2013</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>Dec.31,2014</u>	<u>Amounts Due</u> <u>Within</u> <u>One Year</u>
<b>Bonds Payable:</b>					
General Obligation Debt	\$49,745,937	\$	\$4,755,000	\$44,990,937	\$4,940,000
Water and Sewer Utility					
Obligation Debt	<u>21,770,000</u>	<u>          </u>	<u>1,290,000</u>	<u>20,480,000</u>	<u>1,350,000</u>
Total Bonds Payable	<u>71,515,937</u>	<u>          </u>	<u>6,045,000</u>	<u>65,470,937</u>	<u>6,290,000</u>
<b>Other Liabilities:</b>					
Pension Deferral	4,047,667		245,015	3,802,652	269,814
General Capital:					
NJ Green Trust Loans Payable	465,000		21,698	443,302	22,134
Lease Purchase Agreements Payable	519,266		215,016	304,250	216,365
Water Utility Capital:					
NJ Environmental Infrastructure Trust Loan	7,277,949		364,053	6,913,896	369,053
Compensated Absences Payable	<u>7,556,992</u>	<u>1,157,760</u>	<u>467,225</u>	<u>8,247,527</u>	<u>          </u>
Total Other Liabilities	<u>19,866,874</u>	<u>1,157,760</u>	<u>1,313,007</u>	<u>19,711,627</u>	<u>877,366</u>
	<u>\$91,382,811</u>	<u>\$1,157,760</u>	<u>\$7,358,007</u>	<u>\$85,182,564</u>	<u>\$7,167,366</u>

**CITY OF EAST ORANGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2014 AND 2013**  
**(continued)**

**NOTE 3. MUNICIPAL DEBT, (continued)**

	<u>Balance</u> <u>Dec. 31, 2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>Dec.31,2013</u>	<u>Amounts Due</u> <u>Within</u> <u>One Year</u>
Bonds Payable:					
General Obligation Debt	\$54,060,937	\$21,880,000	\$26,195,000	\$49,745,937	\$4,755,000
Water and Sewer Utility Obligation Debt	<u>23,015,000</u>	_____	<u>1,245,000</u>	<u>21,770,000</u>	<u>1,290,000</u>
Total Bonds Payable	<u>77,075,937</u>	<u>21,880,000</u>	<u>27,440,000</u>	<u>71,515,937</u>	<u>6,045,000</u>
Other Liabilities:					
Pension Deferral	4,267,277		219,610	4,047,667	245,015
General Capital:					
NJ Green Trust Loans Payable	465,000			465,000	21,698
Lease Purchase Agreements Payable	735,405		216,139	519,266	216,365
Water Utility Capital:					
NJ Environmental Infrastructure Trust Loan	7,632,002		354,053	7,277,949	364,053
Compensated Absences Payable	<u>8,867,265</u>	_____	<u>1,310,273</u>	<u>7,556,992</u>	_____
Total Other Liabilities	<u>21,966,949</u>	_____	<u>2,100,075</u>	<u>19,866,874</u>	<u>847,131</u>
	<u>\$99,042,886</u>	<u>\$21,880,000</u>	<u>\$29,540,075</u>	<u>\$91,382,811</u>	<u>\$6,892,131</u>

The Local Bond Law governs the issuance of bonds and notes to finance capital expenditures. General obligation bonds have been issued for the general capital fund. 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 five months or retired by the issuance of bonds.

**CITY OF EAST ORANGE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2014 AND 2013  
(continued)**

**NOTE 3. MUNICIPAL DEBT, (continued)**

Summary of Municipal Debt (Excluding Current Operating Debt)

	Year Ended December 31, <u>2014</u>	Year Ended December 31, <u>2013</u>	Year Ended December 31, <u>2012</u>
<u>Issued</u>			
General - Bonds, Notes and Loans	\$51,079,740	\$58,529,937	\$62,749,937
Water Utility - Bonds, Notes and Loans	<u>31,596,896</u>	<u>29,047,949</u>	<u>30,647,002</u>
	<u>82,676,636</u>	<u>87,577,886</u>	<u>93,396,939</u>
<u>Authorized But Not Issued</u>			
General - Bonds and Notes	15,788,076	1,533,576	1,386,425
Water Utility - Bonds and Notes	<u>1,220,875</u>	<u>1,738,875</u>	<u>1,738,875</u>
	<u>17,008,951</u>	<u>3,272,451</u>	<u>3,125,300</u>
Bonds Issued by the ECIA for Upsala College Guaranteed by the City	_____	_____	<u>340,000</u>
Total Bonds, Notes and Loans Issued And Authorized Not Issued	99,685,587	90,850,337	96,862,239
Less: Deductions	<u>28,044</u>	<u>30,897,920</u>	<u>48,762,112</u>
Net Debt	<u>\$99,657,543</u>	<u>\$59,952,417</u>	<u>\$48,100,127</u>

**SUMMARY OF STATUTORY DEBT CONDITION - ANNUAL DEBT STATEMENTS**

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 3.248% for 2014:

<u>2014</u>	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Water Utility Debt	\$32,817,771	\$	\$32,817,771
General Debt	<u>66,867,816</u>	<u>28,044</u>	<u>66,839,772</u>
	<u>\$99,685,587</u>	<u>\$28,044</u>	<u>\$99,657,543</u>

Net Debt of \$99,657,543 divided by Equalized Valuation Basis per N.J.S. 40A:2-2 as amended of \$3,068,342,705 equals 3.248%.

**CITY OF EAST ORANGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2014 AND 2013**  
**(continued)**

**NOTE 3. MUNICIPAL DEBT, (continued)**

SUMMARY OF STATUTORY DEBT CONDITION - ANNUAL DEBT STATEMENTS,  
(continued)

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 1.794% for 2013:

<u>2013</u>	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Water Utility Debt	\$30,786,824	\$30,786,824	\$0
General Debt	<u>60,063,513</u>	<u>111,096</u>	<u>59,952,417</u>
	<u>\$90,850,337</u>	<u>\$30,897,920</u>	<u>\$59,952,417</u>

Net Debt of \$59,952,417 divided by Equalized Valuation Basis per N.J.S. 40A:2-2 as amended of \$3,341,485,878 equals 1.794%.

BORROWING POWER UNDER N.J.S. 40A:2-6 AS AMENDED

	<u>2014</u>	<u>2013</u>
3 ½% of equalized valuation basis (municipal)	\$107,391,995	\$116,952,006
Net Debt	<u>99,657,543</u>	<u>59,952,417</u>
Remaining borrowing power	<u>\$7,734,452</u>	<u>\$56,999,589</u>

CALCULATION OF "SELF-LIQUIDATING PURPOSE", WATER UTILITY PER  
N.J.S.A.40a:2-45

	<u>2014</u>	<u>2013</u>
Cash receipts from fees, rents or other charges for year	\$18,528,717	\$23,228,530
Deductions:		
Operating and Maintenance Cost	17,913,458	20,292,087
Debt Service	<u>2,819,498</u>	<u>2,808,813</u>
Total Deductions	<u>20,732,956</u>	<u>23,100,900</u>
Excess in Revenue - Self-Liquidating	<u>(\$2,204,239)</u>	<u>\$127,630</u>

**CITY OF EAST ORANGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2014 AND 2013**  
**(continued)**

**NOTE 3. MUNICIPAL DEBT, (continued)**

The City's long term debt consisted of the following at December 31, 2014:

	<u>Amount Outstanding</u>	
	<u>2014</u>	<u>2013</u>
<u>General Obligation Bonds:</u>		
\$9,350,938, 2003 Pension Refund Bonds - with an interest rate of 5.000% to 6.570%, issued April 1, 2003, due through April 4, 2028	\$1,800,937	\$1,800,937
\$11,225,000, Refunding Capital Improvement Bonds - with an interest rate of 3.700% to 5.000%, issued March 15, 2005, due through July 15, 2020	5,975,000	7,005,000
\$22,725,000, 2006 Refunding Bonds - with an interest rate of 4.000% to 5.000%, issued February 23, 2006, due through August 1, 2018	6,045,000	7,385,000
\$23,000,000, 2006 Capital Improvement Bonds - with an interest rate of 4.125%, issued November 1, 2006, due through November 1, 2015	1,265,000	2,460,000
\$9,380,000, 2012 Refunding Bonds - with an interest rate of 2.125% to 4.000%, issued August 2, 2012, due through September 15, 2028	8,560,000	9,215,000
\$15,785,000, 2013 Refunding Bonds - with an interest rate of 3.000% to 4.000%, issued April 25, 2013, due through November 1, 2023	15,785,000	15,785,000
\$6,095,000, Pension Refunding Bonds - with an interest rate of 1.027% to 3.112%, issued April 25, 2013, due through April 1, 2021	<u>5,560,000</u>	<u>6,095,000</u>
Total General Serial Bonds	<u>\$44,990,937</u>	<u>\$49,745,937</u>

General Intergovernmental Loans Payable

The City has entered into a loan agreement with the New Jersey Department of Environmental Protection for the financing related to the various capital improvements at Rowley Park. General intergovernmental loans outstanding at December 31 are as follows:

	<u>Amount Outstanding</u>	
	<u>2014</u>	<u>2013</u>
\$465,000, 2012 Loan - with an interest rate of 2.000%, issued January 13, 2012, due through August 24, 2031	<u>\$443,302</u>	<u>\$465,000</u>

**CITY OF EAST ORANGE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2014 AND 2013  
(continued)**

**NOTE 3. MUNICIPAL DEBT, (continued)**

Paid by Water and Sewer Utility Fund:

	<u>Amount Outstanding</u>	
	<u>2014</u>	<u>2013</u>
<u>Water and Sewer Utility Serial Bonds:</u>		
\$17,675,000, Water Utility Refunding Bonds - with an interest rate of 3.700% to 5.000%, issued March 15, 2005, due through June 15, 2025	\$12,400,000	\$13,250,000
\$11,025,000, Water Utility Refund Bonds - with an interest rate of 4.000% to 4.625%, issued November 8, 2005, due through July 1, 2028	<u>8,080,000</u>	<u>8,520,000</u>
Total Water and Sewer Utility Bonds	<u>\$20,480,000</u>	<u>\$21,770,000</u>

General Intergovernmental Loans Payable

The City has entered into loan agreements with the New Jersey Environmental Infrastructure Trust for the financing related to the various improvements to the sanitary sewer system and water system of the City. Utility intergovernmental loans outstanding of the water utility at December 31 are as follows:

	<u>Amount Outstanding</u>	
	<u>2014</u>	<u>2013</u>
\$745,000, 2010 Trust Loan - with an interest rate of 3.000% to 5.000%, issued March 10, 2010, due through August 1, 2029	\$635,000	\$665,000
\$2,280,375, 2010 Fund Loan - interest free, issued March 10, 2010, due through August 1, 2029	1,739,268	1,855,219
\$3,400,000, 2010 Trust Loan - with an interest rate of 5.000%, issued March 10, 2010, due through August 1, 2030	3,050,000	3,175,000
\$1,831,000, 2010 Fund Loan - interest free, issued March 10, 2010, due through August 1, 2029	<u>1,489,628</u>	<u>1,582,730</u>
Total Intergovernmental Loans Payable	<u>\$6,913,896</u>	<u>\$7,277,949</u>

**CITY OF EAST ORANGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2014 AND 2013**  
**(continued)**

**NOTE 3. MUNICIPAL DEBT, (continued)**

The City's principal and interest for bonded debt and loans issued and outstanding as of December 31, 2014 is as follows:

	General Capital					Water Utility				
	General Bonds		General Loans		Total	Utility Bonds		Utility Loans		Total
	Principal	Interest	Principal	Interest		Principal	Interest	Principal	Interest	
2015	\$4,940,000	\$1,575,393	\$22,134	\$8,756	\$6,546,283	\$1,350,000	\$894,866	\$369,053	\$178,950	\$2,792,869
2016	5,150,000	1,373,191	22,578	8,311	6,554,080	1,410,000	836,616	374,053	170,950	2,791,619
2017	5,325,000	1,185,952	23,032	7,857	6,541,841	1,465,000	779,416	384,053	162,700	2,791,169
2018	5,515,000	1,005,967	23,495	7,394	6,551,856	1,530,000	719,298	394,053	153,950	2,797,301
2019	3,875,000	803,455	23,967	6,922	4,709,344	1,600,000	655,248	404,053	144,700	
2020-2024	16,950,589	2,191,816	127,259	27,188	19,296,852	10,585,000	2,169,726	2,165,265	573,400	15,493,391
2025-2029	3,235,348	294,557	140,573	13,873	3,684,351	2,540,000	272,012	2,460,265	278,350	5,550,627
2030-2031			60,264	1,514	61,778			363,101	13,500	376,601
	<u>\$44,990,937</u>	<u>\$8,430,331</u>	<u>\$443,302</u>	<u>\$81,815</u>	<u>\$53,946,385</u>	<u>\$20,480,000</u>	<u>\$6,327,182</u>	<u>\$6,913,896</u>	<u>\$1,676,500</u>	<u>\$35,397,578</u>

**NOTE 4. BOND ANTICIPATION NOTES**

The City issues bond anticipation notes to temporarily fund various capital projects prior to the issuance of serial bonds. The term of the notes cannot exceed one year but the notes may be renewed from time to time for a period not exceeding one year. Generally, such notes must be paid no later than the first day of the fifth month following the close of the tenth fiscal year following the date of the original notes. The State of New Jersey also prescribes that on or before the third anniversary date of the original note a payment of an amount at least equal to the first legally payable installment of the bonds in anticipation of which such notes were issued be paid or retired. A second and third legal installment must be paid if the notes are to be renewed beyond the fourth and fifth anniversary date of the original issuance.

On December 31, 2014 and 2013, the City had \$5,645,500 and \$8,319,000, respectively, in outstanding General Capital bond anticipation notes. The City also had \$4,203,000 and \$0, respectively, of outstanding Water Utility Capital bond anticipation notes.

**CITY OF EAST ORANGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2014 AND 2013**  
**(continued)**

**NOTE 4. BOND ANTICIPATION NOTES, (continued)**

The following activity related to bond anticipation notes occurred during the periods ended December 31, 2014 and 2013:

<u>General Capital Fund:</u>	<u>Balance</u> <u>Dec. 31, 2013</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>Dec. 31, 2014</u>
Bank of New York Mellon	\$8,319,000	\$	\$8,319,000	\$0
Oppenheimer & Co. Inc.		<u>5,645,500</u>		<u>5,645,500</u>
	<u>8,319,000</u>	<u>5,645,500</u>	<u>8,319,000</u>	<u>5,645,500</u>

Water Utility Capital Fund:

Oppenheimer & Co. Inc.	\$	\$2,928,000	\$	\$2,928,000
PNC Bank.		<u>1,275,000</u>		<u>1,275,000</u>
	<u>\$</u>	<u>\$4,203,000</u>	<u>\$</u>	<u>\$4,203,000</u>

<u>General Capital Fund:</u>	<u>Balance</u> <u>Dec. 31, 2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>Dec. 31, 2013</u>
Bank of New York Mellon	<u>\$8,224,000</u>	<u>\$8,319,000</u>	<u>\$8,224,000</u>	<u>\$8,319,000</u>

**NOTE 5. SPECIAL EMERGENCY NOTES**

Following the adoption of an ordinance or resolution for special emergency appropriations, the City may borrow money and issue special emergency notes which may be renewed from time to time, but at least 1/3 or 1/5 of all such notes and the renewal thereof, shall mature and be paid in each year so that all notes have been paid by the end of the third or fifth year following the date of the special emergency resolution.

On December 31, 2014 and 2013, the City had \$850,500 and \$1,580,000, respectively, in outstanding Current Fund Special Emergency notes.

**CITY OF EAST ORANGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2014 AND 2013**  
**(continued)**

**NOTE 5. SPECIAL EMERGENCY NOTES, (continued)**

The following activity related to special emergency notes occurred during the calendar years ended December 31, 2014 and 2013:

	<u>Balance</u> <u>Dec. 31, 2013</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>Dec. 31, 2014</u>
Bank of New York Mellon	\$1,580,000	\$	\$1,580,000	\$
Oppenheimer & Co., Inc.		<u>850,500</u>		<u>850,500</u>
	<u>\$1,580,000</u>	<u>\$850,500</u>	<u>\$1,580,000</u>	<u>\$8,505,400</u>
	<u>Balance</u> <u>Dec. 31, 2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>Dec. 31, 2013</u>
<u>General Capital Fund:</u>				
Bank of New York Mellon	<u>\$2,170,000</u>	<u>\$1,580,000</u>	<u>\$2,170,000</u>	<u>\$1,580,000</u>

**NOTE 6. EMERGENCY NOTES**

Any local unit may borrow money and issue its negotiable notes to meet an emergency appropriation. All emergency notes, and any renewals thereof, shall mature not later than the last day of the fiscal year following the fiscal year in which the notes were issued and the emergency appropriation authorized.

On December 31, 2014 and 2013, the City had \$1,200,000 and \$500,000, respectively, in outstanding Current Fund Emergency notes. On December 31, 2014 and 2013, the City had \$-0- and \$1,000,000, respectively, in outstanding Water Utility Operating Fund Emergency notes.

The following activity related to special emergency notes occurred during the calendar years ended December 31, 2014 and 2013:

	<u>Balance</u> <u>Dec. 31, 2013</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>Dec. 31, 2014</u>
<u>Current Fund:</u>				
PNC Bank	\$500,000	\$1,200,000	\$500,000	\$1,200,000
<u>Water Utility Fund:</u>				
PNC Bank	<u>1,000,000</u>		<u>1,000,000</u>	
	<u>\$1,500,000</u>	<u>\$1,200,000</u>	<u>\$1,500,000</u>	<u>\$1,200,000</u>
	<u>Balance</u> <u>Dec. 31, 2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>Dec. 31, 2013</u>
<u>Current Fund:</u>				
PNC Bank	\$1,000,000	\$500,000	\$1,000,000	\$500,000
<u>Water Utility Fund:</u>				
PNC Bank		<u>1,000,000</u>		<u>1,000,000</u>
	<u>\$1,000,000</u>	<u>\$1,500,000</u>	<u>\$1,000,000</u>	<u>\$1,500,000</u>

**CITY OF EAST ORANGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2014 AND 2013**  
**(continued)**

**NOTE 7. CAPITAL LEASES PAYABLE**

The City has entered into Capital Lease Purchase Agreements for the acquisition of telephone equipment and a pumper truck for the Fire Department. Principal and interest payments for the telephone equipment are due semi-annually through 2015 and annually through 2017 for the pumper truck. The following is a schedule of the future minimum lease payments under the agreements, and the present value of the net minimum lease payments at December 31, 2014:

<u>Year</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2015	\$232,431	\$216,364	\$16,067
2016	46,150	43,223	2,927
2017	<u>46,151</u>	<u>44,663</u>	<u>1,488</u>
	<u>\$324,732</u>	<u>\$304,250</u>	<u>\$20,482</u>

**NOTE 8. PENSION PLANS**

Description of Systems

Substantially all of the City's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Police and Firemen's Retirement System (PFRS) or the Public Employees' Retirement System (PERS). These systems are sponsored and administered by the State of New Jersey. The Public Employees' Retirement System and the Police and Firemen's Retirement System (PFRS) are considered a cost sharing multiple-employer plans. According to the State of New Jersey Administrative Code, all obligations of the systems will be assumed by the State of New Jersey should the systems terminate.

*Public Employees' Retirement System (PERS)*

The Public Employees' Retirement System was established in January, 1955 under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to certain qualified members. Membership is mandatory for substantially all full time employees of the State or any county, municipality, school district or public agency provided the employee is not required to be a member of another State-administered retirement system. Vesting occurs after 8-10 years of service and 25 years for health care coverage. Members are eligible for retirement at age 60 with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Early retirement is available to those under age 60 with 25 or more years of credited service. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on contributions. In case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

**CITY OF EAST ORANGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2014 AND 2013**  
**(continued)**

**NOTE 8. PENSION PLANS, (continued)**

Description of Systems, (continued)

*Public Employees' Retirement System (PERS), (continued)*

Chapter 103, P.L. 2007 amended the early retirement reduction formula for members hired on or after July 1, 2007 and retiring with 25 years of service to be reduced by 1% for every year between age 55 and 60, plus 3% for every year under age 55.

Chapter 89, P.L. 2008 increased the PERS eligibility age for unreduced benefits from age 60 to age 62 for members hired on or after November 1, 2008; increased the minimum annual compensation required for membership eligibility for new members. Also, it amended the early retirement reduction formula for members hired on or after November 1, 2008 and retiring with 25 years of service to be reduced by 1% for every year between age 55 and 62, plus 3% for every year under age 55.

Chapter 1, P.L. 2010, effective May 21, 2010, changed the membership eligibility criteria for new members of PERS from the amount of compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS to 1/60 from 1/55, and it provided that new members of PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. This law also closed the Prosecutors Part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time 5 years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined as 1/7th of the required amount, beginning in fiscal year 2012.

Chapter 3, P.L. 2010, effective May 21, 2010, replaced the accidental and ordinary disability retirement for new members of PERS with disability insurance coverage similar to that provided by the State to individuals enrolled in the State's Defined Contribution Retirement Program.

Chapter 78, P.L. 2011, provides that new members of PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of  $\frac{1}{4}$  of 1% for each month that the member is under age 65. Tier 5 members will be eligible for a service retirement benefit at age 65.

CITY OF EAST ORANGE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2014 AND 2013  
(continued)

NOTE 8. PENSION PLANS, (continued)

Description of Systems, (continued)

*Police and Firemens' Retirement System (PFRS)*

The Police and Firemens' Retirement System was established in July 1944 under the provisions of N.J.S.A. 43:16A to provide retirement, death and disability benefits to its members. Membership is mandatory for all full time county and municipal police and firemen, and state firemen or officer employees with police powers appointed after June 30, 1944.

Enrolled members of the Police and Firemens' Retirement System may retire at age 55 with no minimum service requirement. The annual allowance is equal to 2% of the members' final compensation for each year of service up to 30 years, plus 1% of each year of creditable service over 30 years. Final compensation equals the compensation for the final year of service prior to retirement. Special retirement is permitted to members who have 25 or more years of creditable service in the system. Benefits fully vest on reaching 10 years of service. Members are always fully vested for their own contributions. In the case of death before retirement, members' beneficiaries are entitled to full payment of members' contributions.

Chapter 1, P.L. 2010, effective May 21, 2010, eliminated the provision in PFRS that would permit a member to retire, at any age after 25 years of service credit, on a special retirement allowance of 70% of final compensation after the retirement system reaches a funded level of 104%. Also, for new members of PFRS, the law capped the maximum compensation that can be used to calculate a pension from the plan at the annual wage contribution base for Social Security, and requires the pension to be calculated using a three year average annual compensation instead of the last year's salary.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information for PERS and PFRS. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Divisions of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295.

Contribution Requirements

The contribution policy is set by laws of the State of New Jersey and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The pension funds provide for employee contributions based on 5.5% for PERS. This amount will increase to 6.5% plus an additional 1% phased in over 7 years beginning 2012

**CITY OF EAST ORANGE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2014 AND 2013  
(continued)**

**NOTE 8. PENSION PLANS, (continued)**

Contribution Requirements, (continued)

and 8.5% for PFRS, which increased to 10% in October 2011, of the employee's annual compensation, as defined by law. Employers are required to contribute at an actuarially determined rate in all Funds except the SACT. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the PERS and PFRS. In the PERS and PFRS, the employer contribution includes funding for post-retirement medical premiums.

The City's contribution to the various plans, equal to the required contributions for each year, were as follows:

	<u>PERS</u>	<u>PFRS</u>
December 31, 2014	\$3,022,018	\$7,869,067
December 31, 2013	3,138,486	8,265,694
December 31, 2012	3,517,322	8,814,237

Defined Contribution Retirement Program

The Defined Contribution Retirement Program (DCRP) was established on July 1, 2007 for certain public employees under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007. The program provides eligible members, with a minimum base salary of \$1,500.00 or more, with a tax-sheltered, defined contribution retirement benefit, in addition to life insurance and disability coverage. The DCRP is jointly administered by the Division of Pensions and Benefits and Prudential Financial.

If the eligible elected or appointed official will earn less than \$5,000.00 annually, the official may choose to waiver participation in the DCRP for that office or position. The waiver is irrevocable.

This retirement program is a new pension system where the value of the pension is based on the amount of the contribution made by the employee, employer and through investment earnings. It is similar to a Deferred Compensation Program where the employee has a portion of tax deferred salary placed into an account that the employee manages through investment option provided by the employer.

**CITY OF EAST ORANGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2014 AND 2013**  
**(continued)**

**NOTE 8. PENSION PLANS, (continued)**

Defined Contribution Retirement Program, (continued)

The law requires that three classes of employees enroll in the DCRP detailed as follows:

All elected officials taking office on or after July 1, 2007, except that a person who is reelected to an elected office held prior to that date without a break in service may retain in the PERS.

A Governor appointee with advice and consent of the Legislature or who serves at the pleasure of the Governor only during that Governor's term of office.

Other employees commencing service after July 1, 2007, pursuant to an appointment by an elected official or elected governing body which include the statutory untenured Chief Administrative Officer such as the Business Administrator, County Administrator, or Municipal or County Manager, Department Heads, Legal Counsel, Municipal or County Engineer, Municipal Prosecutor and the Municipal Court Judge.

Notwithstanding the foregoing requirements, other employees who hold a professional license or certificate or meet other exceptions are permitted to remain to join or remain in PERS.

Contributions made by employees for DCRP are currently at 5.5% of the base wages. Member contributions are matched by a 3.0% employer contribution.

The amounts contributed in 2014 and 2013 were \$12,828 and \$13,586, respectively.

**NOTE 9. ACCUMULATED VACATION AND SICK PAY**

Under the existing policies and labor agreements of the City, employees are allowed to accumulate (with certain restrictions) sick pay over the life of their working careers. Employees are allowed to accumulate unused vacation pay and redeem such unused time in cash (with certain limitations) upon death or retirement.

The estimated accumulated vacation time liability as of December 31, 2014 and 2013 was \$8,247,527 and \$7,556,992, respectively.

**CITY OF EAST ORANGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2014 AND 2013**  
**(continued)**

**NOTE 10. FIXED ASSETS**

The following is a summary of General Fixed Assets Account Group for the years ended December 31, 2014 and 2013:

	<u>Balance</u> <u>Dec. 31, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>Dec. 31, 2014</u>
Land	\$2,434,409	\$	\$	\$2,434,409
Land Improvements	7,459,289			7,459,289
Buildings	28,286,487			28,286,487
Machinery and Equipment	<u>13,133,199</u>	_____	_____	<u>13,133,199</u>
	<u>\$51,313,384</u>	<u>\$</u>	<u>\$</u>	<u>\$51,313,384</u>

	<u>Balance</u> <u>Dec. 31, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>Dec. 31, 2013</u>
Land	\$2,434,409	\$		\$2,434,409
Land Improvements	7,459,289			7,459,289
Buildings	28,286,487			28,286,487
Machinery and Equipment	<u>12,270,974</u>	<u>862,225</u>	_____	<u>13,133,199</u>
	<u>\$50,451,159</u>	<u>\$862,225</u>	<u>\$</u>	<u>\$51,313,384</u>

**NOTE 11. DUE TO/FROM OTHER FUNDS**

Balances due from/to other funds at December 31, 2014 consist of the following:

\$2,856,107	Due to the Current Fund from the Federal and State Grant Fund for reimbursement of expenditures paid.
2,234,211	Due to the Current Fund from the Water Utility Operating Fund for reimbursement of expenditures paid.
<u>445,779</u>	Due to the Water Utility Capital Fund from the Water Utility Capital.
<u>\$5,536,097</u>	

It is anticipated that all interfunds will be liquidated during the fiscal year.

**CITY OF EAST ORANGE  
NOTES TO FINANCIAL STATEMENTS  
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(continued)**

**NOTE 12. 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, 2014 and 2013. 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 \$858,815 and \$783,920 at December 31, 2014 and 2013, respectively. Appropriations of \$1,864,227 (workers' compensation), \$1,230,356 (auto and general) and \$12,771,252 (group insurance) were available in the CY 2015 municipal budget for self-insurance claims.

**NOTE 13. DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS**

Certain expenditures are required to be deferred to budgets of succeeding years. The following deferred charges are shown on the balance sheets of the City of East Orange:

	<u>Balance December 31,</u>	<u>Subsequent Year Budget Appropriation</u>	<u>Balance to Succeeding Year Budget</u>
<u>2014</u>			
Current Fund:			
Special Emergency Authorizations	\$850,853	\$450,853	\$400,000
Emergency Authorizations	1,200,000	1,200,000	
Federal and State Grant Fund:			5,517
Overexpenditure of Appropriations	5,517		
Water Utility Fund:			
Overexpenditure of Appropriations	236,685	436,685	
Overexpenditure of Appropriation Reserves	536,940	536,940	
Overcommitments of Appropriations	850,778		
Deficit in Operations	<u>1,406,235</u>	<u>1,406,235</u>	<u>          </u>
Total Deferred Charges	<u>\$5,087,008</u>	<u>\$5,087,008</u>	<u>\$405,517</u>

**CITY OF EAST ORANGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2014 AND 2013**  
**(continued)**

**NOTE 13. DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS, (continued)**

	<u>Balance</u> <u>December 31,</u>	<u>Subsequent</u> <u>Year Budget</u> <u>Appropriation</u>	<u>Balance to</u> <u>Succeeding</u> <u>Year Budget</u>
<u>2013</u>			
Current Fund:			
Special Emergency Authorizations	\$1,580,000	\$590,000	\$990,000
Emergency Authorizations	500,000	500,000	
Water Utility Fund:			
Emergency Authorizations (1)	1,000,000		
Overexpenditure of Appropriations	391,785	391,785	
Overexpenditure of Capital Improvement Fund	<u>125,985</u>	<u>125,985</u>	<u>          </u>
Total Deferred Charges	<u>3,597,770</u>	<u>1,607,770</u>	<u>990,000</u>

(1) - Funded by 2014 Refunding Bond Ordinance

**NOTE 14. 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:

	<u>Balance</u> <u>Dec. 31, 2014</u>	<u>Balance</u> <u>Dec. 31, 2013</u>
Prepaid Taxes	<u>\$1,281,806</u>	<u>\$1,295,797</u>
Cash Liability for Taxes Collected in Advance	<u>\$1,281,806</u>	<u>\$1,295,797</u>

CITY OF EAST ORANGE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2014 AND 2013  
(continued)

**NOTE 15. COMMITMENTS AND CONTINGENT LIABILITIES**

We are advised by the City Counsel that the City is involved in several legal suits. These legal proceedings are not likely to have a material adverse impact on the affected funds of the City. The following matters were identified by City Counsel to have significant risk exposure:

**Parchment v. City of East Orange, et al.** The City currently faces a declaratory judgment action filed in 2012 by plaintiff Esmay Parchment following the award of a jury verdict to her for \$300,000 and an attorney fee award of \$27,190 (the fee-shifting provision of the applicable federal), or a total docketed judgment of \$327,190. That underlying trial was brought by plaintiff Parchment for alleged constitutional violations under 42 U.S.C. 1983 for false arrest, imprisonment and excessive force. Plaintiff sued the City and four police officers; by the time of trial, the City and two officers were dismissed with prejudice from that lawsuit. More than two years after the jury's verdict, plaintiff Parchment filed a second lawsuit, this one against the City for "indemnification" of the jury verdict and attorney's fees of the underlying matter. Plaintiff's basis for recovery rests on a couple of different theories of indemnification, even though the City was dismissed with prejudice from the underlying matter. Plaintiff Parchment seeks recovery of the full \$327,190 from the City of East Orange. Although plaintiff has never expressly so stated, her attorney has suggested that should plaintiff prevail that he also will seek the costs of litigation the declaratory judgment action, although on what legal basis is unclear. In March 2013, the litigation was dismissed without prejudice. However, that without-prejudice dismissal resulted in some legal detours that resulted in plaintiff's having to move to restore the matter and re-open the extinguished discovery period. Plaintiff accomplished this in March 2014. Discovery proceeded until September 15, 2014. The parties were called to trial on October 14, 2014, at which time both counsel requested and were granted an adjournment, until December 8, 2014, so that both parties can file Summary Judgment applications. While no attorney can accurately pinpoint the likelihood of any outcome, here, based on this trial judge's past rulings, it is possible that he may rule in plaintiff's favor. However, because both the law and the facts here support the City's position, it is our opinion that the Appellate Division would review the matter and likely find in favor of the City based on the law and the facts.

**City of East Orange adv. Rochester, et al.** This matter arises under the Fair Labor Standards Act (FLSA), in which more than 130 East Orange police officers allege they were not properly compensated for hours worked beyond their regularly scheduled shifts. The officers claim that they should be paid for the 10-minute line up (munster time) that occurs at the beginning of each tour of duty; they also claim that they are required to complete reports and file paperwork at the end of their tours and are not compensated for this additional work time. An estimate of the range of potential loss is not possible at this time. Due to the number of plaintiffs in the collection action, actual losses can exceed \$1M. However, the serious deficits in plaintiff's allegations may prevent the case from ever proceeding to a jury.

CITY OF EAST ORANGE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2014 AND 2013  
(continued)

**NOTE 15. COMMITMENTS AND CONTINGENT LIABILITIES, (continued)**

**June Morris v. City of East Orange Police Department et. al.** This matter involves a seven (7) count Complaint filed by Plaintiff as Executor of the Estate of Darroll E. Morris against the City of East Orange, East Orange Police Department, Tariq Sewell, Car Tech Auction, Inc., Cali Auto Sales, Inc. and Jose Tobar. Mr. Morris was killed on or about August 27, 2012 when he was hit by a vehicle driven by Defendant, Tariq Sewell and owned by Defendants, Car Tech Auction, Inc., Cali Auto Sales, Inc. and Jose Tobar. He was a pedestrian and was walking on Lincoln Street located in East Orange when he was struck and killed by Plaintiff, who was fleeing from the East Orange Police Department at the time the accident occurred. Plaintiff's estate is asserting that the City of East Orange Police Department was negligent in how it conducted police pursuit of Defendant, Tariq Sewell whose vehicle ultimately struck and killed Mr. Morris. Plaintiff is asserting that the City Police Department did not follow the requisite Attorney General Guidelines in conducting police vehicular pursuits. Plaintiff has not officially made a demand but this office believes it will be in excess of one hundred thousands dollars (\$100,000). In terms of insurance coverage there was only minimal underinsured motorist coverage whose policy limits were one hundred thousand dollars (\$100,000) and those monies have been paid to Plaintiff's estate. The uninsured motorist coverage was from a separate Defendant (Sewell) and not the City of East Orange. There is no additional insurance coverage. Realistically, this office expects the damages sought to be in excess of \$250,000.

**Robert Heyward v. City of East Orange, et. als.** This case involves the shooting of a suspect by Police Officer, Robert Licausi following the hot pursuit of the suspect from the City of East Orange to Irvington; where the suspect finally stopped his vehicle. Thereafter, the Officer approached the vehicle directed the suspect to raise his hands. As the Officer approached, the suspect made a furtive movement down toward the floor, whereupon the Officer fired one shot into the vehicle striking the suspect on the right side of his face. The shot was non-lethal and the suspect was hospitalized. He was later found to have a firearm in the vehicle. Following an investigation, Officer Robert Licausi was not criminally charged. Suit was thereafter filed by Mr. Heyward in Federal District Court, alleging violations of his Civil Rights, Excessive Force and Negligent Supervision. Presently, the matter before the Honorable Joseph Dickson, U.S.M.J., who has scheduled a Settlement Conference later this month. The range of Settlement in this case is between \$75,000 and \$150,000.

**Estate of Zara Malani-Lin, et. al. v. East Orange Police Dept., et. al., Dkt. No.: 2:12-cv-0774** The case involves Plaintiff Venetta Benjamin and her claims – both individually and in the name of her murdered daughter Zara. Plaintiff has alleged that she, with the assistance of her older sister Rayon, tried to obtain a domestic violence temporary restraining order from the East Orange Police Department (“EOPD”) on President’s Day, February 15, 2010 but was turned away. She has alleged in her Complaint that she was told

**CITY OF EAST ORANGE**  
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**(continued)**

**NOTE 15. COMMITMENTS AND CONTINGENT LIABILITIES, (continued)**

by the EOPD front desk officer then on duty that “under the way the law worked on a holiday such as President’s Day, no resources were allocated for consideration of a temporary restraining order” and further that “the way the law worked....(she) had to report to the Superior Court on the day following a holiday to seek a temporary restraining order.” Accordingly, the very next day Plaintiff went to the Superior Court Family Part in Newark with her sister Rayon to seek and obtain a restraining order against the defendant Shamsiddin Abdur-Raheem who was both her former boyfriend and the father of her three month old daughter Zara. Also on that day at approximately 4:15p.m., defendant Abdur-Raheem abducted Zara from the care of the Plaintiff’s mother at her fourth floor apartment at 299 S. Harrison Street. He then fled in a car down the Garden State Parkway, stopped at the top of the Driscoll Bridge and tossed Baby Zara off the bridge into the Raritan River below. Upon these factual allegations, Plaintiff has asserted a federal civil rights claim and a number of State law negligence and wrongful death claims against the City of East Orange (“the City”).

In an Opinion and Order, entered February 20, 2014, U.S. District Judge William J. Martini held that Plaintiff’s allegations “sufficiently alleged a policy or custom” that suggest “turning away domestic violence victims after hours was a permanent and well-settled practice.” There was no activity in the case until the initial Court-ordered Rule 26 Disclosures and Status Conference held on May 30, 2014 before Magistrate Judge Falk. At that time, Plaintiff made a demand of \$1.5 million. The City responded with a no pay position. Thereafter, discovery commenced.

On September 30, 2014, U.S.M.J. Mark Falk conducted a Court ordered Settlement and Status Conference with parties’ attendance required. Assistant Corporation Counsel Kevin D. Harris attended as the City’s authorized representative. Prior to and at the outset of the Settlement Conference, the City repeated its no pay position. At the conference, Plaintiff’s counsel reduced the demand to \$500,000. Following a round of separate discussions with each party and their counsel, Magistrate Judge Falk intimated to the City that he thought Plaintiff would settle then for less than her \$500,000 demand and around or under \$350,000. The City made an offer of approximately \$30,000 – the maximum amount for which a case can be settled without being subject to Council approval by formal resolution. The counter-offer was conveyed to Plaintiff which was rejected.

Fact Discovery must be concluded by January 30, 2015. Magistrate Judge Falk has directed counsel for parties to commence taking their depositions expeditiously, cautioning that the present fact discovery cut-off date of January 30, 2015 may not be extended. Under the existing Discovery Order, any all and all affirmative expert reports are to be served by February 25, 2015 and depositions thereon to be completed without 30 days. Any responding expert reports are to be served by March 27, 2015 and related depositions completed within 30 days.

CITY OF EAST ORANGE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2014 AND 2013  
(continued)

**NOTE 15. COMMITMENTS AND CONTINGENT LIABILITIES, (continued)**

**Dhanashawar Premnauth v. City of East Orange, et al.**, Docket No.: ESX-L-7354-13. Plaintiff Dhanashawar Premnauth filed this lawsuit in the Superior Court of New Jersey, Law Division, Essex County on September 19, 2013. I filed and served an Answer on behalf of the City and the Police Department on November 25, 2013.

The lawsuit arises out of an incident that occurred on November 19, 2011, in which Plaintiff, a pedestrian, was struck by a vehicle that was being operated by East Orange Police Department Lt. Baba Karade. Lt. Karade is being represented in this lawsuit by John J. Zidziunas, Esq.

Plaintiff, age 51, has alleged that he sustained permanent injuries to his neck, back, right wrist, right knee, right shoulder, and that he lost his front tooth. He was treated in the emergency room on the day of the incident and on a later date, and he underwent shoulder surgery, and received follow up treatment,. Plaintiff claims that he incurred over \$60,000.00 in medical bills, but that he only had PIP coverage of \$15,000.00. Plaintiff also claims that as a result of his injuries, he was unable to operate his bar and restaurant known as Moon Palace, Inc., which resulted in lost earnings.

Plaintiff's attorney has made one settlement demand in the amount of \$285,000.00. Plaintiff's attorney indicated that he based this demand upon his assessment of plaintiff's injuries, past and future lost profits due to his inability to run his restaurant, and unpaid medical bills that exceeded his \$15,000.00 PIP limitation. For a variety of reasons which I have detailed to the City and to Inservco Insurance Services, Inc., in prior summaries, I believe that Plaintiff's settlement demand is rather high, but I have reserved making a recommendation on a counter offer until discovery has been completed.

Thus far, the parties have exchanged written discovery, including answers to interrogatories and responses to document demands. I recently provided a report from our orthopedic expert, but I have not received Plaintiff's medical expert report to date. We have not yet scheduled the depositions of Plaintiff, Lt. Karade, or other lay witnesses. The court recently extended the discovery end date of November 20, 2014.

On January 2, 2014, this firm submitted an invoice for services rendered to the City, which included our services up to December 31, 2013, in the amount of \$517.50. This firm received payment from the City in that full amount on February 3, 2014.

It is my understanding that the City has automobile liability excess insurance with Starr Insurance Company, but has a self insured retention of \$300,000.00. I would not expect Plaintiff's claim to exceed the City's self insured retention.

**CITY OF EAST ORANGE**  
**NOTES TO FINANCIAL STATEMENTS**  
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**(continued)**

**NOTE 15. COMMITMENTS AND CONTINGENT LIABILITIES, (continued)**

With respect to the management of this litigation, at the conclusion of discovery, I anticipate that I will be recommending that we file a motion for summary judgment based upon “good faith immunity.” Under a good faith immunity analysis, a police officer would not be held liable for his actions if he acts in good faith in the execution or enforcement of any law. Good faith immunity applies to a police officer’s operation of a motor vehicle within the scope of his duties and in response to an emergency, where the officer acted with objective reasonableness or subjective good faith. Lt. Karade was not in pursuit at the time of the incident, so he would not be entitled to absolute immunity. Instead, a good faith immunity analysis would apply.

In the event that we do not prevail in a summary judgment motion based upon good faith immunity, I would suggest that we engage in settlement negotiations. In all likelihood, the injuries sustained by the Plaintiff would be sufficient to satisfy the pain and suffering threshold of the New Jersey Tort Claims Act. Plaintiff’s injuries required shoulder surgery, considerable treatment, including chiropractic treatment, physical therapy, treatment with a physiatrist, pain management including, two lumbar epidural blocks.

I do not believe the Plaintiff’s claim for lost earnings is credible. The income tax returns produced reflect that his business was already losing money before the incident. Furthermore, I obtained records from the New Jersey Division of Alcoholic Beverage Control and the Bloomfield Police Department, which revealed that there have been numerous incidents and infractions at Plaintiff’s restaurant and bar that would account for his business losses, that are unrelated to his physical limitations that were allegedly caused by the accident. I will explore these issues further during depositions.

**Estate of Jahqui Graham** The Plaintiff alleges wrongful death resulting from failure to provide medical attention. The original demand was \$900,000. The case settled in June 2014 for \$150,000.

**Estate of Joselin Alvarado** The Plaintiff alleges wrongful death of a mother and son resulting from police pursuit. The original demand was \$900,000. The case settled in October 2014 for \$250,000.

**Township of South Orange Village and City of Newark v. East Orange Water Commission – ESX: C-149-11** On or about June 14, 2011, Plaintiffs, the Township of South Orange Village (“South Orange”) and the City of Newark (“Newark”) filed an action against the East Orange Water Commission (“EOWC”) alleging various causes of action. South Orange alleged that the EOWC had breached the Inter-Local Services Agreement in place between the EOWC and South Orange because the EOWC water supply was not in

**CITY OF EAST ORANGE**  
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**(continued)**

**NOTE 15. COMMITMENTS AND CONTINGENT LIABILITIES, (continued)**

compliance with New Jersey State and Federal guidelines for water quality. South Orange also sought to compel the EOWC to update its water supply system to ensure that the EOWC would continue to supply an adequate amount of water for usage by South Orange residents and businesses. In Newark's portions of the complaint, Newark sought to compel the EOWC to enter into a renewed water supply contract and to compel the EOWC to cease using the interconnection known as Holland Rd., to supply water to South Orange. Further, Newark sought damages against the EOWC for past water usage.

The parties consented to the appointment of a Special Master to assist in the litigation. Although the parties have been litigating the matter for the past two and one half years, they have made considerable strides in resolving the claims. At the present time, the EOWC and Newark have agreed on and entered into a new water supply agreement and the EOWC has ceased using the Holland Rd. Interconnection. The EOWC has also agreed to pay Newark a total of \$1,767,113.19, in two (2) payments of \$883,556.60, one on or before December 15, 2013 and the second on or before June 30, 2014.

With respect to South Orange, the EOWC, South Orange, in conjunction with the New Jersey Department of Environmental Protection, have been actively engaging in negotiations for the upgrade of the EOWC's water system in order to ensure that the water supplied by the EOWC complies with all New Jersey State and Federal guidelines for water quality. Additionally, the EOWC and South Orange are attempting to negotiate a final resolution of all claims under the terms of the Inter-Local Services Agreement. In the course of the proceedings with the Special Master, counsel for South Orange has raised five (5) economic damage claims as a result of the alleged breach of the ILSA: (1) the EOWC's failure to pay South Orange the correct amounts for the South Orange Surcharge, the EOWC collects, (2) the EOWC's failure to pay South Orange the contracted amounts for cashiering services required under the ILSA, (3) the EOWC's failure to pay South Orange the contracted amounts for the Use of Well 17 required under the ILSA, (4) the EOWC's failure to set aside the contracted amounts for Capital Improvements to the South Orange System and/or an improper accounting for the Capital Improvements made to the South Orange System, and (5) EOWC improperly assessing a surcharge to the residents of South Orange Village for the additional costs of Newark water. South Orange has contended that the alleged economic damages against the EOWC are in excess of \$2.5 million.

**New Jersey American Water** By way of letter dated February 20, 2013, New Jersey American advised the EOWC owed New Jersey American Water for water usage through two interconnections from October 29, 2011 through January 2, 2013 in the amount of \$436,029.34. As of May, 2013, New Jersey American Water contends the EOWC owes \$475,239.43 for water usage. At this stage it appears that New Jersey American Water's

**CITY OF EAST ORANGE**  
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**(continued)**

**NOTE 15. COMMITMENTS AND CONTINGENT LIABILITIES, (continued)**

claims have merit. We have been in negotiations with New Jersey American relating to setting up an acceptable payment plan to both parties for the water usage. However, to date an agreement has not been reached. Moreover, the EOWC will explore whether or not it may offset the costs of New Jersey American Water from South Orange under the terms of the ILSA.

**North Oraton Urban Renewal v. City of East Orange** The underlying facts involve a payment in lieu of taxes (PILOT) program entered into between North Oraton Urban Renewal, LLC (“North Oraton”) in 1995. Almost from the outset of the PILOT, North Oraton failed to make the required PILOT payments, but the City was unaware of this failure until sometime in 2005, when the tax collector apparently obtained information that the payments had never been made.

The tax collector determined that the property should no longer be listed as exempt and the property was apparently returned to the tax rolls. Later in 2005, the collector issued a delinquency notice for unpaid taxes and, in November of 2005, the City published notice that it intended to sell a tax sale certificate for outstanding taxes. The tax sale certificate was ultimately sold to an entity known as Fidelity Tax, LLC (“Fidelity”). Subsequent taxes have been kept current by either Fidelity or its successors in interest.

In October 2007, Fidelity filed several complaints in the tax court naming both the City and Fidelity as defendants. The relevant allegation was Fidelity’s contention that the City violated the Financial Agreement underlying the PILOT by unilaterally revoking the exemption on the property. The City filed counterclaims. A trial was conducted in the Tax Court in 2010.

The matter remained dormant for several years pending a decision by the trial court on the issues raised at trial. On or about October 20, 2014, after issuing a preliminary opinion, the Court issued its ruling on the matter, which still does not constitute a final decision or order since the Court left open several decisions to be resolved.

The Court’s decision is detailed and lengthy, but the essence of the judge’s decision is that North Oraton was in breach of its PILOT payment obligations, but that the City was also in breach of the Financial Agreement by unilaterally revoking the agreement. As a result, the Court is returning the status quo ante, meaning the PILOT is being reinstated and North Oraton is required to make all back payments with interest at a rate yet to be determined. Conversely, since the PILOT is reinstated, the tax sale certificate is voided and the City is required to pay back the original tax sale certificate of \$115,000, with ordinary interest required by the applicable court rule, as well as all subsequent taxes paid to the City. An additional issue involves a lienholder by virtue of a note and mortgage given to it by North Oraton. The outstanding issues will have to be resolved before the opinion becomes final at which time the City will have to give consideration to a potential appeal.

**CITY OF EAST ORANGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2014 AND 2013**  
**(continued)**

**NOTE 15. COMMITMENTS AND CONTINGENT LIABILITIES, (continued)**

**Tax Appeals**

There were numerous tax appeal cases pending at December 31, 2014. These cases, when resolved, will be paid by future taxation or reserve for tax appeals. The reserve for tax appeals at December 31, 2014 has a balance of \$91,460.

**NOTE 16. FUND BALANCES**

Fund balances as of December 31, 2014 that have been anticipated as revenue in the 2015 budget is as follows:

Current Fund	\$3,100,000
Water Utility Operating Fund	\$ -0-

**NOTE 17. 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, 2014 and 2013, the estimated balance of deferred wages amounted to \$1,402,075 for the Current Fund and \$123,393 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.

**NOTE 18. 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.

**CITY OF EAST ORANGE**  
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**(continued)**

**NOTE 18. POST RETIREMENT BENEFITS, (continued)**

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 due not receive subsidies or reimbursements for Medicare Part B and Part D premium payments.

The number of retirees receiving premium-free benefits as of January 1, 2012, the effective date of the biannual Other Post-Employment Benefit, herein referred to as "OPEB", valuation is 252. Active employees number 848 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.

The City did not update this analysis as of December 31, 2014 as required by GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*.

**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 2014 and 2013, the City contributed \$2,984,975 and \$2,984,975, respectfully, to the plan for self-insured claims.

**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

**CITY OF EAST ORANGE**  
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**(continued)**

**NOTE 18. POST RETIREMENT BENEFITS, (continued)**

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	\$5,724,592
Interest on Net OPEN Obligation	372,023
Adjustment to ARC	<u>1,935,740</u>
Total Annual OPEB Cost (Expense)	8,032,355
Contributions Made	<u>(2,984,975)</u>
Increase in Net OPEB Obligation	5,047,380
Net OPEB Obligation - Beginning of Year	<u>12,487,839</u>
Net OPEB Obligation - End of Year	<u>\$17,535,219</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 2014, 2013 and 2012 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, 2014	\$8,032,355	37.16%	\$17,535,219
December 31, 2013	8,032,355	37.16	12,487,839
December 31, 2012	7,562,193	40.41	7,440,454

**Funded Status and Funding Progress**

As of December 31, 2014 the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was \$98,625,658, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$98,625,658.

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**  
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**(continued)**

**NOTE 18. 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, 2014, 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 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, 2014 was 27 years.

**NOTE 19. SUBSEQUENT EVENTS**

The City has evaluated subsequent events through October 2, 2015, the date which the financial statements were available to be issued and no other items were noted for disclosure.

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**SUPPLEMENTARY DATA AND SCHEDULES**

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## CITY OF EAST ORANGE

### Supplementary Data

#### Officials in Office and Surety Bonds

The following officials were in office during the period under audit.

<u>Name</u>	<u>Title</u>	
Lester E. Taylor III	Mayor	
Quilla E. Talmadge	Member of City Council	
Andrea D. McPhatter	Member of City Council	
Sharon Fields	Member of City Council	
Jacquelyn E. Johnson	Member of City Council	
Christopher D. James	Member of City Council	
Theodore R. Green	Member of City Council	
Romal D. Bullock	Member of City Council	
Alicia Holman	Member of City Council	
Lonnie P. Hughes	Member of City Council	
Tyshammie L. Cooper	Member of City Council	
William Senande	City Administrator	(A)
Khalifah Shabazz Es	Corporation Counsel	(A)
Cynthia Brown	City Clerk	(A)
Kim Lemmon	Assistant City Clerk	(A)
William Senande	Chief Financial Officer	350,000
Ann Marie Corbitt	Tax Collector & Utility Collector	600,000
William Robinson	Chief of Police	(A)
Charles Salley	Fire Chief	(A)
Cynthia Edwards	Court Administrator	1,000,000
Sybonae Oliphant	Court Director	75,000
Harold Fullilove, Jr.	Municipal Court Judge	75,000
Wilfredo Benitez	Municipal Court Judge	75,000
Marvin Braker	Municipal Court Judge	75,000
Cassandra Savoy	Municipal Court Judge	75,000
Sherwin Campbell	Municipal Court Judge	75,000
Rochelle Williams-Evans	Health Officer	(A)
Lisa Jackson	Purchasing Agent	(A)
Thomas Small	Director fo Property Taxation	(A)
Harry Mansmann	Acting Executive Director of the Water Utili	(A)
Claude B. Craig	Director of Human Resources	(A)

(A) - All City employees are covered by a \$500,000 Employee Dishonesty Insurance policy issued by Practorian Insurance Company.

**CITY OF EAST ORANGE**

**Supplementary data**

Comparative Schedule of Tax Rate Information

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Tax rate	<u>4.908</u>	<u>4.724</u>	<u>3.468</u>
Apportionment of tax rate:			
Municipal	3.493	3.263	2.388
School	0.818	0.799	0.483
County	<u>0.597</u>	<u>0.662</u>	<u>0.597</u>

Assessed Value

2014	\$ 3,068,342,705
2013	3,341,485,878
2012	3,412,625,772

Comparison of Tax Levies and Collections Currently

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

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Collections</u>	<u>Percentage of Collection</u>
2014	\$ 123,397,713	116,085,491	94.07%
2013	122,607,820	114,443,656	93.34%
2012	118,346,281	109,320,569	92.37%

Delinquent Taxes and Tax Title Liens

This tabulation includes a comparison, expressed in percentages, of the total of delinquent taxes and tax title liens in relation to the tax levies of the last three years.

<u>Dec. 31</u>	<u>Amount of delinquent taxes</u>	<u>Tax title liens</u>	<u>Total delinquent</u>	<u>Percentage of tax levy</u>
2014	\$ 4,881,472	7,177,078	12,058,550	9.77%
2013	5,600,032	5,709,345	11,309,377	9.22%
2012	7,026,928	5,605,064	12,631,992	10.67%

**CITY OF EAST ORANGE**

**Supplementary data**

Property Acquired by Tax Title Lien Liquidation

No properties have been acquired in 2014 by foreclosure or deed, as a result of liquidation of tax title liens.

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

<u>Year</u>		<u>Amount</u>
2014	\$	8,936,450
2013		8,936,450
2012		8,936,450

Comparative Schedule of Fund Balance

	<u>Year</u>	Balance Year End <u>Dec. 31</u>	Utilized in budget of succeeding <u>year</u>
Current Fund	Dec. 31, 2014	\$ 7,752,106	3,100,000
	Dec. 31, 2013	9,747,471	6,350,000
	Dec. 31, 2012	10,199,075	3,400,000
	Dec. 31, 2011	6,807,972	
	June 30, 2011	2,542,973	
Water Utility Operating Fund	Dec. 31, 2014	1,366,293	
	Dec. 31, 2013	1,366,293	
	Dec. 31, 2012	1,477,693	1,475,070
	Dec. 31, 2011	5,169,252	4,500,000
	June 30, 2011	3,607,848	955,000

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## CITY OF EAST ORANGE, N.J.

## Schedule of Cash - Collector-Treasurer

## Current Fund

Year Ended December 31, 2014

	Current Fund
Balance - December 31, 2013	\$ 19,411,243
Increased by Receipts:	
Taxes Receivable	118,809,485
Miscellaneous Revenue Not Anticipated	312,277
Tax Overpayments	707,745
Prepaid Taxes	1,281,806
Prepaid Expenses	9,289
Petty Cash	13,732
Due from State - Senior Citizen and Veteran Deductions	138,344
Revenue Accounts Receivable	23,095,145
Interfunds	9,418,559
Municipal Liens	1,510,266
Special Emergency Note Payable	850,500
Emergency Note Payable	1,200,000
Special Reserves	101,480
Prior Year Void Checks	25,991
Grants Receivable	7,255,397
Unappropriated Reserves	66,132
	<u>164,796,148</u>
	184,207,391
Decreased by Disbursements:	
Current Year Budget Appropriations	105,809,633
Petty Cash	13,732
Change Funds	250
Appropriation Reserves	4,686,591
Refunds	409,420
Tax Overpayment Refunds	19,863
Local District School Taxes	20,476,758
County Taxes Payable	15,014,534
Special Emergency Notes	1,580,000
Emergency Notes Payable	500,000
Accounts Payable	369,588
Due to Central Ave Improvement District	49,662
Reserve for Hurricane Sandy Reimbursements	199,147
Reserve for Accrued Salaries & Wages	1,286
Special Reserves	134,526
Interfunds	11,040,506
Appropriated Grants	6,517,694
Overexpenditure of Appropriated Grant Reserve	5,517
Grant Encumbrances Payable	795,193
	<u>167,623,900</u>
Balance - December 31, 2014	<u>\$ 16,583,491</u>

**Exhibit A-5**

**CITY OF EAST ORANGE, N.J.**

**Schedule of Change Funds**

**Current Fund**

**Year Ended December 31, 2014**

Balance - December 31, 2013	\$ <u>300</u>
Decreased by:	
Disbursements	<u>250</u>
Balance - December 31, 2014	\$ <u><u>50</u></u>
<u>Analysis of Balance:</u>	
Clerk	\$ <u><u>50</u></u>

**Exhibit A-6**

**Schedule of Cash - Petty Cash**

**Current Fund**

**Year Ended December 31, 2014**

Increased by:	
Disbursed	\$ <u>13,732</u>
Decreased by:	
Returned to Treasurer	\$ <u><u>13,732</u></u>

CITY OF EAST ORANGE, N.J.  
Schedule of Revenue Accounts Receivable

Current Fund

Year Ended December 31, 2014

	Balance <u>Dec. 31, 2013</u>	<u>Accrued</u>	<u>Collected</u>	Balance <u>Dec. 31, 2014</u>
Clerk:				
Licenses:				
Alcoholic beverages	\$	64,354	64,354	
Other		303,310	303,310	
Fees and Permits		84,905	84,905	
Municipal Court :				
Fines and Costs	165,934	2,518,572	2,468,998	215,508
Interest and Costs on Taxes		1,394,313	1,394,313	
Interest on Investments and Deposits		13,465	13,465	
Payments in Lieu of Real Estate Taxes	507,416	2,155,820	2,352,253	310,983
Code Enforcement		331,270	331,270	
Cable Television Franchise Fees		146,220	146,220	
Fire Official LIU Fees		55,230	55,230	
Alarm Registration Fees		25,400	25,400	
Consolidated Municipal Property Tax Relief Ai	2,744,248	8,055,699	8,074,999	2,724,948
Energy Receipts Tax		14,042,677	14,042,677	
Uniform Construction Code Fees		822,512	822,512	
Uniform Fire Safety Act		59,396	59,396	
Housing Inspection		53,520	53,520	
Bell Atlantic Contract		109,520	109,520	
COPS in School - East Orange Board of Ed.	288,651	568,655	568,655	288,651
Reserve for Pension Obligations		65,607	65,607	
Reserve for State Aid		111,096	111,096	
Due from General Capital Fund		199,147	199,147	
	<u>\$ 3,706,249</u>	<u>31,180,688</u>	<u>31,346,847</u>	<u>3,540,090</u>
		Budgeted Reserves \$ 176,703		
		Consolidated Municipal Property Tax Relief Aid 8,074,999		
		Cash 23,095,145		
		<u>\$ 31,346,847</u>		
State Aid Receivable	\$ 2,744,248			2,724,948
Revenue Accounts Receivable	<u>962,001</u>			<u>815,142</u>
	<u>3,706,249</u>			<u>3,540,090</u>

CITY OF EAST ORANGE, N.J.

Schedule of Municipal Liens

Current Fund

Year Ended December 31, 2014

Balance - December 31, 2013		\$	5,709,345
Increased by:			
Transferred from Delinquent Taxes - Tax Sale	\$	570,959	
Interest and costs - 2014 tax sale		97,380	
Interest, Penalties & Recording Fees		371,661	
Subsequent Taxes		<u>1,937,999</u>	
			<u>2,977,999</u>
Decreased by:			
Cancelled		49,327	
Redeemed		<u>1,460,939</u>	
			<u>1,510,266</u>
Balance - December 31, 2014		\$	<u><u>7,177,078</u></u>

CITY OF EAST ORANGE, N.J.

Schedule of Taxes Receivable and Analysis of Property Tax Levy

Current Fund

Year Ended December 31, 2014

Year	Balance, Dec. 31, 2013	Levy	2013	Collected	2014	Senior Citizen and Veteran Deductions	Transferred to Tax Title Liens	Canceled	Balance, Dec. 31, 2014
FY2009	9,010								9,010
FY2010	2,106								2,106
FY2011	20,871								20,871
TY2011	24,203								24,203
CY2013	5,543,842			4,668,083			570,959	35,706	269,094
	5,600,032			4,668,083			570,959	35,706	325,284
CY2014		123,397,714	1,295,797	114,637,997		151,697	1,937,999	818,036	4,556,188
	\$ 5,600,032	123,397,714	1,295,797	119,306,080		151,697	2,508,958	853,742	4,881,472

Cash Receipts \$ 118,809,485  
 Transfer from Tax Overpayments 496,595

\$ 119,306,080

Analysis of Tax Levy

Tax yield:  
 General Purpose Tax \$ 123,283,696  
 Added Tax (R.S. 54:4-63.1 et seq.) 114,018

\$ 123,397,714

Tax Levy:

Local District School Tax \$ 20,544,012  
 Local Open Space Taxes 503,086  
 Special District Tax 59,407  
 County Tax \$ 14,985,117  
 County Added and Omitted Taxes 13,869

14,998,986

Local Tax for Municipal Purposes \$ 87,291,218  
 Add: Additional Taxes Levied 1,005

87,292,223

Local Tax for Municipal Purposes

\$ 123,397,714

CITY OF EAST ORANGE, N.J.

Schedule of Property Acquired for Taxes -  
Assessed Valuation

Current Fund

Year Ended December 31, 2014

Balance - December 31, 2013	\$ <u>8,936,450</u>
Balance - December 31, 2014	\$ <u><u>8,936,450</u></u>

CITY OF EAST ORANGE, N.J.

Schedule of Interfunds

Current Fund

Year Ended December 31, 2014

<u>Fund</u>	Due from/(to) Balance Dec. 31, 2013	<u>Increased</u>	<u>Decreased</u>	Due from/(to) Balance Dec. 31, 2014
Federal and State Grant Fund	\$ 3,536,997	7,957,577	8,638,467	2,856,107
Animal Control Trust Fund	4,658		4,658	
CDBG Trust Fund		572,000	572,000	
Tax Redemption Trust		576,085	576,085	
Other Trust Fund - Payroll Agency	88,321	122,471	210,792	
Other Trust Fund	9,804	2,156,822	2,166,626	
Home Loan Program Fund		22,551	22,551	
Self Insurance Trust Fund	504,427		504,427	
Open Space Trust Fund	(806)	806		
Water Operating Fund		3,730,154	1,495,943	2,234,211
General Capital Fund		3,859,587	3,859,587	
	<u>\$ 4,143,401</u>	<u>18,998,053</u>	<u>18,051,136</u>	<u>5,090,318</u>
Due to Current Fund	4,144,207	18,974,696	18,028,585	5,090,318
Due from Current Fund	(806)	23,357	22,551	
	<u>\$ 4,143,401</u>	<u>18,998,053</u>	<u>18,051,136</u>	<u>5,090,318</u>
			Cash Receipts \$ 8,740,794	
		Cash Disbursements 11,040,506		
		Reimbursement for expenditures paid	810,564	
		Appropriation Reserves	39,076	
		Budget Appropriations	500,000	
		Local Match	3,125	
		Grants Receivable 7,957,577		
		Appropriated Reserves	7,957,577	
		<u>\$ 18,998,083</u>	<u>18,051,136</u>	

CITY OF EAST ORANGE, N.J.

Schedule of Deferred Charges

Current Fund

Year Ended December 31, 2014

<u>Purpose</u>	Balance, Dec. 31, <u>2013</u>	Added in <u>2014</u>	Reduced in <u>2014</u>	Balance, Dec. 31, <u>2014</u>
Emergency Authorizations: Group Insurance	\$ <u>500,000</u>	<u>1,200,000</u>	<u>500,000</u>	<u>1,200,000</u>
	\$ <u>500,000</u>	<u>1,200,000</u>	<u>500,000</u>	<u>1,200,000</u>

CITY OF EAST ORANGE, N.J.

Schedule of Deferred Charges N.J.S.A. 40A:4-53 Special Emergency

Current Fund

Year Ended December 31, 2014

<u>Date</u>	<u>Purpose</u>	<u>Amount</u>	<u>1/5 of Net</u>	<u>Balance,</u>	<u>Reduced</u>	<u>Balance,</u>
<u>Authorized</u>		<u>Authorized</u>	<u>Amount</u>	<u>Dec. 31,</u>	<u>in 2014</u>	<u>Dec. 31,</u>
			<u>Authorized</u>	<u>2013</u>		<u>2014</u>
12/23/10	Termination Pay	\$ 950,000	190,000	380,000	190,000	190,000
6/1/11	Termination Pay	300,000	60,000	120,000	60,000	60,000
9/21/12	Termination Pay	1,000,000	200,000	600,000	200,000	400,000
9/21/12	City Wide Assessment	400,000	80,000	240,000	80,000	160,000
12/31/12	Hurricane Sandy	300,000	60,000	240,000	199,147	40,853
		<u>\$ 2,950,000</u>	<u>590,000</u>	<u>1,580,000</u>	<u>729,147</u>	<u>850,853</u>

## CITY OF EAST ORANGE, N.J.

## Schedule of Appropriation Reserves

## Current Fund

Year Ended December 31, 2014

	Balance, Dec. 31, <u>2013</u>	Balance after <u>Transfers and</u> <u>Encumbrances</u>	<u>Paid or</u> <u>Charged</u>	Balance <u>Lapsed</u>
Salaries and Wages Within "CAPS":				
Office of the Mayor	\$ 5,091	5,091		5,091
Division of Public Info & Consumer Affairs	45	45		45
Office of the City Administrator	327	327		327
Office of Procurement	298	298		298
Department of Data Processing - City	7,778	7,778		7,778
Department of Data Processing - Police	30,010	30,010		30,010
Board of Alcohol Bev Control	1	1		1
Department of Policy, Planning and Economic De	782	782		782
Division of Economic Development	199	199		199
Division of Neighborhood Housing Revitalization	539	539		539
Zoning Board of Adjustment	1	1		1
Comprehensive Planning	415	415		415
City Council	881	881		881
City Clerk's Office	33,656	33,657	1,661	31,996
City Clerk's Elections	3,036	3,036		3,036
Department of Finance	3,871	3,871		3,871
Division of Accounts and Controls	15,522	15,522		15,522
Division of Tax Collection & Revenue	903	903		903
Division of Treasury	475	475		475
Department of Property Taxation	7,012	7,012	2,190	4,822
Department of Law	9,519	9,519		9,519
Special Prosecutors	3,600	3,925	3,900	25
Municipal Court	19,573	19,573	49	19,524
Public Defender	49,666	53,091	3,425	49,666
Human Resources	1,289	1,289		1,289
Department of Public Works	4,202	4,202		4,202
Garage Division	874	874		874
Street & Roads Division	53,503	53,503	51,272	2,231
Snow and Ice Removal	19,701	19,701	19,701	
Public Buildings and Grounds Division	15,961	15,961	14,292	1,669
Plan and Construction Division	547	547		547
Garbage and Trash Removal Solid Waste	11,713	11,713		11,713
Traffic Engineering Division	785	785		785
Department of Fire	356,233	356,233	19,355	336,878
Office of Emergency Management	511	511		511
Department of Police	359,455	359,455	25,131	334,324

## CITY OF EAST ORANGE, N.J.

## Schedule of Appropriation Reserves

## Current Fund

Year Ended December 31, 2014

	Balance, Dec. 31, <u>2013</u>	Balance after Transfers and <u>Encumbrances</u>	<u>Paid or Charged</u>	Balance <u>Lapsed</u>
School Traffic Guards	59,918	59,918	1,037	58,881
Department of Property Maintenance - Director	12,011	12,011		12,011
Building Division	12,263	12,263		12,263
Code Enforcement	16,565	16,565		16,565
Department of Health & Human Services	1,086	1,086	630	456
Health Officer/Division of Health Services	2,622	2,622		2,622
Dental Services	41,491	41,491		41,491
Child Food Program - Summer	275	275		275
Environmental Health	21,512	21,512		21,512
Public Health Nursing	25,836	25,836		25,836
Vital Statistics	27,334	27,334		27,334
Animal Control	8,141	8,140	1,492	6,648
Division of Senior Citizens	24,922	24,922		24,922
Division of Employment & Training	10,302	10,302		10,302
Department of Recreation & Cultural Affairs	906	906		906
Community Celebration		387	360	27
Parks Maintenance	2,385	2,385		2,385
Division of Neighborhood Facilities	429	429		429
East Orange Golf Course	11,046	11,046		11,046
<b>Total Salaries and Wages Within "CAPS"</b>	<u>1,297,018</u>	<u>1,301,155</u>	<u>144,495</u>	<u>1,156,660</u>
<b>Other Expenses Within "CAPS":</b>				
Office of the Mayor	16,545	27,345	8,546	18,799
Division of Public Info & Consumer Affairs	1,100	1,100		1,100
Office of the City Administrator	48,878	54,715	(5,032)	59,747
Office of Procurement	30,777	51,834	22,995	28,839
Duplicating Unit	6,346	23,966	12,385	11,581
Department of Data Processing - City	191,786	265,817	134,352	131,465
Department of Data Processing - Police	22,386	28,136	8,908	19,228
Board of Alcohol Bev Control	1,385	1,891	526	1,365
Department of Policy, Planning and Economic De	2,742	3,578		3,578
Division of Economic Development	4,787	7,891	5,320	2,571
Division of Neighborhood Housing Revitalization	6,006	9,104	3,098	6,006
Zoning Board of Adjustment	4,282	15,137	12,205	2,932
Planning Board	3,659	14,707	11,576	3,131
Comprehensive Planning	24,482	25,582	3,947	21,635

## CITY OF EAST ORANGE, N.J.

## Schedule of Appropriation Reserves

## Current Fund

Year Ended December 31, 2014

	Balance, Dec. 31, <u>2013</u>	Balance after Transfers and <u>Encumbrances</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
City Council	9,289	22,994	19,984	3,010
City Clerk's Office	20,003	42,019	25,770	16,249
City Clerk's Elections	3,772	4,293	547	3,746
Department of Finance	8,266	11,838	11,535	303
Insurance				
Group Insurance	828,662	1,351,433	532,386	819,047
Insurance Claim Fund (Workers' Comp)	113,310	156,431	156,431	
Insurance Claim (Auto & General)	115,152	115,152	115,152	
Fire Insurance - City Building	250	250		250
Public Officials Liability Insurance	74	74		74
Surety Bonds	163	163		163
Claim Administration Fee	32	25,782	25,750	32
Unemployment Insurance	7,466	117,566	117,530	36
City Insurance Premium	27,908	27,908		27,908
Short Term Insurance	1,956	30,507	28,187	2,320
Health Benefit Waiver	3,208	3,208		3,208
Division of Accounts and Controls	4,077	4,381	3,107	1,274
Division of Tax Collection & Revenue	3,645	16,799	14,615	2,184
Division of Treasury	9	225	216	9
Department of Property Taxation	102,395	159,616	61,972	97,644
Department of Law	84,490	188,028	93,285	94,743
Municipal Court	30,157	86,408	55,470	30,938
Public Defender	1,022	1,022		1,022
Human Resources	4,659	8,543	3,880	4,663
Department of Public Works	5,241	21,034	16,141	4,893
Garage Division	35,300	92,612	77,750	14,862
Street & Roads Division	14,543	411,992	397,363	14,629
Snow and Ice Removal	5,999	91,729	91,729	
Public Buildings and Grounds Division	153,608	648,997	548,099	100,898
Planning and Construction Division	1,353	1,403	100	1,303
Garbage and Trash Removal Solid Waste	186,065	1,374,648	1,292,389	82,259
Traffic Engineering Division	7,487	31,585	22,370	9,215
Employees Safety Program	1,000	1,000	1,000	
Mandated State Recycling Program	2,000	2,000	2,000	
Department of Fire	118,619	364,670	275,026	89,644
Office of Emergency Management	4,486	19,203	18,982	221
Department of Police	156,413	697,840	609,245	88,595

## CITY OF EAST ORANGE, N.J.

## Schedule of Appropriation Reserves

## Current Fund

Year Ended December 31, 2014

	Balance, Dec. 31, 2013	Balance after Transfers and <u>Encumbrances</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
School Traffic Guards	1,000	19,900	18,902	998
Department of Property Maintenance - Director	3,103	3,928	825	3,103
Building Division	47,003	77,229	28,900	48,329
Code Enforcement	84,340	152,066	91,322	60,744
Department of Health & Human Services	19,581	24,635	7,447	17,188
Health Officer/Division of Health Services	6,061	6,512	593	5,919
Dental Services	73	73		73
Environmental Health	2,819	3,788	969	2,819
Public Health Nursing	12,422	21,210	14,871	6,339
Vital Statistics	5,286	5,911	1,375	4,536
Animal Control	4,722	12,326	8,249	4,077
Essex Regional Health Commission	383	383		383
Lab Waste Disposal	3,226	3,881	655	3,226
Division of Senior Citizens	6,736	10,515	5,358	5,157
Division of Employment & Training	11,846	19,470	6,506	12,964
Department of Recreation & Cultural Affairs	4,941	4,950	1,284	3,666
Instructional and Recreational Leaders	1,905	10,494	9,427	1,067
Parks Maintenance	27,221	39,517	27,604	11,913
Division of Neighborhood Facilities	8,737	17,741	9,913	7,828
East Orange Golf Course	24,478	41,088	14,104	26,984
Water Commission	1,000	1,000		1,000
Matching Funds for Grants	93,750	93,750		93,750
Bond and Note Expenses	2,795	2,795		2,795
Settlement Costs- Salary Expense	3,748	3,748	2,758	990
COPS in school	3,214	3,216		3,216
	<u>2,807,630</u>	<u>7,244,282</u>	<u>5,087,899</u>	<u>2,156,383</u>
Total Other expenses Within "CAPS"				

CITY OF EAST ORANGE, N.J.

Schedule of Appropriation Reserves

Current Fund

Year Ended December 31, 2014

	Balance, Dec. 31, <u>2013</u>	Balance after Transfers and <u>Encumbrances</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Deferred Charges and Statutory Expenditures Within "CAPS":				
Accumulated Sick Leave & Hold Back	4,432	4,432		4,432
Settlement/Previous Litigation	8,407	8,407		8,407
Public Employees Retirement System	21,184	21,184	5,781	15,403
Social Security System (O.A.S.I.)	41,662	41,662		41,662
PERS Death Benefit Fund	<u>1</u>	<u>1</u>		<u>1</u>
Total Deferred Charges and Statutory Expenditures Within "CAPS"	<u>75,686</u>	<u>75,686</u>	<u>5,781</u>	<u>69,905</u>
Other Expenses Excluded From "CAPS": Transferred to BOE	<u>124,436</u>	<u>124,436</u>		<u>124,436</u>
Total Other Expenses Excluded from "CAPS"	<u>124,436</u>	<u>124,436</u>		<u>124,436</u>
 Total Reserves	 <u>\$ 4,304,770</u>	 <u>8,745,559</u>	 <u>5,238,175</u>	 <u>3,507,384</u>
		Appropriation Reserves Encumbrances		
		4,304,770 <u>4,440,789</u>		
		<u>\$ 8,745,559</u>		
			Cash Disbursed \$ 4,686,591	
			Transfer to Accounts Payable 512,508	
			Interfunds <u>39,076</u>	
			<u>\$ 5,238,175</u>	

CITY OF EAST ORANGE, N.J.

Schedule of Encumbrances Payable

Current Fund

Year Ended December 31, 2014

Balance - December 31, 2013	\$ 4,440,789
Increased by:	
Transferred from Current Year Budget	<u>3,653,113</u>
	8,093,902
Decreased by:	
Transferred to Appropriation Reserves	<u>4,440,789</u>
Balance - December 31, 2014	\$ <u><u>3,653,113</u></u>

Schedule of Accounts Payable

Current Fund

Year Ended December 31, 2014

Balance - December 31, 2013	\$ 646,307
Increased by:	
Transferred from Appropriation Reserves	<u>512,508</u>
	1,158,815
Decreased by:	
Cash Disbursements	<u>369,588</u>
Balance - December 31, 2014	\$ <u><u>789,227</u></u>

CITY OF EAST ORANGE, N.J.

Schedule of Amount Due (to)/from State of New Jersey  
for Senior Citizens' and Veterans' Deductions - CH. 129 P.L. 1976

Current Fund

Year Ended December 31, 2014

Balance - December 31, 2013		\$	(19,390)
Increased by:			
Senior Citizens' Deductions Per Tax Billing	\$	36,250	
Veterans' Deductions Per Tax Billing		116,750	
Senior Citizen's and Veteran's Allowed - 2014		<u>4,750</u>	
			<u>157,750</u>
			138,360
Decreased by:			
State Share of Senior Citizens and Veteran			
Deductions Received in Cash		138,344	
Senior Citizen's and Veteran's Disallowed - 2014		<u>6,053</u>	
			<u>144,397</u>
Balance - December 31, 2014		\$	<u><u>(6,037)</u></u>

CITY OF EAST ORANGE, N.J.

Schedule of Tax Overpayments

Current Fund

Year Ended December 31, 2014

Balance - December 31, 2013		\$	1,058,219
Increased by:			
Collections	\$	707,745	
Cancellations		<u>326,150</u>	
			<u>1,033,895</u>
			2,092,114
Decreased by:			
Applied to 2014 Taxes Receivable		496,595	
Cash Disbursements		<u>19,863</u>	
			<u>516,458</u>
Balance - December 31, 2014		\$	<u><u>1,575,656</u></u>

Schedule of Prepaid Taxes

Current Fund

Year Ended December 31, 2014

Balance - December 31, 2013		\$	1,295,797
Increased by:			
Collections		<u>1,281,806</u>	
			2,577,603
Decreased by:			
Applied to 2014 Taxes Receivable		<u>1,295,797</u>	
Balance - December 31, 2014		\$	<u><u>1,281,806</u></u>

CITY OF EAST ORANGE, N.J.

Schedule of Special Emergency Notes Payable

Current Fund

Year Ended December 31, 2014

<u>Number</u>	<u>Purpose</u>	<u>Date of Original Issue</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Balance, Dec. 31, 2013</u>	<u>Issued</u>	<u>Matured</u>	<u>Balance, Dec. 31, 2014</u>
2013B	Terminal Pay	12/23/2010	9/23/2015	1.00%	\$ 380,000	190,000	380,000	\$ 190,000
2013B	Terminal Pay	6/1/2011	9/23/2015	1.00%	120,000	60,000	120,000	60,000
2013B	Terminal Pay	9/21/2012	9/23/2015	1.00%	240,000		240,000	
2013B	City-Wide Assessment	9/21/2012	9/23/2015	1.00%	600,000	560,000	600,000	560,000
2013B	Repair and Reconstruction of Public Property-Hurricane Sandy	12/31/2012	9/23/2015	1.00%	240,000	40,500	240,000	40,500
					\$ 1,580,000	850,500	1,580,000	\$ 850,500

Schedule of Emergency Notes Payable

Current Fund

Year Ended December 31, 2014

<u>Number</u>	<u>Purpose</u>	<u>Date of Original Issue</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Balance, Dec. 31, 2013</u>	<u>Issued</u>	<u>Matured</u>	<u>Balance, Dec. 31, 2014</u>
EN-2014-1	Group Insurance	12/31/2012	9/23/2015	0.84%	\$ 500,000	1,200,000	500,000	\$ 1,200,000
					\$ 500,000	1,200,000	500,000	\$ 1,200,000

CITY OF EAST ORANGE, N.J.

Schedule of Local School District Tax Payable

Current Fund

Year Ended December 31, 2014

Balance - December 31, 2013	\$	(124,436)
Increased by:		
2014 Levy		<u>20,544,012</u>
		20,419,576
Decreased by:		
Payments		<u>20,476,758</u>
Balance - December 31, 2014	\$	<u><u>(57,182)</u></u>

Schedule of County Taxes Payable

Current Fund

Year Ended December 31, 2014

Balance - December 31, 2013	\$	29,417
Increased by:		
2014 Levy	\$	14,544,694
2014 Open Space		440,423
2014 Added Assessments		<u>13,869</u>
		<u>14,998,986</u>
		15,028,403
Decreased by:		
Payments		<u>15,014,534</u>
Balance - December 31, 2014	\$	<u><u>13,869</u></u>

**Exhibit A-24**

**CITY OF EAST ORANGE, N.J.**

**Schedule of Accrued Salaries and Wages**

**Current Fund**

**Year Ended December 31, 2014**

Balance - December 31, 2013	\$	101,930
Decreased by:		
Cash Disbursements		<u>1,286</u>
Balance - December 31, 2014	\$	<u><u>100,644</u></u>

**Exhibit A-25**

**Schedule of Prepaid Expenses**

**Current Fund**

**Year Ended December 31, 2014**

Increased by:		
Cash Receipts	\$	<u>9,289</u>
Balance - December 31, 2014	\$	<u><u>9,289</u></u>

**CITY OF EAST ORANGE, N.J.**

**Schedule of Reserve for Tax Appeals**

**Current Fund**

**Year Ended December 31, 2014**

Balance - December 31, 2013	\$ <u>91,460</u>
Balance - December 31, 2014	\$ <u><u>91,460</u></u>

**Schedule of Reserve for Revaluation**

**Current Fund**

**Year Ended December 31, 2014**

Balance - December 31, 2013	\$ <u>18,731</u>
Balance - December 31, 2014	\$ <u><u>18,731</u></u>

**CITY OF EAST ORANGE, N.J.**

**Schedule of Reserve for Hurricane Irene Reimbursements**

**Current Fund**

**Year Ended December 31, 2014**

Balance - December 31, 2013	\$ <u>35,067</u>
Balance - December 31, 2014	\$ <u><u>35,067</u></u>

**Schedule of Reserve for Hurricane Sandy Reimbursements**

**Current Fund**

**Year Ended December 31, 2014**

Balance - December 31, 2013	\$ <u>199,147</u>
Decreased by: Cash Disbursements	\$ <u><u>199,147</u></u>

CITY OF EAST ORANGE, N.J.

Schedule of Due to Central Ave Improvement District

Current Fund

Year Ended December 31, 2014

Balance - December 31, 2013	\$	5,308
Increased by:		
Levy		<u>59,407</u>
		64,715
Decreased by:		
Cash Disbursements		<u>49,662</u>
Balance - December 31, 2014	\$	<u><u>15,053</u></u>

CITY OF EAST ORANGE, N.J.

Schedule of Reserve for Special Reserves

Current Fund

Year Ended December 31, 2014

	Balance December 31, 2013	Cash Receipts	Cash Disbursements	Balance December 31, 2014
Department of Human Services	\$ 8,094	10,578	12,925	\$ 5,747
New Construction - State Training	34,605	29,797	30,378	34,024
HHS - Civil Unions	600			600
HHS - Domestic Violence	925			925
HHS - Weights and Measures	89,317	61,095	90,028	60,384
HHS - Employment & Training Youth	800			800
HHS - Burial and Disinterment Fees	1,235	10		1,245
HHS - Substance Abuse NJ Access Initiative	23,684			23,684
HHS - Environmental Division - Special Projects	<u>1,922</u>		<u>1,195</u>	<u>727</u>
	\$ <u>161,182</u>	<u>101,480</u>	<u>134,526</u>	\$ <u>128,136</u>

## CITY OF EAST ORANGE, N.J.

## Schedule of Grants Receivable

## Federal and State Grant Fund

Year Ended December 31, 2014

<u>Grant</u>	Balance, Dec. 31, 2013	2014 Budget Revenue <u>Realized</u>	<u>Received</u>	Balance, Dec. 31, 2014
WIC - Supplemental Food Program for Women				
Infants and Children	\$ 92,108			92,108
Childhood Lead-Based Paint Poisoning Grant	207,291		207,291	
Drug Abuse Methadone/Addiction Treatment Svcs.	40,378			40,378
Summer Food Service Program	1,606,085	224,855	383,580	1,447,360
HIV Counseling & Testing	709	140,588	49,520	91,777
HIV Counseling & Testing II	14,774			14,774
Home Friends		240,000	204,989	35,011
NJ Transportation Trust Fund	2,443,188		359,937	2,083,251
Balanced Housing	106,389			106,389
East Orange Municipal Alliance	132,000		28,125	103,875
Child and Adult Care Food Service Program (A.K.A. Winter Food)	617,556			617,556
Urban Enterprise Zone	662,359			662,359
Tobacco Enforcement Grant	7,890			7,890
Urban Gateway Enhancement	3,300			3,300
Emergency Management Performance Grant	5,000		5,000	
Community Development Block Grant		232,984	232,984	
HUD Eco Dev Initiative - VIADUCT	237,500			237,500
Click It or Ticket It Seat Belt Campaign	5,000			5,000
Justice Assistance Grant	172,138	92,266	189,652	74,752
Pandemic Flu	9,602			9,602
Green Acres Multi Parks Project	443,322			443,322
Economic Development Initiative	346,500			346,500
Pedestrian Safety Program	15,000			15,000
NJ Health Officer Association (SAFER Grant)	611,018		611,018	
Body Armor		27,785	27,785	
Hurricane Sandy Disaster NEG	113,899		113,899	
E.O. Hazardous Material Incidents & Waste Manageme	21,020			21,020
NJ Relocation Assistance	8,225			8,225
Senior Citizen Special Project	194,800			194,800
COPS Technology Program (CRISP)	22,380			22,380
Municipal Alliance		12,500		12,500
Municipal Alliance Match		3,125	3,125	
COPS Hiring Recovery Grant	1			1
Justice Assistance Grant	50,474			50,474
Clean Communities Grant		91,450	91,450	
WIC - Supplemental Food Program	1,005,800			1,005,800
County of Essex Home Friends	128,658		128,658	

CITY OF EAST ORANGE, N.J.

Schedule of Grants Receivable

Federal and State Grant Fund

Year Ended December 31, 2014

<u>Grant</u>	Balance, Dec. 31, 2013	2014 Budget Revenue Realized	Received	Balance, Dec. 31, 2014
Childhood Lead-Based Paint Poisoning Grant	250,000		29,450	220,550
Recycling Tonnage Grant		16,199	16,199	
Essex County Open Space		150,000		150,000
Alcohol & Drug Abuse Treatment/Rehabilitation	745,916		338,695	407,221
Matching - Client Fees Other Trust		150,000	150,000	
Child and Adult Care Food Service Program (A.K.A. Winter Food)	2,616,089		1,193,171	1,422,918
Child and Adult Care Food Service Program (A.K.A. Winter Food)	2,679,560			2,679,560
Summer Food Service Program	507,343			507,343
HIV Counseling & Testing	140,588			140,588
Urban Gateway Enhancement	32,000	32,000		64,000
Community Development Block Grant		1,130,275	1,130,275	
Home Program	1	68,298	68,298	1
NJ Transportation Trust Fund	409,820			409,820
Click It or Ticket It Seat Belt Campaign	4,000			4,000
NJ Health Officer Association (SAFER Grant)	463,034		463,034	
Hurricane Sandy Disaster NEG	321,918		309,483	12,435
Delta Dental		26,563	26,563	
Shelter Plus Care Program		607,553	607,553	
Body Armor		21,166	21,166	
WIC-Supplemental Food Program		1,077,063	991,246	85,817
Childhood Lead Poisoning		250,000		250,000
Alcohol and Drug Abuse		745,916		745,916
Winter Food Program		1,874,383		1,874,383
Summer Food Program		207,973		207,973
NJDOT Transportation Trust		412,760		412,760
Sandy Lead Screening		125,000		125,000
	<u>\$ 17,494,633</u>	<u>7,960,702</u>	<u>7,982,146</u>	<u>17,473,189</u>
Adopted Budget		2,488,888		
Other Trust - Matching Funds		150,000		
Added by N.J.S.A. 40A:4-87		<u>5,321,814</u>		
		<u>\$ 7,960,702</u>		
			Cash \$ 7,255,397	
			Unappropriated 48,984	
			Interfunds <u>677,765</u>	
			<u>\$ 7,982,146</u>	

**CITY OF EAST ORANGE, N.J.**

**Schedule of Amount Due from/(to) Current Fund**

**Federal and State Grant Fund**

**Year Ended December 31, 2014**

Balance - December 31, 2013		\$ (3,536,997)
Increased by:		
Budget Match	\$ 3,125	
Cash Receipt	677,765	
Grants Receivable	<u>7,957,577</u>	
		<u>8,638,467</u>
		5,101,470
Decreased by:		
Budget Appropriations		<u>7,957,577</u>
Balance - December 31, 2014		\$ <u><u>(2,856,107)</u></u>

**Schedule of Encumbrances Payable**

**Federal and State Grant Fund**

**Year Ended December 31, 2014**

Balance - December 31, 2013		\$ 795,193
Increased by:		
Transferred from Current Year Budget		<u>1,279,287</u>
		2,074,480
Decreased by:		
Cash Disbursed		<u>795,193</u>
Balance - December 31, 2014		\$ <u><u>1,279,287</u></u>

## CITY OF EAST ORANGE, N.J.

## Schedule of Appropriated Reserves for Grants

## Federal and State Grant Fund

Year Ended December 31, 2014

<u>Grant</u>	Balance, Dec. 31, <u>2013</u>	Transfer From 2014 <u>Budget</u>	<u>Expended</u>	Balance, Dec. 31, <u>2014</u>	<u>Overexpenditure</u>
WIC - Supplemental Food Program for Women, Infants and Children	\$ 1,347,785	1,077,063	1,037,459	1,387,389	
Childhood Lead - Based Paint Poisoning Grant	174,965	250,000	230,193	194,772	
Public Health Priority Funding	57,076			57,076	
Summer Food Service Program	1,356,294	432,828	451,172	1,337,950	
County of Essex - Home Friends	31,299	240,000	276,816		5,517
HIV Counseling & Testing	108,695	140,588	130,659	118,624	
Comcast Video - City Council Surveillance	180,572		46,636	133,936	
NJ Transportation Trust Fund	2,635,310	412,760	409,820	2,638,250	
Clean Communities	106,909	91,450	106,923	91,436	
Child and Adult Care Food (Winter) Service Program	4,526,592	1,874,383	1,940,524	4,460,451	
Law Enforcement Block Grants	252			252	
Traffic Enforcement Fund	14			14	
Urban Enterprise Zone	504,115		(8,231)	512,346	
Alcohol Education & Rehab Grant	644,149	895,916	872,597	667,468	
DYFS Methadone Drug Abuse	116,847			116,847	
Colgate Palmolive	6,557			6,557	
IMF Child Maternity Grant	13,698			13,698	
DLPS Body Armor Program	710	48,951	27,472	22,189	
Livable Communities	26,615			26,615	
Delta Dental Plan	1,872	26,563	4,005	24,430	
Justice Assistance Grant	7,985	92,266	75,074	25,177	
USCM - Dupont Excellence Award	5,000			5,000	
Municipal Alliance	59,672	15,625	21,544	53,753	
NJ Relocation Assistance	74,878			74,878	
Police PSAP - Equipment	5			5	
Lead Identification and Field Testing	23			23	
Lead Intervention	85,561			85,561	
EPA Stormwater Management	3,976		1,610	2,366	
Weed & Seed Initiative	2,258			2,258	
Green Acres - Multi Parks Project	7,106			7,106	
SAFER Grant - NJ Health Officer Association	63,820			63,820	
E.O. Hazardous Materials	18,019			18,019	
Drunk Driving Enforcement Fund	7,454			7,454	
Economic Development Initiative	346,500			346,500	
Intensive Methadone Outpatient	27,613		(545)	28,158	
Emergency Relocation Lead Program	25			25	
Emergency Management Performance	20,000			20,000	
COPS Technology Program (CRISP)	22,306			22,306	
Golf Cart Pass - Stimulus	15,615			15,615	
HUD Economic Dev. Initiative	204,600			204,600	
Recycling Tonnage	21,775	16,199		37,974	
Community Development Block Grant		1,363,259	1,363,259		
Senior Services Special Projects	189,500			189,500	
Hurricane Sandy Disaster Grant	85,015		77,605	7,410	
Click It Or Ticket	4,000			4,000	
Energy Efficient and Conservation Grant	427			427	
Shelter Plus Care Program		607,553	607,553		

CITY OF EAST ORANGE, N.J.

Schedule of Appropriated Reserves for Grants

Federal and State Grant Fund

Year Ended December 31, 2014

<u>Grant</u>	Balance, Dec. 31, <u>2013</u>	Transfer From 2014 <u>Budget</u>	<u>Expended</u>	Balance, Dec. 31, <u>2014</u>	<u>Overexpenditure</u>
Youth Corp Urban Gateway		32,000	29,105	2,895	
Home Program		68,298	68,298		
Sandy Lead Screening		125,000	27,950	97,050	
Essex County Open Space		<u>150,000</u>	<u>5,000</u>	<u>145,000</u>	
	<u>\$ 13,113,459</u>	<u>7,960,702</u>	<u>7,802,498</u>	<u>13,277,180</u>	<u>5,517</u>
		Budget \$ 2,488,888			
		Other Trust - Matching Funds 150,000			
		Appropriated by 40a:4-87 <u>5,321,814</u>			
		<u>\$ 7,960,702</u>			
		Encumbrances 1,279,287			
		Cash Disbursements 6,517,694			
		Overexpenditure <u>5,517</u>			
			<u>\$ 7,802,498</u>		

CITY OF EAST ORANGE, N.J.

Schedule of Unappropriated Reserves for Grants

Federal and State Grant Fund

Year Ended December 31, 2014

<u>Grant</u>	Balance, Dec. 31, <u>2013</u>	Transfer To 2014 <u>Budget</u>	<u>Received</u>	Balance, Dec. 31, <u>2014</u>
Body Armor Program	\$ 27,785	27,785		
Delta Dental	5,000	5,000		
Recycling Tonnage Grant	16,199	16,199	22,089	22,089
Safer Grant			44,043	44,043
	<u>48,984</u>	<u>48,984</u>	<u>66,132</u>	<u>66,132</u>

## CITY OF EAST ORANGE, N.J.

## Schedule of Cash

## Trust Funds

Year Ended December 31, 2014

	Animal Trust Fund	Tax Redemption Fund	Other Trust Fund	Community Development Block Grant Fund	Home Loan Program Fund	Self Insurance Fund
Balance - December 31, 2013	\$ 7,312	1,157,038	7,161,611	5,617	51,260	783,920
Increase by Receipts:						
Reserve for Animal Trust Expenditures	1,586					
Due to the State of New Jersey	834					
Interfunds			713,298	174,746		
Tax Redemptions		5,674,660				
Miscellaneous Reserves			6,824,935			
Payroll and Deductions			92,048,004			
Due from H.U.D.				2,489,074		
Interest Earnings				71	26	614
UDAG Receipts					24,670	
Workers' Compensation						2,814,750
Auto/General Liability						1,577,248
Total Receipts	2,420	5,674,660	99,586,237	2,663,891	24,696	4,392,612
	9,732	6,831,698	106,747,848	2,669,508	75,956	5,176,532
Decreased by Disbursements:						
Reserve for Animal Trust Expenditures	588					
Due to the State of New Jersey	838					
Interfunds	4,658	414,027	396,590	286,390		504,427
Tax Redemptions		5,381,068				
Miscellaneous Reserves			6,148,524			
Payroll and Deductions			92,927,037			
Community Development				2,341,195		
UDAG Reserve					20,187	
Workers' Compensation						2,414,867
Auto/General Liability						1,398,422
Total Disbursements	6,084	5,795,095	99,472,151	2,627,585	20,187	4,317,716
Balance - December 31, 2014	\$ 3,648	1,036,603	7,275,697	41,923	55,769	858,816

Exhibit B-2

CITY OF EAST ORANGE, N.J.  
Schedule of Due to State of New Jersey  
Trust Funds  
Year Ended December 31, 2014

		Dog License Fees
Balance - December 31, 2013	\$	33
Increased by:		
Dog License Fees		<u>834</u>
Decreased by:		
Cash Disbursements		<u>838</u>
Balance - December 31, 2014	\$	<u>29</u>

Exhibit B-3

Schedule of Reserve for Animal Trust Fund Expenditures  
Trust Funds  
Year Ended December 31, 2014

Balance - December 31, 2013	\$	2,621
Increased by:		
Dog License Fees	\$	1,537
Cat License Fees		216
Miscellaneous Revenue:		
Other		(171)
Interest Earnings		<u>4</u>
		<u>1,586</u>
		4,207
Decreased by:		
Cash Disbursements	588	
		<u>588</u>
Balance - December 31, 2014	\$	<u>3,619</u>

Animal License Fees Collected

Year		
CY 2012	\$	1,793
CY 2013		<u>1,911</u>
Maximum Reserve	\$	<u>3,704</u>

CITY OF EAST ORANGE, N.J.  
Schedule of Interfunds Receivable/(Payable)

Trust Funds

Year Ended December 31, 2014

	Balance Dec. 31, 2013	Increased	Decreased	Balance Dec. 31, 2014
Animal Trust Fund:				
Current Fund	\$ (4,658)	4,658		
Total Animal Trust	<u>(4,658)</u>	<u>4,658</u>		
Tax Redemption Fund:				
Other Trust Fund	(414,027)	414,027		
Total Open Space Trust	<u>(414,027)</u>	<u>414,027</u>		
Other Trust Fund:				
Tax Redemption Trust	414,027		414,027	
Current Fund - Payroll Agency	(88,321)	88,321		
Current Fund - Open Space Trust	806		806	
Current Fund	(9,804)	1,021,879	1,012,075	
Total Other Trust	<u>316,708</u>	<u>1,110,200</u>	<u>1,426,908</u>	
Community Development Grant Fund:				
Home Loan Program Fund	(6,601)	286,390	174,746	105,043
Total Community Development Fund	<u>(6,601)</u>	<u>286,390</u>	<u>174,746</u>	<u>105,043</u>
Home Loan Program Fund:				
Community Development Grant Fund	6,601	174,746	286,390	(105,043)
Total Home Loan Program Fund	<u>6,601</u>	<u>174,746</u>	<u>286,390</u>	<u>(105,043)</u>
Self Insurance Trust Fund:				
Current Fund	(504,427)	504,427		
Total Self Insurance Trust Fund	<u>(504,427)</u>	<u>504,427</u>		
	<u>\$ (606,404)</u>	<u>2,494,448</u>	<u>1,888,044</u>	
Due to Current Fund	\$ (607,210)	1,619,285	1,012,075	
Due from Current Fund	806		806	
Due from Home Loan Program - CDBG	(6,601)	286,390	174,746	105,043
Due to CDBG - Home Loan Program	6,601	174,746	286,390	(105,043)
Due from Other Trust Fund	414,027		414,027	
Due to Other Trust Fund	(414,027)	414,027		
	<u>\$ (606,404)</u>	<u>2,494,448</u>	<u>1,888,044</u>	
Receipts			\$ 888,044	
Disbursements		1,606,092		
Budget Appropriations			1,000,000	
Reimbursement for expenditures paid		713,610		
Home Loan Program Reserve		174,746		
		<u>\$ 2,494,448</u>	<u>1,888,044</u>	

Exhibit B-5

CITY OF EAST ORANGE, N.J.

Schedule of Due From H.U.D.

Community Development Block Grant Fund

Year Ended December 31, 2014

Balance - December 31, 2013	\$	3,270,906
Increased by:		
Program Allotment - Current Year		
Community Development Block Grant	\$	1,363,259
Shelter Care Plus		<u>607,553</u>
		<u>1,970,812</u>
		5,241,718
Decreased by:		
Cash Receipts		<u>2,489,074</u>
Balance - December 31, 2014	\$	<u><u>2,752,644</u></u>

Analysis of Balance

Community Development	1,228,314
Shelter Plus Care	<u>1,524,330</u>
	\$ <u><u>2,752,644</u></u>

Exhibit B-6

Schedule of Due From H.U.D.

Home Loan Program Fund

Year Ended December 31, 2014

Balance - December 31, 2013	\$	1,522,207
Increased by:		
Program Allotment - Current Year		
Home Loan Program		<u>68,298</u>
		1,590,505
Decreased by:		
Interfunds		<u>174,746</u>
Balance - December 31, 2014	\$	<u><u>1,415,759</u></u>

Exhibit B-7

CITY OF EAST ORANGE, N.J.

Schedule of Other Receivables

Home Loan Program Fund

Year Ended December 31, 2014

Balance - December 31, 2013	\$ 4,906,064
Increased by:	
Loans Authorized	<u>427,235</u>
	5,333,299
Decreased by:	
Deferred Payment Loans Discharged	<u>385,735</u>
Balance - December 31, 2014	\$ <u>4,947,564</u>

<u>Analysis of Balance:</u>	
Economic Development Micro Loans	178,934
Housing Deferred Payment Loan	<u>4,768,630</u>
	\$ <u>4,947,564</u>

Exhibit B-8

Schedule of Construction Loan Receivable

Home Loan Program Fund

Year Ended December 31, 2014

Balance - December 31, 2013	\$ <u>339,485</u>
Balance - December 31, 2014	\$ <u>339,485</u>

**CITY OF EAST ORANGE, N.J.**  
**Schedule of Reserve for Tax Redemption**  
**Tax Redemption Fund**  
**Year Ended December 31, 2014**

Balance - December 31, 2013	\$	743,011
Increased by:		
Cash Reciepts		<u>5,674,660</u>
		6,417,671
Decreased by:		
Cash Disbursements		<u>5,381,068</u>
Balance - December 31, 2014	\$	<u><u>1,036,603</u></u>

## CITY OF EAST ORANGE, N.J.

## Schedule of Miscellaneous Reserves

## Other Trust Fund

Year Ended December 31, 2014

	Balance <u>Dec. 31, 2013</u>	<u>Increased</u>	<u>Decreased</u>	Balance <u>Dec. 31, 2014</u>
Police US Customs Expenditures	\$ 443,762	374,193	483,899	334,056
Police DEA Expenditures	156,571	135,496	106,418	185,649
Police Forfeited Property Expenditures	297,757	48,963	126,374	220,346
Law Enforcement Trust Expenditures	870	1,011,237	1,011,233	874
Permit Deposits	93,682	12,269	9,981	95,970
Hunting & Fishing	6,236			6,236
POAA	133,297	108,294	93,946	147,645
Franklin Land Memorial	5,435			5,435
Relocation Expense	10,666			10,666
Performance Bonds	21,090		1,033	20,057
Police Off-Duty Assignment	32,127			32,127
Hurricane Katrina Funds	102			102
Susan G Komen	297			297
Upsala Woodlands Escrow	216,740			216,740
North Walnut Realty Escrow	75,000			75,000
General Trust	107,746		11	107,735
Forth Ward	4,686			4,686
Drug Abuse Client Fees	30,056	143,079	150,000	23,135
Health - Special Projects	633			633
Docutech Center	26,819			26,819
Litigation Settlements	301,661			301,661
Municipal Enforcing Agency Fees	6,345			6,345
Demolition	10,943			10,943
Uniform Fire Code Penalties	550			550
Bid Bond Deposits	14,085			14,085
Gun Buy Back	10			10
Accumulated Sick/Vacation	219			219
Municipal Court DWI Trust	10,532			10,532
Recycling Program	52,392	2,739	31,712	23,419
Snow & Ice Removal	215,659	41,994	134,224	123,429
Developers Escrow	17,728			17,728
Haiti Relief Fund	3,116			3,116
Salary Adjustments	90,672	500,000	3,718	586,954
State Unemployment Insurance		248,885		248,885
Recreation Trust	168,719	49,745	160,981	57,483
Performance Art School	3,327	30,774	30,771	3,330
Police Off-Duty Assignment	185,083	401,137	377,575	208,645
ACH Death & Burial Expenditures	48,533	12,080		60,613
Developers Escrow #2	217,508	136,106	143,525	210,089
Auction Escrow Trust	1,265,514	202,129	263,629	1,204,014
Senior Citizen Center Brick Campaign	8,436	2	1	8,437
Tax Escrow	605,161	2,790,562	2,813,006	582,717
UEZ Assistance Fund	266,344	26		266,370
Uniform Construction Code Fees	138,918	9	77,188	61,739
Central Ave Business Improvement Project	5,165	49,662	53,000	1,827
Open Space Trust Fund	419,120	525,554	76,299	868,375
	<u>\$ 5,719,312</u>	<u>6,824,935</u>	<u>6,148,524</u>	<u>6,395,723</u>

Cash Receipts \$ 6,824,935  
Cash Disbursements 6,148,524

-108- 6,824,935 6,148,524

CITY OF EAST ORANGE, N.J.

Schedule of Reserve for Payroll and Deductions Payable

Other Trust Fund

Year Ended December 31, 2014

Balance - December 31, 2013	\$ 1,759,007
Increased by:	
Payroll and Deductions	<u>92,048,004</u>
	93,807,011
Decreased by:	
Payroll and Deductions	<u>92,927,037</u>
Balance - December 31, 2014	<u><u>\$ 879,974</u></u>

CITY OF EAST ORANGE, N.J.

Schedule of Reserve for Program Expenditures

Community Development Block Grant Fund

Year Ended December 31, 2014

Balance - December 31, 2013		\$ 3,269,922
Increased by:		
Current Year Award:		
Community Development	\$ 1,363,259	
Shelter Care Plus	607,553	
Interest Earnings	<u>71</u>	
		<u>1,970,883</u>
		5,240,805
Decreased by:		
Cash Disbursements		<u>2,341,195</u>
Balance - December 31, 2014		<u><u>\$ 2,899,610</u></u>

<u>Analysis of Balance:</u>	
Community Development	1,880,227
Shelter Plus Care	<u>1,019,383</u>
	<u><u>2,899,610</u></u>

**CITY OF EAST ORANGE, N.J.**  
**Schedule of Reserve for Program Expenditures**  
**Home Loan Program Fund**  
**Year Ended December 31, 2014**

Balance - December 31, 2013		\$	1,539,333
Increased by:			
Current Year Award:			
Home Loan Program	\$		68,298
Cash Receipts - Construction Loan Receivable		<u>174,746</u>	
			<u>243,044</u>
			1,782,377
Decreased by:			
Interfunds		174,746	
Cash Disbursements		<u>286,390</u>	
			<u>461,136</u>
Balance - December 31, 2014		\$	<u><u>1,321,241</u></u>

**Schedule of Reserve for Loans Receivable**  
**Home Loan Program Fund**  
**Year Ended December 31, 2014**

Balance - December 31, 2013		\$	4,906,064
Increased by:			
Loans Authorized			<u>427,235</u>
			5,333,299
Decreased by:			
Deferred Payment Loans Discharged			<u>385,735</u>
Balance - December 31, 2014		\$	<u><u>4,947,564</u></u>

**CITY OF EAST ORANGE, N.J.**

**Schedule of Reserve for UDAG Expenditures**

**Home Loan Program Fund**

**Year Ended December 31, 2014**

Balance - December 31, 2013		\$	40,735
Increased by:			
Interest	\$	26	
Cash Receipts		<u>24,670</u>	
			<u>24,696</u>
			65,431
Decreased by:			
Cash Disbursements			<u>20,187</u>
Balance - December 31, 2014		\$	<u><u>45,244</u></u>

**Schedule of Reserve for Construction Loan Receivable**

**Home Loan Program Fund**

**Year Ended December 31, 2014**

Balance - December 31, 2013		\$	<u>339,485</u>
Balance - December 31, 2014		\$	<u><u>339,485</u></u>

CITY OF EAST ORANGE, N.J.

Schedule of Reserve for Self-Insurance - Workers' Compensation

Self Insurance Fund

Year Ended December 31, 2014

Balance - December 31, 2013		\$	217,535
Increased by:			
Interest Earnings	\$	395	
Cash Receipts		<u>2,814,750</u>	
			<u>2,815,145</u>
			3,032,680
Decreased by:			
Cash Disbursements		<u>2,414,867</u>	
Balance - December 31, 2014		\$	<u><u>617,813</u></u>

Schedule of Reserve for Self-Insurance - Auto/General Liability

Self Insurance Fund

Year Ended December 31, 2014

Balance - December 31, 2013		\$	32,670
Increased by:			
Interest	\$	216	
Cash Receipts		<u>1,577,248</u>	
			<u>1,577,464</u>
			1,610,134
Decreased by:			
Interfunds			
Cash Disbursements		<u>1,398,422</u>	
			<u>1,398,422</u>
Balance - December 31, 2014		\$	<u><u>211,712</u></u>

CITY OF EAST ORANGE, N.J.

Schedule of Reserve for Self-Insurance - Health Benefits

Self Insurance Fund

Year Ended December 31, 2014

Balance - December 31, 2013	\$ 29,288
Increased by:	
Interest	\$ <u>3</u>
Balance - December 31, 2014	\$ <u><u>29,291</u></u>

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CITY OF EAST ORANGE, N.J.

Schedule of Cash

General Capital Fund

Year Ended December 31, 2014

Balance - December 31, 2013		\$	4,204,581
Increased by Receipts:			
Interfunds	\$	3,859,587	
Reserve for Payment of Debt		<u>28,044</u>	
			<u>3,887,631</u>
			8,092,212
Decreased by Disbursements:			
Improvement Authorizations	\$	1,745,210	
Contracts Payable		804,069	
Reserve for Payment of Debt		111,096	
Interfunds		3,859,587	
Fund Balance		<u>65,607</u>	
			<u>6,585,569</u>
Balance - December 31, 2014		\$	<u><u>1,506,643</u></u>

## CITY OF EAST ORANGE, N.J.

## Analysis of Cash

## General Capital Fund

Year Ended December 31, 2014

Capital Improvement Fund		\$	193,027
Down Payment on Improvements			109,653
Other Accounts Receivable			(11,500)
Contracts Payable			537,532
Reserve for Capital Improvements			106,569
Reserve for Payment of Bonds			28,044
Improvement Authorizations:			
Ordinance			
<u>Number</u>	<u>Improvement Description</u>		
09-00	Demolition of Unsafe Bldgs & Structures		35,224
11-00	Underground Storage Tanks		430
12-00	Various Capital Improvements		150,451
2001	Rowley Park Expansion		500
5-2002	Various Capital Improvements		55,267
18-2002	Capital Improvements - Police Facility		27,560
31-2005	Various Purchases and Improvements		9,766
25-2006	Capital Improvements		822,055
2-2007	Acquisition of Office Furniture & Related Fixtures		250
3-2007	Acquisition of Computer Equipment & Related Improvements		124,784
21-2007	Acquisition of New Fire Truck		11,670
1-2009	Municipal Court Renovations and Security Upgrades/Roadway Paving		11,887
2-2009/12-2009	Construction of Senior Center		233,220
13-2009/18-2009	Refunding of Tax Appeals		52,212
3-2010	Various Capital Acquisitions and Improvements		715
6-2010	Various Golf Course Improvements		70
7-2010	Acquisition of a Vacuum Truck and Acquisition and Installation of Various Park Signs		17,038
18-2010	Outdoor Ticket Vending Kiosk and Security Upgrades at Midland Yard		23,000
23-2010	Refunding Tax Appeals		3,957
24-2010	Acquisition of Telephone Equipment		32,325
12-2011	Various Capital Improvements		23,221
26-2011	Reconstruction of Rowley Park/HVAC at Evergreen		10,605
39-2011	Various Repairs & Improvements - Municipal Court		(390,599)
2-2012	Acquisition and Installation of Security Glass for Police Headquarters		15,176
3-2012	Public Facilities Needs Assessment for Various City Owned Facilities		63,387
23-2012	Various Improvements		45,473
9-2013	Refund of Various Tax Appeals		142,377
8-14	DPW Garage Improvements		104,502
29-14	Refunding Bond Ord. - Tax Appeals		(1,545,205)
30-14	Various Capital Acquisitions and Imps.		462,000
		\$	<u>1,506,643</u>

CITY OF EAST ORANGE, N.J.

Schedule of Deferred Charges to Future  
Taxation - Funded

General Capital Fund

Year Ended December 31, 2014

Balance - December 31, 2013		\$ 50,730,203
Decreased by:		
Current year Budget Appropriations:		
Capital Lease Payments	\$ 215,016	
NJ Green Trust Loans	21,698	
Serial Bond Principal	<u>4,755,000</u>	
		<u>4,991,714</u>
Balance - December 31, 2014		\$ <u><u>45,738,489</u></u>

CITY OF EAST ORANGE, N.J.

Schedule of Deferred Charges to Future Taxation - Unfunded

General Capital Fund

Year Ended December 31, 2014

Ordinance Number	Improvement Description	Balance Dec. 31, 2013	2014 Authorizations	Decreased By:	Balance Dec. 31, 2014	Analysis of Balance		
						Financed by Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorization
	<u>General Improvements:</u>							
05-02	Various Capital Improvements	\$ 1,684			1,684			1,684
13-09/18-09	Tax Appeal Refunds	1,024,000		256,000	768,000	768,000		
23-10	Tax Appeal Refunds	1,600,000		400,000	1,200,000	1,200,000		
24-10	Acquisition of Telephone Equipment	646,425			646,425			646,425
6-11	Refunding of Insurance and Workers Compensation Claims	1,000,000		1,000,000				
24-11	Tax Appeal Refunds	2,505,000		470,000	2,035,000	2,035,000		
39-11	Various Repairs to Municipal Court	665,467			665,467		390,599	274,868
1-13	Refunding Bond Ord. - Pension	215,000			215,000			215,000
2-13	Refunding Bond Ord. - Pension Refunding Bonds	5,000			5,000			5,000
9-13	Refund of Various Tax Appeals	2,190,000		547,500	1,642,500	1,642,500		
29-14	Refunding Bond Ord. - Tax Appeals		3,700,000		3,700,000		1,545,205	2,154,795
30-14	Various Capital Acquisitions and Imps.		10,554,500		10,554,500			10,554,500
		<u>\$ 9,852,576</u>	<u>14,254,500</u>	<u>2,673,500</u>	<u>21,433,576</u>	<u>5,645,500</u>	<u>1,935,804</u>	<u>13,852,272</u>
	Paydown on Bond Anticipation Notes \$			<u>2,673,500</u>				
	Improvement Authorizations - Unfunded \$							14,050,818
	Less: Unexpended proceeds of Bond Anticipation Notes							
	Ordinance:							
	13-2009/18-2009							52,212
	23-2010							3,957
	9-2013							142,377
								<u>\$ 13,852,272</u>

**CITY OF EAST ORANGE, N.J.**

**Schedule of Other Accounts Receivable**

**General Capital Fund**

**Year Ended December 31, 2014**

Balance - December 31, 2013	\$ <u>11,500</u>
Balance - December 31, 2014	\$ <u><u>11,500</u></u>

**CITY OF EAST ORANGE, N.J.**  
**Schedule of General Serial Bonds Payable**  
**General Capital Fund**  
**Year Ended December 31, 2014**

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding, December 31, 2014		Interest Rate	Balance Dec. 31, 2013	Decreased	Balance Dec. 31, 2014
			Date	Amount				
Pension Refunding Bonds	April 1, 2003	9,350,938	04/01/22	309,393	6.470%	1,800,937		1,800,937
			04/01/23	288,620	6.500%			
			04/01/24	267,576	6.510%			
			04/01/25	270,629	6.530%			
			04/01/26	252,669	6.550%			
			04/01/27	212,920	6.560%			
		04/01/28	199,130	6.570%				
Refunding Capital Improvement Bond:	March 15, 2005	11,225,000	07/15/15	1,025,000	5.000%	7,005,000	1,030,000	5,975,000
			07/15/16	1,015,000	4.000%			
			07/15/17	1,005,000	4.000%			
			07/15/18	990,000	4.000%			
			07/15/19	980,000	4.125%			
		07/15/20	960,000	4.125%				

CITY OF EAST ORANGE, N.J.

Schedule of General Serial Bonds Payable

General Capital Fund

Year Ended December 31, 2014

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding, December 31, 2014		Interest Rate	Balance Dec. 31, 2013	Decreased	Balance Dec. 31, 2014
			Date	Amount				
2006 Refunding Bonds	February 23, 2006	22,725,000	08/01/15	1,410,000	5.000%	7,385,000	1,340,000	6,045,000
			08/01/16	1,480,000	5.000%			
			08/01/17	1,550,000	4.000%			
			08/01/18	1,605,000	4.000%			
2006 Capital Improvement Bonds	November 1, 2006	23,000,000	11/01/15	1,265,000	4.125%	2,460,000	1,195,000	1,265,000
2012 Refunding Bonds	August 2, 2012	9,380,000	09/15/15	650,000	3.000%	9,215,000	655,000	8,560,000
			09/15/16	645,000	3.000%			
			09/15/17	640,000	3.000%			
			09/15/18	635,000	3.000%			
			09/15/19	630,000	3.000%			
			09/15/20	625,000	3.000%			
			09/15/21	620,000	2.125%			
			09/15/22	610,000	4.000%			
			09/15/23	605,000	4.000%			
			09/15/24	600,000	2.875%			
09/15/25	590,000	3.000%						
09/15/26	580,000	3.125%						
09/15/27	570,000	3.125%						
09/15/28	560,000	3.250%						

**CITY OF EAST ORANGE, N.J.**  
**Schedule of General Serial Bonds Payable**  
**General Capital Fund**  
**Year Ended December 31, 2014**

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding, December 31, 2014		Interest Rate	Balance Dec. 31, 2013	Decreased	Balance Dec. 31, 2014
			Date	Amount				
2013 Refunding Bonds	April 25, 2013	15,785,000	11/01/16	1,360,000	3.000%	15,785,000		15,785,000
			11/01/17	1,420,000	3.000%			
			11/01/18	1,505,000	4.000%			
			11/01/19	1,410,000	4.000%			
			11/01/20	1,495,000	4.000%			
			11/01/21	2,740,000	4.000%			
			11/01/22	2,890,000	4.000%			
			11/01/23	2,965,000	4.000%			
			Pension Refunding Bonds	April 25, 2013	6,095,000			
04/01/16	650,000	1.585%						
04/01/17	710,000	2.067%						
04/01/18	780,000	2.217%						
04/01/19	855,000	2.530%						
04/01/20	945,000	2.730%						
			04/01/21	1,030,000	3.112%			
						<u>\$ 49,745,937</u>	<u>4,755,000</u>	<u>44,990,937</u>

CITY OF EAST ORANGE, N.J.  
 Schedule of Bond Anticipation Notes Payable  
 General Capital Fund  
 Year ended December 31, 2014

Ord. No.	Improvement Description	Date of issue of original notes	Date of issue	Date of Maturity	Interest rate	Balance Dec.31 2013	Increased	Decreased	Balance, Dec.31, 2014
18-2009	Tax Appeal Refunds	April 9, 2010	Sept. 24, 2014	Sept. 23, 2015	1.00%	1,024,000	768,000	1,024,000	768,000
23-2010	Tax Appeal Refunds	September 28, 2011	Sept. 24, 2014	Sept. 23, 2015	1.00%	1,600,000	1,200,000	1,600,000	1,200,000
6-2011	Refunding of Workers Compensation Claims	April 8, 2011	Sept. 24, 2014	Sept. 23, 2015	1.00%	1,000,000	1,000,000	1,000,000	1,000,000
24-2011	Tax Appeal Refunds	September 28, 2011	Sept. 24, 2014	Sept. 23, 2015	1.00%	2,505,000	2,035,000	2,505,000	2,035,000
9-2013	Tax Appeal Refunds	September 28, 2013	Sept. 24, 2014	Sept. 23, 2015	1.00%	2,190,000	1,642,500	2,190,000	1,642,500
						\$ 8,319,000	5,645,500	8,319,000	5,645,500
							Renewals \$ 5,645,500	5,645,500	
							Budget Appropriation 2,673,500	2,673,500	
							\$ 5,645,500	8,319,000	

## CITY OF EAST ORANGE, N.J.

## Schedule of New Jersey Green Trust Loans Payable

## General Capital Fund

Year Ended December 31, 2014

Improvement Description	Date of Issue	Original Issue	Maturities of Loans Outstanding, December 31, 2014		Interest Rate	Balance Dec. 31, 2013	Decreased	Balance Dec. 31, 2014
			Date	Amount				
Rowley Park Redevelopment	Jan. 13, 2012	465,000	2/24/2015	11,012	2.00%	\$ 465,000	21,698	443,302
			8/24/2015	11,122	2.00%			
			2/24/2016	11,233	2.00%			
			8/24/2016	11,345	2.00%			
			2/24/2017	11,459	2.00%			
			8/24/2017	11,573	2.00%			
			2/24/2018	11,689	2.00%			
			8/24/2018	11,806	2.00%			
			2/24/2019	11,924	2.00%			
			8/24/2019	12,043	2.00%			
			2/24/2020	12,164	2.00%			
			8/24/2020	12,285	2.00%			
			2/24/2021	12,408	2.00%			
			8/24/2021	12,532	2.00%			
			2/24/2022	12,658	2.00%			
			8/24/2022	12,784	2.00%			
			2/24/2023	12,912	2.00%			
			8/24/2023	13,041	2.00%			
			2/24/2024	13,172	2.00%			
			8/24/2024	13,303	2.00%			
			2/24/2025	13,436	2.00%			
			8/24/2025	13,571	2.00%			
			2/24/2026	13,706	2.00%			
			8/24/2026	13,843	2.00%			
			2/24/2027	13,982	2.00%			
			8/24/2027	14,122	2.00%			
			2/24/2028	14,263	2.00%			
			8/24/2028	14,405	2.00%			
			2/24/2029	14,550	2.00%			
			8/24/2029	14,695	2.00%			
2/24/2030	14,842	2.00%						
8/24/2030	14,990	2.00%						
2/24/2031	15,140	2.00%						
8/24/2031	15,292	2.00%						
						\$ 465,000	21,698	443,302



CITY OF EAST ORANGE, N.J.

Schedule of Improvement Authorizations

General Capital Fund

Year Ended December 31, 2014

Ordinance Number	Improvement Description	Ordinance Amount	Balance Dec. 31, 2013		2014 Authorizations	Paid or Charged	Balance Dec. 31, 2014	
			Funded	Unfunded			Funded	Unfunded
<u>General Improvements:</u>								
9-00	Demolition of Unsafe Buildings and Structures	739,250	35,224				35,224	
11-00	Underground Storage Tanks	513,500	9,480			9,050	430	
12-00	Various Capital Improvements	8,200,000	150,451				150,451	
2001	Rowley Park Expansion	5,250	500				500	
5-02	Various Capital Improvements	957,500	55,267	1,684			55,267	1,684
18-02	Capital Improvements - Police Facility	1,400,000	33,560			6,000	27,560	
31-05	Various Purchases and Improvements	841,265	8,958			(808)	9,766	
25-06	Capital Improvements	23,000,000	910,690			88,635	822,055	
2-07	Acquisition of Office Furniture & Related Fixture	200,000	250				250	
3-07	Acquisition of Computer Equipment & Related Improvements	300,000	124,784				124,784	
21-07	Acquisition of New Fire Truck	750,000	52,068			40,398	11,670	
1-09	Municipal Court Renovations and Security Upgrades/Roadway Paving	649,439	11,887				11,887	
2-09/12-09	Capital Improvements	3,600,000	233,220				233,220	
13-09/18-09	Refunding Tax Appeals	9,400,000		52,749				52,212
3-10	Various Capital Acquisitions and Improvements	109,600	715			537	715	
6-10	Various Golf Course Improvements	25,000	70				70	
7-10	Acquisition of a Vacuum Truck and Acquisition & Installation of Various Parking Signs	150,000	17,038				17,038	
18-10	Outdoor Ticket Vending Kiosk and Security Upgrades at Midland Yard	63,000	23,000				23,000	
23-10	Refunding Tax Appeals	2,400,000		4,442		485		3,957
24-10	Acquisition of Telephone Equipment	678,750	32,325	646,425			32,325	646,425
25-10	Reconstruction of Rowley Park	908,325						
12-11	Various Capital Improvements	400,000	25,496			2,275	23,221	
24-11	Tax Appeal Refunds	3,400,000						
26-11	Reconstruction of Rowley Park/HVAC at Evergre	460,000	10,605				10,605	
39-11	Various Repairs & Improvements - Municipal Co	1,400,000		278,466		3,598		274,868
2-12	Acquisition and Installation of Security Glass for							

CITY OF EAST ORANGE, N.J.

Schedule of Improvement Authorizations

General Capital Fund

Year Ended December 31, 2014

Ordinance Number	Improvement Description	Ordinance Amount	Balance Dec. 31, 2013		2014 Authorizations	Paid or Charged	Balance Dec. 31, 2014	
			Funded	Unfunded			Funded	Unfunded
3-12	Police Headquarters	120,000	14,394			(782)	15,176	
	Public Facilities Needs Assessment for Various							
	City Owned Facilities	125,000	125,000			61,613	63,387	
23-12	Various Improvements	120,000	45,472				45,472	
1-13	Refunding Bond Ord. - Pension	16,000,000		215,000				215,000
2-13	Refunding Bond Ord. - Pension Refunding Bonds	6,100,000		5,000				5,000
9-13	Tax Appeal Refunds	2,190,000		179,916		37,539		142,377
8-14	DPW Garage Improvements	500,000			500,000		104,503	
29-14	Refunding Bond Ord. - Tax Appeals	3,700,000			3,700,000	1,545,205		2,154,795
30-14	Various Capital Acquisitions and Imps.	11,110,000			11,110,000	93,500	462,000	10,554,500
			\$ 1,920,454	1,383,682	15,310,000	2,282,742	2,280,576	14,050,818

Capital Improvement Fund \$ 1,055,500

Deferred Charges to Future Taxation - Unfunded \$ 14,254,500

\$ 15,310,000

Cash \$ 1,745,210

Contracts Payable 537,532

\$ 2,282,742

**Exhibit C-12**

**CITY OF EAST ORANGE, N.J.**

**Schedule of Contracts Payable**

**General Capital Fund**

**Year Ended December 31, 2014**

Balance - December 31, 2013	\$	804,069
Increased by:		
Charges to Improvement Authorizations		<u>537,532</u>
		1,341,601
Decreased by:		
Cash Disbursements		<u>804,069</u>
Balance - December 31, 2014	\$	<u><u>537,532</u></u>

**Exhibit C-13**

**Schedule of Capital Improvement Fund**

**General Capital Fund**

**Year Ended December 31, 2014**

Balance - December 31, 2013	\$	1,248,527
Decreased by:		
Downpayment on Improvement Authorizations		<u>1,055,500</u>
Balance - December 31, 2014	\$	<u><u>193,027</u></u>

**CITY OF EAST ORANGE, N.J.**

**Schedule of Reserve for Down Payment on Improvements**

**General Capital Fund**

**Year Ended December 31, 2014**

Balance - December 31, 2013	\$ <u>109,653</u>
Balance - December 31, 2014	\$ <u><u>109,653</u></u>

**Schedule of Reserve for Payment of Debt**

**General Capital Fund**

**Year Ended December 31, 2014**

Balance - December 31, 2013	\$ 111,096
Increased by:	
Cash Reciepts	<u>28,044</u>
	139,140
Decreased by:	
Cash Disbursements	<u>111,096</u>
Balance - December 31, 2014	\$ <u><u>28,044</u></u>

CITY OF EAST ORANGE, N.J.

Schedule of Interfunds

General Capital Fund

Year ended December 31, 2014

	Due from/(to) Balance <u>Dec. 31, 2013</u>	<u>Increased</u>	<u>Decreased</u>	Due from/(to) Balance <u>Dec. 31, 2014</u>
Current Fund	\$ _____	3,859,587	3,859,587	_____
	\$ _____	<u>3,859,587</u>	<u>3,859,587</u>	<u>_____</u>
		Cash Receipts \$	3,859,587	
		Cash Disbursements	<u>3,859,587</u>	
		\$	<u>3,859,587</u>	<u>3,859,587</u>

**CITY OF EAST ORANGE, N.J.**

**Schedule of Reserve for Future Improvements**

**General Capital Fund**

**Year Ended December 31, 2014**

Balance - December 31, 2013	\$ <u>106,569</u>
Balance - December 31, 2014	\$ <u><u>106,569</u></u>

## CITY OF EAST ORANGE, N.J.

## Schedule of Bonds and Notes Authorized But Not Issued

## General Capital Fund

Year Ended December 31, 2014

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2013</u>	<u>2014 Authorizations</u>	<u>Balance Dec. 31, 2014</u>
5-02	Various Capital Improvements	1,684		1,684
24-10	Acquisition of Telephone Equipment	646,425		646,425
39-11	Various Repairs & Improvements - Municipal Court	665,467		665,467
1-13	Refunding Bond Ord. - Pension	215,000		215,000
2-13	Refunding Bond Ord. - Pension Refunding Bonds	5,000		5,000
29-14	Refunding Bond Ord. - Tax Appeals		3,700,000	3,700,000
30-14	Various Capital Acquisitions and Imps.		10,554,500	10,554,500
		<u>\$ 1,533,576</u>	<u>14,254,500</u>	<u>15,788,076</u>

CITY OF EAST ORANGE, N.J.

Schedule of Cash - Treasurer

Water Utility Fund

Year ended December 31, 2014

	<u>Operating</u>	<u>Capital</u>
Balance - December 31, 2013	\$ <u>2,765,498</u>	<u>796,941</u>
Increased by Receipts:		
Water Collector	17,937,153	
Other Miscellaneous	591,564	
NJ Environmental Infrastructure Loans		1,699,564
Grants Receivable	577,074	
Bond Anticipation Notes		4,203,000
Due to ILSA - East Newark	349,835	
Liens Receivable	101,149	
Interfunds	<u>194,079</u>	<u>804,194</u>
	<u>19,750,854</u>	<u>6,706,758</u>
	22,516,352	7,503,699
Decreased by Disbursements:		
2014 Appropriations	16,366,938	
2013 Appropriation Reserves	1,559,501	
Interfunds	200,000	98
Accrued Interest on Bonds	1,090,882	
Accounts Payable and Accrued Expenses	369	
Due to ILSA - East Newark	315,000	
Refunds	26,000	
Contracts Payable		656,367
Improvement Authorizations		<u>5,728,950</u>
	<u>19,558,690</u>	<u>6,385,415</u>
Balance - December 31, 2014	\$ <u><u>2,957,662</u></u>	<u><u>1,118,284</u></u>

CITY OF EAST ORANGE, N.J.

Analysis of Cash

Water Utility Capital Fund

December 31, 2014

	Balance, Dec. 31, <u>2014</u>
Fund Balance	\$ 3,839
Overexpenditure of Capital Improvement Fund	
NJEIT Receivable	(5,674,278)
Capital Improvement Fund	600,000
Reserve for Capital Improvement	238,483
Reserve for Payment of Debt Service	4,804
Contracts Payable	3,527,570
Interfunds Accounts Receivable	(445,779)

Improvement authorizations:

<u>Ordinance number</u>	<u>General improvements</u>	
	Garden State Parkway Project	711
	Well Field Testing & Improvements	62,001
	Improvements and Upgrades	292,757
	Various Improvements to Water System	(140,924)
	Various Improvements to Sewer System	846,456
	Solar System Project	28,407
	PSE&G Project Plan	4,407
	Rowley Park	1,109
	EOWC/WORPS Remoding	132,975
	Water Storage Projects	28,622
	Hydrogeological Study	3,710
	Master Plan Phase II	2,792
	Acquisition of Equipment (Homeland Security)	10
	Hurricane Sandy Projects	167
	Emergency Temporary Appropriation Refunding	1,080,445
	Waste Water Treatment Plant Improvements	520,000
		<u>\$ 1,118,284</u>

## CITY OF EAST ORANGE, N.J.

Schedule of Consumers' Accounts Receivable -  
Operating Fund

## Water Utility Operating Fund

Year ended December 31, 2014

Balance - December 31, 2013		\$ 2,889,599
Increased by:		
Water Utility Billings		<u>18,764,275</u>
		21,653,874
Decreased by:		
Cash receipts	\$ 17,937,153	
Transfer to Water Liens	<u>82,259</u>	
		<u>18,019,412</u>
Balance - December 31, 2014		\$ <u><u>3,634,462</u></u>

## Schedule of Water Liens Receivable

## Water Utility Operating Fund

Year ended December 31, 2014

Balance - December 31, 2013		\$ 44,557
Increased by:		
Transferred from Water Utility Accounts Receivable		<u>82,259</u>
		126,816
Decreased by:		
Redeemed		<u>101,149</u>
Balance - December 31, 2014		\$ <u><u>25,667</u></u>

**CITY OF EAST ORANGE, N.J.**

**Schedule of Inventory - Materials and Supplies**

**Water Utility Operating Fund**

**Year ended December 31, 2014**

Balance - December 31, 2013	\$ 608,584
Increased by:	
Purchases	<u>142,201</u>
	750,785
Decreased by:	
Inventory usage	<u>212,462</u>
Balance - December 31, 2014	<u><u>\$ 538,323</u></u>

CITY OF EAST ORANGE, N.J.

Schedule of Interfunds

Water Utility Operating Fund

Year ended December 31, 2014

	Due from/(to) Balance <u>Dec. 31, 2013</u>	<u>Increased</u>	<u>Decreased</u>	Due from/(to) Balance <u>Dec. 31, 2014</u>
Water Utility Capital Fund	\$ (523,890)	1,004,194	726,083	(245,779)
Current Fund	<u>                    </u>	<u>                    </u>	<u>2,234,211</u>	<u>(2,234,211)</u>
	<u>\$ (523,890)</u>	<u>1,004,194</u>	<u>2,960,294</u>	<u>(2,479,990)</u>
<u>Analysis</u>				
Due to Water Utility Operating Fund	\$			
Due from Water Utility Operating Fund	<u>(523,890)</u>	<u>1,004,194</u>	<u>2,960,294</u>	<u>(2,479,990)</u>
	<u>(523,890)</u>	<u>1,004,194</u>	<u>2,960,294</u>	<u>(2,479,990)</u>

Cash Receipts	\$	194,079
Cash Disbursements	200,000	
Reimbursement of Expenditures	804,194	2,040,230
Deferred Charge-		
Overexpenditure of CIF		125,985
Capital Improvement Fund	<u>                    </u>	<u>600,000</u>
	<u>\$ 1,004,194</u>	<u>2,960,294</u>

CITY OF EAST ORANGE, N.J.

Schedule of Grants Receivables

Water Utility Operating Fund

Year ended December 31, 2014

	<u>Total</u>	<u>Hurricane Sandy FEMA Grant</u>	<u>Hurricane Sandy NEG Grant</u>
Balance - December 31, 2013	\$ 684,313	421,810	262,503
Increased by:			
Grant Awards	<u>3,100</u>	<u></u>	<u>3,100</u>
	687,413	421,810	265,603
Decreased by:			
Cash Receipts	<u>577,074</u>	<u>359,034</u>	<u>218,040</u>
Balance - December 31, 2014	<u>\$ 110,339</u>	<u>62,776</u>	<u>47,563</u>

CITY OF EAST ORANGE, N.J.

Schedule of Deferred Charges

Water Utility Operating Fund

Year ended December 31, 2014

	<u>Balance</u> <u>Dec. 31, 2013</u>	<u>Added</u> <u>in 2014</u>	<u>Reduced</u> <u>in 2014</u>	<u>Balance</u> <u>Dec. 31, 2014</u>
Emergency Authorization - Settlements	\$ 1,000,000		1,000,000	
Overexpenditure of Appropriations	319,785	236,685	319,785	236,685
Overcommitment of Appropriations		850,788		850,788
Overexpenditure of Appropriation Reserves		536,940		536,940
Deficit in Operations		<u>1,406,235</u>		<u>1,406,235</u>
	<u>\$ 1,319,785</u>	<u>3,030,648</u>	<u>1,319,785</u>	<u>3,030,648</u>

CITY OF EAST ORANGE, N.J.

Schedule of Fixed Capital

Water Utility Capital Fund

Year ended December 31, 2014

<u>Account</u>	Balance, Dec. 31, <u>2013</u>	Balance, Dec. 31, <u>2014</u>
Reservation Sources of Supply, etc.	\$ 12,386,629	12,386,629
Pumping System	4,997,996	4,997,996
Distribution System	11,360,201	11,360,201
General Equipment	2,428,189	2,428,189
Sewer System	5,952,377	5,952,377
Administrative/Service Facility	8,826,549	8,826,549
System-Wide Development	15,379,193	15,379,193
	<hr/>	<hr/>
	\$ <u>61,331,134</u>	\$ <u>61,331,134</u>

## CITY OF EAST ORANGE, N.J.

## Schedule of Fixed Capital Authorized and Uncompleted

## Water Utility Capital Fund

Year ended December 31, 2014

<u>Improvement description</u>	Balance, Dec. 31, 2013	2014 <u>Authorizations</u>	Balance, Dec. 31, 2014
Garden State Parkway Project	\$ 711		711
Well Field Testing & Improvements	62,001		62,001
Upgrades & Improvements	299,957		299,957
Various Improvements to Water System	7,912,217		7,912,217
Various Improvements to Sewer System	920,973		920,973
Solar System Project	28,407		28,407
Acquisition of Telephone Equipment	226,250		226,250
Soil Conservation Work			
Rowling Park	1,109		1,109
EOWC/WORPS Remodeling	132,975		132,975
Water Storage Project	28,622		28,622
Hydrogeological Study	3,710		3,710
Master Plan - Phase II	38,704		38,704
Acquisition of Equipment (Homeland Security)	10		10
Hurricane Sandy Projects	394		394
Emergency Temporary Appropriation Refunding		3,165,000	3,165,000
Waste Water Treatment Plant Improvements		520,000	520,000
	<u>\$ 9,656,040</u>	<u>3,685,000</u>	<u>13,341,040</u>

**Exhibit D-15**

**CITY OF EAST ORANGE, N.J.**

**Schedule of NJ Environmental Infrastructure Loans Receivable**

**Water Utility Capital Fund**

**Year ended December 31, 2014**

Balance - December 31, 2013	\$ 7,373,842
Decreased by:	
Cash Receipts	<u>1,699,564</u>
Balance- December 31, 2014	<u><u>\$ 5,674,278</u></u>

**Exhibit D-16**

**Schedule of Overexpenditure of Capital Improvement Fund**

**Water Utility Capital Fund**

**Year ended December 31, 2014**

Balance, December 31, 2013	\$ <u>125,985</u>
Decreased by:	
Amount Raised in Budget	<u><u>\$ 125,985</u></u>

CITY OF EAST ORANGE, N.J.

Schedule of Interfunds

Water Utility Capital Fund

Year ended December 31, 2014

	Due from/(to) Balance <u>Dec. 31, 2013</u>	<u>Increased</u>	<u>Decreased</u>	Due from/(to) Balance <u>Dec. 31, 2014</u>
Water Utility Operating Fund	\$ <u>523,890</u>	<u>726,083</u>	<u>1,004,194</u>	<u>245,779</u>
	<u>523,890</u>	<u>726,083</u>	<u>1,004,194</u>	<u>245,779</u>
<u>Analysis</u>				
Due from Water Utility Capital Fund	<u>523,890</u>	<u>726,083</u>	<u>1,004,194</u>	<u>245,779</u>
	<u>\$ 523,890</u>	<u>726,083</u>	<u>1,004,194</u>	<u>245,779</u>

Cash Receipts	\$	804,194
Improvement Authorizations		200,000
Cash Disbursements	98	
Deferred Charge-		
Overexpenditure of CIF	125,985	
Capital Improvement Fund	<u>600,000</u>	
	<u>\$ 726,083</u>	<u>1,004,194</u>

CITY OF EAST ORANGE, N.J.

Schedule of 2013 Appropriation Reserves

Water Utility Operating Fund

Year ended December 31, 2014

	Balance, Dec. 31, 2013	Balance after transfers and encumbrances	Paid or charged	Balance Lapsed
Operating:				
Salaries and Wages	\$ 26,402			
Other Expenses	556,821	1,018,742	1,555,682	
Employee Group Insurance		3,819	3,819	
Total Operating	583,223	1,022,561	1,559,501	
Statutory Expenditures:				
Public Employees' Retirement System	43,773			
Unemployment Compensation Insurance	193,771			
Total Statutory Expenditures	237,544			
	\$ 820,767	1,022,561	1,559,501	
Appropriation Reserves		820,767		
Encumbrances		201,794		
	\$	1,022,561		

**Exhibit D-19**

**CITY OF EAST ORANGE, N.J.**  
**Schedule of Reserve for Encumbrances**  
**Water Utility Operating Fund**  
**Year ended December 31, 2014**

Balance - December 31, 2013	\$ 201,794
Increased by:	
Transferred from Current Year Budget	\$ <u>1,165,685</u>
	1,367,479
Decreased by:	
Transferred to Appropriation Reserves	<u>201,794</u>
Balance- December 31, 2014	\$ <u><u>1,165,685</u></u>

**Exhibit D-20**

**Schedule of Accounts Payable**  
**Water Utility Operating Fund**  
**Year ended December 31, 2014**

Balance, December 31, 2013	\$ 371,013
Decreased by:	
Cash Disbursements	<u>369</u>
Balance, December 31, 2014	\$ <u><u>370,644</u></u>

CITY OF EAST ORANGE, N.J.

Schedule of Emergency Notes Payable

Water Utility Operating Fund

Year Ended December 31, 2014

<u>Number</u>	<u>Purpose</u>	<u>Date of Original Issue</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Balance, Dec. 31, 2013</u>	<u>Matured</u>
EN-2013-1	Tax Appeal Settlements	12/31/2012	9/25/2014	1.08%	\$ 1,000,000	1,000,000
					\$ 1,000,000	1,000,000

**CITY OF EAST ORANGE, N.J.**  
**Schedule of Accrued Interest on Bonds**  
**Water Utility Operating Fund**  
**Year ended December 31, 2014**

Balance - December 31, 2013		\$	288,645
Increased by:			
Budget Appropriation			1,165,445
			1,454,090
Decreased by:			
Payments			1,090,882
Balance- December 31, 2014		\$	363,208

Analysis of Balance

	<u>Principal Outstanding Dec. 31, 2014</u>	<u>Period (Days)</u>	<u>Interest Rate</u>	<u>Amount</u>
Serial Bonds				
\$ 12,400,000	15		Variable	11,547
8,080,000	180		Variable	89,601
Infrastructure Trust Loans				
635,000	120		Variable	4,408
3,050,000	120		Variable	25,417
Bond Anticipation Notes				
4,203,000	90		Variable	10,508
				\$ 141,481

**Schedule of Other Payables - Due to ILSA - East Newark**  
**Water Utility Operating Fund**  
**Year ended December 31, 2014**

Balance - December 31, 2013		\$	149,259
Increased by:			
Cash Receipts			349,835
			499,094
Decreased by:			
Cash Disbursements			315,000
Balance- December 31, 2014		\$	184,094

**Exhibit D-24**

**CITY OF EAST ORANGE, N.J.**

**Schedule of Reserve for Cashier's Imprest Fund**

**Water Utility Operating Fund**

**Year ended December 31, 2014**

Balance - December 31, 2013	\$ <u>1,200</u>
Decreased by:	
Charged to Operations	\$ <u><u>1,200</u></u>

**Exhibit D-25**

**Schedule of Reserve for Inventory Revolving Fund**

**Water Utility Operating Fund**

**Year ended December 31, 2014**

Balance, December 31, 2013	\$ <u>118,735</u>
Balance, December 31, 2014	\$ <u><u>118,735</u></u>



CITY OF EAST ORANGE, N.J.  
 Schedule of NJ Environmental Infrastructure Trust Loans Payable  
 Water Utility Capital Fund  
 Year ended December 31, 2014

Purpose	Date of issue	Original issue	Maturities of bonds outstanding, December 31, 2014		Interest rate	Balance, Dec. 31, 2013	Decreased	Balance, Dec. 31, 2014
			Date	Amount				
Trust Loan - Sewer	March 10, 2010	745,000	Aug. 1, 2015	30,000	5.000%	665,000	30,000	635,000
			Aug. 1, 2016	30,000	5.000%			
			Aug. 1, 2017	35,000	5.000%			
			Aug. 1, 2018	35,000	5.000%			
			Aug. 1, 2019	40,000	4.000%			
			Aug. 1, 2020	40,000	5.000%			
			Aug. 1, 2021	40,000	3.000%			
			Aug. 1, 2022	40,000	4.000%			
			Aug. 1, 2023	45,000	4.000%			
			Aug. 1, 2024	45,000	4.000%			
			Aug. 1, 2025	45,000	4.000%			
			Aug. 1, 2026	50,000	3.500%			
			Aug. 1, 2027	50,000	4.000%			
			Aug. 1, 2028	55,000	4.000%			
		Aug. 1, 2029	55,000	4.000%				
Fund Loan - Sewer	March 10, 2010	2,280,375	Feb. 1, 2015	38,650		1,855,219	115,951	1,739,268
			Aug. 1, 2015	77,301				
			Feb. 1, 2016	38,650				
			Aug. 1, 2016	77,301				
			Feb. 1, 2017	38,650				
			Aug. 1, 2017	77,301				
			Feb. 1, 2018	38,650				
			Aug. 1, 2018	77,301				
			Feb. 1, 2019	38,650				
			Aug. 1, 2019	77,301				
			Feb. 1, 2020	38,650				
			Aug. 1, 2020	77,301				
			Feb. 1, 2021	38,650				
			Aug. 1, 2021	77,301				
		Feb. 1, 2022	38,650					
		Aug. 1, 2022	77,301					
		Feb. 1, 2023	38,650					
		Aug. 1, 2023	77,301					
		Feb. 1, 2024	38,650					
		Aug. 1, 2024	38,650					

CITY OF EAST ORANGE, N.J.  
 Schedule of NJ Environmental Infrastructure Trust Loans Payable

Water Utility Capital Fund

Year ended December 31, 2014

Purpose	Date of issue	Original issue	Maturities of bonds outstanding, December 31, 2014		Interest rate	Balance, Dec. 31, 2013	Balance, Dec. 31, 2014
			Date	Amount			
2010B Fund Loan, Cont....	March 10, 2010	3,400,000	Aug. 1, 2015	130,000	5.000%	\$ 3,175,000	3,050,000
			Aug. 1, 2016	135,000	5.000%		
			Aug. 1, 2017	140,000	5.000%		
			Aug. 1, 2018	150,000	5.000%		
			Aug. 1, 2019	155,000	5.000%		
			Aug. 1, 2020	165,000	5.000%		
			Aug. 1, 2021	175,000	5.000%		
			Aug. 1, 2022	180,000	5.000%		
			Aug. 1, 2023	190,000	5.000%		
			Aug. 1, 2024	200,000	5.000%		
			Aug. 1, 2025	210,000	5.000%		
			Aug. 1, 2026	220,000	5.000%		
			Aug. 1, 2027	230,000	5.000%		
		Aug. 1, 2028	245,000	5.000%			
		Aug. 1, 2029	255,000	5.000%			
		Aug. 1, 2030	270,000	5.000%			
Trust Loan - Water						125,000	



CITY OF EAST ORANGE, N.J.  
 Schedule of Bond Anticipation Notes Payable  
 Water Utility Capital Fund  
 Year ended December 31, 2014

Ord. No.	<u>Improvement Description</u>	Date of issue of original notes	Date of issue	Date of Maturity	Interest rate	<u>Increased</u>	Balance, Dec.31, 2014
18-2009 6-2011	Various Improvements to Water System Emergency Temporary Appropriation Refunding	Sept. 24, 2014	Sept. 24, 2014	Sept. 24, 2015	1.00%	\$ 1,890,000	1,890,000
24-2011 9-2013	Emergency Temporary Appropriation Refunding	Sept. 24, 2014	Sept. 24, 2014	Sept. 24, 2015	1.00%	1,038,000	1,038,000
		Sept. 24, 2014	Sept. 24, 2014	Sept. 24, 2015	1.00%	<u>1,275,000</u>	<u>1,275,000</u>
						<u>\$ 4,203,000</u>	<u>4,203,000</u>

CITY OF EAST ORANGE, N.J.

Schedule of Improvement Authorizations

Water Utility Capital Fund

Year ended December 31, 2014

Improvement description	Balance, Dec. 31, 2013		2014 Authorizations		Overcommitment of Ordinance Appropriations	Balance, Dec. 31, 2014	
	Funded	Unfunded	Authorizations	Re-appropriated		Funded	Unfunded
Garden State Parkway Project	\$ 711				31,666	32,377	
Well Field Testing & Improvement	62,001					62,001	
Improvements & Upgrades	299,957					292,757	
Various Improvements to Water System	6,874,217	1,038,000	400,000			7,200	379,076
Various Improvements to Sewer System	446,348	474,625	(400,000)			7,133,141	474,625
Acquisition of Telephone Equipment		226,250				118,192	226,250
Solar System Project	28,407						
Soil Conservaton Work							28,407
PSE&G Project Plan							
Rowley Park	1,109					(4,407)	4,407
EOWC/WORPS Remodeling	132,975					1,109	1,109
Water Storage Project	28,622					132,975	
Hydrogeological Study	3,710					28,622	
Master Plan Phase II	38,704					3,710	
Acquisition of Equipment (Homeland Security)	10					2,792	
Hurricane Sandy Projects	394					10	
Emergency Temporary Appropriation Refunding			3,165,000			227	
Waste Water Treatment Plant Improvements			520,000			2,284,555	
	\$ 7,917,165	1,738,875	3,685,000		31,666	9,607,197	1,285,113
							880,445
							520,000

Bonds & Notes Authorized not Issued \$ 3,685,000

\$ 3,685,000

Cash Disbursements \$ 5,728,950  
 Due from Water Operating 200,000  
 Contracts Payable 3,678,247  
 \$ 9,607,197

**CITY OF EAST ORANGE, N.J.**

**Schedule of Contracts Payable**

**Water Utility Capital Fund**

**Year ended December 31, 2014**

Balance - December 31, 2013	\$ 656,367
Increased by:	
Charges to Improvement Authorizations	<u>3,678,247</u>
	4,334,614
Decreased by:	
Cash Disbursements	<u>656,367</u>
Balance - December 31, 2014	<u>\$ 3,678,247</u>

**Schedule of Capital Improvement Fund**

**Water Utility Capital Fund**

**Year ended December 31, 2014**

Increased by:	
Budget Appropriations	<u>\$ 600,000</u>
Balance - December 31, 2014	<u>\$ 600,000</u>

**Exhibit D-32**

**CITY OF EAST ORANGE, N.J.**

**Schedule of Reserve for Capital Improvements**

**Water Utility Capital Fund**

**Year ended December 31, 2014**

Balance- December 31, 2013	\$ <u>238,483</u>
Balance- December 31, 2014	\$ <u><u>238,483</u></u>

**Exhibit D-33**

**Schedule of Reserve for Amortization**

**Water Utility Capital Fund**

**Year ended December 31, 2014**

Balance, December 31, 2013	\$ 25,059,660
Increased by:	
Budget Appropriation -	
Serial Bonds	\$ 1,290,000
NJFIT Loans	<u>364,053</u>
	<u>1,654,053</u>
Balance, December 31, 2014	\$ <u><u>26,713,713</u></u>

**CITY OF EAST ORANGE, N.J.**

**Schedule of Reserve for Deferred Reserve for Amortization**

**Water Utility Capital Fund**

**Year ended December 31, 2014**

Balance- December 31, 2013	\$ <u>15,140,690</u>
Balance- December 31, 2014	\$ <u><u>15,140,690</u></u>

**Schedule of Reserve for Payment of Debt**

**Water Utility Capital Fund**

**Year ended December 31, 2014**

Balance, December 31, 2013	\$ <u>4,804</u>
Balance, December 31, 2014	\$ <u><u>4,804</u></u>

CITY OF EAST ORANGE, N.J.

Schedule of Bonds and Notes Authorized But Not Issued

Water Utility Capital Fund

Year ended December 31, 2014

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2013</u>	<u>2014 Authorizations</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2014</u>
4-2009	Various Improvements to Water System	\$ 1,038,000		518,000	520,000
5-2009	Various Improvements to Sewer System	474,625			474,625
28-2010	Acquisition of Telephone Equipment	226,250			226,250
4-2014	Waste Water Treatment Plant Improvements		520,000	520,000	
23-2014	Emergency Temp. Appropriation Refunding		<u>3,165,000</u>	<u>3,165,000</u>	
		<u>\$ 1,738,875</u>	<u>3,685,000</u>	<u>4,203,000</u>	<u>1,220,875</u>

**CITY OF EAST ORANGE**

**LETTERS ON COMPLIANCE AND ON INTERNAL CONTROL**

**GENERAL COMMENTS AND RECOMMENDATIONS**

**YEAR ENDED DECEMBER 31, 2014**

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# Ferraioli, Wielkotz, Cerullo & Cuva, P.A.

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## INDEPENDENT AUDITOR'S 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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements-regulatory basis of the City of East Orange in the County of Essex as of and for the year ended December 31, 2014 and the related notes to the financial statements, and have issued our report thereon dated October 2, 2015, which was adverse due to being presented in accordance with New Jersey regulatory basis of accounting. The regulatory basis opinion was qualified for fixed assets not being audited.

### **Internal Control Over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.



Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

We did identify a certain immaterial deficiency in internal control, described in the accompanying schedule of findings and questioned costs, Findings 2014-001 and 2014-002, that we consider to be a significant deficiency.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of East Orange's financial statements-regulatory basis are free of 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, which are described in the accompanying schedule of findings and questioned costs as items 2014-001 and 2014-002.

We also noted certain immaterial instances of noncompliance that we have reported to the management of the City of East Orange in the accompanying comments and recommendations section of this report.

### **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 of East Orange'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 of East Orange's internal controls and compliance. Accordingly, this communication is not suitable for any other purpose.



Steven D. Wielkocz, C.P.A.  
Registered Municipal Accountant  
No. CR00413



FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.  
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Pompton Lakes, New Jersey



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## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY OMB CIRCULAR A-133 AND N.J. OMB CIRCULAR 04-04

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

### **Report on Compliance for Each Major Federal and State Program**

We have audited the City of East Orange in the County of Essex compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the New Jersey State Office of Management and Budget's State Aid/Grant Compliance Supplement that could have a direct and material effect on each of its major federal and state programs for the year ended December 31, 2014. The City of East Orange's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the City of East Orange's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, "*Audits of States, Local Governments, and Non-Profit Organizations*"; and the provisions of the New Jersey State Treasury Circular Letter 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and



Honorable Mayor and  
Members of the City Council  
Page 2.

State Aid Payments." Those standards and OMB Circular A-133 and N.J. OMB Circular 04-04 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about the City of East Orange's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

#### **Opinion on Each Major Federal and State Program**

In our opinion, the City of East Orange complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended December 31, 2014.

#### **Other Matters**

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and New Jersey OMB Circular 04-04 and which are described in the accompanying schedule of findings and questioned costs as items 2014-003 through 2014-006. Our opinion on each major federal and state program is not modified with respect to these matters.

The City of East Orange's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City of East Orange's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

#### **Report on Internal Control Over Compliance**

Management of the City of East Orange is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of East Orange's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal and state program to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance with OMB Circular A-133 and N.J. OMB Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of East Orange's internal control over compliance.



A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal and state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal and state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal and state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance as described in the accompanying schedule of findings and questioned costs as items 2014-003 to 2014-006 that we consider to be significant deficiencies.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and N.J. OMB Circular 04-04. Accordingly, this report is not suitable for any other purpose.



Steven D. Wielkotz, C.P.A.  
Registered Municipal Accountant  
No. CR00413



FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.  
Certified Public Accountants  
Pompton Lakes, New Jersey

October 2, 2015



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CITY OF EAST ORANGE, N.J.

Schedule of Expenditures of Federal Awards

Year ended December 31, 2014

Program	CFDA number	Grant period	Award Amount	Balance at Dec. 31, 2013	Cash Received	Expenditures	Adjustments/ Cancellations	Deferred Revenue/ (Accounts Receivable) at Dec. 31, 2014	MEMO Cumulative Total Expenditures
<b>Federal and State Grant Fund:</b>									
<b>US Department of Health and Human Services</b>									
(Passed Through)									
Lead Based Paint Poisoning Program (Passed through)	93.994	2013	375,000	(282,326)	207,291	120,800	195,835	*	375,000
Lead Based Paint Poisoning Program (Passed through)	93.994	2014	250,000		29,450	105,645	62,718	(13,477) *	105,645
Lead Intervention		2011		85,561				85,561 *	
HIV Counseling and Testing (Passed through)	93.940	2013	172,551	(15,451)	49,520	34,223	(14,620)	(14,774) *	172,551
HIV Counseling and Testing (Passed through)	93.940	2014	140,588			95,830	(17,305)	(113,135) *	95,830
Alcohol and Drug Abuse-Methadone Program									
Methadone Intensive Outpatient(Passed Through)	93.959			27,613			7,404	35,017 *	
Division of Senior Services									
Home Friend Program	93.667	2013	241,118	(97,359)	128,658	31,600	301	*	241,118
Home Friend Program	93.667	2014	240,000		204,989	240,000		(35,011) *	240,000
Social Services Block Grant									
Hurricane Sandy Lead Screenings	93.667	2014/15	125,000			19,812		(19,812) *	19,812
Senior Services Special Project				(5,300)				(5,300) *	5,300
				(287,262)	619,908	647,910	234,333	(80,931) *	1,255,256

CITY OF EAST ORANGE, N.J.

Schedule of Expenditures of Federal Awards

Year ended December 31, 2014

Program	CFDA number	Grant period	Award Amount	Balance at Dec. 31, 2013	Cash Received	Expenditures	Adjustments/ Cancellations	Deferred Revenue/ (Accounts Receivable) at Dec. 31, 2014	MEMO Cumulative Total Expenditures
<u>US Department of Justice</u> Weed, and Seed	16.595	2011		2,258		23,550	28,040	6,748 *	148,527
COPS Technology Program (CRISP)	16.004	2009		(74)			74	*	98,900
COPS Ahead Grant	16.710	2013	1,310,982	(1)				(1) *	1,310,982
Edward Byrne Memorial Justice Assistance	16.539	2013	62,030	(214,627)	189,652	68,457	(49,777)	(74,752) *	62,030
Edward Byrne Memorial Justice Assistance	16.539	2014	92,266				49,777	(18,680) *	68,457
Law Enforcement Block Grant				252				252 *	
				(212,192)	189,652	92,007	28,114	(86,433) *	1,688,896
<u>Department of Agriculture</u> WIC-Supply Food Program for Women, Infants, and Children	10.557	2012/13	2,055,727	249,877		249,877	(92,108)	(92,108) *	2,055,727
WIC-Supply Food Program for Women, Infants, and Children	10.557	2013/14	1,077,063		991,246	785,003	97,999	304,242 *	785,003
Winter Food Service Program (Passed through) (Child and Adult Care Food Program)	10.559	2012/13	1,849,208	(1,386,613)	1,193,171		(3,721,415)	(3,914,857) *	1,849,208
Winter Food Service Program (Passed through) (Child and Adult Care Food Program)	10.559	2013/14	1,874,773			1,874,773	4,247,483	2,372,710 *	1,874,773
Summer Food Service Food Program (Passed through)	10.558	2012/13	431,098	(757,134)	383,580	431,098	(642,708)	(1,447,360) *	431,098
Summer Food Service Food Program (Passed through)	10.558	2013/14	207,972				643,649	643,649 *	
				(1,893,870)	2,567,997	3,340,751	532,900	(2,133,724) *	6,995,809
<u>Department of Homeland Security</u> Disaster Grant (Hurricane Sandy)	97.036	2013	917,123	(917,123)				(917,123) *	917,123
East Orange OEM	97.042	2013	10,000	15,000	5,000			20,000 *	
SAFER Grant	97.044	2013	930,138	(1,010,232)	1,118,095			107,863 *	1,393,172
				(1,912,355)	1,123,095			(789,260) *	2,310,295

CITY OF EAST ORANGE, N.J.

Schedule of Expenditures of Federal Awards

Year ended December 31, 2014

Program	CFDA number	Grant period	Award Amount	Balance at Dec. 31, 2013	Cash Received	Expenditures	Adjustments/ Cancellations	Deferred Revenue/ (Accounts Receivable) at Dec. 31, 2014	MEMO Cumulative Total Expenditures
Department of Law and Public Safety East Orange Hazardous Materials and Incident Plan	20.703	2011		(3,001)			2,020	(981) *	
				(3,001)			2,020	(981) *	
Department of Energy Energy Efficient and Conservation Grant	81.128	2011					3,538	3,538 *	
							3,538	3,538 *	
Department of Labor Hurricane Sandy NEG	17.284	2013	561,513	(350,802)	423,382	77,605	12,985	7,960 *	476,498
				(350,802)	423,382	77,605	12,985	7,960 *	476,498
<b>Total State and Federal Grant Funds:</b>				(4,659,482)	4,924,034	4,158,273	813,890	(3,079,831) *	12,726,754
<b>Trust Funds:</b>									
US Departments of Housing and Urban Development Community Development Block Grant	14.218	2013	1,358,054	(4,632)	763,100	758,468		*	1,358,054
Community Development Block Grant	14.218	2014	1,363,259		1,363,259	1,047,658	336,312	651,913 *	1,251,643
Shelter Plus Care Shelter Plus Care	14.238	2013	583,398	37			(37)	*	583,398
	14.238	2014	607,553		362,715	535,069	(332,593)	(504,947) *	607,553
HOME Program/Program Income HOME Program/Program Income	14.239	2013	357,816	17,126	174,746	218,092		(26,220) *	1,821,480
	14.239	2014	68,298			68,298		(68,298) *	68,289
Economic Development Initiative Economic Development Initiative	14.251	2010		(32,900)		5,100	14,250	*	38,000
<b>Total Trust Funds:</b>				(20,369)	2,663,820	2,632,685	17,932	28,698 *	5,728,417
Water Utility Fund: Department of Labor Hurricane Sandy NEG	17.284	2013	456,319	(262,503)				(262,503) *	136,859
				(262,503)				(262,503) *	136,859

CITY OF EAST ORANGE, N.J.

Schedule of Expenditures of Federal Awards

Year ended December 31, 2014

Program	CFDA number	Grant period	Award Amount	Balance at Dec. 31, 2013	Cash Received	Expenditures	Adjustments/ Cancellations	Deferred Revenue/ (Accounts Receivable) at Dec. 31, 2014	MEMO Cumulative Total Expenditures
Environmental Protection Agency Capitalization Grants for Clean Water	66.458	2010	2,280,375			172,199		(172,199) *	2,280,375
Slate Revolving Funds Wastewater Facilities-Sewer	66.458	2010	3,662,000		849,782	1,243,478		(393,696) *	1,243,478
Wastewater Facilities- Water					849,782	1,415,677		(565,895) *	3,523,853
Department of Homeland Security Disaster Grant (Hurricane Sandy)	97.036	2013	469,782	(367,066)				(367,066) *	469,782
				(367,066)				(367,066) *	469,782
Total Water Utility Fund:				(629,569)	849,782	1,415,677		(1,195,464) *	4,130,494
Total Federal Awards				\$ (5,309,420)	8,437,636	8,206,635	831,822	(4,246,597) *	22,585,665

Note: This schedule was subject to an audit in accordance with OMB A-133

CITY OF EAST ORANGE, N.J.

Schedule of Expenditures of State Financial Assistance

Year ended December 31, 2014

Grant number	Grant period	Award Amount	Balance Dec. 31, 2013	Cash Received	Budgetary Expenditures	Adjustments/ Cancellations	Deferred Revenue/ (Accounts Receivable) at Dec. 31, 2014	MEMO Cumulative Total Expenditures
<b>Federal and State Grant Funds:</b>								
<b>Department of Community Affairs</b>								
Lead Hazard Control Assistance Fund	2010		23			(250,000)	(249,977) *	
Clean Communities Program- Passed Through Dept. of Environmental Protection	2013	83,029	106,909		83,029	(23,880)		83,029
Clean Communities Program- Passed Through Dept. of Environmental Protection	2014	91,450		91,450	13,960	48,303	125,793 *	13,960
Municipal Alliance	2013	31,250	(72,328)	28,125	11,423	(48,249)	(103,875) *	31,250
Municipal Alliance	2014	15,625			13,942	55,195	41,253 *	10,122
Urban Enterprise Zone - Passed Through Commerce and Economics	2012	354,677	(158,244)		(8,231)		(150,013) *	156,186
Balanced Housing Program			(106,389)			18,000	(88,389) *	
Statewide Livable Communities			26,615				26,615 *	
			(203,414)	119,575	114,123	(200,631)	(398,593) *	294,547
<b>Department of Health and Human Services</b>								
Public Health Priority Funding	2010		57,076			2,725	59,801 *	
Alcohol Education & Rehab Grant	2013	745,916	(101,767)	101,767		(745,916)	(745,916) *	745,916
Alcohol Education & Rehab Grant	2014	895,916		236,928	888,283	962,169	310,814 *	888,283
Infant Mortality Fund- Maternity Grant			13,698				13,698 *	
Tobacco Enforcement Grant			(7,890)				(7,890) *	
Pandemic Flu			(9,602)			318	(9,284) *	
DYFS Methadone Drug Abuse	2010		76,469				76,469 *	
			27,984	338,695	888,283	219,296	(302,308) *	1,634,199
<b>Department of Transportation</b>								
Transportation Trust Fund	2012	399,403	(217,698)	359,937	1,555	(2,223,935)	(2,083,251) *	755,167
Transportation Trust Fund	2014	412,760				2,280,406	2,280,406 *	
Youth Corp Urban Gateway Enhancement Program	2013	32,000	(35,300)			(28,700)	(64,000) *	32,000
Youth Corp Urban Gateway Enhancement Program	2014	32,000			29,105	28,700	(405) *	29,105
			(252,998)	359,937	30,660	56,471	132,750 *	816,272

CITY OF EAST ORANGE, N.J.

Schedule of Expenditures of State Financial Assistance

Year ended December 31, 2014

Grant number	Grant period	Award Amount	Balance Dec. 31, 2013	Cash Received	Budgetary Expenditures	Adjustments/ Cancellations	Deferred Revenue/ (Accounts Receivable) at Dec. 31, 2014	MEMO Cumulative Total Expenditures
<b>Department of Law and Public Safety</b>								
Traffic Enforcement Fund								
N/A			14				14 *	
1020-718-001	2012	20,640	(27,075)	21,166	710	6,619	*	20,640
1020-718-001	2014	48,952			13,565	56,465	42,900 *	13,565
			(27,061)	21,166	14,275	63,084	42,914 *	34,205
<b>Office of Information Technology</b>								
Police PSAP - Enhance 911 General Assistance								
07-10-082-2034-050	2008		5				5 *	
480-078-6320	2012	15,000	(15,000)				(15,000) *	15,000
			(14,995)				(14,995) *	15,000
<b>Division of Highway Traffic Safety</b>								
Drunk Driving Enforcement Fund								
			7,454				7,454 *	12
	2013		(5,000)				(5,000) *	(4,000)
			2,454				2,454 *	(3,988)
<b>Department of Environmental Protection</b>								
Green Acres Trust Local Asst Pro. Ord 5-2003								
042-4800-533-003-12	2012	465,000	(436,216)				*	412,594
042-4800-533-003-12							*	412,594
042-4800-533-003-12							(436,216) *	
042-4900-001-6020	2013	16,199	5,576				38,459 *	1,471
	2014	22,089		22,089		32,883	22,089 *	
			3,976		1,610		2,366 *	9,836
			(426,664)	22,089	1,610	32,883	(373,302) *	836,495
<b>Municipal Stormwater Regulation Program</b>								

CITY OF EAST ORANGE, N.J.  
 Schedule of Expenditures of State Financial Assistance

Year ended December 31, 2014

Grant number	Grant period	Award Amount	Balance Dec. 31, 2013	Cash Received	Budgetary Expenditures	Adjustments/ Cancellations	Deferred Revenue/ (Accounts Receivable) at Dec. 31, 2014	MEMO Cumulative Total Expenditures
<u>Other Agencies</u>								
County Of Essex Open Space - Severel Park Court Improvements	2014	150,000					*	
NJ School Construction Corp. School Demonstration Project	2012	26,563	25	21,563	14,817	20,505	27,251 *	14,817
Emergency Relocation Lead Program		46,636			46,636	180,572	133,936 *	46,636
Delta Dental Plan			66,653				66,653 *	(8,255)
Comcast Video - City Council Surveillance			66,678	21,563	61,453	201,077	227,865 *	53,198
NJ Relocation Assistance			(828,016)	883,025	1,110,404	372,180	(683,215) *	3,679,928
<u>Total Federal and State Grant Funds:</u>								
<u>Water Utility Fund:</u>								
Department of Labor Hurricane Sandy NEG	2012					(12,435)	(12,435) *	
<u>Environmental Protection Agency</u>								
Capitalization Grants for Clean Ware State Revolving Funds	2010	760,125			57,400		(57,400) *	760,125
Wastewater Facilities State Revolving Fund Loan (Sewer)	2010	3,662,000		849,782	1,243,477		(393,695) *	1,243,477
Wastewater Facilities State Revolving Fund Loan (Water)				849,782	1,300,877		(451,095) *	2,003,602
<u>Total Water Utility Fund:</u>								
			(828,016)	1,732,807	2,411,281	359,745	(463,530) *	2,003,602
<u>Total State Awards</u>								
				1,732,807	2,411,281	359,745	(1,146,745) *	5,683,530

Note: This schedule was subject to an audit in accordance with N.J. OMB 04-04

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**CITY OF EAST ORANGE  
NOTES TO THE SCHEDULES OF EXPENDITURES  
OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

**NOTE 1. GENERAL**

The accompanying schedules of expenditures of awards present the activity of all federal and state financial assistance programs of the City of East Orange, County of Essex. The City is defined in Note 1A to the City's financial statements. All federal financial assistance received directly from federal agencies, as well as federal financial assistance passed through other government agencies is included on the schedule of expenditures of awards.

**NOTE 2. BASIS OF ACCOUNTING**

The accompanying schedules of expenditures of awards are presented using the modified accrual basis of accounting as prescribed for counties by the Division of Local Government Services, Department of Community Affairs, State of New Jersey which differ in certain respects from generally accepted accounting principles (GAAP) applicable to local government units. This basis of accounting is described in Note 1(B) to the City's financial statements.

**NOTE 3. RELATIONSHIP TO FINANCIAL STATEMENTS**

Amounts reported in the accompanying schedules agree with amounts reported in the City's financial statements. Financial assistance awards are reported in the City's financial statements on a basis of accounting described above as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
Current Fund	\$4,158,273	\$1,110,404	\$5,268,677
Trust Fund	2,632,685	-	2,632,685
Water Utility Capital Fund	<u>1,415,677</u>	<u>1,300,877</u>	<u>2,716,554</u>
Total Financial Awards	<u>\$8,206,635</u>	<u>\$2,411,281</u>	<u>\$10,617,916</u>

**NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

Amounts reported in the accompanying schedules agree, in all material respect, with the amounts reported in the related federal and state financial reports. However, we noted certain differences which are reported in the accompanying schedule of findings of noncompliance and questioned costs.

**NOTE 5. ADJUSTMENTS**

Amounts reported in the accompanying schedules were adjusted to report the financial assistance awards as described in Note 2 Basis of Accounting.

**CITY OF EAST ORANGE  
NOTES TO THE SCHEDULES OF EXPENDITURES  
OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(CONTINUED)**

**NOTE 6. FEDERAL AND STATE LOANS OUTSTANDING**

The City's federal and state loans outstanding at December 31, 2014, which are not required to be reported on the schedule of expenditures of federal and state awards, are as follows:

<u>Loan Program</u>	<u>Total</u>
State of New Jersey Green Acres Trust Loan	<u>\$443,302</u>

**CITY OF EAST ORANGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

*Section I - Summary of Auditor's Results*

**Financial Statements**

Type of auditor's report issued: adverse - USGAAP  
qualified - OCBOA

Internal control over financial reporting:

1. Significant deficiencies identified that are not considered to be material weaknesses?     X     yes            none reported

2. Material weakness(es) identified?            yes     X     no

Noncompliance material to financial statements noted?     X     yes            no

**Federal Awards Section**

Dollar threshold used to distinguish between type A and type B programs: \$   300,000  

Auditee qualified as low-risk auditee?            yes     X     no

Type of auditors' report on compliance for major programs:   unmodified  

Internal Control over compliance:

1. Significant deficiencies identified that are not considered to be material weaknesses?     X     yes            none reported

2. Material weakness(es) identified?            yes     X     no

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?     X     yes            no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program</u>
<u>10.559</u>	<u>Winter Food Service Program Child and Adult</u>
<u>14.238</u>	<u>Care Food Program</u>
<u>10.558</u>	<u>Shelter Care Plus</u>
<u>66.458</u>	<u>Summer Food Service Program Child and Adult</u>
<u>10.557</u>	<u>Care Food Program</u>
<u>14.218</u>	<u>New Jersey Environmental Infrastructure Trust Grant</u>
	<u>WIC - Supply Food Program for Women, Infants and</u>
	<u>Children</u>
	<u>Community Development Block Grant</u>

**CITY OF EAST ORANGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(continued)**

*Section I - Summary of Auditor's Results, (continued)*

**State Awards Section**

Dollar threshold used to distinguish between type A and type B programs:

\$ 300,000

Auditee qualified as low-risk auditee?

\_\_\_\_\_ yes                        X   no

Type of auditors' report on compliance for major programs:

unmodified

Internal Control over compliance:

1. Significant deficiencies identified that are not considered to be material weaknesses?

\_\_\_\_\_ yes                        X   none reported

2. Material weakness(es) identified?

\_\_\_\_\_ yes                        X   no

Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular 04-04, as amended?

\_\_\_\_\_ yes                        X   no

Identification of major programs:

**GMIS Number(s)**

**Name of State Program**

054-7700-100-162/168

Alcohol Education and Rehabilitation Grant

042-4860-5100-009-13

Wastewater Facilities State Revolving Fund Loan

**CITY OF EAST ORANGE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**  
**(continued)**

*Section II – Financial Statement Findings*

**Finding 2014-001**

The City has neglected to maintain an accurate Fixed Asset Report

**Criteria or Specific Requirements:**

Technical Accounting Directive 86-2, codified as New Jersey Administrative Code 5:30-5.6 requires all municipalities to maintain a record of all fixed assets purchased and put into service. The Directive also requires the records to be updated annually for any changes.

**Condition:**

The City is not in compliance with Technical Accounting Directive 86-2, New Jersey Administrative Code 5:30-5.6 since June 30, 2011.

**Questioned Costs:**

None

**Context:**

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

**Effect:**

Failure to comply with New Jersey Administrative Code.

**Cause:**

The City has not updated the June 30, 2011 physical examination and report completed by an outside appraisal company.

**Recommendation:**

The City's fixed asset accounting and reporting system be updated to reflect additions and deletions on an annual basis.

**Management's Response:**

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

CITY OF EAST ORANGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(continued)

*Section II – Financial Statement Findings, (continued)*

**Finding 2014-002**

The subsidiary ledgers for the Water Utility Funds were not always in agreement with the general ledger account balances or the adopted budget.

**Criteria or Specific Requirement:**

N.J.A.C. 5:30-5.7 General Ledger Accounting Systems

**Condition:**

The subsidiary ledgers for the Water Utility Funds were not always in agreement with the general ledger account balances or the adopted budget.

**Questioned Costs:**

None

**Context:**

The legal line items in the budget appropriation reports did not agree to the adopted budget. In addition, there were several reports including the open encumbrance report, accounts payable report, municipal lien report and consumer accounts reports which did not agree to the general ledger balances.

**Effect:**

The general ledger presented for audit did not agree to supporting subsidiary ledgers.

**Cause:**

The finance department and the water utility commission do not reconcile the general ledger and the subsidiary ledgers.

**Recommendation:**

That more care be taken to ensure the records of the water utility funds are accurately reflected in the general ledger.

**Management's Response:**

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

**CITY OF EAST ORANGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

*Section III – Federal Awards and State Financial Assistance Findings and Questioned Costs*

**FEDERAL AWARDS**

**Finding 14-003**

**Information on the federal program:**

U.S. Department of Agriculture – Child and Adult Food Program, CFDA #10.558

**Criteria or specific requirement:**

Administrative costs in conjunction with the operation of the Child and Adult Care Food Program shall not exceed 15% of the total allotment.

**Condition:**

Administrative costs in conjunction with the operation of the Child and Adult Care Food Program have exceeded 15% of the total allotment.

**Questioned costs:**

Unknown.

**Context:**

The grant program requirements prohibit administrative costs in excess of 15% of the total grant expenditures.

**Effect:**

Reimbursement will not be provided for administrative costs in excess of the maximum amount permitted.

**Cause:**

Unknown.

**Recommendation:**

Administrative costs of the Child and Adult Food Program must not exceed the maximum 15% of the grant amount as stipulated in the grant program requirements.

**Management's response:**

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

**CITY OF EAST ORANGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(continued)**

*Section III – Federal Awards and State Financial Assistance Findings and Questioned Costs,  
(continued)*

**FEDERAL AWARDS**

**Finding 14-004**

**Information on the federal program:**

U.S. Department of Agriculture – Child and Adult Food Program, CFDA #10.558

**Criteria or specific requirement:**

Grantees may disburse funds only to those organizations that meet the eligibility requirements stated in the grant agreement.

**Condition:**

Subrecipient eligibility files were not available for review.

**Questioned costs:**

Unknown.

**Context:**

The City was not able to perform eligibility determinations for subrecipients.

**Effect:**

Subrecipient eligibility was not able to be determined by the audit team.

**Cause:**

Original subrecipient eligibility files were sent to the State of New Jersey and not returned. Copies of the subrecipient eligibility files were not maintained by the City.

**Recommendation:**

Subrecipient eligibility files be maintained by the City for audit review.

**Management's response:**

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

**CITY OF EAST ORANGE**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE YEAR ENDING DECEMBER 31, 2014**

This section identifies the status of prior-year findings related to the general purpose financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. OMB Circular A-133 (section .315(a)(b)) and New Jersey OMB's Circular 04-04, as amended.

**STATUS OF PRIOR YEAR FINDINGS:**

**Finding 2013-001**

The fixed asset inventory has not been updated since June 30, 2011. In addition, the fixed assets inventory listing includes machinery and equipment but does not include land, buildings and building improvements.

**Current Status**

See Finding 2014-001

**Finding 2013-002**

The subsidiary ledgers for the Water Utility Funds were not always in agreement with the general ledger account balances or the adopted budget.

**Current Status**

See Finding 2014-002.

**Finding 2013-003**

Various grant programs have receivables due from the federal and state governments which significantly exceed reserve balances.

**Current Status**

Corrective action has been taken.

**Finding 2013-004**

Administrative costs in conjunction with the operation of the Child and Adult Care Food Program shall not exceed 15% of the total allotment.

**Current Status**

See Finding 14-003.

**CITY OF EAST ORANGE**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE YEAR ENDING DECEMBER 31, 2014**  
**(continued)**

**STATUS OF PRIOR YEAR FINDINGS (continued):**

**Finding 2013-005**

The Hurricane Sandy Disaster Relief Appropriations Act – National Emergency Grant requires interim financial reporting to be submitted on a monthly basis.

**Current Status**

Corrective action has been taken.

**Finding 2013-006**

Sponsors must ensure that meals claimed for reimbursement are accurate. All meals that are disallowed by the state agency must be deducted from the monthly claim reports. Meals that are disallowed will not be reimbursed by the state agency.

**Current Status**

Corrective action has been taken.

## CITY OF EAST ORANGE

### GENERAL COMMENTS

#### Contracts and Agreements Requiring Advertisement for Bid

N.J.S.A. 40A:11-2 contains definitions for terms used throughout N.J.S.A. 40A:11-1 et seq. and was amended under P.L. 1999, c.440. It includes as subsection (23) the term 'competitive contracting', which is defined as "the method described in sections 1 through 5 of P.L. 1999, c.440 (C.40:11-4.1 through C.40A:11-4.5) of contracting for specialized goods and services in which formal proposals are solicited from vendors' formal proposals are evaluated by the purchasing agent or counsel; and the governing body awards a contract to a vendor or vendors from among the formal proposals received."

N.J.S.A. 40A:11-3 was amended with P.L. 1999, c.440 to raise the bid threshold and require award by governing body resolution. "When the cost or price of any contract awarded by the purchasing agent in the aggregate does not exceed in a contract year the total sum of \$17,500 or \$25,000 if there is a certified purchasing agent, the contract may be awarded by a purchasing agent when so authorized by ordinance or resolution as appropriate to the contracting unit, of the governing body of the contracting unit without public advertising for bids and bidding therefore, except that the governing body may adopt an ordinance or resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations."

N.J.S.A. 40A:11-15 was amended with P.L. 1999, c.440 to extend the base contract period. "Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to paragraph (1) of subsection (a) of N.J.S.A. 40A:11-5 may be awarded for a period not exceeding 12 consecutive months."

Effective July 1, 2010 and thereafter the bid thresholds in accordance with N.J.S.A. 40A:11-3 (as amended) is \$17,500 or \$36,000 if there is a certified purchasing agent.

The governing body has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the contract year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Solicitor's opinion should be sought before a commitment is made.

The minutes indicated that bids were requested by public advertising for the following items:

- 2014 or newer Chevrolet Tahoe 4x4 LTZ (or equivalent)
- Towing and Storage Services
- Summer Food Program
- Board Up Services and Rubbish Removal
- Milling & Paving of Various Streets (Funding Year 2013)
- Health Insurance Brokerage Services
- City Garage Deck Repairs

**CITY OF EAST ORANGE**

**GENERAL COMMENTS, (continued)**

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

The results of our examination indicated that no individual payments, contracts, or agreements were made "for the performance of any work or the furnishing or hiring of any materials or supplies," in excess of the statutory thresholds where there had been no advertising for bids in accordance with the provision of N.J.S.A.40A:11-4.

Resolutions were adopted authorizing the awarding of contract or agreements for "Professional Services" per N.J.S.A. 40A:11-5.

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

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

The governing body did not adopt a resolution authorizing interest to be charged on delinquent taxes in the current year.

**Delinquent Taxes and Tax Title Liens**

A tax sale was held on June 26, 2014.

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

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

	<u>Number of Liens</u>
December 31, 2014	321
December 31, 2013	440
December 31, 2012	336

**Verification of Delinquent Taxes and Other Charges**

A test verification of delinquent charges and current payments was made in accordance with the regulations of the Division of Local Government Services.

In addition, analytical review procedures were utilized to ascertain the validity of the receivables.

**CITY OF EAST ORANGE**  
**COMMENTS & RECOMMENDATIONS**  
**DECEMBER 31, 2014**

**Comments:**

**Finance:**

- \*1. A review of the trust accounts and reserve balances found that there were certain accounts that were either inactive or had multiple bank accounts for the same purpose. In addition, it was noted that several reserve balances did not have approved Dedication by Riders.
- \*2. A detailed list of open encumbrances that agrees to the general ledger balance could not be provided at the time of audit. Also there were numerous item included on the list provided that should have been cancelled prior to year end.
- \*3. A detailed list of accounts payable balances that agrees to the general ledger balance could not be provided at the time of audit.
- \*4. The Home Loan Program Fund is reporting Economic Development Micro Loans Receivable in the amount of \$178,934. These loans are in default status and are not expected to be collected.
- \*5. A detailed report of outstanding Housing Deferred Payment Loans reported in the Home Loan Program Fund could not be provided at the time of audit.
- \*6. The Tax Redemption Trust and Tax Escrow Trust have unallocated funds recorded in the reserve balances.
- \*7. An analysis of deferred wages reported in the notes to the financial statements could not be provided at the time of audit.
- \*8. The governing body did not adopt a resolution authorizing interest to be charged on delinquent taxes in the current year.
9. The Federal and State Grant Fund subsidiary ledger was not updated to reflect audited balances.
10. There were tax overpayments from prior years that were not refunded nor applied.
11. Large receivable and reserve balances exist in the Community Development and Home Loan Trust Funds which she be investigated for collectability.

**Purchasing:**

1. There were instances in which bid packets selected for review did not contain all required documents.
2. There were instances where goods and/or services were ordered prior to encumbrance.
3. There were instances in which original Request for Proposal documentation was not provided at the time of audit.

**CITY OF EAST ORANGE  
COMMENTS & RECOMMENDATIONS  
DECEMBER 31, 2014**

**Comments: (continued)**

**Payroll:**

1. There were instances in which enrolled employees health benefit deductions were not being calculated in accordance with Chapter 78, P.L. 2011.
2. There were instances in which employee's longevity amounts did not agree to contracted percentages.

**Municipal Court:**

1. There are 2,105 tickets Eligible for FTA over 14 days on the December Monthly Management Report.
2. There are 15,289 tickets Assigned over 180 days on the December Monthly Management Report.
3. There are 379 tickets in Other Case Status on the December Monthly Management Report.
4. Monies collected are not being turned over to the proper agencies prior to the fifteenth of the subsequent month.
- \*5. There are checks included on the General and Bail Account reconciliations that have been outstanding for longer than 180 days.
- \*6. There are transactions included on the General Account reconciliation dating back to 2009 which were never posted to A.T.S..
- \*7. The reconciled cash balance in the Bail Account does not agree to the Analysis of Open Bail.

**Water Utility Commission:**

1. Line item amounts of the Water Utility operating budget appropriations in the internal accounting system did not agree to the adopted budget.
2. A detailed list of open encumbrances that agrees to the general ledger balance could not be provided at the time of audit.
3. A detailed list of accounts payable balances that agrees to the general ledger balance could not be provided at the time of audit.
4. The analysis of municipal liens provided by the Water Utility Commission does not agree to the analysis maintained by the operating system.
5. An analysis of consumer accounts receivable that agrees to the general ledger balance could not be provided at the time of audit.

**CITY OF EAST ORANGE  
COMMENTS & RECOMMENDATIONS  
DECEMBER 31, 2014**

**Recommendations:**

**Finance:**

- \*1. That trust account balances be reviewed and consideration be given to either closing inactive accounts and/or consolidating bank accounts in instances where there are multiple bank accounts or one trust reserve. Also, reserves should be reviewed to determine if the balance should be cancelled or if a Dedication by Rider should be obtained.
- \*2. That a detailed list of open purchase orders that agrees to the trial balance be maintained and made available at the time of audit. Also, open purchase orders should be reviewed prior to year end to determine validity.
- \*3. That a detailed list of accounts payable be provided at the time of audit.
- \*4. That the Economic Development Micro Loans be evaluated for collectability and be cancelled if necessary.
- \*5. More care be taken to ensure an accurate analysis of outstanding receivables is maintained and made available at the time of audit.
- \*6. That the reserve balances be reviewed and any unallocated amounts be turned over to the current fund.
- \*7. That an accurate analysis of employees still eligible for deferred wages reported in the notes to the financial statements be prepared and made available for audit.
- \*8. That a resolution authorizing interest to be charged on delinquent taxes be adopted annually in accordance with N.J.S.A. 54:4-67.
9. That the subsidiary ledger be updated to reflect audit balances.
10. That tax overpayments be refunded in a timely manner.
11. That Community Development and Home Loan Trust Fund receivable and reserve balances be reviewed to ensure collection is possible and cancelled if necessary.

**Purchasing:**

1. That the City should refer to the Local Public Contracts Law guidance to ensure all required documentation is complete and available for review at time of audit.
2. That all goods and/or services be ordered prior to encumbrance.
3. That all Request for Proposal documents be maintained and be made available for review.

**CITY OF EAST ORANGE  
COMMENTS & RECOMMENDATIONS  
DECEMBER 31, 2014**

**Recommendations: (continued)**

**Payroll:**

1. That all enrolled employees health benefit deductions be calculated in accordance with Chapter 78, P.L. 2011.
2. That longevity calculations be reviewed to ensure proper percentages are computed for all eligible employees

**Municipal Court:**

1. That tickets Eligible for FTA over 14 days be processed in a timely manner.
2. That tickets Assigned over 180 days be recalled by the Court Administrator.
3. That items in Other Case Status be processed in a timely manner.
4. That all stale dated checks be cancelled and the monies be turned over to the proper agencies.
5. That more care be taken to ensure that all transactions are posted to the system in a timely manner.
6. That the unallocated balance in the Bail Account be investigated and if necessary the monies be turned over to the proper agencies.
7. That more care be taken to ensure that all requested information is made available at the time of audit.

**Water Utility Commission:**

1. That the Water Utility operating budget appropriations be entered into the internal accounting system as reflected in the adopted budget.
2. That a detailed list of open purchase orders that agrees to the trial balance be maintained and made available at the time of audit.
3. That a detailed list of accounts payable be provided at the time of audit.
4. That the analysis of municipal liens maintained by the Water Utility Commission be compared to the operating system and proper adjustments be made.
5. That an accurate analysis of consumer accounts receivable that agrees to the general ledger be maintained and made available at the time of audit.

**CITY OF EAST ORANGE**

**STATUS OF PRIOR YEAR AUDIT FINDINGS/RECOMMENDATIONS**

A review was performed on all prior year recommendations and corrective action was taken on all, except for those recommendations denoted with an asterisk ("\*").

The problems and weaknesses noted in our audit were not of such magnitude that they would affect my ability to express an opinion on the financial statements taken as a whole.

Should any questions arise as to my comments or recommendations, or should you desire assistance in implementing my recommendations, please do not hesitate to call me.

Respectfully submitted,



Steven D. Wielkotz  
Registered Municipal Accountant  
No. CR00413



FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.  
Certified Public Accountants  
Pompton Lakes, New Jersey

October 2, 2015

