

**CITY COUNCIL**

**The City of Orange Township, New Jersey**

**DATE** February 6, 2024

**NUMBER** 84-2024

**TITLE:** A RESOLUTION AUTHORIZING A CONTRACT WITH PFK O'CONNOR DAVIES, LLP TO SERVE AS MUNICIPAL AUDITORS, PERFORM THE CALENDAR YEAR 2023 AUDIT, AND TO ASSIST WITH THE PREPARATION OF THE ANNUAL FINANCIAL STATEMENT, AS NEEDED, ALONG WITH ANCILLARY ACCOUNTING SERVICES IN AN AMOUNT NOT TO EXCEED \$125,000.00

**WHEREAS**, pursuant to law, the City of Orange Township, through the Municipal Council is charged with causing an annual audit to be conducted; and

**WHEREAS**, a Request for Proposal/Qualification for a Municipal Auditor was advertised for and there was only one response which was received from PKF O'Connor Davies, LLP; and

**WHEREAS**, the qualification /proposal submitted was reviewed by Qualified Purchasing Agent; and

**WHEREAS**, based on the fact that only one response was received and said respondent is qualified to render the professional service for which the City of Orange Township advertised; and

**WHEREAS**, the Chief Financial Officer who is the Qualified Purchasing Agent is recommending to the Municipal Council the appointment of PKF O'Connor Davies, LLP to be the auditor of the financial books record for CY 2023; and

**WHEREAS**, the Chief Financial Officer of the City of Orange Township has prepared the necessary Certificate of Availability of Funds, a copy of which is attached hereto certifying that funds will be available for this purpose in Account No. 4-01-20-131-000-528, contingent upon Council approval and inclusion of said item in the Temporary Budget and adopted 2024 Budget there will be sufficient funds to contract PFK O'Connor Davies, LLP; and

**NOW, THEREFORE , BE IT RESOLVED** that the Municipal Council of the City of Orange Township hereby accepts the recommendation to engage PKF O'Connor Davies LLP as Municipal Auditor for the City of Orange Township for the CY 2023 (January 1, 2023- December 31, 2023) and to assist with the preparation of the CY2023 Annual Financial Statements as needed at a cost not to exceed \$125,000.00; and

**BE IT FURTHER RESOLVED** that the Mayor the City of Orange Township is hereby authorized to execute a contract with the above company for the services as outlined in the publicly advertised RFP/Q.

**Adopted: February 6, 2024**

\_\_\_\_\_  
**Joyce Lanier**  
Municipal Clerk

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**Tency Eason**  
Council President

  
\_\_\_\_\_  
**A. MIZRAHI**  
CITY ATTORNEY

CITY OF ORANGE TOWNSHIP  
FINANCE DEPARTMENT

CERTIFICATION OF FUNDS  
NEXT BUDGET

I, Nile Clements, Chief Financial Officer for the City of Orange Township, do hereby confirm that based on the Quote or RFP, RFQ, bid results or "extraordinary unspecifiable services" without competitive bids for 2024 service contract, and the resolution to be presented to the Council for approval, and contingent upon Council approval and inclusion of said item in the Temporary Budget and adopted 2024 Budget, there will be sufficient funds to contract with:

Vendor Name: O'Connor Davies

Address: 20 Commerce Drive  
Suite 301

City: Cranford  
State: New Jersey  
Zip Code: 07016

Purpose: Municipal Auditors for CY 2023  
Vendor ID: OCONN005

Temporary Budget: \$ 31,250.00  
Fund: Current Fund  
Line Description FIN - Audit - Financial Services  
Account Numbers(s): CY'24 4-01-20-131-000-528

The remainder of: \$ 93,750.00  
will be provided in  
Fund: Current Fund  
Line Description FIN - Audit - Financial Services  
Account Numbers(s): CY'24 4-01-20-131-000-528

Purchase Order # : 24-00272

Amount not to exceed: \$ 125,000.00

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Division Head

Date

*Nile Clements*

1/24/2024

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Chief Financial Officer

Date

**Public Notice**

**Request for**

**Proposals/Qualifications**

Notice is hereby given that the City of Orange will receive Responses to the RFP/Q on Wednesday, January 24, 2024 at 11:00 A.M. in City of Orange, City Hall, 29 North Day Street, Room 206, Orange, New Jersey for the following professional services:

**AUDITING/CONSULTANT SERVICES**

Proposals are being solicited through a Fair and Open process in accordance with N.J.S.A. 19:44A-20.4. Requests for Qualifications/Proposals (RFP/Q) may be obtained at the City of Orange, 29 North Day Street, Orange, New Jersey 07050, from Nile S. Clements, Qualified Purchasing Agent, between the hours of 9:00 A.M. and 4:00 p.m., Monday through Friday. All questions regarding the RFP/Q must be made in writing and directed to the Qualified Purchasing Agent. Questions may be faxed to (973) 6740621. Submissions must be made in the form required by the specifications and one (1) original and five (5) copies must be delivered to reach the Purchasing Agent prior to the time for the receipt of Proposal. All information requested in the Request for Proposals must be provided or the submission may be disqualified. Submissions must be sealed and plainly marked on the outside of the sealed envelope to the services for which the Proposal is submitted. The City of Orange Township reserves the right to reject any and all submissions, to waive any informality in the RFP/Q process, and to accept any submissions which, in their judgment, are most advantageous, price and other factors considered, and will best serve the interest of the City of Orange Township. Submitters are re-

quired to comply with the re-  
quirements of N.J.S.A. 10:5-31  
et seq and N.J.A.C. 17:27.  
1.11.24 \$58.48



Mr. Niles Clements  
Chief Financial Officer  
City of Orange Township  
29 North Day Street  
Orange, New Jersey 07050

Dear Mr. Clements:

This letter sets forth our understanding of the terms and objectives of our engagement, and the nature and scope of the services we will provide to the City of Orange Township (the "City") for the period ending December 31, 2023.

Prior to the commencement of our audit(s) we may not know if an audit performed in accordance with the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards ("Uniform Guidance") is required. Consequently, this letter includes the words "if applicable" next to relevant single audit communication requirements.

#### **Audit Scope and Objectives**

We will audit the regulatory basis financial statements of the various funds and account group of the City as of December 31, 2023 and 2022, the related statements of revenues, expenditures and changes in fund balances for the years ending December 31, 2023 and 2022, statement of fund balance, statements of revenues, statements of expenditures and related notes to the financial statements and issue our report by the statutory deadline., in which the work will be performed in 2024.

We have also been engaged to report on supplementary information required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements for Federal Awards (if applicable) and by New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid (if applicable) that accompanies the City's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and will provide an opinion on it in relation to the financial statements as a whole:

- 1) Analysis by fund
  - a) Current Fund
  - b) Trust Fund
  - c) General Capital Fund
  - d) Water/Sewer Utility Fund
  - e) General Fixed Assets Account Group
- 2) Supplementary exhibits
  - a) Supplementary Data
  - b) Officials in Office and Report on Surety Bonds as of December 31, 2022
  - c) Comments and Recommendations
- 3) Schedule of expenditures of federal and state awards (if applicable)
- 4) Schedule of findings and questioned costs and prior year audit findings (if applicable)

The objectives of our audit are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud, error, misappropriation of assets, or violations of laws or governmental regulations that are attributable to the City or to acts by management or employees acting on behalf of the City; and issue an auditor's report that includes our opinion about whether your financial statements are fairly presented, in all material respects, in conformity with the regulatory basis as prescribed by the Division; and report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Because the determination of abuse is subjective, GAGAS do not expect auditors to provide reasonable assurance of detecting abuse. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, GAGAS, the audit requirements prescribed by the Division, Uniform Guidance (if applicable) and NJ OMB Circular 15-08 (if applicable) will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user made based on the financial statements.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

We will conduct the audit in accordance with US GAAS, GAGAS, the audit requirements prescribed by the Division, Uniform Guidance (if applicable) and NJ OMB Circular 15-08 (if applicable), and will include tests of accounting records, a determination of *major* programs in accordance with Uniform Guidance (if applicable) and NJ OMB Circular 15-08 (if applicable), and other procedures we consider necessary to enable us to express such opinions. As part of an audit in accordance with US GAAS, GAGAS the audit requirements prescribed by the Division, Uniform Guidance (if applicable) and NJ OMB Circular 15-08 (if applicable), we exercise professional judgment and maintain professional skepticism throughout the audit.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is an unavoidable risk that some material misstatements may exist and not be detected by us even though the audit is properly planned and performed in accordance with US GAAS, GAGAS, the audit requirements prescribed by the Division, Uniform Guidance (if applicable) and NJ OMB Circular 15-08 (if applicable). In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements and on those programs we have determined to be major programs (if applicable). However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting or misappropriation of assets and any material abuse that comes to our attention. We will include such matters in the reports required for a Single Audit (if applicable). We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential.

The objective for our audit also includes reporting on:

- Internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts or grant agreements, noncompliance with which could have a material effect on the financial statements in accordance with GAGAS.
- Internal control related to *major* programs and an opinion (or disclaimer of opinion) on compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a direct and material effect on each major program in accordance with Uniform Guidance, Audits of States, Local Governments and Non-Profit Organizations (if applicable) and NJ OMB Circular 15-08 (if applicable).

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the City's compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to GAGAS.

Uniform Guidance (if applicable) and NJ OMB Circular 15-08 (if applicable) requires that we also plan and perform the audit to obtain reasonable assurance about whether the City has complied with applicable laws and regulations and the provisions of contracts and grant agreements applicable to major programs. Our procedures will consist of tests of transactions and other applicable procedures described in the "Uniform Guidance Compliance Supplement" and NJ State Compliance Supplement for the types of compliance requirements that could have a direct and material effect on each of the City's major programs. The purpose of these procedures will be to express an opinion on the City's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to Uniform Guidance and NJ OMB Circular 15-08. As required by Uniform Guidance and NJ OMB Circular 15-08, we will also perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to prevent or detect material noncompliance with compliance requirements applicable to each major federal award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to Uniform Guidance and NJ OMB Circular 15-08.

Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

We will also include, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain assets and liabilities by correspondence with selected customers, creditors, and financial institutions. We will also request written representations from your attorneys as part of the engagement when required based on our professional judgement.

#### **Significant Risks identified prior to issuing engagement letter**

We have identified the following significant risk(s) of material misstatement as part of our audit planning:

- Management override of internal controls
- Revenue Recognition
- Financial statement presentation and disclosure issues such as obscuring, misstating, or omitting significant information in disclosures

#### **Audit Procedures - Internal Control**

We will obtain an understanding of the City and its environment, including internal control relevant to the audit, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. Accordingly, we will express no such opinion. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards.

Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to prevent and detect misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to GAGAS. An audit is also not designed to identify significant deficiencies or material weaknesses. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit.

## **Audit Procedures - Compliance**

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the City's compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report.

## **Reporting**

We will issue a written report(s) upon completion of our audit of the City's financial statements and written reports required with audits performed in accordance with GAGAS, the Uniform Guidance (if applicable) and NJ OMB Circular 15-08 (if applicable). Our reports will be addressed to management and those charged with governance of the City. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinions, add a separate section, or add an emphasis-of-matter or other-matter paragraph to our auditor's report, or if necessary, withdraw from this engagement. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or withdraw from this engagement.

We will also provide a report (which does not include an opinion) on internal control related to the financial statements and compliance with laws, regulations, and the provisions of contracts or grant agreements, noncompliance with which could have a material effect on the financial statements as required by GAGAS (if applicable).

The reports on internal control and compliance (if applicable) will each include a paragraph that states that the purpose of the report is solely to describe (1) the scope of testing of internal control over financial reporting and compliance and the result of that testing and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance, (2) the scope of testing internal control over compliance for major programs and major program compliance and the result of that testing and to provide an opinion on compliance but not to provide an opinion on the effectiveness of internal control over compliance and (3) that the report is an integral part of an audit performed in accordance with GAGAS in considering internal control over financial reporting and compliance and Uniform Guidance in considering internal control over compliance and major program compliance. The paragraph will also state that the report is not suitable for any other purpose.

At the conclusion of the engagement, we will complete the appropriate sections of the Data Collection Form (if applicable) that summarize our audit findings. It is management's responsibility to submit the reporting package (including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditors' reports, and corrective action plan) along with the Data Collection Form to the federal audit clearinghouse. We will coordinate with you the electronic submission and certification. If applicable, we will provide copies of our report for you to include with the reporting package you will submit to pass-through entities. The Data Collection Form and the reporting package must be submitted within the earlier of 30 days after receipt of the auditors' reports or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audit.

We will also communicate with those charged with governance any (a) fraud involving senior management and other fraud that causes a material misstatement of the financial statements; (b) violations of laws or governmental regulations that come to our attention (unless they are clearly inconsequential); (c) disagreements with management and other serious difficulties encountered in performing the audit; and, (d) various matters related to the Entity's accounting policies and financial statements.

## **Other Services**

PKF O'Connor Davies will also assist in preparing the financial statements of City in conformity with regulatory basis accounting principles as prescribed by the Division based on information provided by you.

PKF O'Connor Davies will perform the services in accordance with applicable professional standards. The other services are limited to the financial statement services previously defined. PKF O'Connor Davies, using professional judgment reserves the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.



## **Responsibilities of Management for the Financial Statements**

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including monitoring ongoing activities; for the selection and application of accounting principles; and for the preparation and fair presentation of the financial statements, including all disclosures, RSI and supplementary information, in conformity with regulatory basis accounting principles as prescribed by the Division.

Management is responsible for making drafts of financial statements, all financial records, and related information available to us and for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers). You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters; (2) additional information that we may request for the purpose of the audit; and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

Your responsibilities include adjusting the financial statements and supplementary information to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements of each opinion unit taken as a whole.

You are responsible for the preparation of the supplementary information in conformity with regulatory basis accounting principles as prescribed by the Division. You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon.

Management's responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the RSI and supplementary information in accordance with the regulatory basis of accounting prescribed by the Division; (2) you believe the RSI and supplementary information, including its form and content, is fairly presented in accordance with the regulatory basis prescribed by the Division; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the RSI and supplementary information.

Management is responsible for management decisions and assuming all management responsibilities; for designating an individual with suitable skill, knowledge, and/or experience to oversee assistance with preparing the financial statements other non-attest services PKF O'Connor Davies provides; and for evaluating the adequacy and results of those services and accepting responsibility for them.

Management is also responsible for identifying government award programs and understanding and complying with the compliance requirements, and for preparation of the schedule of expenditures of federal and/or state awards in accordance with the requirements of Uniform Guidance (if applicable) and NJ OMB Circular 15-08 (if applicable). As part of the audit, we will assist with preparation of your financial statements, schedules of expenditures of federal and/or state awards (if applicable), and related notes. You agree to include our report on the schedule of expenditures of federal and/or state awards in any document that contains, and indicates that we have reported on, the schedules of expenditures of federal and/or state awards. You also agree to include the audited financial statements with any presentation of the schedule of expenditures of federal and/or state awards that includes our report thereon. You are responsible for making all management decisions and assuming all management responsibilities relating to the financial statements, schedule of expenditures of federal and/or state awards and related notes, and for accepting full responsibility for such decisions.

Management is also responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud or illegal acts affecting the Entity involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud or illegal acts could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the Entity received in communications from

employees, former employees, grantors, regulators or others. In addition, you are responsible for identifying and ensuring that the City complies with applicable laws, regulations, contracts, agreements and grants and for taking timely and appropriate steps to remedy any fraud, illegal acts, violations of contracts or grant agreements, or abuse that we may report. Additionally, as required by Uniform Guidance (if applicable) and NJ OMB Circular 15-08 (if applicable) it is management's responsibility to follow up and take corrective action on reported audit findings and to prepare a summary schedule of prior audit findings and a corrective action plan.

In order to help ensure that appropriate goals and objectives are met and that there is reasonable assurance that government programs are administered in compliance with compliance requirements, management is responsible for establishing and maintaining effective internal control, including internal control over compliance, and for evaluating and monitoring ongoing activities.

Management's responsibilities also include identifying any significant vendor relationships in which the vendor has responsibility for program compliance and for the accuracy and completeness of that information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying for us previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the audit objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other engagements or studies. The City is also responsible for providing management's **views** on our current findings, conclusions, and recommendations, as well as your planned corrective actions for the report, and for the timing and format for providing that information.

At the conclusion of the engagement we will request from management written confirmation concerning representations made to us in connection with the audit. The representation letter, among other things, will confirm management's responsibility for: (1) the preparation of the financial statements in conformity with the regulatory basis prescribed by the Division, (2) the availability of financial records and related data, and (3) the completeness and availability of all minutes of board meetings. Management's representation letter will further confirm that: (1) the effects of any uncorrected misstatements aggregated by us during the engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole, and (2) we have been informed of, or that there were no incidences of, fraud involving management or those employees who have significant roles in the City's internal control. You will also be required to acknowledge in the management representation letter, when applicable, our assistance with preparation of the financial statements and related schedules, RSI and the schedule of expenditures of federal and/or state awards (if applicable) and that you have reviewed and approved the financial statements, aforementioned schedules and RSI, and related notes prior to their issuance and have accepted responsibility for them. We will place reliance on these representations in issuing our report.

To the best of your knowledge, you are unaware of any facts which might impair our independence with respect to this engagement.

The financial statements are the property of the City and can be reproduced and distributed as management desires. However, you must notify us in advance and obtain our approval if you intend to make reference to our firm in a document that includes our auditors' report on the financial statements. Because our engagement does not contemplate the foregoing, there may be an additional fee in connection with our review of any such documents. In the event our auditor/client relationship has been terminated when the City seeks such consent, we will be under no obligation to grant such consent or approval.

With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on your website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

We understand that your accounting department personnel will assist us to the extent practicable in completing the audit. They will provide us with detailed trial balances, supporting schedules, and other information we deem necessary. A list of these schedules and other items of information will be furnished to you before we begin the audit. The timely and accurate completion of this information is an essential condition to our completion of the audit and the issuance of the audit report.

We keep documents related to this engagement in accordance with our records retention policy and applicable regulations or for any additional period requested by the applicable cognizant agency. If we are aware that a federal and/or state awarding agency or the City is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation. We do not keep any original client records, so we will return those to you at the completion of the services rendered under this engagement. When records are returned to you, it is your responsibility to retain and protect your records for possible future use, including potential examination by any government or regulatory agencies.

As part of our engagement, we may propose standard, adjusting, or correcting journal entries to your financial statements. Management, however, has final responsibility for reviewing the proposed entries and understanding the nature and impact of the proposed entries to the financial statements. It is our understanding that management has designated qualified individuals with the necessary expertise to be responsible and accountable for overseeing the acceptance and processing of such journal entries.

#### **Non-reliance on oral advice**

It is our policy to put all advice on which a client intends to rely in writing. We believe that is necessary to avoid confusion and to make clear the specific nature and limitations of our advice. You should not rely on any advice that has not been put in writing by our firm after a full supervisory review.

#### **Electronic and other communication**

During the course of the engagement, we may communicate with you or with City personnel via e-mail or other electronic means. You should be aware that communication in those media may be unsafe to use and present a risk of misdirection and/or interception by unintended third parties, or failed delivery or receipt. In that regard, you agree that we shall have no liability for any loss or damage to any person or entity resulting from the use of e-mail or other electronic transmissions, including any consequential, incidental, direct, indirect or special damages.

#### **Access to working papers**

During the course of this engagement, we will develop files of various documents, schedules and other related engagement information known as our working papers. As we are sure you can appreciate, these working papers may contain confidential information and our firm's proprietary data. You understand and agree that these working papers are, and will remain, our exclusive property. Except as discussed below, any requests for access to our working papers will be discussed with you before making them available to requesting parties:

- (1) Our firm, as well as other accounting firms, participates in a peer review program covering our audit and accounting practices. This program requires that once every three years we subject our system of quality control to an examination by another accounting firm. As part of this process, the other firm will review a sample of our work. It is possible that the work we perform for you may be selected for review. If it is, the other firm is bound by professional standards to keep all information confidential.
- (2) We may be requested to make certain working papers available to regulators pursuant to authority given to them by law, regulation or subpoena. Such regulators may include (i) a federal agency providing direct or indirect funding or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities; (ii) the American Institute of Certified Public Accountants; and (iii) the State Board of Accountancy. If requested, access to such working papers will be provided under the supervision of our personnel. Furthermore, upon request, we may provide photocopies of selected working papers to them. The regulator may intend, or decide, to distribute the photocopies or information contained therein to others, including other government agencies.

#### **Fees and billing**

Our fee for these services will be \$87,500.

Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 90 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our

engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur additional costs.

### **Liability**

Any and all claims by the City arising under this engagement must be commenced by the City within one year following the date on which our firm delivered our report on the financial statements associated with this engagement or the date the City is informed of the engagement's termination in the event our report is not delivered, for any reason.

Our firm's maximum liability to the City for any reason relating to the services under this letter shall be limited to three times the fees paid to the firm for the services or work product giving rise to liability, except to the extent it is finally determined that such liability resulted from the willful or intentional misconduct or fraudulent behavior of the firm. In no event shall the firm be liable to the City, whether a claim be in tort, contract or otherwise, for any consequential, special, indirect, lost profit or similar damages.

### **Reimbursement**

You agree to reimburse our firm, its partners, principals and employees, to the fullest extent permitted by law for any expense, including compensation for our time at our standard billing rates and reimbursement for our out-of-pocket expenses and reasonable attorneys' fees, incurred in complying with or responding to any request (by subpoena or otherwise) for testimony, documents or other information concerning the Entity by any governmental agency or investigative body or by a party in any litigation or dispute other than litigation or disputes involving claims by the Entity against the firm. This agreement will survive termination of this engagement.

### **Dispute resolution**

Any claim or controversy ("dispute") arising out of or relating to this engagement, the services provided thereunder, or any other services provided by or on behalf of the firm or any of its subcontractors or agents to the City or at its request (including any dispute involving any person or entity for whose benefit the services in question are or were provided), except any claim by our firm seeking payment of our fees and disbursement, shall first be submitted in good faith for mediation administered by the American Arbitration Association ("AAA") under its Mediation Rules. Each party shall bear its own costs in the mediation. Absent an agreement to the contrary, the fees and expenses of the mediator shall be shared equally by the parties.

If the dispute is not resolved by mediation within 90 days of its submission to the mediator, then, and only then, the parties shall submit the dispute for arbitration administered by the American Arbitration Association under its Professional Accounting and Related Services Dispute Resolution Rules (the "Rules"). The arbitration will be conducted before a single arbitrator selected from the AAA's Panel of Accounting Professionals and Attorneys and shall take place in New Jersey.

Any discovery sought in connection with the arbitration must be expressly approved by the arbitrator upon a showing of substantial need by the party seeking discovery.

All aspects of the arbitration shall be treated as confidential. The parties and the arbitrator *may* disclose the existence, content or result of the arbitration only as expressly provided by the Rules.

The arbitrator shall issue his or her final award in a written and reasoned decision to be provided to each party. In his or her decision, the arbitrator will declare one party the prevailing party. The arbitrator shall have the power to award to the prevailing party reasonable legal fees associated with the arbitration and prior mediation. The arbitrator shall have no authority to award non-monetary or equitable relief of any sort. The arbitrator shall not have authority to award damages that are punitive in nature, or that are not measured by the prevailing party's actual compensatory loss.

The award reached as a result of the arbitration will be binding on the parties and confirmation of the arbitration award may be sought in any court having jurisdiction.

This engagement will be governed by the laws of the State of New Jersey, without giving effect to any provisions relating to conflict of laws that would require the laws of another jurisdiction to apply.

### **Hosting services**

In order to maintain our independence in accordance with the AICPA's Code of Professional Conduct, we cannot host or maintain any client information. You are expected to retain all financial and non-financial information including anything you upload to a portal and are responsible for downloading and retaining anything we upload in a timely manner. Portals are only meant as a method of transferring data, are not intended for the storage of client information, and may be deleted at any time. You are expected to maintain control over your accounting systems to include the licensing of applications and the hosting of said applications and data. We do not provide electronic security or back-up services for any of your data or records. Giving us access to your accounting system does not make us hosts of information contained within.

### **Employment of firm partner or professional employee**

The City acknowledges that hiring current or former PKF O'Connor Davies personnel participating in the engagement may be perceived as compromising our objectivity, and depending on the applicable professional standards, impairing our independence in certain circumstances. Accordingly, prior to entering into any employment discussions, with such known individuals, you agree to discuss the potential employment, including any applicable independence ramifications, with the engagement partner responsible for the services.

In addition, during the term of this Engagement Letter and for a period of one (1) year after the services are completed, we both agree not to solicit, directly or indirectly, or hire the other's personnel participating in the engagement without express written consent. If this provision is violated, the violating party will pay the other party a fee equal to the hired person's annual salary in effect at the time of the violation to reimburse the estimated costs of hiring and training replacement personnel.

### **Confirmation and other**

*David J. Gannon and Anthony Branco* are the engagement partners and are responsible for supervising the engagement and signing the report or authorizing another individual to sign it. We expect to begin our audit on approximately June 1, 2024.

GAGAS require that we provide you with a copy of our most recent external peer review report, and any subsequent peer review reports received during the period of the contract. Our latest peer review report accompanies this letter.

We will provide copies of our reports to the City; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

Our audit engagement for December 31, 2023 ends on delivery of our audit report covering that period. Requests for services other than those included in this engagement letter will be agreed upon separately. All rights and obligations set forth herein shall become the rights and obligations of any successor firm to PKF O'Connor Davies, LLP by way of merger, acquisition or otherwise.

PKF O'Connor Davies ("LLP") and PKF O'Connor Davies Advisory LLC Advisory") practice in an alternative practice structure in accordance with applicable law, regulations and professional standards. LLP provides attest services to its clients. Advisory is not a registered CPA firm and does not provide audit or attest services. LLP has a contractual agreement with Advisory, whereby Advisory provides LLP with professional and support personnel to perform professional services on behalf of LLP. In connection with our services, we may share information that we currently have and/or receive in the future between LLP and Advisory. Unless you indicate otherwise, your acceptance of the terms of this engagement shall be understood by us as your consent for LLP, Advisory and its employees to share confidential information between LLP and Advisory. LLP and Advisory have policies in place that require their employees maintain as confidential all client information that is not otherwise publicly available.

If this letter correctly expresses your understanding of the terms of our engagement, including our respective responsibilities, please sign the enclosed copy where indicated and return it to us.

We are pleased to have this opportunity to serve you.

Very truly yours,

*PKF O'Connor Davies, LLP*

Enc.

The services and terms described in the foregoing letter are in accordance with our requirements and are acceptable to us.

**City of Orange Township**

**BY:** \_\_\_\_\_

**TITLE:** \_\_\_\_\_


**DATE:** \_\_\_\_\_

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





## Appendix D: Required Forms

### BUSINESS REGISTRATION CERTIFICATE

 <p><b>STATE OF NEW JERSEY BUSINESS REGISTRATION CERTIFICATE</b></p>	
<b>Taxpayer Name:</b>	PKF O'CONNOR DAVIES, LLP
<b>Trade Name:</b>	
<b>Address:</b>	300 TICE BOULEVARD SUITE 315 WOODCLIFF LAKE, NJ 07677
<b>Certificate Number:</b>	1609636
<b>Effective Date:</b>	January 05, 2011
<b>Date of Issuance:</b>	March 24, 2020
<b>For Office Use Only:</b>	
20200324151743639	

### CERTIFICATE OF EMPLOYEE INFORMATION REPORT

<p style="text-align: right;">Certification 19606</p> <p><b>CERTIFICATE OF EMPLOYEE INFORMATION REPORT    RENEWAL</b></p>	
<p>This is to certify that the contractor listed below has submitted an Employee Information Report pursuant to N.J.A.C. 17:27-1.1 et. seq. and the State Treasurer has approved said report. This approval will remain in effect for the period of <b>15-Aug-2022 to 15-Aug-2025</b></p>	
<p><b>PKF O'CONNOR DAVIES, LLP</b> <b>300 TICE BLVD.</b> <b>WOODCLIFF LAKE      NJ    07677</b></p>	
	 <b>ELIZABETH MAHER MAJOIO</b> State Treasurer



**POLITICAL CONTRIBUTION DISCLOSURE SECTION**

*(The following section must be completed)*

\* None own more than 10%.

I hereby attest that the undersigned business entity, its subsidiaries, assigns or principals controlling in excess of 10% of the company has neither made a contribution, that is reportable pursuant to the Election Law Enforcement Commission pursuant to N.J.S.A. 19:44A-8 or 19:44A-16, in the one (1) year period preceding the award of the contract that would, pursuant to P.L. 2004, c.19, affect its eligibility to perform this contract, nor will it make a reportable contribution during the term of the contract to any political party committee in the *City of Orange and/or County of Essex*, if a member of that political party is serving in an elective public office of that *City of Orange and/or County of Essex* when the contract is awarded, or to any candidate committee of any person serving in an elective public office of that *City of Orange and/or County of Essex* when the contract is awarded.

**OR**

I hereby attest that the undersigned business entity, its subsidiaries, assigns or principals controlling in excess of 10% of the company has made reportable political contributions (more than \$300 per election cycle) over the 12 months prior to submission to the committees of the government entities listed below:

**NA - None owns more than 10%**

Contributor Name	Recipient Name	Date	Dollar Amount
			\$

Sign and notarize the form below, and, if necessary, complete the stockholder list below.

**Stockholders:**

Name :

NA - None own more than 10%.

Home Address:

\_\_\_\_\_

Name :

\_\_\_\_\_

Home Address:

\_\_\_\_\_

Name :

\_\_\_\_\_

Home Address:

\_\_\_\_\_

Name :

\_\_\_\_\_

Home Address:

\_\_\_\_\_

Subscribed and sworn before me

This 10th day of January, 2023

Affiant

*David J. Gannon*  
David J. Gannon, Partner

(Print name & title of affiant)

(Notary Public)

My Commission expires:

*Klamz*

KATHY CARUANO  
Notary Public, State of New Jersey  
My Commission Expires  
April 05, 2023

