

**PRELIMINARY OFFICIAL STATEMENT DATED APRIL 30, 2026**

**NEW ISSUE**

**RATING: See “Rating” herein**

*In the opinion of DeCotiis, FitzPatrick, Cole & Giblin, LLP, Bond Counsel, assuming continuing compliance by the City of Elizabeth (the “City”) with certain covenants described herein, under current law, interest on the Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and is not an item of tax preference for the purpose of the federal alternative minimum tax imposed on individuals; however, such interest may be taken into account for the purpose of computing the alternative minimum tax imposed on certain corporations. No opinion is expressed regarding other federal tax consequences arising with respect to the Bonds. Further, in the opinion of Bond Counsel, under current law interest on the Bonds and any gain on the sale thereof are not includable as gross income under the New Jersey Gross Income Tax Act. See “TAX MATTERS” herein.*

**CITY OF ELIZABETH  
(Union County, New Jersey)**

**\$16,000,000\***  
**GENERAL OBLIGATION BONDS, SERIES 2026**  
**consisting of**  
**\$10,000,000\* General Improvement Bonds,**  
**and**  
**\$6,000,000\* Sewer Utility Bonds**

**Dated: Date of Delivery**

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

The aggregate principal amount of \$16,000,000\* General Obligation Bonds, Series 2026, consisting of \$10,000,000\* General Improvement Bonds, and \$6,000,000\* Sewer Utility Bonds (the “Bonds”) of the City of Elizabeth, in the County of Union, New Jersey (the “City”), will be issued as fully registered securities, registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, New York (“DTC”), which will maintain a book-entry system for recording ownership interests of DTC Participants. Individual purchases of the beneficial ownership interests in the Bonds may be made in book-entry only form on the records of DTC and its Participants and only in the principal amount of \$5,000 or any integral multiple of \$1,000 in excess thereof. Beneficial Owners of the Bonds will not receive certificates representing their interests in the Bonds. As long as Cede & Co is the registered owner, as nominee of DTC, references in this Official Statement to the registered owners (other than under the caption “Tax Matters”) shall mean Cede & Co., and not the Beneficial Owners of the Bonds. See “BOOK-ENTRY ONLY SYSTEM” herein.

The Bonds are valid and legally binding obligations of the City and, unless paid from other sources, are payable from ad valorem taxes levied upon all the taxable real property within the City for the payment of the Bonds and the interest thereon without limitation as to rate or amount.

Principal on the Bonds is payable on May 15 in each of the years set forth on the inside front cover hereof. Interest on the Bonds will be paid semiannually on November 15 and May 15 in each year until maturity or earlier redemption, commencing on November 15, 2026. The Bonds are subject to redemption prior to maturity. See “THE BONDS – Optional Redemption” herein.

As long as DTC or its nominee Cede & Co. is the registered owner of the Bonds, payment of the principal and interest on the Bonds will be made by the City directly to DTC or its nominee Cede & Co. Interest on the Bonds will be credited to the participants of DTC as listed on the records of DTC as of each November 1 and May 1 (the “Record Dates”) preceding the dates for the payment of interest on the Bonds.

*The Bonds are offered when, as and if issued and delivered to the Underwriter (as defined herein), subject to prior sale, to withdrawal or modification of the offer without notice and to approval of legality by the law firm of DeCotiis, FitzPatrick, Cole & Giblin, LLP, Paramus, New Jersey, and certain other conditions described herein. Certain legal matters will be passed upon for the City by the City’s Special Counsel, Jorge Estrada, Esq. Echo Valley Advisors, LLC, Livingston, New Jersey has acted as Municipal Advisor to the City. It is expected that the Bonds will be available for delivery to DTC on May 21, 2026.*

**BID PROPOSALS FOR THE BONDS WILL BE ACCEPTED UNTIL 11:00 A.M. ON MAY 7, 2026**  
**BY THE PARITY ELECTRONIC BID SYSTEM OF i-Deal LLC**  
**FOR MORE DETAILS REFER TO THE NOTICE OF SALE**  
**POSTED AT [www.i-dealprospectus.com](http://www.i-dealprospectus.com)**

\* Preliminary; subject to change.

**City of Elizabeth**  
**\$16,000,000\***  
**GENERAL OBLIGATION BONDS, SERIES 2026**  
**consisting of**  
**\$10,000,000\* General Improvement Bonds**  
**and**  
**\$6,000,000\* Sewer Utility Bonds**

Year (May 15)	General Improvement Bonds*	Sewer Utility Bonds*	Combined Bonds*	Interest Rate	Yield	CUSIP No.**
2027	\$605,000	\$330,000	\$935,000	%	%	286678
2028	615,000	335,000	950,000	%	%	286678
2029	625,000	345,000	970,000	%	%	286678
2030	645,000	355,000	1,000,000	%	%	286678
2031	660,000	365,000	1,025,000	%	%	286678
2032	675,000	375,000	1,050,000	%	%	286678
2033	695,000	385,000	1,080,000	%	%	286678
2034	715,000	395,000	1,110,000	%	%	286678
2035	735,000	405,000	1,140,000	%	%	286678
2036	755,000	415,000	1,170,000	%	%	286678
2037	780,000	430,000	1,210,000	%	%	286678
2038	805,000	445,000	1,250,000	%	%	286678
2039	830,000	455,000	1,285,000	%	%	286678
2040	860,000	475,000	1,335,000	%	%	286678
2041		490,000	490,000	%	%	286678

\* Preliminary; subject to change.

\*\* CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein are provided by Standard & Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. The CUSIP numbers listed above are being provided solely for the convenience of holders only at the time of issuance of the Bonds and the City does not make any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

**CITY OF ELIZABETH  
COUNTY OF UNION, NEW JERSEY**

***MAYOR***

J. Christian Bollwage

***CITY COUNCIL***

Manny Grova, Jr., President

Nelson Gonzalez	Kevin Kiniery
Frank Cuesta	Frank O.Mazza
William Gallman, Jr.	Patricia Perkins-Auguste
Carlos Cedenó	Carlos Torres

***BUSINESS ADMINISTRATOR***

Bridget S. Anderson

***CHIEF FINANCIAL OFFICER***

Anthony M. Zengaro

***CITY TREASURER***

Paul M. Lesniak

***CITY ATTORNEY***

Vacant

***AUDITOR***

Suplee, Clooney & Company

***BOND COUNSEL***

DeCotiis, FitzPatrick, Cole & Giblin, LLP

***MUNICIPAL ADVISOR***

Echo Valley Advisors, LLC

No broker, dealer, salesperson or other person has been authorized by the City or the Underwriter to give any information or to make any representations with respect to the Bonds other than those contained in this Official Statement, and, if given or made, such information or representations must not be relied upon as having been authorized by the foregoing. The information contained herein has been provided by the City and other sources deemed reliable; however, no representation or warranty is made as to its accuracy or completeness by the Underwriter or, as to information from sources other than itself, by the City. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in any of the information herein since the date hereof, or the date as of which such information is given, if earlier.

References in this Official Statement to laws, rules, regulations, resolutions, agreements, reports and documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds in any jurisdiction in which it is unlawful for any person to make such an offer, solicitation or sale.

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

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE UNDERWRITER HAS REVIEWED THE INFORMATION IN THIS OFFICIAL STATEMENT PURSUANT TO ITS RESPONSIBILITIES TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS, BUT THE UNDERWRITER DOES NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.

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**OFFICIAL STATEMENT**  
**City of Elizabeth,**  
**in the County of Union, New Jersey**

**Relating to:**

**\$16,000,000\***  
**GENERAL OBLIGATION BONDS, SERIES 2026**  
**consisting of**  
**\$10,000,000\* General Improvement Bonds**  
**and**  
**\$6,000,000\* Sewer Utility Bonds**

**INTRODUCTION**

This Official Statement (the “Official Statement”) which includes the cover page and the Appendices attached hereto, has been prepared by the City of Elizabeth (the “City”), in the County of Union (the “County”), State of New Jersey (the “State”), to provide certain information with respect to the financial and economic condition of the City in connection with the sale and issuance of the \$16,000,000\* General Obligation Bonds, Series 2026, consisting of \$10,000,000\* General Improvement Bonds and \$6,000,000\* Sewer Utility Bonds (the “Bonds”). This Official Statement has been executed by and on behalf of the City by the City's Chief Financial Officer.

**THE BONDS**

**General Description**

The Bonds will be dated their date of delivery, will bear interest from their date and will mature on May 15 in the years and in the principal amounts as set forth on the inside front cover page hereof. Interest on the Bonds is payable on each November 15 and May 15, commencing November 15, 2026 (each, an “Interest Payment Date”), in each year until maturity or prior redemption at the respective interest rates set forth on the inside front cover page of this Official Statement. Principal of and interest on the Bonds will be paid by the City to The Depository Trust Company, New York, New York (“DTC”), acting as securities depository. Interest on the Bonds will be credited to the DTC Participants (as hereinafter defined) as listed on the records of DTC as of the first day of the calendar month in which such Interest Payment Date occurs (the “Record Dates” for the payment of interest on the Bonds).

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\*Preliminary; subject to change.

The Bonds are issuable as fully registered book-entry bonds in the form of one certificate for each maturity of the Bonds of each series and in the principal amount of such maturity. The Bonds will be issued in book-entry form only. Purchases of the Bonds will be made in book-entry form, in the principal amount of \$5,000 or any integral multiple of \$1,000 in excess thereof. Purchasers will not receive certificates representing their interest in Bonds purchased. So long as DTC or its nominee, Cede & Co. (or any successor or assign), is the registered owner of the Bonds, payments of the principal of and interest on the Bonds will be made by the City (or any successor Paying Agent designated by the City) directly to Cede & Co. (or any successor or assign), as nominee for DTC, which will remit such payments to the participants of DTC which will in turn remit such payments to the owners of beneficial interests in the Bonds. See “Book-Entry Only System” herein.

### **Optional Redemption**

The Bonds maturing on or before May 15, 2033, are not subject to redemption prior to their stated maturity. The Bonds maturing on or after May 15, 2034, are subject to redemption prior to maturity at the option of the City, as a whole or in part on any date on or after May 15, 2033, at the redemption price equal to 100% of the principal amount to be redeemed, plus accrued interest thereon to the date fixed for redemption.

Notice of redemption shall be given by mailing by first class mail in a sealed envelope with postage prepaid to the registered owners of the Bonds not less than thirty (30) days nor more than sixty (60) days prior to the date fixed for redemption. Such mailing shall be to the owners of such Bonds at their respective addresses as they last appear on the registration books kept for that purpose by the City or a duly appointed Bond Registrar. Any failure of the securities depository to advise any of its participants or any failure of any participant to notify any beneficial owner of any notice of redemption shall not affect the validity of the redemption proceedings. If the City determines to redeem a portion of the Bonds prior to maturity, the Bonds to be redeemed shall be selected by the City; the Bonds to be redeemed having the same maturity shall be selected by DTC or any successor thereto in accordance with its regulations.

If notice of redemption has been given as provided herein, the Bonds or the portion thereof called for redemption shall be due and payable on the date fixed for redemption at the redemption price, together with accrued interest to the date fixed for redemption. Interest shall cease to accrue on the Bonds after the date fixed for redemption and no further interest shall accrue beyond the redemption date. Payment shall be made upon surrender of the Bonds redeemed.

### **SECURITY AND SOURCE OF PAYMENT**

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

Enforcement of a claim for the payment of principal of or interest on obligations of the City is subject to applicable provisions of Federal bankruptcy law and to the provisions of statutes, if any, hereafter enacted by the Congress of the United States or the Legislature of the State of New Jersey, providing extension with respect to the payment of principal of or interest on the Bonds or imposing other constraints upon enforcement of such contracts insofar as any such constraints may be constitutionally applied. Under State law, a county, municipality or other political subdivision may file a petition under Federal bankruptcy laws and a plan for readjustment of its debt, but only after first receiving the approval of the State Local Finance Board.

### **AUTHORIZATION OF THE BONDS**

The Bonds are authorized by and issued pursuant to the provisions of (i) the Local Bond Law, N.J.S.A. 40A:2-1 et seq., as amended and supplemented (the “Local Bond Law”), (ii) the ordinances of the City numbered 4509, 5136, 5428, 5430, 5658, 5890, 5919, 6177 and 6261 and (iii) a resolution of the City Council adopted on April 14, 2026.

### **PURPOSE OF ISSUE**

Proceeds from the sale and issuance of the Bonds will be used by the City to finance \$10,000,000 in new money general improvement projects and \$6,000,000 in new money sewer utility projects.

The Bonds are issued under the following ordinances:

**A. General Improvement Bonds:**

<u>Ordinance</u>	<u>Project Description</u>	<u>Amount</u>
4509	Mickey Walker Rec Center	\$83,489
5136	Police Headquarters	\$596,511
5428	Lynch Playground	\$2,850,000
5430	Sixth Street Playground	\$1,140,000
5658	Lynch Playground	\$1,140,000
5890	Kellogg Park	\$2,090,000
5919	Security Cameras	\$1,500,000
6177	Pulaski Street Tennis/Pickleball	\$600,000

**B. Sewer Utility Bonds:**

<u>Ordinance</u>	<u>Project Description</u>	<u>Amount</u>
6261	Sewer System Upgrades	\$6,000,000

## **ESTIMATED SOURCES AND USES OF FUNDS**

The following table sets forth the estimated sources and uses of funds, relative to the issuance of the Bonds:

### **Sources**

Proceeds of Bonds	<u>\$16,000,000</u>
Total:	<u>\$16,000,000</u>

### **Uses**

Project Costs	<u>\$16,000,000</u>
Total:	<u>\$16,000,000</u>

## **BOOK-ENTRY ONLY SYSTEM**

The description which follows of the procedures and recordkeeping with respect to beneficial ownership interest in the Bonds, payment of principal and interest and other payments on the Bonds to Direct and Indirect Participants (defined below) or Beneficial Owners (defined below), confirmation and transfer of beneficial ownership interests in the Bonds and other related transactions by and between DTC, Direct Participants and Beneficial Owners, is based on certain information furnished by DTC to the City. Accordingly, the City does not make any representations as to the completeness or accuracy of such information.

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered certificate will be issued for each maturity of the Bonds of each series, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding

company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

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

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

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

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

Payments of principal of, redemption premium, if any, and interest on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent, on the payment date, in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal of, and redemption premium, if any, and interest on the Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

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

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

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable. Neither the City, the Paying Agent nor the Underwriter make any representation as to the completeness or the accuracy of such information or the absence of material adverse changes in such information subsequent to the date hereof.

**NEITHER THE CITY NOR THE PAYING AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO ANY DIRECT PARTICIPANT, INDIRECT PARTICIPANT OR ANY BENEFICIAL OWNER WITH RESPECT TO THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT, THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER, THE DELIVERY BY DTC OR**

ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT TO ANY BENEFICIAL OWNER OF ANY NOTICE WHICH IS REQUIRED OR PERMITTED TO BE GIVEN TO OWNERS OF THE BONDS, OR ANY OTHER ACTION TAKEN BY DTC OR CEDE & CO. AS REGISTERED OWNER OF THE BONDS. THE CURRENT "RULES" APPLICABLE TO DTC ARE ON FILE WITH THE SECURITIES AND EXCHANGE COMMISSION, AND THE CURRENT "PROCEDURES" OF DTC TO BE FOLLOWED IN DEALING WITH DTC PARTICIPANTS ARE ON FILE WITH DTC.

REFERENCE HEREIN TO THE HOLDERS OR REGISTERED OWNERS OF THE BONDS (OTHER THAN UNDER THE CAPTION "TAX MATTERS") SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE BONDS.

If the City, in its sole discretion, determines that DTC is not capable of discharging its duties, or if DTC discontinues providing its services with respect to the Bonds at any time, the City will attempt to locate another qualified Securities Depository. If the City fails to find such Securities Depository, or if the City determines, in its sole discretion, that it is in the best interest of the City or that the interest of the Beneficial Owners might be adversely affected if the book-entry only system of transfer is continued (the City undertakes no obligation to make an investigation to determine the occurrence of any events that would permit it to make such determination) the City shall notify DTC of the termination of the book-entry only system.

In the event that the book-entry only system for the Bonds is discontinued, the City expects that upon receipt of the certificates from DTC and the Participant information, the City will authenticate (or cause to be authenticated) and deliver definitive Bonds to the holders thereof, and the principal of and interest on the Bonds will be payable and the Bonds may thereafter be transferred or exchanged in the manner described in the certificates so provided.

### **MARKET PROTECTION**

The City does not anticipate issuing any additional bonds or bond anticipation notes in the next ninety (90) days.

### **NO DEFAULT**

The City has never defaulted on the payment of its debt service according to available City records.

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

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

The Local Bond Law governs the issuance of bonds and notes to finance certain municipal capital expenditures. Among its provisions are requirements that bonds must mature within the statutory period of usefulness of the projects bonded and that bonds be retired in serial installments. A five percent (5%) cash down payment is generally required to be appropriated for the financing of expenditures for municipal purposes for which bonds are authorized. All bonds and notes issued by the City are general full faith and credit obligations.

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

This law regulates the non-budgetary financial activities of local governments. An annual, independent audit of the local unit's accounts for the previous year must be performed by a licensed Registered Municipal Accountant. The audit, conforming to the Division of Local Government Services "Requirements of Audit," includes recommendations for improvement of the local unit's financial procedures and must be filed with the Director of the Division (the "Director") within six (6) months after the close of the fiscal year. A synopsis of the audit report, together with all recommendations made, must be published in a local newspaper within thirty (30) days of its completion.

The Local Fiscal Affairs Law also requires that the Chief Financial Officer of the local unit file annually with the Director a verified statement of the financial condition of the local unit as of the close of the fiscal year to be made not later than February 10 for December 31 fiscal year end local units and August 10 for June 30 fiscal year end local units.

### **Debt Limits (N.J.S.A. 40A:2-6)**

The authorized bonded indebtedness of a municipality in the State of New Jersey is limited by statute to an amount equal to three and one-half percent (3.5%) of its average equalized valuation basis. The equalized valuation basis of the municipality is set by statute as the average for the last three (3) years of the equalized value of all taxable real property and improvements and certain class II railroad property within its boundaries as annually determined by the State Board of Taxation. Bonds, notes and long-term loans are included in the computation of debt for statutory debt limit purposes.

Certain categories of debt are permitted by statute to be deducted for purposes of computing the statutory debt limit.

## **Exceptions to Debt Limits-Extensions of Credit**

The debt limit of the City may be exceeded with the approval of the Local Finance Board, in the Division of Local Government Services, Department of Community Affairs, State of New Jersey, a State regulatory agency (the "Local Finance Board"). If all or any part of a proposed debt authorization would exceed its debt limit, the City must apply to the Local Finance Board for an extension of credit. If the Local Finance Board determines that a proposed debt authorization would not materially impair the ability of the City to meet its obligations or to provide essential services, or makes other statutory determinations, approval is granted. In addition to the aforesaid, debt in excess of the debt limit may be issued without the approval of the Local Finance Board to fund certain bonds and notes, for self-liquidating purposes and, in each fiscal year, in an amount not exceeding two-thirds of the amount budgeted in such fiscal year for the retirement of outstanding obligations (exclusive of obligations issued for utility or assessment purposes).

## **Short-Term Financing**

The City may issue short term "bond anticipations notes" to temporarily finance a capital improvement or project in anticipation of the issuance of bonds if the bond ordinance or a subsequent resolution so provides. Bond anticipation notes, which are general obligations of the City, may be issued for a period not exceeding one (1) year. Such notes shall mature and be paid not later than the first day of the fifth month following the close of the tenth fiscal year next following the date of the original notes. Beginning in the third year, the amount of outstanding notes that may be renewed is decreased by at least the minimum amount required for the first year's principal payment of bonds in anticipation of which such notes are issued.

## **School Debt Subject to Voter Approval**

State Law permits the school district, upon approval of the voters, to authorize school district debt, including, debt in excess of its independent debt limit by using the available borrowing capacity of the City. If such debt is in excess of the school district debt limit and the remaining borrowing capacity of the City, the State Commissioner of Education and the Local Finance Board must approve the proposed debt authorization before it is submitted to the voters. The City's School District has not used City available borrowing capacity.

## **The Municipal Finance Commission**

The Municipal Finance Commission was created in 1931 to assist in the financial rehabilitation of municipalities which had defaulted in their obligations. The powers of such Commission are exercised today by the Local Finance Board. Several elements of the local finance system are intended to prevent default on obligations or occurrence of severe fiscal difficulties in any local

unit. Should extreme economic conditions adversely affect any local unit, the statutory provisions are available to assist in restoring the stability of the local unit.

Any holder of bonds or notes which are in default for over sixty (60) days (for payment of principal or interest) may bring action against such municipality in the Superior Court of New Jersey. Any municipality may declare itself unable to meet its obligations and bring action in such court. In either case, the court's determination that the municipality is in default or unable to meet its obligations may place the municipality under the jurisdiction of the Municipal Finance Commission.

The Municipal Finance Commission exercises direct supervision over the finances and accounts of any local unit under its jurisdiction. Such commission is authorized to appoint an auditor to examine and approve all claims against the municipality and to serve as comptroller for that community. The Commission is also directed to supervise tax collections and assessments, to approve the funding of municipal school district indebtedness, the adjustment or composition of the claims of creditors, and the readjustment of debts under the Federal Municipal Bankruptcy Act.

The Local Finance Board also serves as the "funding commission" to exercise supervision over the funding or refunding of local government debt. Any county or municipality seeking to adjust its debt service must apply to and receive the approval of such funding commission for the proposed reorganization of its debt.

### **Investment of Municipal Funds**

Investment of funds by New Jersey municipalities is governed by State statute. Pursuant to N.J.S.A. 40A:5-15.1, when authorized by a cash management plan approved pursuant to N.J.S.A. 40A:5-14, municipalities are limited to purchasing the following securities: (1) direct obligations of, or obligations guaranteed by, the United States of America; (2) government money market mutual funds; (3) any obligation issued by a federal agency or instrumentality that has been issued in accordance with an act of Congress and has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor; (4) bonds or other obligations of the particular municipality or a school district encompassing the geographic area of the particular municipality; (5) bonds or other obligations having a maturity of 397 days or less approved by the Division of Investment of the State Department of the Treasury; (6) local government investment pools; (7) deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4) (the "Cash Management Fund"); or (8) agreements for the repurchase of fully collateralized securities, if (i) the underlying securities are permitted investments; (ii) the custody of collateral is transferred to a third party; (iii) the maturity of the agreement is not more than 30 days; (iv) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41); and (v) a master repurchase agreement providing for the custody and security of collateral is executed.

The Cash Management Fund is governed by regulations of the State Investment Council, a non-partisan oversight body. The Cash Management Fund is permitted to invest in the same types of investments and subject to the same limitations provided for the investment of funds in the State Treasury.

The City has no investments in derivatives.

## **MUNICIPAL BUDGET**

Pursuant to the Local Budget Law N.J.S.A. 40A:4-1 et seq., as amended and supplemented (the "Local Budget Law"), the City is required to have a balanced budget in which debt service is included in full for each fiscal year.

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

The foundation of the New Jersey local finance system is the annual cash basis budget. The City must adopt an operating budget in the form required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Items of revenue and appropriation are regulated by law and must be certified by the Director prior to final adoption of the budget. The Local Budget Law requires each local unit to appropriate sufficient funds for payment of current debt service and the Director is required to review the adequacy of such appropriations, among others, for certification.

The Director has no authority over individual operating appropriations, unless a specific amount is required by law, but the review functions focusing on anticipated revenues serve to protect the solvency of all local units. Local budgets, by law and regulation, must be in balance on a "cash basis". No budget or amendment thereof shall be adopted unless the Director shall have previously certified his approval thereof (N.J.S.A. 40A:4-10). The City adopted its fiscal year 2026 budget on November 25, 2025.

The principal sources of City revenues are real estate taxes, state aid and miscellaneous revenues.

In any year, the municipality may authorize, by resolution, the issuance of tax anticipation notes which may be issued in anticipation of the collection of taxes for such year. Tax anticipation notes are limited in amount by law and must be paid off in full by a municipality within one hundred and twenty (120) days after the close of the fiscal year.

The City has no tax anticipation notes issued and outstanding.

### **Real Estate Taxes**

The general principle that revenue cannot be anticipated in a budget in excess of that realized in the preceding year (see "Miscellaneous Revenues" below) applies to delinquent property taxes.

N.J.S.A. 40A:4-29 delineates anticipation of delinquent tax collections: "The maximum which may be anticipated is the sum produced by the multiplication of the amount of delinquent taxes unpaid and owing to the local unit on the first day of the current fiscal year by the percentage of collection of delinquent taxes for the year immediately preceding the current fiscal year."

Section 41 of the Local Budget Law provides with regard to current taxes that: "Receipts from the collection of taxes levied or to be levied in the municipality, or in the case of a county for general county purposes and payable in the fiscal year, shall be anticipated in an amount which is not in excess of the percentage of taxes levied and payable during the next preceding fiscal year which was received in cash by the last day of such preceding fiscal year."

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

$$\frac{\text{Levy Required to Balance Budget}}{\text{Prior Year's Percentage of Current Tax Collections (or lesser \%)}} = \text{Total Taxes to be Levied}$$

### **Miscellaneous Revenues**

Section 26 of the Local Budget Law provides: "no miscellaneous revenues from any source shall be included as an anticipated revenue in the budget in an amount in excess of the amount actually realized in cash from the same source during the next preceding fiscal year, unless the Director shall determine upon application by the governing body that the facts clearly warrant the expectation that such excess amount will actually be realized in cash during the fiscal year and shall certify such determination, in writing, to the local unit. No budget or amendment thereof shall be adopted unless the Director shall have previously certified approval thereof (N.J.S.A. 40A:4-10). The exception to this is the inclusion of categorical grants-in-aid contracts for their face amount with an offsetting appropriation. The fiscal years for such grants rarely coincide with the municipality's calendar fiscal year.

### **Tax Assessment and Collection Procedure**

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income, where appropriate. Current assessments are the results of new assessments on a like basis with established comparable properties for newly assessed or purchased properties. This method assures equitable treatment to like property owners, but it often results in a divergence of the assessment ratio to true value. Because of the changes in property resale values, annual adjustments could not keep pace with the changing values.

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

Taxes are payable on February 1, May 1, August 1 and November 1 with a grace period if the bills are mailed beyond the statutory deadlines. Tax installments not paid on or before the due date are subject to interest penalties of 8% per annum on the first \$1,500.00 of the delinquency and 18% per annum on any excess of \$1,500.00. These interest and penalties are the highest permitted under New Jersey statutes. Delinquent taxes open for one year or more are annually included in a tax sale in accordance with New Jersey Statutes.

The Board of Education of the City and the County receive 100% of their tax levies, which are collected and paid to them by the City.

### **Tax Appeals**

The New Jersey Statutes provide a taxpayer with remedial procedures for appealing an assessment deemed excessive. Prior to February 1 in each year, the City must mail to each property owner a notice of the current assessment and taxes on the property. The taxpayer has a right to petition the County Tax Board on or before April 1 in each year for review. The County Board of Taxation has the authority after a hearing to decrease or reject the appeal petition. These adjustments are usually concluded within the current tax year and reductions are shown as canceled or remitted taxes for that year. If the taxpayer feels his petition was unsatisfactorily reviewed by the County Board of Taxation, appeal may be made to the Tax Court of New Jersey for further hearing. Some State Tax Court appeals may take several years prior to settlement and any losses in tax collections from prior years are charged directly to operations.

### **Deferral of Current Expense**

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. With minor exceptions, however, such appropriations must be included in full in the following year's budget. When such appropriations exceed three percent (3%) of the adopted operating budget, consent of the Director must be obtained. The exceptions are certain enumerated quasi-capital projects such as ice, snow and flood damage to streets, roads and bridges, which may be amortized over three (3) years, and tax map preparation, revaluation of real property, codification of ordinances, master plan preparations and contractually required severance liabilities, which may be amortized over five years.

## **Budget Transfers**

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

## **Fiscal Year**

The City's fiscal year is the State fiscal year (July 1 to June 30). Chapter 75 of the Pamphlet Laws of 1991 of New Jersey required municipalities with populations in excess of 35,000 or which received Municipal Revitalization Aid from the State in 1990 or 1991 to change their fiscal year from the calendar year to the State fiscal year (July 1 to June 30), unless an exemption is granted. Municipalities not meeting the criteria for a mandatory change have the option to choose to change to the State fiscal year.

## **Budget Process**

The municipal budget of the City is prepared by the Mayor and the professional staff of the City and adopted by the City Council. As prescribed by the Local Budget Law, adoption should occur by March 20 in the case of a calendar year municipality and September 20 for a State fiscal year municipality, however, extensions may be granted by the Division to any local governmental unit. In the first quarter in which the budget formulation is taking place, the City operates under a temporary budget which may not exceed 26.25% of the previous fiscal year's adopted budget. In addition to the temporary budget, the City may approve emergency temporary appropriations for any purpose for which appropriations may lawfully be made. The City adopted its fiscal year 2026 budget on November 25, 2025.

## **Capital Budget**

In accordance with the Local Budget Law, the City must adopt and may from time to time amend a capital budget for the expenditure of public funds for capital purposes over the next ensuing six (6) years. The capital budget, when adopted, does not constitute the approval or appropriation of funds, but sets forth a plan of the possible capital expenditures which the local unit may contemplate. Expenditures for capital purposes may be made either by ordinances adopted by the governing body setting forth the items and the method of financing or from the annual operating budget if the items were detailed.

## **Limitations on Municipal Expenditures and Local Unit Tax Levy**

Chapter 68 of the Pamphlet Laws of 1976 of the State of New Jersey, as amended and supplemented (the “CAP Law”), imposed restrictions upon the allowable annual increase in appropriations by municipalities for certain purposes. Chapter 89 of the Pamphlet Laws of 1990 of the State of New Jersey, applicable to municipal budgets beginning in 1991, made the CAP Law permanent.

Important changes were made to the municipal budget cap laws as part of the State of New Jersey’s 2005 FY budget. Chapter 74 of the Pamphlet Laws of 2004 made substantial amendments to cap exceptions, the index rate, cap increases and cap banking, effective with the 2005 SFY budgets. The yearly increase in appropriations is limited to the lesser of 2.5% or the cost-of-living adjustment (COLA), or when the COLA is less than or equal to 2.5% the municipality may increase its inside-the-cap spending to 3.5% upon passage of a COLA Rate Ordinance. This yearly increase is multiplied by the prior year’s final appropriations subject to certain modifications. The City’s permissible increase for the 2026 SFY was 3.5%. The City’s 2026 SFY budget was within the statutory calculation of “CAP”.

Additionally, P.L 2007, c. 62, effective April 3, 2007, imposed a 4% cap on the tax levy of a municipality, county, fire district, or solid waste collection district, with certain exclusions and allowing waivers by the Local Finance Board, and on July 13, 2010, P.L. 2010, c. 44 was approved, effective for budget years following enactment, reducing the tax levy cap to 2% and limiting the exclusions to amounts required to be raised by taxation for capital expenditures, including debt service as defined by law, certain pension contributions and health care costs in excess of 2% and extraordinary costs directly related to a declared emergency. Voter approval may be requested to increase the amount to be raised by taxation by more than the allowable adjusted tax levy. The City’s tax levy increase for SFY 2026 was within the statutory calculations of the tax levy cap, taking into account applicable adjustments.

For municipalities, the levy cap is in addition to the existing appropriation cap; both cap laws must be met. Neither cap law limits the obligation of the City to levy ad valorem taxes upon all taxable real property within the City to pay debt service.

## **Deferral of Current Expenses**

Supplemental appropriations may be authorized by the governing body of the City after the adoption of the budget and determination of the tax rate. However, with minor exceptions, such appropriations must be included in full in the following year's budget. Under the Local Budget law, any emergency appropriation must be declared by resolution approved by at least two-thirds of the governing body and, if the emergency appropriation, together with all prior emergency appropriations in the same fiscal year exceeds 3% of the total current and utility operating appropriations in the budget for that year, must be approved by the Director of the Division.

## **THE FEDERAL BANKRUPTCY ACT**

The undertakings of the City should be considered with reference to Chapter IX of the Bankruptcy Act, 11 U.S.C. Section 901 *et seq.*, as amended by Public Law 95-598, approved November 6, 1978, and as further amended on November 3, 1988, by an Act to Amend the Bankruptcy Law to Provide for Special Revenue Bonds, and for Other Purposes, and on October 22, 1994, by the Bankruptcy Reform Act of 1994, and by other bankruptcy laws affecting creditor's rights and municipalities in general. Chapter IX permits any political subdivision, public agency, or instrumentality of a State that is insolvent or unable to meet its debts to file a petition in a bankruptcy court for the ultimate purpose of effecting a plan to adjust its debts. Chapter IX directs such a petitioner to file with the Bankruptcy Court a list of the petitioner's creditors; provides that a petition filed under this chapter shall operate as a stay of the commencement or continuation of any judicial or other proceeding against the petitioner, with the exception that such petition does not operate as a stay of application of pledged special revenues to the payment of indebtedness secured by such revenues; grants priority to administrative and operational expenses and to debts owed for services or material, up to \$4,000 per individual or corporation, actually provided within ninety (90) days of the filing of the petition; directs a petitioner to file a plan for the adjustment of its debts; provides that any securities issued under a reorganization plan will be exempt from the securities laws and, therefore, exempt from registration requirements; permits the petitioner, during bankruptcy proceedings, to continue to pay pre-petition debt without prior court approval; and provides that the plan must be accepted by a class of creditors, in writing, by or on behalf of creditors holding at least two-thirds in amount and more than one-half in number of the allowed claims of such class held by creditors. A plan shall not be approved by the Bankruptcy Court unless it is in the best interests of creditors and is feasible.

Reference should also be made to N.J.S.A. 52:27-40 thru 52:27-45.11, which provides that any county, municipality, or other political subdivision of the State has the power to file a petition with any Bankruptcy Court, provided the approval of the municipal finance commission has been obtained, and such petition has been authorized by ordinance of the governing body of the political subdivision. The powers of the municipal finance commission have been vested in the Local Finance Board. The Bankruptcy Act specifically provides that Chapter IX does not limit or impair the power of a state to control, by legislation or otherwise, the procedures that a municipality must follow in order to take advantage of the provisions of the Bankruptcy Act. However, the Bankruptcy Act does provide that a municipality must obtain any regulatory or electoral approval necessary under constitutional, statutory, or charter provisions, for actions taken under the reorganization plan.

## **LITIGATION**

There is no litigation pending or, to the knowledge of the City's Special Counsel, Jorge Estrada, Esq., threatened restraining or enjoining the issuance or the delivery of the Bonds or the levy or the collection of taxes to pay the Bonds or in any manner questioning the authority or the proceedings for the issuance of the Bonds or for the levy or the collection of taxes. There is at present no single action pending or threatened against the City which would impose an undue

financial burden on the City. In New Jersey's courts of general jurisdiction, unliquidated money damages are pleaded generally without specifying a dollar amount. The City is a party-defendant in certain lawsuits, none of a kind unusual for a municipality of its size, and none of which, in the opinion of the City's Special Counsel, Jorge Estrada, Esq., would adversely impair the City's ability to pay its bond or note holders. All of the City's tort actions are being defended by the City under its self-insurance program. There are many pending municipal real estate tax appeals. Based upon the City's prior experience in tax appeals, and assuming that such tax appeals are resolved adversely to the interest of the City, such resolution would not in any way endanger the City's ability to pay its bond or note holders.

### **TAX MATTERS**

The City has covenanted to comply with any continuing requirements that may be necessary to preserve the exclusion from gross income for purposes of federal income taxation of interest on the Bonds under the Internal Revenue Code of 1986, as amended ("Code"). Failure to comply with certain requirements of the Code could cause interest on the Bonds to be includable in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. In the opinion of DeCotiis, FitzPatrick, Cole & Giblin, LLP, Bond Counsel, to be delivered at the time of original issuance of the Bonds, assuming continuing compliance by the City with certain covenants described herein, under current law, interest on the Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Code and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest may be taken into account for the purpose of computing the alternative minimum tax imposed on certain corporations.. No opinion is expressed regarding other federal tax consequences or other federal taxes arising with respect to the Bonds.

The Code imposes certain significant ongoing requirements that must be met after the issuance and delivery of the Bonds in order to assure that the interest on the Bonds will be and remain excludable from gross income for federal income tax purposes. These requirements include, but are not limited to, requirements relating to use and expenditure of proceeds, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on investments of gross proceeds of the Bonds be rebated to the federal government. Noncompliance with such requirements may cause interest on the Bonds to become subject to federal income taxation retroactive to their date of issuance, regardless of the date on which such noncompliance occurs or is discovered. The City has covenanted that it shall do and perform all acts permitted by law that are necessary or desirable to assure that interest on the Bonds will be and will remain excluded from gross income for federal income tax purposes. The City will deliver its Arbitrage and Tax Certificate concurrently with the issuance of the Bonds, which will contain provisions relating to compliance with the requirements of the Code, including certain covenants in that regard by the City. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the City in connection with the Bonds, and Bond Counsel has assumed compliance by the City with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Bonds from gross income under Section 103 of the Code.

In the opinion of Bond Counsel, under current law interest on the Bonds and any gain on the sale thereof are not includable as gross income under the New Jersey Gross Income Tax Act.

The opinions of Bond Counsel are limited to and based upon the laws and judicial decisions of the State and the federal laws and judicial decisions of the United States of America as of the date of the opinions, and are subject to any amendment, repeal or other modification of the applicable laws or judicial decisions that served as the basis for their opinions or to any laws or judicial decisions hereafter enacted or rendered. Bond Counsel assumes no obligation to update its opinions after the issue date to reflect any future action, fact or circumstance, or change in law or interpretation, or otherwise. Bond Counsel expresses no opinion on the effect of any action taken after the date of the opinions or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for federal income tax purposes of interest on the Bonds.

*Bank Qualification.* The Bonds will **not** be designated as qualified under Section 265 of the Code by the City for an exemption from the denial of deduction for interest paid by the financial institutions to purchase or to carry tax exempt obligations.

*Branch Profits Tax.* Section 884 of the Code imposes on foreign corporations a branch profits tax equal to 30 percent of the "dividend equivalent amount" for the taxable year, unless modified, reduced or eliminated by income tax treaty in certain instances. Interest on the Bonds received or accrued by a foreign corporation subject to the branch profits tax may be included in computing the "dividend equivalent amount" of such corporation for purposes of the branch profits tax.

*S Corporation Tax.* Section 1375 of the Code imposes a tax on the "excess net passive income" of certain S corporations with passive investment income in excess of 25 percent of gross receipts for a taxable year. The U.S. Department of Treasury has issued regulations indicating that interest on tax-exempt bonds, such as the Bonds, held by an S corporation would be included in the calculation of excess net passive income.

*Other Federal Tax Consequences.* Owners of the Bonds should be aware that the ownership of tax-exempt obligations may result in other collateral federal income tax consequences to certain taxpayers, including property and casualty insurance companies, individual recipients of Social Security and Railroad Retirement benefits, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or to carry tax-exempt obligations. Owners of the Bonds should consult their own tax advisors as to the applicability and the effect on their federal income taxes of the branch profits tax and the tax on S corporations, as well as the applicability and the effect of any other federal income tax consequences.

*Possible Government Action.* Legislation affecting municipal bonds is regularly under consideration by the United States Congress. In addition, the Internal Revenue Service ("IRS") has established an expanded audit program for tax-exempt obligations. There can be no

assurance that legislation enacted or proposed or an audit initiated or concluded by the IRS after the issue date of the Bonds involving either the Bonds or other tax-exempt bonds will not have an adverse effect on the tax-exempt status or market price of the Bonds.

ALL POTENTIAL PURCHASERS OF THE BONDS SHOULD CONSULT WITH THEIR TAX ADVISORS IN ORDER TO UNDERSTAND THE IMPLICATIONS OF THE CODE.

### **RATING**

Moody's Investors Service ("Moody's") has assigned a rating of "Aa2" to the Bonds based upon the underlying credit of the City.

An explanation of the significance of such rating may be obtained from Moody's. The rating is not a recommendation to buy, sell or hold the Bonds and there is no assurance that such rating will continue for any given period of time or that any rating will not be revised downward or withdrawn entirely, if in Moody's judgment, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Bonds.

### **APPROVAL OF LEGAL PROCEEDINGS**

All legal matters incident to the authorization, the issuance, the sale and the delivery of the Bonds are subject to the approval of DeCotiis, FitzPatrick, Cole & Giblin, LLP, Paramus, New Jersey, Bond Counsel to the City, whose approving legal opinion will be delivered with the Bonds substantially in the forms set forth as Appendix D hereto. Certain legal matters will be passed upon for the City by its Special Counsel, Jorge Estrada, Esq.

### **MUNICIPAL ADVISOR**

Echo Valley Advisors, LLC, Livingston, New Jersey, served as municipal advisor to the City with respect to the issuance of the Bonds. This Official Statement has been prepared with the assistance of the municipal advisor. Certain information set forth herein has been obtained by the City and other sources which are deemed reliable, but no warranty, guaranty, or other representation as to the accuracy or completeness is made as to such information contained herein.

### **UNDERWRITING**

The Bonds have been purchased by \_\_\_\_\_ (the "Underwriter") from the City at an aggregate purchase price of \$\_\_\_\_\_.

## **SECONDARY MARKET DISCLOSURE**

The City has covenanted for the benefit of the holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the City by no later than nine (9) months after the end of each fiscal year, commencing with the fiscal year ending June 30, 2026 (the “Annual Report”), and has covenanted for the benefit of the holders and beneficial owners of the Bonds to provide notices of the occurrence of certain enumerated events. The Annual Report and event notices events will be provided to the Municipal Securities Rulemaking Board (the “MSRB”) and will be in an electronic format as prescribed by the MSRB and shall be accompanied by such identifying information as is prescribed by the MSRB. The specific nature of the information to be contained in the Annual Report or the event notices is set forth in “APPENDIX E – Form of Continuing Disclosure Certificate”. These covenants have been made in order to assist the Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

For the past five years, the City failed to file certain financial information and operating data of the City consisting of schedules of appropriation expenditures and revenues for the City’s Water Utility for the prior five (5) fiscal years as required by a continuing disclosure undertaking for a 2002 bond issue where the City is an obligated person. The City’s annual appropriation expenditures and revenues for the Water Utility were reduced to \$0 commencing with the 1999 fiscal year as a result of the City entering into a public-private partnership with respect to the City’s water system and the City stopped producing this chart in 2006.

The City filed its June 30, 2023, audited financial statements, a component of the City’s Annual Report, nine (9) days later than the disclosure due date pursuant to its outstanding continuing disclosure agreements. The City has filed a notice of this event with the MSRB in the electronic format prescribed by the MSRB.

Acacia Financial Group, Inc., has been appointed by the City to assist the City with continuing disclosure matters.

## **FINANCIAL INFORMATION**

The financial statements of the City as of June 30, 2025, and 2024 included in Appendix B to this Official Statement have been audited by Suplee, Clooney & Company, Independent Certified Public Accountants, to the extent and for the periods indicated in their report hereon. The financial information included in Appendices A and C has been compiled from public documents of the City, and Suplee, Clooney & Company has not audited or reviewed this information.

## **PREPARATION OF OFFICIAL STATEMENT**

The City hereby states that the descriptions and statements herein, including financial statements, are true and correct in all material respects and it will confirm to the purchaser of the Bonds, by

certificate signed by the Chief Financial Officer, that to his knowledge such descriptions and statements, as of the date of this Official Statement, are true and correct in all material respects and do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein, in light of the circumstances under which they were made, not misleading.

### **ADDITIONAL INFORMATION**

Inquiries regarding this Official Statement may be directed to the Chief Financial Officer, Anthony M. Zengaro, City Hall, 50 Winfield Scott Plaza, Elizabeth, New Jersey 07201, telephone (908) 820-4097.

### **MISCELLANEOUS**

So far as any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated, they are set forth as such and no representation is made that any of the statements will be realized. Neither this Official Statement nor any statement that may have been made verbally or in writing is to be construed as a contract with the holders of the Bonds. All quotations from and summaries and explanations of provisions of laws of the State herein do not purport to be complete and reference is made to the full text of such laws.

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

CITY OF ELIZABETH

By: \_\_\_\_\_  
Anthony M. Zengaro  
Chief Financial Officer

Dated: \_\_\_\_\_, 2026

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APPENDIX A  
CERTAIN INFORMATION RELATING TO THE CITY OF ELIZABETH

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## **GENERAL AND CITY GOVERNMENT**

### **General**

The City of Elizabeth, the fourth largest city in New Jersey, is in eastern Union County, in a very advantageous location within the New York Metropolitan Area. The City is 11.70 square miles in size and has a population of more than 137,000. A regional center of labor, retail, manufacturing, and transportation, Elizabeth is also the County seat of Union County, attracting the corresponding concentration of government, legal and related professional services. The largest employment sectors in the City include commercial, health, transportation, construction, retail and light industry.

The City is readily accessible via the New Jersey Turnpike, and extensive rail, road, air, and sea networks. Nearly one-half of Newark Liberty International Airport falls within the boundaries of the City. Close to the airport, the Elizabeth Marine Terminal is one of the most active container ports in North America. To the north is Newark, the state's largest city and the seat of Essex County. The City of Linden lies south of Elizabeth. Suburban Union County lies to the west and southwest of Elizabeth, with residential municipalities such as Roselle Park, Union, and Roselle. The City's eastern boundary is the Arthur Kill, a busy waterway, connecting Newark Bay with the Raritan Bay and the industrialized areas of Middlesex County.

### **Government**

The legislative power of the City is vested in the City Council, which is composed of nine members, six of whom are elected from the City's six wards and three of whom are elected at large. The City Council meets at least twice a month or more often as necessary and operates in accordance with the Optional Municipal Charter Law-Mayor-Council Plan, Section 40:69A-1 et seq. of the Revised Statutes of New Jersey. The Council members serve for terms of four years beginning on the first day of January following their election. The six ward councilpersons are up for election the same year. Two years later the three at-large councilpersons are subject to election along with the Mayor.

The executive power of the City is exercised by the Mayor. The Mayor is responsible for enforcing the ordinances and general laws of the City. The Mayor supervises all of the departments in the City and reports annually to the City Council and the public the results of the previous year's operations. The Mayor has the power to approve ordinances adopted by the Council or to return them to the Council with a statement of his objections. A vote by two-thirds of the members of the Council may override the Mayor's veto. The Mayor may attend meetings of the Council and may take part in discussions. The Mayor has no vote in the proceedings of the Council except proceedings to fill a vacancy in the Council in which case he may cast the deciding vote. The Mayor appoints the Directors of City departments with the advice and consent of the Council.

The municipal budget of the City is prepared by the Mayor and the professional staff of the City. The budget is introduced by resolution requiring the affirmative vote of the majority of the full membership of the City Council. The budget is then advertised, a public hearing is held, and

the budget is then submitted to the Director of the Division of Local Government Services in the Department of Community Affairs (the “Division”) for approval and finally adopted by the City Council.

The City Council provides by ordinance for the exercise of the control function for the management of the City's finances. The financial controls for the City include provision for an encumbrance system of budget operation, for the making of expenditures only upon written requisitions, for the pre-auditing of all claims and demands against the City prior to their payment, and for the controlling of all payments of public moneys by individual warrant for each payment to the official having custody of such moneys.

### **Statutory Budget Requirements**

State law imposes specific budgetary procedures upon local government units. Pursuant to the Local Budget Law (Chapter 4 of Title 40A of the New Jersey Statutes, as amended; the “Local Budget Law”), the City is required to have an operating budget which is balanced on a “cash basis” which is defined as a budget, prepared in accordance with the requirements of the Local Budget Law, which provides sufficient cash collections to meet all debt service requirements, necessary operations of the local unit for the fiscal year and, in addition, provides for any mandatory payments required to be made during the fiscal year.

The City's operating budget must be in the form required by the Division. Items of revenue and appropriation are regulated by law and must be certified by the Director of the Division prior to final adoption of the budget. The Local Budget Law requires the City to appropriate sufficient funds for payment of current debt service. The Director is required to review the adequacy of such appropriations, among others, for certification.

The provisions of the Local Budget Law limit the deferral of operating costs not appropriated in the current budget to one year, except for certain special emergencies, the cost of which may be deferred for three to five years.

Tax anticipation notes are limited in amount by law and must mature within 120 days after the beginning of the succeeding fiscal year. The City has not issued tax anticipation notes during the past 35 years.

The Director of the Division has no authority over individual operating appropriations, unless a specific amount is required by law, but the review functions of the Director, which focus on anticipated revenues, serve to protect the solvency of municipalities.

### **Limitations on Municipal Expenditures and Local Unit Tax Levy**

Chapter 68 of the Pamphlet Laws of 1976 of the State of New Jersey, as amended and supplemented (the “CAP Law”), imposed restrictions upon the allowable annual increase in appropriations by municipalities for certain purposes. Chapter 89 of the Pamphlet Laws of 1990 of the State of New Jersey, applicable to municipal budgets beginning in 1991, made the CAP Law permanent.

Changes were made to the municipal budget cap laws as part of the State of New Jersey's 2005 FY budget. Chapter 74 of the Pamphlet Laws of 2004 made substantial amendments to cap exceptions, the index rate, cap increases and cap banking. The yearly increase in appropriations is limited to the lesser of 2.5% or the cost-of-living adjustment (COLA), or when the COLA is less than or equal to 2.5% the municipality may increase its inside-the-cap spending to 3.5% upon passage of a COLA Rate Ordinance. This yearly increase is multiplied by the prior year's final appropriations subject to certain modifications. The City's permissible increase for the 2026 SFY was 3.5%. The City's 2026 SFY budget was within the statutory calculation of "CAP".

Additionally, P.L. 2007, c. 62 imposed a 4% cap on the tax levy of a municipality, county, fire district, or solid waste collection district, with certain exclusions and allowing waivers by the Local Finance Board, and on July 13, 2010, P.L. 2010, c. 44 was approved, effective for budget years following enactment, reducing the tax levy cap to 2% and limiting the exclusions to amounts required to be raised by taxation for capital expenditures, including debt service as defined by law, certain pension contributions and health care costs in excess of 2% and extraordinary costs directly related to a declared emergency. Voter approval may be requested to increase the amount to be raised by taxation by more than the allowable adjusted tax levy. The City's tax levy increase for SFY 2026 was within the statutory calculations of the tax levy cap, considering applicable adjustments.

For municipalities, the levy cap is in addition to the existing appropriation cap; both cap laws must be met. Neither cap law limits the obligation of the City to levy ad valorem taxes upon all taxable real property within the City to pay debt service.

### **Anticipation of Real Estate Taxes**

With regard to current taxes, Section 40A:4-41 of the Local Budget Law states that "receipts from the collection of taxes levied or to be levied in the municipality, or in the case of a County for general County purposes and payable in the fiscal year, shall be anticipated in an amount which is not in excess of the percentage of taxes levied and payable during the next preceding fiscal year which was received in cash by the last day of the preceding fiscal year." In addition, the Local Budget Law requires that an additional amount be added to the tax levy required to balance the budget so that when the percentage of the prior year's tax collection is applied to the combined total the product will at least equal the tax levy required to balance the budget.

Section 40A:4-29 of the Local Budget Law sets limits on the anticipation of delinquent tax collections:

The maximum which may be anticipated is the sum produced by the multiplication of the amount of delinquent taxes unpaid and owing to the local unit on the first day of the current fiscal year by the percentage of collection of delinquent taxes for the year immediately preceding the current fiscal year.

The Board of Education of the City (the “Board of Education”) and the County receive 100% of their tax levies, which are collected and paid to them by the City.

**Anticipation of Miscellaneous Revenues**

Section 40A:4-26 of the Local Budget Law provides that:

No miscellaneous revenues from any source shall be included as an anticipated revenue in the budget in an amount in excess of the amount actually realized in cash from the same source during the next preceding fiscal year, unless the Director shall determine upon application by the governing body that the facts clearly warrant the expectation that such excess amount will actually be realized in cash during the fiscal year and shall certify such determination, in writing, to the local unit.

**Deferral of Current Expenses**

Supplemental appropriations may be authorized by the governing body of the City after the adoption of the budget and determination of the tax rate. However, with minor exceptions, such appropriations must be included in full in the following year's budget. Under the Local Budget law, any emergency appropriation must be declared by resolution approved by at least two-thirds of the governing body and, if the emergency appropriation, together with all prior emergency appropriations in the same fiscal year exceeds 3% of the total current and utility operating appropriations in the budget for that year, must be approved by the Director of the Division.

**Audit Requirement**

State law requires that every municipality have an annual audit of its books and accounts to be completed within six months after the close of its fiscal year. The audit must be conducted by a registered municipal accountant and the audit report must be filed with the municipal clerk and with the Director of the Division.

The City's accounting methods conform to practices prescribed by the Division, which practices differ in some respects from generally accepted accounting principles. See Appendix A “Financial Statements.”

**SERVICES PROVIDED BY THE CITY**

**General City Services**

The City provides a variety of services consisting of police and fire protection, maintenance of City streets, water and sewer systems, health services, park and recreational facilities and cultural activities, refuse collection and flood control.

## **Biographical Sketches**

J. Christian Bollwage became Mayor on January 1, 1993. Mr. Bollwage was an elected City Councilman for ten years prior to being elected Mayor and served as President pro tem for 1987 and 1988. He has also served on the City Planning Board and Urban Enterprise Zone. He has over 15 years of extensive business experience in the private sector. Mr. Bollwage graduated from Kean University with a B.A. in Economics and an M.B.A. in Public Administration. He has served on the Adjunct Faculty-Public Administration/Political Science for Kean University since 1989. Mayor Bollwage was elected President of the New Jersey State League of Municipalities for 2005.

Bridget S. Anderson became Business Administrator on February 6, 2006. Ms. Anderson had previously served in several administrative posts for the City of Elizabeth and the County of Union. Ms. Anderson has served as a Vice President of Government and Public Affairs for a leading regional engineering firm. She graduated from Rowan University in 1993 with a B.S in Business Administration.

Anthony M. Zengaro, Chief Financial Officer and Comptroller, has been with the City since 1988. Mr. Zengaro is a Certified Public Accountant, Certified Municipal Finance Officer, and Certified Tax Collector. He has been engaged in the accounting and finance profession since 1964 and is a graduate of Seton Hall University (B.S. in Accounting) and Fairleigh Dickinson University (M.B.A. Accounting).

City Attorney position is recently vacant.

Paul M. Lesniak, Tax Collector and Treasurer of the City, has been with the City since 2002. Mr. Lesniak graduated Magna Cum Laude from Seton Hall University with a B.S. in Business Administration and a Master's Degree in Accounting. He is a Certified Tax Collector and Certified Municipal Financial Officer.

Maria Z. Carvalho, Director of Planning and Community Development, has been with the City since 1990. She has held various positions including Executive Assistant to the Director of Planning and Development, City Inspector Zoning, and Planning Board Commissioner.

## **Board of Education**

The Board of Education is a Type II school district. In a Type II school district, the voters elect the members of the Board of Education and also vote upon the issuance of bonds. Bonds are issued by the school district in a Type II school district. Prior to 1989, the Board of Education was a Type I school district. In a Type I school district, the members of the Board of Education are appointed by the mayor or other chief executive officer and bonds are issued by the municipality for school purposes.

The Board of Education operates 1 high school, 6 middle schools, 14 elementary schools and 7 pre-K to 8 schools and 3 pre-K centers. There are approximately 28,334 students served by

the Board of Education. The Board of Education also provides adult education and evening vocational educational programs. School enrollment has increased over the past several years and the Board expects changes in future enrollment as it continues to provide for those youngsters as the District accommodates the City’s population of 3 and 4-year olds.

In accordance with P.L. 2011, c. 202, the Board of Education changed its annual school election from April to November, and if the current fund levy is within the tax levy cap limitation applicable to boards of education, voter approval of the budget is not required. If the budget exceeds the state mandated tax levy cap, a temporary budget for the school year is approved and the portion exceeding the cap is then submitted for budget approval in November.

School operations are based on a July 1 fiscal year and are accounted for in the Current Fund of the Board of Education.

Every board of education is required by State statute to provide an annual audit of the district's accounts and financial transactions. The audit must be performed by a licensed public school accountant within four months of the end of the school fiscal year. This audit, in conformity with statutory requirements, must be filed with the State Commissioner of Education. Additionally, the audit must be summarized and discussed at a regular public meeting of the local board of education within 30 days of its completion.

### STATE AID PROGRAMS

The State provides financial support to local governments and school systems through various programs aimed at reducing reliance on the local property tax base.

#### Distributed Taxes

The State collects various taxes for distribution to local governments. Since 1980, the Public Utilities Franchise and Gross Receipts Taxes and Energy Receipts Tax have been collected by the State. Previously, these taxes had been apportioned by the State for collection by local governments. The proceeds are appropriated and distributed each year according to municipal tax rates and per capita equalized valuations, but mainly according to a formula based upon the value of utility property and sales.

The following table summarizes the amounts received by the City from State aid programs for fiscal years 2025, 2024, 2023, 2022, and 2021,

<b>Distributed Taxes</b>					
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Energy Receipts Tax	\$ 29,538,768	\$ 29,392,463	\$ 28,640,404	\$ 27,271,757	\$ 26,090,431
Municipal Relief Fund	-	3,044,753	550,283	1,918,930	3,100,256
	<u>\$ 29,538,768</u>	<u>\$ 32,437,216</u>	<u>\$ 29,190,687</u>	<u>\$ 29,190,687</u>	<u>\$ 29,190,687</u>

Source: City Comptroller's Office.

## **Tax Exemption Reimbursement**

The State reimburses municipalities for the full cost of mandated property tax deductions and exemptions for certain categories of taxpayers (\$250 a year for veterans and senior or disabled citizens). In 2025 the City received \$106,809.00 under the senior citizens and veterans deductions programs.

## **Welfare**

The State pays the entire nonfederal share of Medicaid. The State pays ninety-five percent and the counties pay five percent of the nonfederal share of federal welfare programs. Thus, New Jersey municipalities have no obligation for these programs. The State also makes aid payments to counties with above-average welfare burdens.

The State pays one hundred percent of the cost of General Assistance, the program of financial aid to needy people who are not otherwise provided for under New Jersey laws.

The City transferred the administration of this function to the County in January 1998.

## **Transit**

The subsidization of public mass transit is the responsibility of the State. Municipalities are not required to make financial contributions.

## **College Aid**

The State subsidizes the system of State colleges and universities, with no municipal financial obligation. County colleges are supported by county governments with State assistance. Municipalities have no financial responsibility for the county college system.

## **Education Aid**

The Elizabeth Board of Education and School District is a Type II district and is a legal and financial entity which is independent from the City. The District is one of the thirty-one Special Needs Districts in the State of New Jersey and pursuant to the State Supreme Court decision in Abbot v. Burke, the School District receives significant aid from State and Federal sources to supplement its local property tax levy.

## **Other**

The State maintains a variety of smaller programs of grants-in-aid to municipalities in such fields as housing, neighborhood preservation, health, and social services.

## CURRENT FUND

### Fund Balances

The Current Fund is used to account for the resources and expenditures for governmental operations of a general nature, including debt service on general purpose bonds. The fund balance in the Current Fund as of the last day of each fiscal year is comprised of cash, investments and certain receivables. Under State law, only the amount of Current Fund balance held in cash or quick assets may be included as anticipated surplus in the succeeding fiscal year's budget, unless the Director of the Division gives written consent to an exception.

The City's Current Fund end of period fund balances, as of June 30, 2021, 2022, 2023, 2024 and 2025 and the anticipated surplus included in the budget for each succeeding year are shown below:

<u>Year</u>	<u>Current Year End of Period Fund Balance</u>	<u>Anticipated Surplus Used in Succeeding Year Budget</u>
June 30, 2025	\$ 85,670,233	57,000,000
June 30, 2024	\$ 92,469,115	56,000,000
June 30, 2023	\$ 93,496,988	56,000,000
June 30, 2022	\$ 88,869,661	55,000,000
June 30, 2021	\$ 88,127,666	53,000,000

Source: City Comptroller's Office.

In accordance with the accounting principles prescribed by the Division, the City realizes revenues on a cash basis except as described below. Expenses are accrued based upon the budget when it is adopted and any unexpended balances are credited to fund balance at the end of the year succeeding the budget period.

The following schedules of Current Fund operations for the five fiscal years ending with June 30, 2025, have been prepared by the City in conformity with accounting principles and practices prescribed by the Division, which principles and practices differ in certain respects, which in some instances may be material, from generally accepted accounting principles applicable to local government units. The following schedules should be read in conjunction with the financial statements set forth in Appendices B and C.

**CITY OF ELIZABETH**  
Schedule of Appropriation Expenditures  
(000's)  
Fiscal Year Ended June 30,

CLASSIFICATION	2025		2024		2023		2022		2021	
	BUDGETED	EXPENDED	BUDGETED	EXPENDED	BUDGETED	EXPENDED	BUDGETED	EXPENDED	BUDGETED	EXPENDED
GENERAL	24,940	21,634	21,396	19,251	20,598	17,970	19,926	17,492	19,487	16,916
PUBLIC SAFETY	108,066	101,616	104,135	100,494	98,302	89,357	94,463	87,077	91,301	82,752
PUBLIC WORKS	34,870	32,419	34,937	32,238	32,616	29,900	32,692	29,765	30,194	25,835
HEALTH AND WELFARE	9,847	8,363	9,264	7,895	9,533	7,086	9,699	7,451	9,781	6,649
RECREATION AND EDUCATION	7,337	7,276	6,963	6,789	6,653	5,956	5,581	5,043	5,247	3,492
UNCLASSIFIED PURPOSES (1)	55,879	54,512	53,234	51,721	53,546	49,606	48,700	43,185	47,164	36,230
CONTINGENT	300	300	300	263	250	134	250	179	150	150
DEFERRED CHARGES AND STATUTORY EXPENDITURES	40,913	40,227	36,653	36,273	34,970	34,434	32,058	31,281	29,823	29,574
TOTAL APPROPRIATIONS WITHIN "CAP"	282,151	266,346	266,882	254,923	256,467	234,442	243,369	221,473	233,148	201,597
MANDATED AND OTHER OPERATIONS EXCLUDED FROM "CAP"	11,569	11,555	8,573	49,973	5,500	5,500	9,400	7,608	4,300	4,300
STATE AND FEDERAL PROGRAMS OFFSET BY REVENUES- EXCLUDED FROM "CAP"	16,141	15,361	21,594	21,594	46,482	46,482	18,436	17,732	18,921	18,318
CAPITAL IMPROVEMENTS EXCLUDED FROM "CAP"	2,000	2,000	3,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
DEBT SERVICE-EXCLUDED FROM "CAP" MUNICIPAL	16,425	16,425	16,664	16,664	16,181	16,181	16,730	16,730	17,111	17,111
DEFERRED CHARGES-EXCLUDED FROM "CAP"							0	0	0	0
RESERVE FOR UNCOLLECTED TAXES	15,785	15,785	14,937	14,937	14,647	14,647	14,073	14,073	13,769	13,769
TOTAL BUDGET APPROPRIATIONS	344,071	327,473	331,651	360,092	341,278	319,254	304,009	279,618	289,249	257,096
COUNTY	55,795	55,795	52,663	49,271	49,271	49,271	47,163	47,163	44,617	44,617
LOCAL SCHOOL DISTRICT TAXES	59,813	59,813	59,813	59,813	59,813	59,813	59,813	59,813	59,813	59,813
SPECIAL IMPROVEMENT DISTRICT TAX	475	475	475	475	475	475	475	475	475	475
NON MUNICIPAL - SUBTOTAL	116,083	116,083	112,951	109,559	109,559	109,559	107,451	107,451	104,905	104,905
<b>TOTAL</b>	<b>460,154</b>	<b>443,556</b>	<b>444,603</b>	<b>469,651</b>	<b>450,838</b>	<b>428,813</b>	<b>411,460</b>	<b>387,068</b>	<b>394,153</b>	<b>362,000</b>

# CITY OF ELIZABETH

## Schedule of Revenues

(000's)

Fiscal Year Ended June 30,

CLASSIFICATION	2025		2024		2023		2022		2021	
	BUDGETED	REALIZED	BUDGETED	REALIZED	BUDGETED	REALIZED	BUDGETED	REALIZED	BUDGETED	REALIZED
FUND BALANCE	57,000	57,000	56,000	56,000	55,000	55,000	53,000	53,000	46,000	46,000
CURRENT LEVY(1)	331,490	312,539	312,539	306,584	306,584	303,525	293,721	311,254	282,765	309,664
DELINQUENT TAXES	4,000	6,008	4,000	5,706	4,000	7,105	4,000	8,911	4,000	6,185
PILOTS	1,231	3,061	1,281	2,988	1,281	3,814	1,291	3,521	2,297	3,124
FRANCHISE ASSESSMENTS	7,000	7,666	6,000	7,360	4,000	7,125	4,000	7,014	2,750	4,893
MUNICIPAL COURT	3,000	6,373	3,000	3,758	2,500	3,562	2,500	3,920	2,500	2,789
INTEREST AND COSTS ON TAXES	1,000	1,897	1,000	1,177	1,000	1,202	1,200	1,062	1,350	1,299
INTEREST ON INVESTMENTS & DEPOSITS	7,000	8,640	5,000	10,271	900	5,842	900	1,012	900	1,233
PA NY/NJ - PARKING TAXES (AIRPORT)	4,400	5,139	1,000	5,091	500	1,666	500	574	500	546
PA NY/NJ - LEASED PARKING TAXES (AIRPORT)	3,000	3,000	500	500	500	500	500	500	500	500
PA NY/NJ - LEASED PROPERTY 13 A	480	480	480	480	480	480	480	480	480	480
PA NY/NJ - CAPITAL PROJECTS AID	500	500	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
ENERGY RECEIPTS TAX	29,539	29,539	29,392	29,392	28,640	28,640	27,272	27,272	26,090	26,090
CONSOLIDATED MUNICIPAL PROPERTY RELIEF	-	-	-	-	550	550	1,919	1,919	3,100	3,100
MUNICIPAL RELIEF FUND	-	-	3,045	3,045	1,523	1,523	-	-	-	-
PUBLIC & PRIVATE REVENUES (OFFSET)	9,582	9,582	20,413	20,413	45,444	45,444	17,177	17,177	17,921	17,921
MISCELLANEOUS	932	5,264	(2,049)	(17)	(5,064)	-	-	-	-	-
<b>TOTAL</b>	<b>460,154</b>	<b>\$ 456,688</b>	<b>444,603</b>	<b>\$ 455,750</b>	<b>450,838</b>	<b>\$ 468,979</b>	<b>411,460</b>	<b>\$ 440,615</b>	<b>394,153</b>	<b>\$ 426,824</b>

## SEWER UTILITY

### General

The City of Elizabeth owns a city-wide sewer collection system (“Sewer System”).

On March 13, 2002, pursuant to the requirements under the New Jersey Wastewater Treatment Public-Private Contracting Act at N.J.S.A. 58:27-19 (“the Privatization Act”) the City entered into a Wastewater Service Agreement with E’Town Corporation (“E’Town”) of Westfield, New Jersey, and the Union County Improvement Authority (“UCIA”) for a term of 20 years that will provide the appropriate and necessary management, operation, and maintenance services associated with the City Sewer System. E’Town is currently a wholly-owned subsidiary of New Jersey American Water, a wholly-owned subsidiary of American Water, the largest investor-owned water and wastewater utility company in the United States. Prior to American Water ownership, E’Town had been a wholly-owned subsidiary of Thames Water, the world’s largest water service provider, and RWE-AG, one of the world’s largest utility groups.

The City and E'Town Services LLC entered into an Agreement on March 13, 2002, pursuant to which the City engaged E'Town Services for the operation and maintenance of the City’s Wastewater System. The Agreement was scheduled to expire by its terms as of June 2, 2022 pursuant to Section 3.1 thereof and pursuant to Section 3.2 of the Agreement the Parties consented in writing to extend the Term of the Agreement. Pursuant to N.J.S.A. 40A:11-15(19) wastewater treatment system service contracts such as the Agreement can have a term of not more than 40 years, but Rev. Proc. 2017-13 limits the Agreement to a maximum of 30 years. On January 1, 2024, the Agreement was extended to 30 years and will now expire June 2, 2032. The amended agreement contained a scope of work addendum to include additional tasks which E'Town Services would be responsible for. On May 23, 2024, the Agreement was assigned to New Jersey America Water with consent from the City.

The Privatization Act established an alternative procurement process to permit a private vendor to finance, plan, design, construct, operate or maintain (or any combination thereof) a wastewater treatment system on a long-term basis (up to 40 years). Additionally, pursuant to the County Improvement Authorities Law, N.J.S.A. 40:37A-44, et seq., the UCIA is authorized to undertake the provision of services of public facilities N.J.S.A. 40:37A-54. Moreover, the Interlocal Services Act, N.J.S.A. 40:8A-1, et seq., enabled the City and the UCIA to execute agreements by and among themselves relating to the operation, management and maintenance of a municipality’s facilities.

The contract with E’Town was structured as a qualified management contract that shall not affect the exclusion from gross income of interest on the City’s Sewer Utility bonds.

The Sewer Utility was established in 1979. The City is responsible for maintaining the collection system within the City. Sewage treatment is provided under a contractual agreement with the Essex-Union Joint Meeting (the “Joint Meeting”). The Joint Meeting was developed by eleven owner municipalities with the City as a non-owner customer and provides interceptor

sewers and treatment of liquid waste generated by its owner municipalities and the City. The City pays approximately 37% of the costs of the Joint Meeting, based upon usage of the Joint Meeting's system.

The City has, by provisions contained in ordinances duly adopted, covenanted with the holders of previous issues of its sewer bonds that (1) the City shall fix and collect rates, rentals or other charges for connection with and use of, and for sewer services furnished by, the sanitary sewer system established, maintained and operated by the City, including any improvements thereto and extensions thereof thereafter constructed or acquired, and (2) such rates, rentals and other charges shall be sufficient to produce in each fiscal year of the City the revenues necessary to provide for the payment of (a) all expenses of operation, maintenance and repair of such sanitary sewer system, incurred or payable during such fiscal year, and (b) all principal and interest payable during such fiscal year with respect to all of such bonds and also all other bonds theretofore or thereafter issued to finance such sewer system, and (c) any other obligations having a lien on such revenues or any part thereof, and (3) the revenues derived from such rates, rentals and other charges in each fiscal year of the City, to the extent necessary and before making any other use of such revenues shall be applied to the payment of the expenses of operation, maintenance and repair of such sanitary sewer system incurred or payable during such fiscal year, and then to the payment of the principal and interest payable during such fiscal year with respect to all such bonds or other obligations.

The Sewer Utility has been self-supporting over the last twenty (20) years. Receipts from fees, rents, and charges, when combined with the fund balance carried over from the prior year, have been sufficient to cover all appropriations without recourse to City tax revenues.

The present sewer system includes primary and secondary treatment. The secondary treatment facilities have been in operation since January 1, 1979. The City, through the Joint Meeting, has undertaken construction of tertiary treatment facilities and sludge disposal facilities. The City is now in compliance with the Federal Clean Water Act.

## **Capital**

The Joint Meeting has formulated a Capital Improvement Plan to ensure that their facility will continue to run in a cost-effective and environmentally sound manner. This Capital Plan outlines certain facility improvements and the related costs, including the necessary capital assessments to the member communities and the City. The City anticipates that the Joint Meeting will assess the City an estimated \$20 million over several years.

Over the last several years, the City financed Sewer Utility improvements by a combination of Federal grants, City Sewer Utility bond issues and low interest loans from the New Jersey Infrastructure Bank Water Bank Financing Program (the "State Program") (these loans are in the form of Sewer Utility bonds issued to the State Program). The Sewer Utility has been able to pay debt service on all its outstanding debt without recourse to the City's general funds. The City intends to undertake approximately \$20 million in capital improvements over the next several years to meet Federal and State requirements for reduction in pollutants from combined sewer overflows and system improvements. The City expects to finance such improvements by a combination of City Sewer Utility bond issues and State grants and low interest loans. The City

expects to pay debt service on such new debt through sewer revenues, without recourse to the City's general fund (see “Financing Information”).

The City anticipates funding additional sewer improvements through borrowings from the New Jersey Infrastructure Bank Program, Federal grants and City Sewer Utility bond issues.

### **Fund Balances, Revenues and Appropriations**

The Sewer Utility Fund is used to account for the receipt and expenditures arising from operations of the Sewer Utility and the assets and liabilities relative to these activities. The balance in the Sewer Utility Fund as of the last day of each fiscal year is comprised of cash, investments and certain receivables. Under State law, only the amount of Sewer Utility Fund balance held in cash or quick assets may be included as anticipated surplus in the succeeding fiscal year's Sewer Utility budget, unless the Director of the Division gives written consent to an exception.

The City Council approved a new tariff September 2024 in order to present fair and equitable sewer charges to customer classes based on several factors including cost allocations and City policy decisions.

The Sewer Utility Fund end of year fund balances, as of June 30, 2021, 2022, 2023, 2024 and 2025, and the anticipated surplus included in the budget for each succeeding year are shown below:

Year	Sewer Utility End of Period Fund Balance	Used in Succeeding Year Budget
June 30, 2025	\$ 33,883,918	\$ 9,500,000
June 30, 2024	25,247,655	9,500,000
June 30, 2023	26,758,870	10,000,000
June 30, 2022	21,222,987	4,500,000
June 30, 2021	24,019,747	7,500,000

*In accordance with accounting principles prescribed by the Division, the City realizes revenues on a cash basis. Expenses are accrued based upon the budget when it is adopted and any unexpended balances are credited to fund balance at the end of the year succeeding the budget period.*

The following schedules of Sewer Utility operations for the five fiscal years ending with June 30, 2025 have been prepared by the City in conformity with accounting principles and practices prescribed by the Division, which principles and practices differ in certain respects, which in some instances may be material, from generally accepted accounting principles applicable to local government units. The following schedules should be read in conjunction with the financial statements set forth in Appendices B and C.

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## Schedule of Appropriation Expenditures (000's)

Fiscal Year Ended June 30,

	2025		2024		2023		2022		2021	
	BUDGETED	EXPENDED	BUDGETED	EXPENDED	BUDGETED	EXPENDED	BUDGETED	EXPENDED	BUDGETED	EXPENDED
OPERATING	\$ 21,000	\$ 17,351	\$ 18,500	\$ 17,396	\$ 16,000	\$ 17,486	\$ 15,100	\$ 14,658	\$ 15,100	\$ 14,119
CAPITAL IMPROVEMENTS	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 5,880	\$ 928	\$ 770	\$ 500
CAPITAL OUTLAY	\$ 7,181	\$ 2,401	\$ 7,215	\$ 2,733	\$ 5,390	\$ 2,530				
DEBT SERVICE	\$ 9,319	\$ 9,319	\$ 8,285	\$ 8,285	\$ 10,110	\$ 10,110	\$ 11,520	\$ 11,520	\$ 14,130	\$ 14,130
AMERICAN RESCUE PLAN SURPLUS TO CURRENT FUND							\$ 5,000	\$ 5,000		
ADDITIONAL ACCRUED INTEREST			\$ -		\$ -		\$ -		\$ -	
DEFERRED CHARGES:										
EMERGENCY AUTHORIZATION			\$ 3,000	\$ 3,000						
<b>TOTAL</b>	<b>\$ 38,000</b>	<b>\$ 29,571</b>	<b>\$ 37,500</b>	<b>\$ 31,914</b>	<b>\$ 32,000</b>	<b>\$ 30,626</b>	<b>\$ 37,500</b>	<b>\$ 32,106</b>	<b>\$ 30,000</b>	<b>\$ 28,749</b>

## Schedule of Revenues (000's)

Fiscal Year Ended June 30

	2025		2024		2023		2022		2021	
	BUDGETED	REALIZED	BUDGETED	REALIZED	BUDGETED	REALIZED	BUDGETED	REALIZED	BUDGETED	REALIZED
FUND BALANCE	\$ 9,500	\$ 9,500	\$ 10,000	\$ 10,000	\$ 4,500	\$ 4,500	\$ 7,500	\$ 7,500	\$ 5,000	\$ 5,000
RENTS	\$ 28,500	\$ 28,500	\$ 27,500	\$ 30,096	\$ 27,500	\$ 29,942	\$ 25,000	\$ 25,000	\$ 25,000	\$ 27,559
MISCELLANEOUS		\$ 5,719		\$ 2,649		\$ 1,523				\$ 1,928
OTHER							\$ 5,000	\$ 5,000		
DEFICIT (GENERAL BUDGET)										
<b>TOTAL</b>	<b>\$ 38,000</b>	<b>\$ 43,719</b>	<b>\$ 37,500</b>	<b>\$ 42,745</b>	<b>\$ 32,000</b>	<b>\$ 35,965</b>	<b>\$ 37,500</b>	<b>\$ 37,500</b>	<b>\$ 30,000</b>	<b>\$ 34,487</b>

## **WATER UTILITY**

### **General**

On June 2, 1998, the City entered into a Partnership Agreement with Liberty Water Company (“LWC”) for a term of 40 years that will provide the appropriate and necessary management, operation, and maintenance services associated with the City Water System. Prior to this agreement, the City of Elizabeth owned and operated a city-wide system of water distribution (“Water System”). The LWC is a qualified private entity and a subsidiary of E’Town Corporation. E’Town is currently a wholly-owned subsidiary of New Jersey American Water, a wholly-owned subsidiary of American Water, the largest investor-owned water and wastewater utility company in the United States. Prior to American Water ownership, E’Town had been a wholly-owned subsidiary of Thames Water, the world’s largest water service provider, and RWE-AG, one of the world’s largest utility groups. Through increased operating efficiency, the City has received quality services, concession fees and annual payments, revenue sharing, capital improvements, labor considerations, defeased indebtedness, and rate stabilization, as contracted and as applicable. The City will be subject to charges, rates, fees and formulas to be charged for these services and subject to an allocation of risks related to financing and constructing capital improvements and of operating and maintaining the City Water System. The City contracted to receive concession fees from LWC totaling \$50,000,000 (\$19,000,000 in fiscal 1998, \$12,000,000 in fiscal 1999, and \$19,000,000 in fiscal year 2000) which were utilized towards the City's budget in those fiscal years. The contract provides for the City to receive from LWC over \$57,000,000 for capital improvements over the 40-year contract period.

### **Capital**

Under this Partnership Agreement with LWC the City is responsible for financing all Capital Improvements to the system. Capital improvements will be financed principally by the City through payments made by the LWC that will exceed \$57,000,000 over the 40-year contract. LWC shall be responsible for implementing such Capital Improvements. All capital improvements will become the property of the City.

### **Fund Balances, Revenues and Appropriations**

LWC shall be responsible for the preparation, maintenance, and collection of all bills and invoices to the users of both the Water and Sewer Utility and all costs and expenses associated therewith. LWC shall have no right to any revenue attributable in any way to the Sewer Utility. The revenues collected by LWC for the Sewer Utility will be disbursed to the City daily.

LWC will receive all revenues including all rates, fees, rents, charges and service charges and other income derived from the use or the services of the Water System. LWC shall pay all expenses required for the normal operation, maintenance and management of the Water System.

The Water Utility Fund end-of-year fund balances, as of June 30, 2021, 2023, 2024 and 2025 and the anticipated surplus included in the budget for each succeeding year are shown below:

Year	Water Utility End of Period Fund Balance	Used in Succeeding Year Budget
June 30, 2024	\$ 996,542	-
June 30, 2023	996,542	-
June 30, 2022	952,285	-
June 30, 2021	950,468	-
June 30, 2020	948,730	-

*In accordance with accounting principles prescribed by the Division, the City realizes revenues on a cash basis. Expenses are accrued based upon the budget when it is adopted and any unexpended balances are credited to fund balance at the end of the year succeeding the budget period.*

## ASSESSMENT AND COLLECTION OF TAXES

### Tax Collection Procedure

Real property taxes are assessed locally based upon an assessment to true value. The tax bill includes a levy for City, County and school purposes. The school levy is turned over to the Board of Education as expenditures are incurred and the balance, if any, is 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. Taxes are payable in four quarterly installments on February 1, May 1, August 1 and November 1. If unpaid by the 10<sup>th</sup> day of the month, the amount due becomes delinquent and subject to a penalty of 8%, or 18% on any delinquency amount in excess of \$1,500. A penalty of up to 6% of the delinquency may be imposed on a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the fiscal year in which the taxes became delinquent. All unpaid taxes for the previous year are annually placed in a tax sale in accordance with the New Jersey Statutes. The most recent tax sale was held on June 09, 2025, resulting in \$1,874,117.84 in revenues. In rem tax foreclosure proceedings are instituted to enforce the tax collection or acquisition of title to the property by the City.

Tax bills shall be sent by December 31 for the first tax installment (February 1) and by March 31 for the second tax installment (May 1). The first and second installment tax bill will not show a rate; it will show the percentage necessary to collect the full amount due from each taxpayer for municipal and non-municipal fiscal obligations for the first six months of the

## CITY OF ELIZABETH TAX COLLECTIONS

Fiscal Year Ended June 30,

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Tax Levy	\$ 326,481,477	\$ 299,516,961	\$ 293,667,730	\$ 283,067,386	\$ 278,559,099
Tax Levy Collected	\$ 320,523,040	\$ 295,348,581	\$ 289,421,822	\$ 277,976,945	\$ 273,784,426
Percentage of Tax Levy Collected	98.17%	98.61%	98.55%	98.20%	98.29%
Current Taxes Receivable:					
Account Balance at June 30,	\$ 5,958,437	\$ 4,168,380	\$ 4,245,908	\$ 5,090,441	\$ 4,774,673
Percentage of Tax Levy	1.83%	1.39%	1.45%	1.80%	1.71%
<b>Delinquent Taxes*</b>					
Delinquent Taxes Receivable:					
Beginning Account Balance					
Current Year	\$ 4,168,380	\$ 4,245,908	\$ 4,625,094	\$ 4,163,639	\$ 5,461,047
Prior Year	\$ -	\$ -	\$ -	\$ -	\$ 122,801
	\$ 4,168,380	\$ 4,245,908	\$ 4,625,094	\$ 4,163,639	\$ 5,583,848
Tax Title Liens	\$ -	\$ -	\$ -	\$ -	\$ 120,086
Total	\$ 4,168,380	\$ 4,245,908	\$ 4,625,094	\$ 4,163,639	\$ 5,703,934
Delinquent Taxes Collected:					
Budget Anticipation Amount	\$ 4,000,000	\$ 4,000,000	\$ 4,000,000	\$ 4,000,000	\$ 4,000,000
Percentage	95.96%	94.21%	86.48%	96.07%	70.13%
Actual Amount	\$ 5,958,437	\$ 5,706,243	\$ 7,104,886	\$ 8,910,610	\$ 6,184,653
Percentage	142.94%	134.39%	153.62%	214.01%	108.43%
Delinquent Taxes Receivable:					
Ending Account Balance					
Current Year	\$ 5,958,437	\$ 4,168,380	\$ 4,245,908	\$ 4,625,094	\$ 4,163,639
Prior Year	\$ 5,478	\$ -	\$ -	\$ -	\$ -
	\$ 5,963,915	\$ 4,168,380	\$ 4,245,908	\$ 4,625,094	\$ 4,163,639
Tax Title Liens	\$ 19,029	\$ -	\$ -	\$ -	\$ -
Total	\$ 5,982,944	\$ 4,168,380	\$ 4,245,908	\$ 4,625,094	\$ 4,163,639
Foreclosed Property Balance	\$ 89,900	\$ 89,900	\$ 89,900	\$ 89,900	\$ 89,900

\*New Jersey municipalities are required to provide a reserve for current tax delinquencies based on the percentage of the last preceding year's current tax collection. Furthermore, delinquent taxes can be anticipated only to the extent of the last preceding year's delinquent tax collection percentage.

Source: City Finance Department

# CITY OF ELIZABETH

## STATEMENT OF ASSESSED VALUATIONS

CLASSIFICATION	Tax Year 2025		Tax Year 2024		Tax Year 2023		Tax Year 2022		Tax Year 2021		
	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%	
VACANT LAND	\$ 1,042,267,800.00	6.47%	\$ 1,117,700,302.00	6.96%	\$ 50,393,300.00	5.36%	\$ 49,535,200.00	5.29%	\$ 49,979,500.00	5.38%	
RESIDENTIAL LAND & BUILDINGS	\$ 7,513,760,900.00	46.67%	\$ 7,472,115,100.00	46.52%	\$ 533,098,100.00	56.67%	\$ 529,388,900.00	56.53%	\$ 525,532,600.00	56.52%	
COMMERCIAL LAND & BUILDINGS	\$ 2,887,973,300.00	17.94%	\$ 2,820,955,700.00	17.56%	\$ 164,016,500.00	17.44%	\$ 165,190,000.00	17.64%	\$ 164,978,600.00	17.74%	
INDUSTRIAL LAND & BUILDINGS	\$ 2,797,762,900.00	17.38%	\$ 2,824,294,800.00	17.58%	\$ 89,189,200.00	9.48%	\$ 89,890,000.00	9.60%	\$ 87,869,800.00	9.45%	
APARTMENTS, LAND & BUILDINGS	\$ 1,842,018,000.00	11.44%	\$ 1,811,370,800.00	11.28%	\$ 102,682,000.00	10.92%	\$ 100,922,500.00	10.78%	\$ 99,797,100.00	10.73%	
MACHINERY & EQUIPMENT OF TELEPHONE, TELEGRAPH & MESSENGER SYSTEMS COMPANY	\$ 17,274,148.00	0.11%	\$ 17,274,148.00	0.11%	\$ 1,328,382.00	0.14%	\$ 1,480,495.00	0.16%	\$ 1,676,535.00	0.18%	
<b>TOTAL TAXABLE VALUATIONS</b>	<b>\$ 16,101,057,048</b>	<b>100.00%</b>	<b>\$ 16,063,710,850</b>	<b>100.00%</b>	<b>\$ 940,707,482</b>	<b>100.00%</b>	<b>\$ 936,407,095</b>	<b>100.00%</b>	<b>\$ 929,834,135</b>	<b>100.00%</b>	
RATIO OF ASSESSED TO TRUE VALUE						7.69%		8.91%		9.97%	

Source: Tax Assessor's Office

**ANALYSIS OF TAX RATES  
(FISCAL YEAR) AND PERCENT DISTRIBUTION RATE  
PER \$100.00 ASSESSED VALUATION**

**ANALYSIS OF TAX RATES**

<u>Year</u>	<u>Total</u>	<u>Municipal</u>	<u>%</u>	<u>County</u>	<u>%</u>	<u>School</u>	<u>%</u>
2025	\$ 2.01	\$ 1.29	64.3%	\$ 0.34	17.0%	\$ 0.38	18.7%
2024	\$ 1.92	\$ 1.20	62.2%	\$ 0.35	18.2%	\$ 0.38	19.6%
2023	\$ 31.43	\$ 19.65	62.5%	\$ 5.42	17.2%	\$ 6.36	20.2%
2022	\$ 30.58	\$ 19.06	62.3%	\$ 5.13	16.8%	\$ 6.39	20.9%
2021	\$ 29.95	\$ 18.57	62.0%	\$ 4.94	16.5%	\$ 6.43	21.5%
2020	\$ 29.27	\$ 17.99	61.5%	\$ 4.78	16.3%	\$ 6.51	22.2%
2019	\$ 28.82	\$ 17.54	60.9%	\$ 4.60	15.9%	\$ 6.69	23.2%
2018	\$ 28.54	\$ 17.52	61.4%	\$ 4.29	15.0%	\$ 6.73	23.6%
2017	\$ 27.75	\$ 16.73	60.3%	\$ 4.02	14.5%	\$ 6.62	23.9%
2016	\$ 27.75	\$ 17.11	61.6%	\$ 4.01	14.5%	\$ 6.63	23.9%
2015	\$ 26.10	\$ 15.38	58.9%	\$ 4.05	15.5%	\$ 6.67	25.6%

**TEN LARGEST TAXPAYERS IN THE CITY OF ELIZABETH**

<u>Name of Taxpayer</u>	<u>Type of Property</u>	<u>Assessed Value</u>
NJ Metromall Urban Renewal % Simon Group	Commercial	162,612,300
HartzEliz Inc%NY Urban/Poole Fin	Industrial	162,567,300
Kapkowski Rd, LLC C/O IDI Logistics	Industrial	113,579,100
Catellus Urban Renewal II % Prologis	Industrial	97,203,500
Elizabeth Sullivan LLC	Industrial	89,242,100
Centerpoint Butler LLC	Industrial	80,788,700
TD 1993 Partnership, LP	Industrial	74,949,400
Ikea Cen Urban Renewal % Ikea No. America	Commercial/Mixed	71,471,400
EV Slater LLC	Industrial	70,492,000
North Ave East, LLC	Industrial	66,381,100
		<u>\$ 989,286,900</u>

**PERCENTAGE OF THE TEN LARGEST TAXPAYERS  
TO THE TOTAL ASSESSED VALUATIONS** 6.16%

## TAX EXEMPT PROPERTIES IN THE CITY

<u>CLASSIFICATION</u>	<u>Tax Year</u> <u>2025</u>	<u>Tax Year</u> <u>2024</u>	<u>Tax Year</u> <u>2023</u>	<u>Tax Year</u> <u>2022</u>	<u>Tax Year</u> <u>2021</u>
<u>AMOUNT</u>	<u>AMOUNT</u>	<u>AMOUNT</u>	<u>AMOUNT</u>	<u>AMOUNT</u>	<u>AMOUNT</u>
Public Schools	\$ 1,451,900,600	\$ 1,563,296,300	\$ 98,998,600	\$ 98,091,500	\$ 98,081,500
Schools Other than Public	102,048,600	144,165,000	7,731,300	6,302,700	6,302,700
Public Property (1)	6,277,334,700	3,211,904,700	745,960,600	732,106,400	728,764,700
Churches and Charities	722,369,300	738,431,500	60,497,600	61,500,600	61,378,200
Cemeteries	38,347,000	39,247,400	1,878,000	1,878,000	1,878,000
Total	\$ 8,592,000,200	\$ 5,697,044,900	\$ 915,066,100	\$ 899,879,200	\$ 896,405,100

- (1) Of this public property, the Port Authority of New York and New Jersey owns \$5,071,315,100 which is part of Newark Airport, Elizabeth Port, and the Goethals Bridge connecting Elizabeth with Staten Island. While these properties do not generate property taxes, their location in Elizabeth does generate significant economic activity through the varied ancillary services required for a major airport and seaport.

In accordance with an agreement between the City of Elizabeth and the Port Authority of New York and New Jersey signed in December 1984, and updated in May 2001, the City of Elizabeth will receive additional compensation for municipal services provided to said agency. The agreement provided that the City will receive \$3,000,000 annually through the year 2031. Said funds will be utilized to pay debt service on work projects agreed upon by the City and the Port Authority.

## INDEBTEDNESS AND DEBT LIMITS

State law regulates the issuance of debt by local government units. No local unit is permitted to issue bonds for the payment of outstanding obligations, other than those to (i) refund outstanding bond anticipation notes and (ii) refund outstanding bonds and other obligations with the approval of the Local Finance Board.

### Debt Limits

State statutes set forth debt limits for counties and municipalities. The City's net debt is limited by the Local Bond Law to an amount equal to 3 1/2% of its equalized valuation basis. The equalized valuation basis of the City is set by statute as the average value of all taxable real property within its boundaries as annually determined by the State Board of Taxation for each of the three most recent years. The debt limit pursuant to Title 18A of the New Jersey Statutes for the Board of Education, a Type II school district, is 6% of equalized valuation basis. As of June 30, 2025, the Board of Education's statutory net debt was 0.0%. Certain categories of debt are permitted by statute to be deducted for purposes of computing the statutory debt limit. Pursuant to law, the City has deducted the amount of authorized

school debt. Debt of the water and sewer utilities is excluded in calculating net debt to the extent the utility operates on a self-liquidating basis.

As detailed in the following tables, as of June 30, 2025, the City has a statutory net debt of \$119,691,083 or .885 % of its averaged equalized valuation basis for the three (3) preceding years.

### **Exceptions to Debt Limit - Extensions of Credit**

The debt limit of the City may be exceeded only with the approval of the Local Finance Board. If all or any part of a proposed debt authorization would exceed its debt limit, the City must apply to the Local Finance Board for an extension of credit. The Local Finance Board considers the request, concentrating its review on the effect of the proposed authorization on outstanding obligations. If the Local Finance Board determines pursuant to statute and regulation that a proposed debt authorization would materially impair the ability of the City to meet its obligations or to provide essential services, approval is denied.

State law permits the City school district by action of the Board of Education and a referendum to authorize debt in excess of its individual debt limit. It does so by using the borrowing capacity of the City for school purposes after the school debt margin has been exhausted. The Local Finance Board is involved only if the proposed debt authorization exceeds the debt limit of both the City and the Board of Education.

### **Debt Statements**

The City must report all new authorizations of debt or changes in previously authorized debt to the Division through the filing of Supplemental and Annual Debt Statements. The Supplemental Debt

Statement must be submitted to the Division before final passage of any debt authorization. Before July 31 of each year the City must file an Annual Debt Statement with the Division. This report is made under oath and states the authorized, issued and unissued debt of the City as of the previous June 30. Through the Annual and Supplemental Debt Statements, the Division monitors all local borrowing.

# City of Elizabeth

## Schedule of Overlapping Debt

	Total	Elizabeth Overlap	
		%	Amount
30-Jun-25			
Elizabeth Parking Authority (1) \$	3,135,000	100.00%	\$ 3,135,000
UCIA (2)	395,469,582	14.34%	56,710,338
UCUA (3)	154,945,000	14.34%	22,219,113
Union County	482,595,178	14.34%	69,204,149
	1,036,144,760		151,268,600
30-Jun-24			
Elizabeth Parking Authority (1) \$	3,135,000	100.00%	\$ 3,135,000
UCIA (2)	170,684,582	14.34%	24,476,169
UCUA (3)	159,795,000	14.34%	22,914,603
Union County	475,970,722	14.34%	68,254,202
	809,585,304		118,779,974
30-Jun-23			
Elizabeth Parking Authority (1) \$	3,495,000	100.00%	\$ 3,495,000
UCIA (2)	178,954,582	13.34%	23,868,938
UCUA (3)	164,420,000	13.34%	21,930,317
Union County	535,791,918	13.34%	71,463,854
	882,661,500		120,758,109
30-Jun-22			
Elizabeth Parking Authority (1) \$	4,620,000	100.00%	\$ 4,620,000
UCIA (2)	187,459,582	12.65%	23,713,637
UCUA (3)	168,835,000	12.65%	21,357,628
Union County	497,922,861	12.65%	62,987,242
	858,837,443		112,678,507
30-Jun-21			
Elizabeth Parking Authority (1) \$	5,165,000	100.00%	\$ 5,165,000
UCIA (2)	185,644,582	12.13%	22,518,688
UCUA (3)	173,085,000	12.13%	20,995,211
Union County	506,173,656	12.13%	61,398,864
Total	\$ 870,068,238		\$ 110,077,763

- (1) As of the Fiscal Year End, the revenue from operations exceeded the debt service requirements.
- (2) Union County Improvement Authority-Non Guaranteed Bonds included
- (3) Union County Utilities Authority-Non Guaranteed Bonds included

# City of Elizabeth

## STATUTORY DEBT

30-Jun-25

	<u>Gross Debt</u>	<u>Deductions (1)</u>	<u>Net Debt</u>
School Purpose	\$2,800,000	\$2,800,000	\$0
Sewer Utility	132,793,877	132,793,877	0
Municipal Purposes	147,262,423	27,571,340	119,691,083
Total	<u>\$282,856,300</u>	<u>\$163,165,217</u>	<u>\$119,691,083</u>
Type II =	\$0		
Average Equalized Valuation of Real Property (Years 2022-2024)			\$13,522,169,836
Statutory Net Debt Percentage			0.885%
Maximum Statutory Net Debt Percentage			3.50%
Remaining Borrowing Power: Municipal	\$353,584,861		2.61%
Net Debt Per Capita (2020 Population 137,298 Census Figure)			\$871.76
Gross Debt Per Capita (2020 Population 137,298 Census Figure)			\$2,060.16
Gross Debt as Percentage of 2025 Avg. Equalized Valuations			2.09%

(1) Deductions from Gross Debt are allowed in accordance with statutory provisions. The deduction for school debt is in accordance with Title 18A, which allows a deduction from gross debt of an amount equal to 6% of average equalized valuations.

(2) The above data was updated through June 30, 2025 from information abstracted from the Annual Debt Statement filed by the City's Chief Financial Officer as of June 30, 2025 with the Division in accordance with Section NJSA 40A:2-40 of the Local Bond Law and modified to agree to the Audit Report of 6-30-25

**COMBINED PRINCIPAL AND INTEREST REQUIREMENTS  
OUTSTANDING BONDS OF THE CITY AS OF JUNE 30, 2025**

Fiscal Year	Total Debt Service		
	Principal	Interest	Total P & I
2025	\$ 12,410,000	\$ 2,702,283	\$ 15,112,283
2026	12,765,000	2,272,298	15,037,298
2027	11,715,000	1,817,048	13,532,048
2028	9,833,000	1,397,972	11,230,972
2029	8,915,000	1,045,031	9,960,031
2030	9,120,000	720,413	9,840,413
2031	5,445,000	402,650	5,847,650
2032	2,010,000	209,200	2,219,200
2033	1,585,000	128,800	1,713,800
2034	1,635,000	65,400	1,700,400
	<u>\$ 75,433,000</u>	<u>\$ 10,761,095</u>	<u>\$ 86,194,095</u>

## **PENSION COSTS**

Those municipal employees who are eligible for pension coverage are enrolled in one of three pension systems. These systems were established by acts of the State Legislature. Benefits, contributions, means of funding, and the manner of administration are determined by State law.

The three State-administered pension funds are: the Consolidated Police and Firemen's Pension Fund (N.J.S.A. 43:16), the Police and Firemen's Retirement System (N.J.S.A. 43-16A), and the Public Employees' Retirement System (N.J.S.A. 43:15A). The Division annually charges municipalities and other governmental units for their respective contributions.

## **EMPLOYEES**

As of June 30, 2025, the City had 1,831 employees. Of that number, 1,354 are represented by one of fifteen (15) different bargaining units. The New Jersey Public Employee Relations Act, as amended, specifies a negotiation and advisory fact-finding process in the event of a negotiations' impasse.

The most recent non-uniform four (4) year contract provided for increases of 2.75% effective July 1, 2025, 3.00% effective July 1, 2026, and July 1, 2027, and 3.25 % July 1, 2028. These increases are offset by a minimum of 1.50% of salary contribution for health insurance. Healthcare contributions will be increased based on the Health Benefit Plan increases and/or "better than or equal to" private health insurance, beginning in calendar year 2026 and subsequent years.

The most recent four (4) year public safety contract, for the Fire Department, provided the increase of 2.25 % effective July 1, 2022, July 1, 2023, and July 1, 2024, and 2.75 % increase for July 1, 2025. These increases are offset contributions for health insurance agreed to prior to mandatory requirements. The City is currently in negotiation with the public safety unions.

## **DEMOGRAPHIC AND ECONOMIC FACTORS**

The City is the fourth largest city in the State, with a population currently estimated to be 137,298 according to the 2020 decennial census. It covers an area of 11.7 square miles and is the county seat of Union County. It is located in the northeastern portion of Union County and is bounded by Essex County to the north, Union Township and Hillside Township to the west, Roselle Borough, Roselle Park Borough and the City of Linden to the south and the Arthur Kill waterway to the east.

## Population Characteristics

The City's population over the past few decades has remained stable with an increase of approximately 13% between 1990 and 2010. Some other large New Jersey cities have experienced downward trends over the last few decades.

### POPULATION GROWTH

(Calendar Year)

	<u>City</u>	<u>County</u>	<u>State</u>
1960	107,698.00	504,255.00	6,086,982.00
1970	112,654.00	544,090.00	7,192,805.00
1980	106,201.00	504,094.00	7,364,158.00
1990	110,002.00	493,819.00	7,730,188.00
2000	120,568.00	522,541.00	8,414,350.00
2010	124,969.00	536,499.00	8,791,894.00
2020	137,298.00	575,345.00	9,288,994.00

Source: U.S. Department of Commerce, Bureau of the Census, General Social and Economic Characteristics, and New Jersey Department of Labor, Division of Planning and Research.

### PUBLIC SCHOOL ENROLLMENT

<u>Year</u>	<u>Enrollment</u>
2013	24,112
2014	26,201
2015	27,127
2016	27,417
2017	27,970
2018	28,557
2019	28,717
2020	29,102
2021	28,148
2022	28,088
2023	28,083
2024	28,480
2024	28,334

Source: *Elizabeth Public Schools*

## POPULATION COMPARISON 1970-2020

### “Big Six” Cities

		<u>1970 (1)</u>	<u>1980 (1)</u>	<u>1990 (1)</u>	2000 (1)	2010 (1)	2020 (1)
1	Newark	381,930	329,249	275,221	273,546	277,140	311,549
2	Jersey City	260,545	223,532	228,537	240,055	247,597	292,412
3	Paterson	144,824	137,970	140,891	149,222	146,199	159,732
4	Elizabeth	112,654	106,201	110,002	120,568	124,969	137,298
5	Trenton	104,638	92,124	88,675	85,403	84,913	90,871
6	Camden	102,551	84,910	87,492	79,904	77,344	71,791

Source: (1) U.S. Department of Commerce, Bureau of the Census.

## HOUSING TYPES IN ELIZABETH

<u>Type</u>	<u>Units</u>	<u>% of Total</u>
One Family	6,342	33.99%
Two Families	7,487	40.13%
Three Families	784	4.20%
Four Families	695	3.73%
Commercial/Mixed Use	2,039	10.93%
Industrial Use	182	0.98%
Apartments 5 Units and up	672	3.60%
Vacant Land	456	2.44%
<b>Total</b>	<b>18,657</b>	<b>100.00%</b>

Source: Tax Assessor.

**NEW CONSTRUCTION PERMITS  
2015 to 2025**

<b>(Calendar)</b>	<b>Construction</b>	<b>Resident</b>	<b>Non-Resident</b>	<b>Structures</b>
2015	20,077,881	3,595,504	16,482,377	42
2016	55,266,837	22,554,848	32,711,989	97
2017	41,550,515	18,412,732	23,137,783	70
2018	12,220,385	10,210,985	2,009,400	71
2019	40,923,107	33,038,719	7,884,388	102
2020	97,303,040	75,195,400	22,107,640	143
2021	107,864,821	77,568,390	30,296,431	121
2022	22,485,985	11,358,985	11,127,000	44
2023	119,472,043	11,489,002	107,983,041	54
2024	94,713,250	12,221,250	82,492,000	38
2025	94,214,697	6,675,722	87,538,975	37

*Source: City of Elizabeth, Bureau of Construction*

**LABOR FORCE**

<b>Years (as of December 31)</b>	<b>Total Labor Force</b>	<b>Employed</b>	<b>Percent Employed</b>	<b>Percent Unemployed</b>
2015	63,763	60,172	94.4%	5.6%
2016	61,741	58,639	95.0%	5.0%
2017	61,127	58,126	95.1%	4.9%
2018	61,389	58,830	95.8%	4.2%
2019	62,720	60,018	95.7%	4.3%
2020	60,861	55,222	90.7%	9.3%
2021	64,263	60,750	94.5%	5.5%
2022	64,840	62,573	96.5%	3.5%
2023	66,466	62,877	94.6%	5.4%
2024	68,374	64,789	94.8%	5.2%
2025	68,371	64,663	94.6%	5.4%

*Source: New Jersey Department of Labor, Division of Planning Research.*

## LARGEST EMPLOYERS

<u>Name of Employer</u>	<u>Type of Business</u>	<u>Estimated No. of Employees (2025)</u>	
		<u>Full Time</u>	<u>Part Time</u>
APM Terminals Elizabeth, LLC	Marine Cargo Handling	2038	0
Trinitas Hospital/ RWJ Barnabas Health	Hospital	1710	172
Maher Terminals, LLC	Marine Cargo Handling	1278	0
Allied Beverage Group, LLC	Commercial	979	0
Wakefern Food Corp.	Commercial	928	86
Shipco Transport, Inc.	Freight Transportation	403	3
Fedway Associates, Inc.	Commercial	403	8
Atalanta Food Corporation	Food Import	250	0
Jacobson & Company	Commercial	250	0
Ikea US Retail LLC	Commercial	216	82

# ECONOMIC DEVELOPMENT

## I. ENVIRONS

The City of Elizabeth (the “City”) has developed a comprehensive economic development strategy with the goal of attracting, retaining, and expanding businesses; revitalizing communities; increasing accessibility to services; and creating employment opportunities.

The City is the fourth largest municipality in the State of New Jersey (the “State”) and is the seat of Union County. The City experiences an influx of people Monday through Friday attending educational institutions, working at governmental buildings and companies, and visiting events and recreation destination throughout the community.

The City has unique geographic advantages in its proximity to Newark Liberty International Airport, the Port Elizabeth-Newark International Container Seaport, New Jersey Turnpike and Routes 1&9, as well as being served by New Jersey Transit rail and bus. The Historic Elizabeth Midtown Train Station (the “Midtown Station”) is within walking distance of the Union County Administration Building, Union County Court House, City Hall, the Public Library, and Elizabeth’s Union County Campus.

### **Midtown Train Station and Development of Surrounding Area**

As one of only thirty-six New Jersey municipalities to obtain the competitive Transit Village designation, the Midtown Station has undergone transformative improvements since its designation in 2007. Funded with State, Federal Stimulus and Urban Enterprise Zone funds, these enhancements have elevated the City’s status as a transportation destination.

This project revitalized the existing structure and added increased accessibility, security, and function to one of New Jersey’s busiest train stations. The project included extended high-level train platforms; new elevators and stairs; covered, climate-controlled waiting rooms; upgraded passenger information and security systems along with a marquee façade and additional vendor space.

A Bike Depot is available near Midtown Station, providing secure, weather-protected storage for bikes, helmets, and personal items. It was made possible by the City, the Elizabeth Development Company and the New Jersey Bike & Walk Coalition.

### **Trinitas Regional Medical Center/RWJ Barnabas Health**

Trinitas Regional Medical Center/RWJ Barnabas Health provides access to interventional Cancer Clinical Trials in partnership with the Rutgers Cancer Institute and provides premier cardiac service in partnership with Newark Beth Israel, Cooperman Barnabas and Children’s Specialized Hospital.

As the State’s only National Cancer Institute-designated comprehensive center, in partnership with RWJ Barnabas and Rutgers Cancer Institute, Trinitas participates in a cutting-edge interventional Clinical Trial, offering a Linear Accelerator and TrueBeam System. Treatments are provided in less than 2 minutes, in a process that targets tumors and reduces side effects. Later this year, Trinitas will be home to a new Cardiac Catheterization Lab, featuring the Philips Azurion 7 Flex Arm System.

Trinitas Behavioral Health Campus, in partnership with Rutgers University Behavioral Health Care, is a leading provider of integrated mental health and substance abuse treatment, providing services to 200,000 outpatient visits annually. With a Specialized Unit through Healthcare Foundation of NJ Center for Autism, Trinitas is the only hospital in New Jersey focused on serving adults with intellectual and developmental disabilities.

A Dialysis Unit at the hospital’s Medical Arts Building features 19 Stations, Hemodialysis and Isolation Machines. Trinitas was also recognized as one of the 2026 Best Hospitals for Maternity Care by U.S. News & World Report.

### **Parking and Motor Vehicle Commission**

The Parking Authority has made significant improvements to the Midtown Garage, which is now open 24/7. These improvements include new T2 Systems and revenue control equipment, which will enable 3 hours of free holiday parking for five years within our Urban Enterprise Zone. More parking spaces were added on Elizabeth Avenue, along with license plate recognition capabilities and upgraded enforcement equipment.

Recent capital improvements include sealing and waterproofing garage roofs; installing ramps, gutters and awnings; and refurbishing elevators and painting exteriors. Technology upgrades include new camera systems at Lot 4 and the Midtown Garage as well as the incorporation of the LightPath System, which is enhancing internet access at the Midtown Garage.

### **Elizabeth Fire Department**

The Elizabeth Fire Department hired twenty-nine new recruits in 2025. They completed training and joined the ranks of the Elizabeth Fire Department in January 2026.

EMS Patient care has been enhanced with a new ambulance and streamlined Electronic Patient Care Reporting system, which provides valuable pre-hospital care as well as increasing accuracy and reliability. With the incorporation of the Turtle Device, the Elizabeth Fire Department now has the ability to apply water to the undercarriage of electric vehicles, extinguishing and cooling large battery cells during suppression efforts.

### **Elizabeth Police Department**

The Elizabeth Police Department has been re-accredited by the New Jersey Association - Chiefs of Police and completed national accreditation through the Commission for Law Enforcement Agencies. Twenty-three new police recruits joined the Elizabeth Police Department in January 2026 and have been assigned to posts. Community outreach and prevention programs include police hiring events, PAL camp, youth athletics program, pedestrian safety programs as well as scam prevention presentations at senior housing complexes.

Through proactive policing -- including data-driven investigations, license plate reader technology, and expansion of CCTV -- there has been a 24% decrease in overall crime, based on a Police Department analysis of incidents. In addition, the establishment of the National Integrated Ballistic Information Network System is enabling ballistic testing to be conducted and investigative leads within the Police Department facility.

### **Elizabeth River Trail**

In 2012, the Elizabeth River Trail, which extends from Rahway Avenue to the Goethals Bridge along the Elizabeth River, opened to much fanfare. This initiative incorporates elements that encourage biking, walking, and running within a park setting by the scenic river. This Elizabeth River Trail project adds value to our tourism efforts, providing an additional excursion for visitors and expanding access to fitness, nature and community-gathering spaces.

### **Greening and Environmental Preservation Efforts**

The City is pursuing a Tree Planting Initiative to improve water quality, reduce flooding and mitigate climate change. Residents are encouraged to plant their own tree or be added to the City's Tree Planting List at no charge. Through the Greening Union County Grant, the City was awarded \$25,000 and planted 166 new trees in 2025.

Further preserving the environment, the Keep Elizabeth Clean program encourages proper garbage disposal, maintenance of properties and cleanup of pet waste. This program supports existing efforts to improve the community, including \$233,000 awarded for Clean Communities Program, which focuses on cleaning and removing illegal dumps and replacing trash receptacles.

The Housing Authority placed thirteen air quality monitors in public housing properties throughout Elizabethport in partnership with Rutgers University. The Micro Forest project at Kennedy Arms supports tree planting and shrub removal. The Heat Youth Group is helping to replace garden beds between Mravlag Manor and Farley Towers.

### **Traffic, Infrastructure and Surface Improvements**

More than 4 miles of roadway were paved in 2025 and with more than \$744,000 awarded through the NJDOT Municipal Aid Program traffic lights at Atlantic and Third are being replaced.

The City must have all lead service lines within the municipality replaced by July 22, 2031. The City has funding in place through the FY23 Congressionally Directed Spending/Community Project Funding in the amount of \$2,170,000, FY24 Congressionally Directed Spending/Community Project Funding in the amount of \$959,752, FY26 Congressionally Directed Spending/Community Project Funding in the amount of \$1,000,000 as well as \$6,000,000 in 2024 & 2025 New Jersey Department of Community Affairs funding, to meet the anticipated cost of replacement for approximately 830 lead service lines. The City was also awarded \$3,000,000 in FY26 through the New Jersey Department of Community Affairs for the replacement of lead service lines. The City previously completed 1,236 lead service line replacements utilizing approximately \$19,200,000 in American Rescue Plan funds. In addition, the City has applied to the NJIB for \$22 million for funding pertaining to this project. To date, 1,662 lead service lines have been replaced out of a total of 5,162 planned replacements.

The East Broad Street and Chestnut Street Streetscape project, funded through a \$1.18 million FY 2025 NJDOT Transportation Alternatives Set-Aside Program award, will include new sidewalks, curbing, ADA ramps, trees and striping. The Elizabeth Avenue Streetscape Phase 4A is underway between Bridge Street and Catherine Street and is funded through a \$1.1 million award through the NJDOT Local Aid Infrastructure Fund. The Elizabeth Avenue Streetscape Phase 4 is designed and approved and is anticipated to go out to bid in 2026. It is funded through a FY2023 NJDOT Transportation Alternatives Set-Aside Program award in the amount of \$780,000.

Assisting in flood control, the Atlantic Street Stormwater Control Project is a \$14 million initiative, which is 80% funded through the State. This site will serve as an additional recycling center and will provide office space. Construction began in 2023 and is anticipated to be completed by December 2026.

### **Recreational Improvements**

The Department of Recreation continues to strengthen foundations, helping our youth realize their potential through dance, fitness, boxing, basketball, biddy ball, youth employment and summer camps. The Department of Recreation operates five recreation centers and nineteen playgrounds.

With \$1.2 million awarded through the Workforce Innovation initiative, in partnership with the Union County Workforce Development Board and the United Way of Greater Union County, more than 500 young people participated in the 2025 Summer Youth Employment Program. Individuals received paid work experience, job-readiness training and leadership development.

The former Sixth Street Playground will be transformed into the Coach Singley Playground. This project will include a complete redevelopment with family-centered space, new spray park, updated play area, fitness stations and picnic areas.

At Sisselman Field, a state-of-the-art hybrid facility will be completed and available to host youth leagues, tournaments and athletic events. Further expanding access and elevating recreational environments, a new gym floor at the Erxleben Recreation Center was made possible with a \$155,000 award through the Kids Recreation Trust Fund Grant.

Mickey Walker Community Center enhancements include Anna Street parking lot upgrades, EV chargers, lighting and security improvements. At O'Brien Field, new turf, soccer goals and safety resurfacing are increasing access. At Coakley Circle Park, an outdoor fitness court, seating, walking paths and community greenspace are creating healthier environments.

A new 4<sup>th</sup> Ward Recreation Center featuring advanced indoor recreation is under development. This project is being made possible through a public-private partnership with the Elberon Development Company. The Arthur Carrington Tennis & Pickleball Complex, which is located at the former Bayway Polish Home site on Pulaski and Richmond Street, broke ground on March 9, 2026. The development of this site, which is partially funded with \$790,000 through the Union County Capital Project Grant as well as a \$155,000 matching grant through the Union County Kids Recreation Trust Fund, will include five new pickleball and tennis courts as well as associated fencing, lighting and landscaping. Other ongoing projects include the Kellogg Park Fitness, Spray Park and infrastructure improvements with funding from the NJ Local Recreation Improvement Grants, the Union County Kids Recreation Trust Grant and the J.C. Kellogg Foundation.

### **Cannabis**

In 2021, the City adopted a Cannabis Tax Ordinance and a Cannabis Overlay Zoning Map, whereby retail, cultivating and manufacturing are permissible in certain areas. The City had its first recreational cannabis store open on Route 1&9 in 2022. This location has become a popular destination, generating revenue for our community. There are eight Cannabis Retail Licenses that have opened or are in the process of receiving permits to open. One cultivating license and one manufacturing license are also in process.

### **Ferry Planning**

In 2022, the City was awarded a \$5 million Planning Grant through the U.S. Department of Transportation's R.A.I.S.E. opportunity to explore the feasibility of a ferry terminal and service to Manhattan. After successfully meeting all funding requirements, the City received authorization from the Federal Transit Administration to proceed with the procurement process. A request for proposals was issued to identify qualified entities to conduct the Planning Study and a contract was awarded to KPFF Consulting Engineers in the amount of \$756,161 in December 2025.

## **II. COMMERCIAL/TOURISM**

The Mills at Jersey Gardens continues to thrive with new stores, expansions, and renovations. Celebrating 25 years, the mall remains a top global tourist destination with more than 200 stores. The Mills at Jersey Gardens had twelve new additions in 2025, including Round1 Bowling & Arcade; Birkenstock, and Coach Coffee.

The Mall is also an active community partner, participating in city-wide clean-up events with Groundwork Elizabeth and the Mayor's Youth Council. The Mills at Jersey Gardens supports Union College's Food Pantry, the Elizabeth Coalition for the Homeless, and Angel Tree with the Salvation Army.

Celebrating its 10<sup>th</sup> anniversary, the Elizabeth Destination Marketing Organization ("EDMO") continues to create opportunities including the opening of the Tourism Office Welcome Center. Reinforcing their relationship with Newark Liberty International Airport, kiosk and advertisements are highlighting Elizabeth

businesses. EDMO collaborates with the Port Authority Aces and airport volunteers on travelers aids and promotes popular events such as the Latino World Fest Travelers Conference and Weekend Warriors Flag Football.

Elizabeth is a nationally recognized tourism destination, resulting in a significant economic benefits to the City. Recognition from global organizers in 2025 included a visit from FIFA representatives and the hosting of the official FIFA Tour Bus. For our country's 250<sup>th</sup> Anniversary, the Elizabeth Destination Marketing Organization will have a new headquarters at Midtown Station and will organize exhibitions, tours, visitor information and educational programming.

### **III. WORKFORCE AND EDUCATIONAL DEVELOPMENT**

#### **Elizabeth Development Company and Urban Enterprise Zone Opportunities**

The Elizabeth Development Company ("EDC") continues to invest in growing our workforce. The EDC works closely with our business community with 587 certified businesses within the City's award-winning Urban Enterprise Zone. Remaining competitive and employing a skilled workforce, a 5-Year Zone Development Plan was created and submitted to the State. In addition to more than \$1.3 million in approved projects, there was nearly \$1 million awarded in low-interest loans to local businesses as well as \$1.9 million in a Lead-Based Grant for remediation and abatement. More than 1 million was awarded for the Green Workforce Challenge, Solar Panel Technician Training, 14 CDLs, 10 Security Officer Licenses, HVAC Electrical Assistant, Food Service and Patient Care Technicians. Furthermore, \$349,000 was awarded for the Urban Enterprise Zone Façade Program and \$300,000 for the Urban Enterprise Zone Marketing Initiative through the Urban Enterprise Zone Authority, New Jersey Department of Community Affairs. Further support was provided through the NJEDA Main Street Program and Neighborhood Revitalization Tax Credit Micro Loan Grants.

#### **Union College and Workforce Innovation Center**

The Aspen Institute named Union College as one of the Top 200 community colleges for 2027 for improving student success and workforce outcomes. This distinction makes Union College the only New Jersey community college named a 2025 finalist for the \$1 million prize and a 2027 Top 200 school.

Union College held a groundbreaking of the Physical Education Center, which greatly enhances campus athletic facilities. Union College participates in the Princeton University Transfer Scholars Initiative. More than 700 students participated in ESL, Adult Basic Skills, High School Diplomas, Citizenship and Microsoft Office Specialist Certifications programs.

#### **Elizabeth Housing Authority**

With a \$4.2 million 2025 Capital Fund Award, improvements continue through the Housing Authority with a front entrance door replacement completed at Mravlag Manor, renovations at O'Donnell Dempsey, security enhancements at Farley Towers as well as expanding resident engagement and senior outreach. Through a \$450,000 Federal Ross Grant, 120 residents received case management and employment readiness. In addition, parent workshops were held and a youth garden program was developed with Prevention Links. Through the Foster Youth to Independence initiative, youth aging out of foster care received 17 new vouchers.

#### **Elizabeth Public Library**

In 2025, the Elizabeth Public Library served approximately 1 million visits, 90,000 technology sessions, 64,000 computer sessions, 44,000 library card holders, 5,100 new patrons and 1800 programs of all kinds.

Improvements at library facilities included roof replacement at Elmora Branch; roof repairs at the historic Main Branch through the New Jersey Library Construction Bond Grant; new heating, cooling units and curb repairs at the LaCorte Branch; expanded adult education, workforce and digital services; educational programming with Literacy New Jersey and the New Jersey Department of Labor as well as strengthening public access to local history through a New Jersey State Grant.

#### **Drone Tower**

The City bonded \$4 million, which was approved by City Council in January 2026, to construct a Drone Tower. The City is currently awaiting a design proposal from the Architect for this project.

### **IV. HOUSING**

#### **Foreclosed Lots**

As of February 2026, the City owns zero tax lien foreclosed lots, as they have all been placed on the tax rolls.

**Morris Avenue**

At 423-427 Morris Ave, eleven affordable veteran units have been submitted to the Planning Board for approval and the project is advancing with State funding the Developer received.

**First Street**

Construction has commenced on 170-176 First Street, which includes 24 affordable Senior Citizen units through the Housing Authority. This project, which is anticipated to be completed by the end of 2026, is made possible with an \$8.4 million State grant/forgivable loan, \$1.4 million HOME Funds and \$1.6 million private financing.

**Cherry Street**

The Elizabeth Coalition to House the Homeless anticipates additional funding to be in place for two affordable units at 100-106 Cherry Street. HOME funds have been dedicated in the amount of \$279,112. The YWCA Non-Congregate Shelter was completed in October 2025, creating shelter units with more than \$1.5 million in HOME-ARP funds.

**East Jersey Street**

Ten affordable units were completed in June 2025 at 823-827 East Jersey Street. This project utilized HUD HOME Funds in the amount of \$1,649,899.

Ten affordable housing units will be constructed at 1033-1039 East Jersey. This project has been approved and is anticipated to be completed early 2028.

**North Broad Street**

Eight affordable housing unit are in the approval process at 305 North Broad Street.

**Rahway Avenue**

The construction of housing units is underway at 424-432 Rahway Avenue. At completion, this initiative will include 8 units in Building A and is part of a broader project, which will ultimately include two buildings at this location.

**Magnolia Avenue**

A vacant State parcel is in the process of being developed into affordable units at 948-960 Magnolia Avenue.

**V. PILOTS**

**Midtown Redevelopment Area**

The sale of Parcel B, which is located at 230-260 Union Street in Midtown, was completed and sold for \$3,750,000. Construction is anticipated to begin in the 3rd quarter of 2026 on 264 market-rate units.

**Former Elizabeth General Hospital Site**

Construction of 272 market-rate units has been completed at the former Elizabeth General Hospital site and Certificates of Occupancy were issued. In addition to the residential units, 3,000 square feet of retail will be incorporated at this site. This project is temporarily beset by PILOT deficiency notices and legal issues; there is active litigation regarding the validity of the PILOT.

**Durant Street Redevelopment - Former Burry Biscuit/Interbake Site - Warehousing**

Elberon Development Group has purchased the former Burry Biscuit site and is developing the property into two warehousing buildings totaling over 300,000 square feet. Construction is expected to be completed in 2026.

**East Broad Street Redevelopment Area – Madison and Chestnut Units**

The City designated the East Broad Street Redevelopment Area as "in need of redevelopment." Located adjacent to the Midtown Station and a Redevelopment Plan has been approved. Phase 1 of the redevelopment comprises 54 market rate units on the corner of Madison & Chestnut, and they are fully rented. Construction of 200 market-rate units at 1176 Chestnut St. has been delayed PSE&G will be renting the land for staging purposes for the construction of the new power station.

**Livingston Street**

Designation of a redeveloper has occurred for developments at 59-81 Livingston Street. The Planning Board has issued a final resolution for 84 residential units, a pharmacy and 10,000 square feet of retail. The Pilot is signed, and construction is anticipated to begin by the end of 2026.

**VI. DEVELOPMENTS WITH NO PILOTS**

**Pennsylvania Avenue**

At 581-599 Pennsylvania Avenue, which is a vacant lot, 90 market-rate units as well as retail and office space, are in the permitting process.

### South Second Street

An RFP was posted for the redevelopment of 200-238 South Second Street and a redeveloper has been designated for this site, which will include the transformation of approximately three acres of vacant land. The Redevelopment Plan was approved for 23 two-family homes and the sale of this City-owned property is complete. The City is awaiting the start of the permitting process.

### PSE&G Site

PSE&G purchased the property at 1130 Chestnut Street and will be relocating their substation from the Midtown Redevelopment Area (62-72 West Jersey Street). The PSE&G substation started construction in 2024 and is expected to be completed by 2026. This location will replace its Midtown substation, which will be decommissioned and sold.

### Amboy Avenue and South Front Street

Warehousing is anticipated to be constructed by the Elberon Development Company at the former Phelps Dodge location, 713-743 Amboy Avenue and 701-733 South Front Street. City Council has designated these locations as areas for redevelopment. Plans for both projects have been received and are anticipated to be future Pilots. Projects are anticipated to be completed by the end of 2027.

## VII. REDEVELOPMENT STUDY/PLANS

### Butler Street Redevelopment Plan- 110-140 Elizabeth Avenue

A Redevelopment Study is being completed for the redevelopment of an underutilized warehouse at 110-140 Elizabeth Avenue.

### Madison Avenue/Magnolia Avenue Study

A Redevelopment Study is being completed to redevelop the Madison Avenue, Magnolia Avenue and Catherine Street block into housing.

## VIII. OPEN SPACE PROJECTS

### Broad Street

The City has secured \$3 million from the State to acquire the blighted area adjacent to the train station (200-210 Broad Street). The Redevelopment Study was adopted by City Council and the Redevelopment Plan was finalized. Currently the site is being examined for designation as “an area in need of redevelopment”.

### Midtown Parcel I

A Condemnation Study is being completed to acquire four parcels adjacent to Midtown Station to create open space for commuters at the site known as Midtown Parcel I. CSX agreed to sell railroad property at 222-228 Jefferson Avenue leading to Midtown Station. Funds for purchase will be provided by New Jersey Green Acres Program. Appraisals are being obtained. The parcels will be developed into a walking trail to Midtown Station.

### Magnolia Avenue

The City has applied to acquire the vacant State parcel at 1000-1020 Magnolia Avenue for \$1.00 to create open space.

### Pine Street

The City acquired four parcels by the waterfront at 39-59 Pine Street to create open space utilizing Community Development Block Grant (CDBG) funds.

## IX. APPROVED PROJECTS

**Institute of Music for Children:** Through the Institute of Music for Children’s 2026 campus expansion project, this initiative will transform a three-acre campus into a state-of-the-art artistic education and cultural hub. Through this renovation project, the Institute of Music will be able to expand their creative efforts, supporting young people with a 15,000 square foot re-imagined Manse building; large acting, dance, visual art studios; band and guitar rooms; piano labs; a professional recording studio as well as a 3-story deck overlooking green space. Funding assistance is being provided through the Neighborhood Revitalization Tax Credit Program and a groundbreaking is anticipated later this year.

- **801-871 Livingston Avenue:** an Adult Daycare facility and the addition of a loading ramp.
- **107 Trumbull Street:** construction of a warehouse with office space.
- **417 Union Avenue:** the addition of an office to an existing church.
- **17-19 Orchard Street:** a mixed-use building with a first-floor office and second-floor residential unit.
- **125 Broad Street:** the redevelopment of a vacant building into retail space and the addition of 93 residential units.
- **36-40 South Second Street:** subdividing the property into two lots for two-family dwellings.
- **300-340 Allen Street:** construction of a three-story self-storage building.

- **321-325 Elizabeth Avenue:** a subdivision and construction of two single-family homes.
- **352-362 Union Avenue:** converting a former nursing home into a four-story 60-unit building.

#### **X. AMERICAN RESCUE PLAN (ARP)**

The City received \$40 million in ARP funds (\$20 million in May 2021 and \$20 million in May 2022). The funds were encumbered by December 31, 2024 and will be expended by December 31, 2026. The City is on schedule with all mandates.

The City plans to expend ARP funds primarily on Sewer Utility infrastructure and Lead Service Line removal and replacement. The City used Revenue Replacement funds for qualifying municipal services. The City distributed \$1 million to the Elizabeth Parking Authority and \$300,000 to the Tourism/Special Improvement District to replace lost revenue resulting from Covid.

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APPENDIX B  
FINANCIAL STATEMENTS AS OF JUNE 30, 2025, AND 2024

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**INDEPENDENT AUDITOR'S REPORT**

**AUDITED FINANCIAL STATEMENTS**

**NOTES TO FINANCIAL STATEMENTS**

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# SUPLEE, CLOONEY & COMPANY LLC

CERTIFIED PUBLIC ACCOUNTANTS

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## **INDEPENDENT AUDITOR'S REPORT**

The Honorable Mayor and Members  
of the City Council  
City of Elizabeth  
County of Union  
Elizabeth, New Jersey 07201

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

#### ***Opinions***

We have audited the accompanying balance sheets - regulatory basis of the various individual funds and account group of the City of Elizabeth (the "City"), as of and for the year ended June 30, 2025, the related statements of operations and changes in fund balance - regulatory basis for the year then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various individual funds for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's regulatory financial statements as listed in the table of contents.

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

In our opinion, the regulatory financial statements referred to above present fairly, in all material respects, the regulatory basis balances sheets of the various individual funds and account group as of June 30, 2025, the regulatory basis statement of operations and changes in fund balance for the yeas then ended and the regulatory basis statement of revenues and expenditures and changes in fund balance for the year ended June 30, 2025 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") as described in Note 1.

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

In our opinion, because of the significance of the matter discussed in the "Matter Giving Rise to Adverse Opinion" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the various individual funds and account group of the City as of June 30, 2025, or the results of its operations and changes in fund balance for the year then ended or the revenues or expenditures for the year ended June 30, 2025.

***Basis for Adverse and Unmodified Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division, the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (the "Uniform Guidance") the audit requirements of State of New Jersey OMB Circular 15-08 "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid." and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards and provisions are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse and unmodified audit opinions.

***Matter Giving Rise to Adverse Opinion***

As described in Note 1 of the regulatory financial statements, the regulatory financial statements are prepared by the City on the basis of the financial reporting provisions prescribed by the Division, 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.

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

Management is responsible for the preparation and fair presentation of the regulatory financial statements in accordance with, the regulatory basis of accounting prescribed by the Division, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of regulatory financial statements that are free from material misstatement, whether due to fraud or error. In preparing the regulatory financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

Our objectives are to obtain reasonable assurance about whether the regulatory financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Uniform Guidance*, *the State of New Jersey OMB Circular 15-08 Government Auditing Standards* and audit requirements prescribed by the Division will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

## SUPLEE, CLOONEY & COMPANY LLC

In performing an audit in accordance with GAAS, *Government Auditing Standards*, Uniform Guidance, OMB 15-08 and audit requirements prescribed by the Division, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

### ***Prior Period Financial Statements***

The financial statements of the City as of June 30, 2024, were audited by other auditors whose report dated April 14, 2025, expressed an adverse opinion on the financial statements as to the conformity of the financial statements with accounting principles generally accepted in the United States of America and an unmodified opinion on those financial statements in accordance with the basis of financial reporting prescribed by the Division.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated April 29, 2026 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

SUPLEE, CLOONEY & COMPANY  
Certified Public Accountants

/s/ Robert W. Swisher  
Robert W. Swisher, C.P.A., R.M.A.

April 29, 2026

CITY OF ELIZABETH

CURRENT FUND

BALANCE SHEETS - REGULATORY BASIS

<u>ASSETS</u>	<u>REF.</u>	<u>BALANCE JUNE 30, 2025</u>	<u>BALANCE JUNE 30, 2024</u>
Current Fund:			
Cash		\$ 206,646,319.57	\$ 224,286,219.00
Change Funds		1,200.00	1,200.00
and Veterans Deductions		125,777.43	128,988.52
		<u>\$ 206,773,297.00</u>	<u>\$ 224,416,407.52</u>
Receivables with Full Reserves:			
Delinquent Property Taxes Receivable		\$ 5,558,454.99	\$ 4,219,848.00
Tax Title Liens Receivable		30,990.80	
Property Acquired for Taxes - Assessed Valuation		89,900.00	89,900.00
Revenue Accounts Receivable		8,432,952.64	5,678,565.00
Interfunds Receivable		6,939.60	7,697.00
		<u>\$ 14,119,238.03</u>	<u>\$ 9,996,010.00</u>
Deferred Charges:			
Overexpenditure of Appropriations			1,141,857.65
Overexpenditure of Appropriation Reserves		188,899.61	
		<u>\$ 188,899.61</u>	<u>\$ 1,141,857.65</u>
		<u>\$ 221,081,434.64</u>	<u>\$ 235,554,275.17</u>
Grant Fund:			
Grants Receivable		\$ 32,197,463.19	\$ 32,783,352.59
Interfunds Receivable		22,629,407.33	37,589,848.15
		<u>\$ 54,826,870.52</u>	<u>\$ 70,373,200.74</u>
		<u>\$ 275,908,305.16</u>	<u>\$ 305,927,475.91</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

CITY OF ELIZABETH

CURRENT FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE JUNE 30, 2025</u>	<u>BALANCE JUNE 30, 2024</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Current Fund:			
Liabilities:			
Appropriation Reserves		\$ 16,597,744.72	\$ 11,797,760.00
Interfunds Payable		52,990,852.24	35,876,299.07
Reserve for Miscellaneous Deposits		33,696,660.83	73,497,954.01
Tax Overpayments		6,285,279.20	1,784,104.00
Encumbrances Payable		6,903,102.24	7,576,949.00
Accounts Payable		4,615,830.36	3,856,003.50
		<u>\$ 121,089,469.59</u>	<u>\$ 134,389,069.58</u>
Reserve for Receivables		14,119,238.03	9,996,010.00
Fund Balance		<u>85,872,727.02</u>	<u>91,169,195.59</u>
		<u>\$ 221,081,434.64</u>	<u>\$ 235,554,275.17</u>
Grant Fund:			
Encumbrances Payable		\$ 212.75	\$ 212.75
Reserve for Grants-Appropriated		54,702,402.10	69,813,675.71
Reserve for Grants-Unappropriated		<u>124,255.67</u>	<u>559,312.28</u>
		<u>\$ 54,826,870.52</u>	<u>\$ 70,373,200.74</u>
		<u>\$ 275,908,305.16</u>	<u>\$ 305,927,475.91</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

## CITY OF ELIZABETH

## CURRENT FUND

STATEMENTS OF OPERATIONS AND  
CHANGE IN FUND BALANCE - REGULATORY BASIS

	YEAR ENDED JUNE 30, 2025	YEAR ENDED JUNE 30, 2024
<u>REVENUE AND OTHER INCOME</u>		
Fund Balance Utilized	\$ 57,000,000.00	\$ 56,000,000.00
Miscellaneous Revenues Anticipated	96,781,205.53	102,692,427.00
Receipts from Delinquent Taxes	5,685,630.69	5,706,243.00
Receipts from Current Taxes	312,534,234.75	293,110,138.00
Non-Budget Revenues	13,974,312.40	13,638,719.00
Other Credits to Income:		
Unexpended Balance of Appropriation Reserve	10,700,941.70	22,154,144.00
Tax Overpayments Cancelled	200,604.87	
Grants Appropriated Reserves Cancelled	241,985.25	
Reserve for Tax Appeals Cancelled	3,246,758.14	
Other Miscellaneous		269,381.00
Interfunds Returned	757.40	
<u>Total Income</u>	<u>\$ 500,366,430.73</u>	<u>\$ 493,571,052.00</u>
<u>EXPENDITURES</u>		
Budget and Emergency Appropriations:		
Within "CAPS":		
Operations including Contingent	\$ 241,238,937.00	\$ 231,371,696.00
Deferred Charges and Statutory Expenditures	40,912,564.65	36,217,238.00
Excluded from "CAPS"		
Operations	27,709,294.76	30,602,351.00
Capital Improvement Fund	2,000,000.00	3,000,000.00
Municipal Debt Service	15,409,524.33	15,664,447
Deferred Charges and Judgments		
County Tax	58,198,167.75	52,663,339.00
County Tax for Added and Omitted Taxes	947,594.40	
Local District School Tax	59,813,124.00	59,813,124.00
Special District Taxes	475,000.00	475,000.00
Reserve for Tax Appeals	252,276.21	10,000,000.00
Grants Cancelled - Net		1,641,648.00
Refund of Prior Year Revenue	1,706,416.20	184,181.00
<u>Total Expenditures</u>	<u>\$ 448,662,899.30</u>	<u>\$ 441,633,024.00</u>
Excess in Revenue	\$ 51,703,531.43	\$ 51,938,028.00
Adjustments to Income Before Fund Balance:		
Expenditures Included Above Which are by Statute		
Deferred Charges to Budget of Succeeding Year		1,141,858.00
Regulatory Excess to Fund Balance	\$ 51,703,531.43	\$ 53,079,886.00
<u>Fund Balance</u>		
Balance, June 1	91,169,195.59	94,089,309.59
	<u>\$ 142,872,727.02</u>	<u>\$ 147,169,195.59</u>
Decreased by:		
Utilization as Anticipated Revenue	57,000,000.00	56,000,000.00
Balance, June 30	<u>\$ 85,872,727.02</u>	<u>\$ 91,169,195.59</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

CITY OF ELIZABETH

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS  
YEAR ENDED JUNE 30, 2025

	ANTICIPATED		REALIZED	EXCESS OR (DEFICIT)
	BUDGET	SPECIAL N.J.S. 40A:4-87		
Fund Balance Anticipated	\$ 57,000,000.00		\$ 57,000,000.00	
Miscellaneous Revenues:				
Alcoholic Beverage Licenses	\$ 150,000.00		\$ 257,466.00	\$ 107,466.00
Other Licenses	350,000.00		798,709.00	448,709.00
Fees and Permits:				
Construction Code Official	650,000.00		1,334,326.59	684,326.59
Other	500,000.00		755,460.32	255,460.32
Fines and Costs - Municipal Court	3,000,000.00		6,372,587.59	3,372,587.59
Interest and Costs on Taxes	1,000,000.00		1,897,424.51	897,424.51
Interest on investments and deposits	7,000,000.00		8,639,827.17	1,639,827.17
Franchise Assessments-The Mills Mall	7,000,000.00		7,666,144.32	666,144.32
Port Authority-Airport Parking Taxes	4,400,000.00		5,139,387.01	739,387.01
Port Authority-Goethals Bridge Development	500,000.00		500,000.00	
Port Authority-Leased Property 13A Exchange	480,000.00		480,000.00	
Port Authority-Capital Projects	3,000,000.00		3,000,000.00	
Rental of City Property	300.00			(300.00)
Dock Rental Fees	50,000.00		100,335.82	50,335.82
Sale of Junk Vehicles	5,000.00		12,231.00	7,231.00
CATV Fees	590,000.00		522,091.19	(67,908.81)
Solid Waste Disposal --Host Community	360,000.00		351,955.11	(8,044.89)
Emergency Medical Services-Ambulances Charges	2,479,560.00		2,290,058.10	(189,501.90)
Miscellaneous Gasoline Sales	40,000.00		86,931.80	46,931.80
PILOT - R.W.B. Associates	150,000.00		370,000.00	220,000.00
PILOT - Port Authority NY/NJ	63,242.22		63,242.22	
PILOT - IKEA - Toys 'R Us	300,000.00		155,262.27	(144,737.73)
PILOT - Newark/North Ave.	50,000.00		284,278.45	234,278.45
PILOT - Elizabeth Sen Citizens, National Church Residence	12,000.00		34,510.00	22,510.00
PILOT - IKEA Expansion	250,000.00		274,397.76	24,397.76
PILOT - Residential	320,000.00		1,158,773.10	838,773.10
PILOT - Immaculate Conception Residence	30,000.00		49,780.14	19,780.14
PILOT - 349 First St.	6,000.00		233,267.15	227,267.15
PILOT - West Port Homes	50,000.00		437,523.70	387,523.70
Energy Receipts Tax	29,538,768.00		29,538,768.14	0.14
Vaccine Grant Increase (State)	35,000.00		35,000.00	
Neighborhood Preservation Increase	125,000.00		125,000.00	
Click it of Ticket	10,500.00		10,500.00	
NJACCIO 2024 Extension Increase	1,269,977.00		1,269,977.00	
UC Infrastructure	150,000.00		150,000.00	
Strengthening Public Health	74,664.00		74,664.00	
Overdose Fatality	75,000.00		75,000.00	
STD Program	135,924.00		135,924.00	
Childhood Lead	384,561.00		384,561.00	
NJACCHO 2025 (State)	168,049.00		168,049.00	
ARP Firefighter Grant	50,000.00		50,000.00	
Pop-Up Prevention Grant	50,000.00		50,000.00	
UEZ Equipment Improvements-Elizabeth Parking Authority	940,000.00		940,000.00	
Atlantic St. Stormwater Control Project	150,000.00		150,000.00	
UEZ Administrative Budget	471,040.00		471,040.00	
Summer Food Program	267,747.62		267,747.62	
Federal Highway Grant	42,000.00		42,000.00	
NJLEAD Reentry Initiative	55,000.00		55,000.00	
UC Kids Recreation 2024	155,000.00		155,000.00	
UC Greening Union County 2024	23,000.00		23,000.00	
Hotel and Motel Occupancy Tax	4,000,000.00		5,607,096.79	1,607,096.79
Parking Tax	1,500,000.00		1,911,116.72	411,116.72
Motor Vehicle Tax	750,000.00		1,584,168.00	834,168.00
Lead Lines Increase		959,752.00	959,752.00	
Lead Service Lines Improvements- FY25		1,000,000.00	1,000,000.00	
Neighborhood Preservation		125,000.00	125,000.00	
Alcohol Ed Rehab FY 2025		10,787.37	10,787.37	

The accompanying Notes to the Financial Statements are an integral part of this statement.

CITY OF ELIZABETH

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS  
YEAR ENDED JUNE 30, 2025

	ANTICIPATED			EXCESS OR (DEFICIT)
	BUDGET	SPECIAL N.J.S. 40A:4-87	REALIZED	
Alcohol Ed Rehab & Enforcement	\$	\$ 8,356.46	\$ 8,356.46	\$
Body Armor 2025		24,999.46	24,999.46	
Capital Projects Grant 2025		790,000.00	790,000.00	
Clean Communities Program		233,363.94	233,363.94	
Distracted Driving 2025		7,000.00	7,000.00	
DRM Storm Recovery Increase		1,500,000.00	1,500,000.00	
FY24 Edward Byrne Memorial JAG		146,117.00	146,117.00	
Municipal Alliance 2026		30,507.00	30,507.00	
NJDOT Local Freight FY2025		2,765,000.00	2,765,000.00	
Opioid Litigation Settlement		434,795.15	434,795.15	
Recycling Tonnage 2025		69,541.56	69,541.56	
UEZ Holiday Décor for Morris Ave		37,172.00	37,172.00	
UEZ Financial Leading FY25		1,974,231.00	1,974,231.00	
UEZ 5-Year Plan		125,000.00	125,000.00	
	\$	<u>73,207,332.84</u>	<u>96,781,205.53</u>	\$ <u>13,332,249.75</u>
Receipts From Delinquent Taxes	\$	<u>4,000,000.00</u>	<u>5,685,630.69</u>	\$ <u>1,685,630.69</u>
Amount to be Raised by Taxes for Support of:				
Local Tax for Municipal Purposes	\$	195,160,858.07	\$ 204,424,689.47	9,263,831.40
Municipal Library		4,460,927.89	4,460,927.89	
		<u>199,621,785.96</u>	<u>208,885,617.36</u>	<u>9,263,831.40</u>
<u>Budget Totals</u>	\$	<u>333,829,118.80</u>	<u>368,352,453.58</u>	\$ <u>24,281,711.84</u>
Non-Budget Revenues			<u>13,974,312.40</u>	<u>13,974,312.40</u>
	\$	<u>333,829,118.80</u>	<u>382,326,765.98</u>	\$ <u>38,256,024.24</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

CITY OF ELIZABETH

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS  
YEAR ENDED JUNE 30, 2025

Allocations of Current Tax Collections:		
Revenues from Collections		\$ 312,534,234.75
Allocated to:		
School Taxes	\$ 59,813,124.00	
County Taxes	59,145,762.15	
Special District Tax	<u>475,000.00</u>	
		<u>119,433,886.15</u>
Balance for Support of Municipal Appropriations		\$ 193,100,348.60
Add: Appropriation "Reserve for Uncollected Taxes"		<u>15,785,268.76</u>
Amount for Support of Municipal Budget Appropriations		<u>\$ 208,885,617.36</u>

ANALYSIS OF REALIZED REVENUES

Delinquent Tax Collections		\$ 5,685,630.69
Licenses - Other:		
Clerk		\$ 627,968.00
Vital Statistics		<u>170,741.00</u>
		<u>\$ 798,709.00</u>
Other Fees and Permits:		
Engineering Department		\$ 7,235.50
Planning Board		33,355.00
Zoning Board		27,450.00
Fire Department		102,501.00
Police Department		126,104.50
Health Department		404,895.00
Public Works		22,966.57
City Clerk		<u>30,952.75</u>
		<u>\$ 755,460.32</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

CITY OF ELIZABETH

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS  
YEAR ENDED JUNE 30, 2025

Miscellaneous Revenue Not Anticipated:		
PILOTS	\$	5,997,715.04
Sale of City Owned Property		3,750,000.00
Garage-UCUA Tipping Fee		828,501.48
Waste Mg. NYC		777,524.44
Waste Mg. NYC Annual Fee		445,588.31
Trinitas Contribution Agreement		329,908.49
Cannabis		320,703.83
Adm Charge - Towing Vehicles		197,900.00
Retirement of Debt in Excess of Borrowing		152,001.55
Solar Credits		141,410.00
Motor Fuel Reimbursement Tax		122,299.74
Handicap Application		89,640.00
LEA Rebates		88,696.05
Foreclosed Registration & Fines		77,208.00
Lamar Outdoor Advertising		45,375.00
Recreation Dept Rental Fees		42,815.50
Recycling		39,840.82
Library ID Fees		37,818.55
Billboard License Fees		33,744.00
Rent-Train Station		30,030.00
Miscellaneous		418,652.00
		<u>13,967,372.80</u>
Animal Control Excess		<u>6,939.60</u>
	\$	<u><u>13,974,312.40</u></u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

CITY OF ELIZABETH

CURRENT FUND

STATEMENT OF EXPENDITURES-REGULATORY BASIS

YEAR ENDED JUNE 30, 2025

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>	
	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	<u>RESERVED</u>
<b>GENERAL ADMINISTRATION:</b>				
Administrative and Executive:				
City Council:				
Salaries and Wages	\$ 468,344.00	\$ 468,344.00	\$ 459,159.56	\$ 9,184.44
Other Expenses	60,000.00	60,000.00	36,750.41	23,249.59
Alcohol Beverage Control:				
Salaries and Wages	151,673.00	154,673.00	152,112.09	2,560.91
Other Expenses	27,850.00	27,850.00	825.88	27,024.12
City Clerk:				
Salaries and Wages	419,785.00	424,785.00	423,029.98	1,755.02
Other Expenses	50,225.00	50,225.00	10,685.31	39,539.69
Elections:				
Salaries and Wages	20,000.00	20,000.00	-7,203.98	27,203.98
Other Expenses	47,000.00	117,000.00	93,124.07	23,875.93
Printing and Publications:				
Other Expenses	175,000.00	175,000.00	66,291.02	108,708.98
Office of the Mayor:				
Salaries and Wages	416,005.00	416,005.00	345,350.23	70,654.77
Other Expenses	15,850.00	15,850.00	8,613.27	7,236.73
Law Department:				
Salaries and Wages	1,557,330.00	1,687,330.00	1,686,076.22	1,253.78
Other Expenses	473,750.00	473,750.00	380,174.10	93,575.90
<b>ADMINISTRATION:</b>				
Business Administrator's Office				
Salaries and Wages	915,105.00	915,105.00	788,876.20	126,228.80
Other Expenses	754,000.00	866,554.00	817,120.59	49,433.41
Division of Budgets & Personnel:				
Salaries and Wages	386,989.00	386,989.00	381,461.50	5,527.50
Other Expenses	3,900.00	3,900.00	2,091.44	1,808.56

The accompanying Notes to the Financial Statements are an integral part of this statement.

CITY OF ELIZABETH

CURRENT FUND

STATEMENT OF EXPENDITURES-REGULATORY BASIS

YEAR ENDED JUNE 30, 2025

	APPROPRIATIONS		EXPENDED		CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
Division of Purchasing:					
Salaries and Wages	\$ 421,443.00	\$ 421,443.00	\$ 378,708.28	\$ 42,734.72	\$
Other Expenses	206,200.00	206,200.00	140,129.26	66,070.74	
Division of Data Processing:					
Salaries and Wages	1,455,733.00	1,455,733.00	1,349,541.81	106,191.19	
Other Expenses	2,000,500.00	2,000,500.00	1,407,465.76	593,034.24	
Division of Employee Benefits:					
Salaries and Wages	174,317.00	175,317.00	174,934.51	382.49	
Other Expenses	1,500.00	1,500.00	446.79	1,053.21	
Division of EMS Billing and Collection:					
Salaries and Wages	79,862.00	82,862.00	80,700.79	2,161.21	
Bureau of Rent Control:					
Salaries and Wages	52,723.00	52,723.00	47,739.66	4,983.34	
Other Expenses	3,150.00	3,150.00	2,076.80	1,073.20	
Bureau of Central Licensing:					
Salaries and Wages	573,780.00	573,780.00	530,238.92	43,541.08	
Other Expenses	74,500.00	74,500.00	20,152.85	54,347.15	
Agency of Weights and Measures:					
Salaries and Wages	333,362.00	338,362.00	335,190.47	3,171.53	
Other Expenses	111,900.00	111,900.00	21,301.75	90,598.25	
FINANCE:					
Division of Accounts and Control:					
Salaries and Wages	1,356,233.00	1,356,233.00	1,166,250.37	189,982.63	
Other Expenses	116,400.00	116,400.00	32,189.31	84,210.69	
Division of Assessments:					
Salaries and Wages	516,322.00	586,322.00	551,280.50	35,041.50	
Other Expenses	326,950.00	326,950.00	243,699.51	83,250.49	
Audit - City:					
Other Expenses	72,500.00	72,500.00	72,500.00		
Audit - Grants (Single Audit):					
Other Expenses	72,500.00	72,500.00	72,500.00		

The accompanying Notes to the Financial Statements are an integral part of this statement.

CITY OF ELIZABETH

CURRENT FUND

STATEMENT OF EXPENDITURES-REGULATORY BASIS  
YEAR ENDED JUNE 30, 2025

	APPROPRIATIONS		EXPENDED		CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
Audit - Other Funds:					
Other Expenses	\$ 72,500.00	\$ 72,500.00	\$ 72,500.00	\$	
Audit - Other Financials:					
Other Expenses	8,500.00	8,500.00	8,500.00		
Division of Revenues:					
Salaries and Wages	684,555.00	684,555.00	632,680.32	51,874.68	
Other Expenses	87,700.00	87,700.00	39,253.32	48,446.68	
<u>DEPARTMENT OF PLANNING AND COMMUNITY DEVELOPMENT</u>					
Directors Office:					
Salaries and Wages	375,277.00	382,277.00	312,808.51	69,468.49	
Other Expenses	8,100.00	8,100.00	4,522.19	3,577.81	
Bureau of Community Development:					
Other Expenses	4,200.00	4,200.00	1,585.79	2,614.21	
Bureau of Elizabeth Home Improvement					
Salaries and Wages	584,312.00	654,312.00	638,703.41	15,608.59	
Other Expenses	35,400.00	35,400.00	26,157.82	9,242.18	
Bureau of Planning and Zoning:					
Salaries and Wages	180,007.00	180,007.00	134,721.37	45,285.63	
Other Expenses	257,500.00	257,500.00	256,107.57	1,392.43	
Bureau of Economic Development:					
Salaries and Wages	98,160.00	98,160.00	86,862.54	11,297.46	
Other Expenses	150,850.00	150,850.00	119,315.69	31,534.31	
Bureau of Public Information:					
Salaries and Wages	279,238.00	279,238.00	276,771.47	2,466.53	
Other Expenses	112,800.00	112,800.00	28,287.99	84,512.01	
Bureau of Construction and Zoning:					
Salaries and Wages	980,577.00	991,577.00	988,963.33	2,613.67	
Other Expenses	226,000.00	226,000.00	139,494.87	86,505.13	

The accompanying Notes to the Financial Statements are an integral part of this statement.

CITY OF ELIZABETH

CURRENT FUND

STATEMENT OF EXPENDITURES-REGULATORY BASIS  
YEAR ENDED JUNE 30, 2025

	APPROPRIATIONS		EXPENDED		CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
Bureau of Zoning:					
Salaries and Wages	\$ 425,844.00	\$ 425,844.00	\$ 408,186.95	\$ 17,657.05	\$
Other Expenses	58,000.00	58,000.00	6,864.89	51,135.11	
<u>DEPARTMENT OF PUBLIC WORKS</u>					
Director's Office:					
Salaries and Wages	1,214,875.00	1,214,875.00	1,163,331.34	51,543.66	
Other Expenses	13,000.00	13,000.00	5,407.26	7,592.74	
Bureau of Public Buildings:					
Salaries and Wages	3,154,056.00	3,154,056.00	2,776,557.70	377,498.30	
Other Expenses	2,741,525.00	3,241,525.00	2,707,426.89	534,098.11	
Bureau of Streets Parks and Trees:					
Salaries and Wages	7,020,473.00	7,020,473.00	6,867,712.70	152,760.30	
Other Expenses	1,665,750.00	1,665,750.00	1,373,898.58	291,851.42	
Bureau of Equipment and Yard Maintenance:					
Salaries and Wages	1,371,587.00	1,371,587.00	1,241,793.48	129,793.52	
Other Expenses	1,303,000.00	1,303,000.00	1,127,096.34	175,903.66	
Marina:					
Salaries and Wages	94,182.00	94,182.00	80,908.96	13,273.04	
Other Expenses	329,825.00	329,825.00	194,720.56	135,104.44	
Recycling:					
Salaries and Wages	197,940.00	197,940.00	180,741.63	17,198.37	
Other Expenses	13,675.00	13,675.00	162.81	13,512.19	
Garbage:					
Other Expenses	12,850,000.00	12,850,000.00	12,847,554.30	2,445.70	
Street Lighting:					
Other Expenses	2,400,000.00	2,400,000.00	1,851,622.34	548,377.66	

CITY OF ELIZABETH

CURRENT FUND

STATEMENT OF EXPENDITURES-REGULATORY BASIS  
YEAR ENDED JUNE 30, 2025

	APPROPRIATIONS		EXPENDED		CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
<b>DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>					
Directors Office:					
Salaries and Wages	\$ 908,221.00	\$ 998,221.00	\$ 988,797.13	\$ 9,423.87	\$
Other Expenses	232,250.00	252,250.00	236,204.72	16,045.28	
Division of Health:					
Salaries and Wages	1,902,373.00	1,902,373.00	1,851,286.98	51,086.02	
Other Expenses	706,150.00	706,150.00	703,204.46	2,945.54	
Division Health Services:					
Salaries and Wages	157,553.00	217,553.00	206,485.03	11,067.97	
Other Expenses	25,800.00	25,800.00	12,245.10	13,554.90	
Office of Social Services:					
Salaries and Wages	577,738.00	577,738.00	553,076.10	24,661.90	
Other Expenses	148,450.00	148,450.00	73,305.09	75,144.91	
Office on Aging:					
Salaries and Wages	1,628,402.00	1,628,402.00	1,458,037.33	170,364.67	
Other Expenses	240,600.00	240,600.00	164,298.19	76,301.81	
Office on Youth Services:					
Salaries and Wages	1,370,298.00	1,370,298.00	955,919.69	414,378.31	
Other Expenses	567,000.00	567,000.00	213,821.85	353,178.15	
Office of Relocation:					
Salaries and Wages	136,726.00	143,726.00	140,923.37	2,802.63	
Other Expenses	60,500.00	60,500.00	16,127.95	44,372.05	
Office of Vital Statistics:					
Salaries and Wages	373,173.00	373,173.00	322,849.43	50,323.57	
Other Expenses	13,000.00	13,000.00	10,656.03	2,343.97	
Public Health Nurses:					
Salaries and Wages	468,906.00	468,906.00	388,609.29	80,296.71	
Bureau of Housing:					
Salaries and Wages	149,644.00	149,644.00	67,591.55	82,052.45	
Other Expenses	3,500.00	3,500.00		3,500.00	

CITY OF ELIZABETH  
CURRENT FUND

STATEMENT OF EXPENDITURES-REGULATORY BASIS  
YEAR ENDED JUNE 30, 2025

	APPROPRIATIONS		EXPENDED	
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED
<b>PUBLIC SAFETY</b>				
Fire Department:				
Salaries and Wages	\$ 40,047,975.00	\$ 40,050,975.00	\$ 38,800,320.30	\$ 1,250,654.70
Other Expenses	918,500.00	918,500.00	692,998.11	225,501.89
Uniform Fire Safety:				
Other Expenses	61,750.00	61,750.00	44,408.17	17,341.83
Police Department:				
Salaries and Wages	56,934,727.00	56,221,727.00	52,672,245.89	3,549,481.11
Other Expenses	5,175,000.00	5,175,000.00	4,118,960.25	1,056,039.75
Emergency Medical Services:				
Salaries and Wages	5,082,059.00	5,082,059.00	4,919,809.67	162,249.33
Other Expenses	555,600.00	555,600.00	366,900.76	188,699.24
Recreation Department:				
Salaries and Wages	5,692,451.00	6,052,451.00	6,037,202.73	15,248.27
Other Expenses	1,285,000.00	1,285,000.00	1,238,541.16	46,458.84
Municipal Court:				
Salaries and Wages	3,674,562.00	3,674,562.00	3,408,126.39	266,435.61
Other Expenses	694,900.00	694,900.00	465,207.04	229,692.96
Public Defender:				
Other Expenses	140,000.00	170,000.00	98,987.46	71,012.54
Accumulated Absences Liabilities	2,800,000.00	1,390,446.00	1,207,446.00	183,000.00
Insurance:				
Other Expenses	1,200,000.00	1,200,000.00	1,162,560.98	37,439.02
Insurance Reserve:				
Other Expenses	3,500,000.00	3,500,000.00	3,278,705.00	221,295.00
Group Insurance:				
Other Expenses	300,000.00	300,000.00	269,230.69	30,769.31
Hospital Medical Dental:				
Other Expenses	44,253,040.00	44,813,040.00	44,713,507.84	99,532.16

The accompanying Notes to the Financial Statements are an integral part of this statement.

CITY OF ELIZABETH

CURRENT FUND

STATEMENT OF EXPENDITURES-REGULATORY BASIS  
YEAR ENDED JUNE 30, 2025

	APPROPRIATIONS		EXPENDED		CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
Health Benefit Waiver:					
Other Expenses	\$ 350,000.00	\$ 350,000.00	\$ 307,340.53	\$ 42,659.47	\$
Cobra:					
Other Expenses	5,000.00	5,000.00	-7,513.13	12,513.13	
Right to Know:					
Other Expenses	15,000.00	15,000.00		15,000.00	
<u>ANNUAL DUES</u>					
US Conference of Mayors:					
Other Expenses	15,000.00	15,000.00	10,402.00	4,598.00	
NJ State League of Municipalities:					
Other Expenses	10,000.00	10,000.00		10,000.00	
<u>UTILITIES</u>					
Electricity	1,400,000.00	1,400,000.00	1,336,981.12	63,018.88	
Natural Gas	600,000.00	600,000.00	428,481.75	171,518.25	
Gasoline	1,449,000.00	1,449,000.00	997,827.33	451,172.67	
Fuel Oil	175,000.00	175,000.00	76,670.17	98,329.83	
Telephone	1,000,000.00	1,000,000.00	966,899.62	33,100.38	
Postage	300,000.00	300,000.00	224,007.10	75,992.90	
Parking Lot Agreement	747,000.00	747,000.00	747,000.00		
	\$ 240,943,937.00	\$ 240,938,937.00	\$ 225,819,502.37	\$ 15,119,434.63	\$
<u>CONTINGENT</u>	300,000.00	300,000.00	299,722.96	277.04	
<u>TOTAL OPERATIONS WITHIN "CAPS"</u>	\$ 241,243,937.00	\$ 241,238,937.00	\$ 226,119,225.33	\$ 15,119,711.67	\$

The accompanying Notes to the Financial Statements are an integral part of this statement.

CITY OF ELIZABETH

CURRENT FUND

STATEMENT OF EXPENDITURES-REGULATORY BASIS  
YEAR ENDED JUNE 30, 2025

	APPROPRIATIONS		EXPENDED		CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
DEFERRED CHARGES AND STATUTORY EXPENDITURES MUNICIPAL-WITHIN "CAPS"					
DEFERRED CHARGES:					
Emergency Authorizations	\$ 1,141,857.65	\$ 1,141,857.65	\$ 1,141,857.65	\$	
STATUTORY EXPENDITURES:					
Contribution to:					
Public Employees Retirement System (P.E.R.S.)	7,179,307.00	7,179,307.00	7,179,307.00		
Social Security System (O.A.S.I.)	5,200,000.00	5,205,000.00	5,203,103.45	1,896.55	
Consolidated Police & Fireman's Pension Fund	50,000.00	50,000.00		50,000.00	
Police and Firemen's Retire System of N.J.	26,143,400.00	26,143,400.00	26,143,356.00	44.00	
Unemployment Compensation Insurance	25,000.00	25,000.00		25,000.00	
Assessment for CIF/RTK	8,000.00	8,000.00	3,147.00	4,853.00	
Pension Retro Payments	1,100,000.00	1,100,000.00	496,455.98	603,544.02	
Defined Contribution Retirement Program(DCRP)	60,000.00	60,000.00	59,999.96	0.04	
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"	\$ 40,907,564.65	\$ 40,912,564.65	\$ 40,227,227.04	\$ 685,337.61	
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	\$ 282,151,501.65	\$ 282,151,501.65	\$ 266,346,452.37	\$ 15,805,049.28	
OPERATIONS- EXCLUDED FROM "CAPS":					
Reserve for Tax Appeals:					
Other Expenses	3,407,880.00	3,407,880.00	3,407,880.00		
Hospital Medical Dental:					
Other Expenses	3,160,660.00	3,160,660.00	3,147,537.64	13,122.36	
Statutory Expenditures:					
Maintenance of Public Library	5,000,000.00	5,000,000.00	4,999,999.92	0.08	
TOTAL OPERATIONS- EXCLUDED FROM "CAPS":	\$ 11,568,540.00	\$ 11,568,540.00	\$ 11,555,417.56	\$ 13,122.44	

The accompanying Notes to the Financial Statements are an integral part of this statement.

CITY OF ELIZABETH

CURRENT FUND

STATEMENT OF EXPENDITURES-REGULATORY BASIS  
YEAR ENDED JUNE 30, 2025

	APPROPRIATIONS		EXPENDED	
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED CANCELED
<b>PUBLIC AND PRIVATE PROGRAMS</b>				
<b>OFFSET BY REVENUES:</b>				
Matching Funds for Grants	\$ 822,000.00	\$ 779,573.00	\$ 35,000.00	\$ 779,573.00
Vaccine Grant Increase (State)	35,000.00	35,000.00	11,920.00	
Vaccine Grant Increase Local (N.J.S.A. 40A:4-87 \$11,920.00)			959,752.00	
Lead Lines Increase (N.J.S.A. 40A:4-87 \$959,752.00)		1,000,000.00	250,000.00	
Lead Service Lines Improvements- FY25 (N.J.S.A. 40A:4-87 \$1,000,000.00)		250,000.00	10,787.37	
Neighborhood Preservation Increase (N.J.S.A. 40A:4-87 \$125,000.00)	125,000.00	10,787.37	8,356.46	
Alcohol Ed Rehab FY 2025 (N.J.S.A. 40A:4-87 \$10,787.37)			24,999.46	
Alcohol Ed Rehab & Enforce FD (N.J.S.A. 40A:4-87 \$8,356.46)			790,000.00	
Body Armor 2025 (N.J.S.A. 40A:4-87 \$24,999.46)			233,363.94	
Capital Projects Grant 2025 (N.J.S.A. 40A:4-87 \$790,000.00)			10,500.00	
Clean Communities (N.J.S.A. 40A:4-87 \$233,363.94)			7,000.00	
Click it of Ticket			1,500,000.00	
Distracted Driving 2025 (N.J.S.A. 40A:4-87 \$7,000.00)			146,117.00	
DRM Storm Recovery Increase (N.J.S.A. 40A:4-87 \$1,500,000.00)			30,507.00	
FY24 Edward Byrne Memorial JAG (N.J.S.A. 40A:4-87 \$146,117.00)			30,507.00	
Municipal Alliance 2026 (N.J.S.A. 40A:4-87 \$30,507.00)			30,507.00	
Municipal Alliance 2026 Local (N.J.S.A. 40A:4-87 \$30,507.00)			30,507.00	
NJACCHO 2024 Extension Increase	1,269,977.00	1,269,977.00	1,269,977.00	
NJDOT Local Freight FY2025 (N.J.S.A. 40A:4-87 \$2,765,000.00)			2,765,000.00	
Opioid Litigation Settlement (N.J.S.A. 40A:4-87 \$434,795.15)			434,795.15	
UC Infrastructure	150,000.00	150,000.00	150,000.00	
UC Infrastructure- Local	150,000.00	150,000.00	150,000.00	
Recycling Tonnage 2025 (N.J.S.A. 40A:4-87 \$69,541.56)			69,541.56	
Strengthening Public Health	74,664.00	74,664.00	74,664.00	
Strengthening Public Health- Local	104,987.00	104,987.00	104,987.00	
Overdose Facility	75,000.00	75,000.00	75,000.00	
STD Program	135,924.00	135,924.00	135,924.00	
STD Program- Local	9,745.00	9,745.00	9,745.00	

CITY OF ELIZABETH

CURRENT FUND

STATEMENT OF EXPENDITURES-REGULATORY BASIS

YEAR ENDED JUNE 30, 2025

	APPROPRIATIONS		EXPENDED	
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED
	\$	384,561.00	\$	\$
Childhood Lead		384,561.00	384,561.00	
NJACCHO 2025(State)		168,049.00	168,049.00	
ARP Firefighter Grant		50,000.00	50,000.00	
Pop-Up Prevention Grant		50,000.00	50,000.00	
Pop-Up Prevention Grant- Local		1,937.20	1,937.20	
UEZ Equipment Improvements- Elizabeth Parking Auth		940,000.00	940,000.00	
Atlantic St. Stormwater Control Project		150,000.00	150,000.00	
UEZ Administrative Budget		471,040.00	471,040.00	
UEZ Holiday Décor for Morris Ave (N.J.S.A. 40A:4-87 \$37,172.00)		37,172.00	37,172.00	
UEZ Financial Leading FY25 (N.J.S.A. 40A:4-87 \$1,974,231.00)		1,974,231.00	1,974,231.00	
UEZ 5-Year Plan (N.J.S.A. 40A:4-87 \$125,000.00)		125,000.00	125,000.00	
Summer Food Program		267,747.62	267,747.62	
Federal Highway Grant		42,000.00	42,000.00	
NJLEAD Reentry Initiative		55,000.00	55,000.00	
UC Kids Recreation 2024		155,000.00	155,000.00	
UC Kids Recreation 2024-Local		155,000.00	155,000.00	
UC Greening Union County 2024		23,000.00	23,000.00	
UC Greening Union County 2024-Local		23,000.00	23,000.00	
<b>TOTAL PUBLIC AND PRIVATE PROGRAMS OFFSET</b>	\$	5,899,131.82	\$	16,140,754.76
<b>BY REVENUES:</b>				779,573.00
<b>TOTAL OPERATIONS EXCLUDED FROM "CAPS"</b>	\$	17,467,671.82	\$	26,916,599.32
				792,695.44
<b>CAPITAL IMPROVEMENTS-EXCLUDED FROM "CAPS"</b>				
Capital Improvement Fund		2,000,000.00	2,000,000.00	
<b>TOTAL CAPITAL IMPROVEMENTS</b>	\$	2,000,000.00	\$	2,000,000.00
<b>-EXCLUDED FROM "CAPS"</b>				\$

The accompanying Notes to the Financial Statements are an integral part of this statement.

CITY OF ELIZABETH  
CURRENT FUND

STATEMENT OF EXPENDITURES-REGULATORY BASIS  
YEAR ENDED JUNE 30, 2023

	APPROPRIATIONS		EXPENDED		CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
<u>MUNICIPAL DEBT SERVICE -EXCLUDED FROM "CAPS"</u>					
Payment of Bond- Principal	\$ 10,665,000.00	\$ 10,665,000.00	\$ 10,665,000.00	\$	
Payment on Bonds- Interest	2,395,095.00	2,395,095.00	2,395,095.00		
Refunding Bonds- Principal	1,745,000.00	1,745,000.00	1,745,000.00		
Refunding Bonds- Interest	307,187.50	307,187.50	307,187.50		
NJDEP Loan Repayment-Schedule #2	68,204.20	68,204.20	68,204.20		
NJDEP Loan Repayment Waterfront Development	128,072.48	128,072.48	112,920.24		15,152.24
Guarantee, Deficiency, and Other	1,000,000.00	1,000,000.00			1,000,000.00
Metromall NJDOT	116,117.39	116,117.39	116,117.39		
<u>TOTAL MUNICIPAL DEBT SERVICE- EXCLUDED FROM "CAPS"</u>	<u>\$ 16,424,676.57</u>	<u>\$ 16,424,676.57</u>	<u>\$ 15,409,524.33</u>	<u>\$</u>	<u>\$ 1,015,152.24</u>
<u>TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"</u>	<u>\$ 35,892,348.39</u>	<u>\$ 46,133,971.33</u>	<u>\$ 44,326,123.65</u>	<u>\$ 792,695.44</u>	<u>\$ 1,015,152.24</u>
<u>SUB-TOTAL GENERAL APPROPRIATIONS RESERVE FOR UNCOLLECTED TAXES</u>	<u>318,043,850.04</u>	<u>328,285,472.98</u>	<u>310,672,576.02</u>	<u>16,597,744.72</u>	<u>1,015,152.24</u>
	<u>15,785,268.76</u>	<u>15,785,268.76</u>	<u>15,785,268.76</u>		
<u>TOTAL GENERAL APPROPRIATIONS</u>	<u>\$ 333,829,118.80</u>	<u>\$ 344,070,741.74</u>	<u>\$ 326,457,844.78</u>	<u>\$ 16,597,744.72</u>	<u>\$ 1,015,152.24</u>
Budget		\$ 333,829,118.80			
Appropriation by 40A:4-87		10,241,622.94			
		<u>\$ 344,070,741.74</u>			
Encumbrances Payable		\$	6,903,102.24		
Reserve for Grants - Appropriated			15,361,181.76		
Reserve for Tax Appeals			3,155,603.79		
Reserve for Uncollected Taxes			15,785,268.76		
Emergency Authorization			1,141,857.65		
Disbursed			294,686,417.43		
Less: Refunds			(10,575,586.85)		
			<u>\$ 326,457,844.78</u>		

The accompanying Notes to the Financial Statements are an integral part of this statement.

CITY OF ELIZABETH

GENERAL CAPITAL FUND

BALANCE SHEETS - REGULATORY BASIS

	BALANCE JUNE 30, 2025	BALANCE JUNE 30, 2024
<u>ASSETS</u>		
Cash	\$ 9,555,385.44	\$ 17,493,815.00
Deferred Charges to Future Taxation:		
Funded	63,353,113.08	75,943,646.00
Unfunded	56,893,545.02	53,408,574.62
Grants Receivable	4,845,427.22	3,919,214.34
Due From Environmental Protection	110,914.58	110,914.58
Due From NJ EDA	2,101,270.96	2,101,270.96
Interfunds Receivable	1,631,244.00	
	<u>\$ 138,490,900.30</u>	<u>\$ 152,977,435.50</u>

LIABILITIES, RESERVES AND FUND BALANCE

General Serial Bonds	\$ 63,023,000.00	\$ 75,433,000.00
Loans Payable	330,113.08	510,646.00
Reserve for:		
State Aid Receivable	248,338.00	248,338.00
EDA Grant Receivable	193,050.00	193,050.00
DOT Aid Receivable	1,832,137.75	1,832,137.75
Bond Sale Expense	108,851.61	24,259.11
Retirement of Debt	556,340.93	708,342.48
East Grand and Catherine	307,993.66	
Improvement Authorizations:		
Funded	13,035,760.29	23,374,058.11
Unfunded	39,574,233.66	47,097,695.51
Contracts Payable	12,782,386.34	
Capital Improvement Fund	5,134,550.10	2,719,275.81
Fund Balance	1,364,144.88	836,632.73
	<u>\$ 138,490,900.30</u>	<u>\$ 152,977,435.50</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

CITY OF ELIZABETH

GENERAL CAPITAL FUND

STATEMENT OF FUND BALANCE - REGULATORY BASIS

Balance, June 30, 2024		\$	836,632.73
Increased by:			
Interest (Net)	\$	18,211.00	
Improvement Authorizations Cancelled		<u>1,174,963.71</u>	
			<u>1,193,174.71</u>
		\$	<u>2,029,807.44</u>
Decreased by:			
Appropriation to Finance Improvement Authorizations	\$	614,104.00	
Payment to Current Fund as Revenue		<u>51,558.56</u>	
			<u>665,662.56</u>
Balance, June 30, 2025		\$	<u><u>1,364,144.88</u></u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

CITY OF ELIZABETH

WATER UTILITY FUND

BALANCE SHEETS - REGULATORY BASIS

	BALANCE JUNE 30, 2025	BALANCE JUNE 30, 2024
<u>ASSETS</u>		
Operating Fund:		
Cash	\$ 1,171,392.26	\$ 1,086,847.97
Due From Water Capital	2,682.41	3,498.55
	<u>\$ 1,174,074.67</u>	<u>\$ 1,090,346.52</u>
Receivables and inventory with reserves:		
Water Liens receivable	\$ 15,835.47	\$ 15,835.47
	<u>\$ 15,835.47</u>	<u>\$ 15,835.47</u>
<u>Total Operating Fund</u>	<u>\$ 1,189,910.14</u>	<u>\$ 1,106,181.99</u>
Trust Fund:		
Cash	\$ 157,472.25	\$ 157,442.25
Due From Water Operating Fund		30.00
<u>Total Trust Fund</u>	<u>\$ 157,472.25</u>	<u>\$ 157,472.25</u>
Capital Fund:		
Cash	\$ 3,243,901.22	\$ 2,544,501.87
Fixed Capital	<u>26,420,369.82</u>	<u>26,420,369.82</u>
<u>Total Capital Fund</u>	<u>\$ 29,664,271.04</u>	<u>\$ 28,964,871.69</u>
	<u>\$ 30,854,181.18</u>	<u>\$ 30,228,525.93</u>

LIABILITIES, RESERVES AND FUND BALANCE

Operating Fund:		
Liabilities:		
Due Water Trust Fund	\$	\$ 30.00
Reserve for:		
Water Liens receivable	15,835.47	15,835.47
	<u>\$ 15,835.47</u>	<u>\$ 15,865.47</u>
Fund Balance	<u>1,174,074.67</u>	<u>1,090,316.52</u>
<u>Total Operating Fund</u>	<u>\$ 1,189,910.14</u>	<u>\$ 1,106,181.99</u>
Trust Fund:		
Reserve for Customer Deposits	\$ 157,472.25	\$ 157,472.25
<u>Total Trust Fund</u>	<u>\$ 157,472.25</u>	<u>\$ 157,472.25</u>
Capital Fund:		
Reserve for Capital Expenditures	\$ 2,543,981.03	\$ 1,843,765.54
Due Water Operating Fund	2,682.41	3,498.55
Capital Improvement Fund	697,237.78	697,237.78
Reserve for Amortization	<u>26,420,369.82</u>	<u>26,420,369.82</u>
<u>Total Capital Fund</u>	<u>\$ 29,664,271.04</u>	<u>\$ 28,964,871.69</u>
	<u>\$ 30,854,181.18</u>	<u>\$ 30,228,525.93</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

CITY OF ELIZABETH

WATER UTILITY FUND

STATEMENTS OF OPERATIONS  
AND CHANGE IN FUND BALANCE - REGULATORY BASIS

	YEAR ENDED JUNE <u>30, 2025</u>	YEAR ENDED JUNE <u>30, 2024</u>
<u>REVENUE AND OTHER INCOME REALIZED</u>		
Non-Budget Revenue	\$ <u>83,758.15</u>	\$ <u>93,775.00</u>
<u>TOTAL INCOME</u>	\$ <u>83,758.15</u>	\$ <u>93,775.00</u>
Regulatory Excess to Surplus	\$ 83,758.15	\$ 93,775.00
<u>Fund Balance</u>		
Balance, June 30	<u>1,090,316.52</u>	<u>996,541.52</u>
Balance, June 30	\$ <u><u>1,174,074.67</u></u>	\$ <u><u>1,090,316.52</u></u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

CITY OF ELIZABETH

WATER UTILITY OPERATING FUND

STATEMENT OF REVENUES - REGULATORY BASIS  
YEAR ENDED JUNE 30, 2025

	<u>ANTICIPATED</u>	<u>REALIZED</u>	<u>EXCESS/ (DEFICIT)</u>
Miscellaneous (Interest earned)	\$ _____	\$ <u>83,758.15</u>	\$ <u>83,758.15</u>
	\$ _____	\$ <u>83,758.15</u>	\$ <u>83,758.15</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

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## CITY OF ELIZABETH

## SEWER UTILITY FUND

## BALANCE SHEETS - REGULATORY BASIS

	BALANCE JUNE 30, 2025	BALANCE JUNE 30, 2024
<u>ASSETS</u>		
Operating Fund:		
Cash	\$ 44,537,212.59	\$ 35,493,138.30
Petty Cash	200.00	200.00
Interfunds Receivable	2,786.95	9,186.15
	<u>44,540,199.54</u>	<u>35,502,524.45</u>
Receivables and inventory with reserves:		
Consumer Accounts Receivable	6,199,494.68	8,465,103.00
Miscellaneous Rents Receivable	5,341.77	5,341.77
Sewer Liens receivable	12,280.49	12,280.49
	<u>6,217,116.94</u>	<u>8,482,725.26</u>
<u>Total Operating Fund</u>	<u>\$ 50,757,316.48</u>	<u>\$ 43,985,249.71</u>
Capital Fund:		
Cash	\$ 15,582,134.65	\$ 19,243,743.85
Fixed Capital	52,754,528.87	52,754,528.87
Fixed Capital Authorized and Uncompleted	239,673,427.45	239,673,427.45
Interfunds Receivable	290,000.00	
	<u>308,300,090.97</u>	<u>311,671,700.17</u>
<u>Total Capital Fund</u>	<u>\$ 308,300,090.97</u>	<u>\$ 311,671,700.17</u>
	<u>\$ 359,057,407.45</u>	<u>\$ 355,656,949.88</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Operating Fund:		
Liabilities:		
Appropriation Reserves	\$ 8,428,947.59	\$ 5,585,981.25
Accrued Interest on Bonds and Notes	488,316.16	518,511.99
Encumbrances Payable	14,996.95	1,718,554.35
Accounts Payable	74,634.40	82,434.40
Reserve for:		
Capital Outlay	2,349,387.07	2,349,387.07
Receivables	6,217,116.94	8,482,725.26
	<u>17,573,399.11</u>	<u>18,737,594.32</u>
Fund Balance	<u>33,183,917.37</u>	<u>25,247,655.39</u>
<u>Total Operating Fund</u>	<u>\$ 50,757,316.48</u>	<u>\$ 43,985,249.71</u>
Capital Fund:		
Due Grant Fund	\$ 5,000,000.00	\$ 3,380,982.00
Due Sewer Operating Fund	2,786.95	9,186.15
Improvement Authorizations:		
Funded	9,005,021.81	7,868,549.48
Unfunded	35,492,903.41	56,276,738.26
Capital Improvement Fund	7,163,337.81	6,663,337.81
Bonds Payable	46,035,000.00	51,185,000.00
Environmental Infrastructure Loans Payable	27,436,149.93	29,426,872.98
Contracts Payable	10,811,927.27	
Reserve for Sandy Reimbursement	204,274.81	204,274.81
Reserve for Renewal and Replacement	364,000.00	364,000.00
Reserve for Bond Sale Expense	99,175.42	1,324.17
Reserve for Due From Trustee - EIT	1,504,829.10	1,876,611.10
Reserve for Deferred Amortization	11,009,611.78	11,009,611.78
Reserve for Amortization	152,193,631.72	141,427,770.67
Fund Balance	<u>1,977,440.96</u>	<u>1,977,440.96</u>
<u>Total Capital Fund</u>	<u>\$ 308,300,090.97</u>	<u>\$ 311,671,700.17</u>
	<u>\$ 359,057,407.45</u>	<u>\$ 355,656,949.88</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

CITY OF ELIZABETH

SEWER UTILITY FUND

STATEMENTS OF OPERATIONS  
AND CHANGE IN FUND BALANCE - REGULATORY BASIS

	YEAR ENDED JUNE <u>30, 2025</u>	YEAR ENDED JUNE <u>30, 2024</u>
<u>REVENUE AND OTHER INCOME REALIZED</u>		
Fund Balance Utilized	\$ 9,500,000.00	\$ 10,000,000.00
Sewer Fees and Charges	34,612,157.60	30,096,215.00
Miscellaneous	5,716,897.44	2,648,769.00
Other Credits to Income:		
Cancellation of Liabilities		300,000.00
Unexpended Balance of Appropriation Reserves	<u>5,607,206.94</u>	<u>2,943,803.00</u>
<u>TOTAL INCOME</u>	<u>\$ 55,436,261.98</u>	<u>\$ 45,988,787.00</u>
<u>EXPENDITURES</u>		
Budget and Emergency Appropriations:		
Operating	\$ 21,000,000.00	\$ 18,500,000.00
Capital Improvements	7,681,381.19	7,714,730.00
Municipal Debt Service	9,318,618.81	8,285,270.00
Deferred Charges and Statutory Expenditures		<u>3,000,000.00</u>
<u>TOTAL EXPENDITURES</u>	<u>\$ 38,000,000.00</u>	<u>\$ 37,500,000.00</u>
Excess in Revenue	\$ 17,436,261.98	\$ 8,488,787.00
Regulatory Excess to Surplus	\$ 17,436,261.98	\$ 8,488,787.00
<u>Fund Balance</u>		
Balance, January 1	<u>25,247,655.39</u>	<u>26,758,868.39</u>
	\$ <u>42,683,917.37</u>	\$ <u>35,247,655.39</u>
Decreased by:		
Utilization by Sewer Operating Budget	<u>\$ 9,500,000.00</u>	<u>\$ 10,000,000.00</u>
Balance, December 31	<u>\$ 33,183,917.37</u>	<u>\$ 25,247,655.39</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

CITY OF ELIZABETH

SEWER UTILITY OPERATING FUND

STATEMENT OF FUND BALANCE - CAPITAL FUND

Balance, June 30, 2024 and  
June 30, 2025

\$ 1,977,440.96

The accompanying Notes to the Financial Statements are an integral part of this statement.

CITY OF ELIZABETH

SEWER UTILITY OPERATING FUND

STATEMENT OF REVENUES - REGULATORY BASIS  
YEAR ENDED JUNE 30, 2025

	<u>ANTICIPATED</u>	<u>REALIZED</u>	<u>EXCESS/ (DEFICIT)</u>
Fund Balance Anticipated	\$ 9,500,000.00	\$ 9,500,000.00	\$
Rents	28,500,000.00	34,612,157.60	6,112,157.60
Miscellaneous		<u>5,716,897.44</u>	<u>5,716,897.44</u>
	<u>\$ 38,000,000.00</u>	<u>\$ 49,829,055.04</u>	<u>\$ 11,829,055.04</u>

ANALYSIS OF MISCELLANEOUS

Interest on Investments	\$ 1,360,737.72
Joint Meeting Refunds	1,602,533.58
Roselle Park	2,696,759.69
Miscellaneous	<u>56,866.45</u>
	<u>\$ 5,716,897.44</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

CITY OF ELIZABETH

SEWER UTILITY OPERATING FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED JUNE 30, 2025

	APPROPRIATIONS		EXPENDED	
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED
Operating:				
Joint Meeting	\$ 17,000,000.00	\$ 17,000,000.00	\$ 14,540,957.50	\$ 2,459,042.50
Management Fee	4,000,000.00	4,000,000.00	2,810,003.54	1,189,996.46
<u>Total Operating</u>	<u>\$ 21,000,000.00</u>	<u>\$ 21,000,000.00</u>	<u>\$ 17,350,961.04</u>	<u>\$ 3,649,038.96</u>
Capital Improvements:				
Capital Improvement Fund	\$ 500,000.00	\$ 500,000.00	\$ 500,000.00	\$ -
Capital Outlay	7,181,381.19	7,181,381.19	2,401,472.56	4,779,908.63
<u>Total Capital Improvements</u>	<u>\$ 7,681,381.19</u>	<u>\$ 7,681,381.19</u>	<u>\$ 2,901,472.56</u>	<u>\$ 4,779,908.63</u>
Debt Service:				
Payment of Bond Principal	\$ 5,150,000.00	\$ 5,150,000.00	\$ 5,150,000.00	\$ -
Interest on Bonds	1,912,744.58	1,912,744.58	1,912,744.58	-
Waste Water Bonds - Principal	1,919,102.05	1,919,102.05	1,919,102.05	-
Waste Water Bonds - Interest	294,779.18	294,779.18	294,779.18	-
NJIT Loans	41,993.00	41,993.00	41,993.00	-
<u>Total Debt Service</u>	<u>\$ 9,318,618.81</u>	<u>\$ 9,318,618.81</u>	<u>\$ 9,318,618.81</u>	<u>\$ -</u>
<u>Total</u>	<u>\$ 38,000,000.00</u>	<u>\$ 38,000,000.00</u>	<u>\$ 29,571,052.41</u>	<u>\$ 8,428,947.59</u>
Cash Disbursements			\$ 27,348,531.70	
Encumbrances Payable			14,996.95	
Accrued Interest on Notes			2,207,523.76	
			<u>\$ 29,571,052.41</u>	

The accompanying Notes to the Financial Statements are an integral part of this statement.

CITY OF ELIZABETH

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2025 AND 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Elizabeth is an instrumentality of the State of New Jersey, established to function as a municipality. The City Council consists of elected officials and is responsible for the fiscal control of the City.

As defined by GAAP established by the GASB, the financial reporting entity consists of the primary government, as well as component units, which are legally separate organizations for which elected officials of the primary government are financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organizations; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization. Except as noted below, the financial statements of the City include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the City, as required by N.J.S.A. 40A:5-5. Accordingly, the financial statements of the City do not include the operations of the Elizabeth Board of Education, Elizabeth Free Public Library, Elizabeth Parking Authority, Elizabeth Housing Authority, Elizabeth Development Corporation and Elizabeth Special Improvement Districts inasmuch as their activities are administered by separate boards.

B. Description of Funds

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB codification establishes the presentation of basic financial statements into three fund types, the governmental, proprietary and fiduciary funds, as well as government-wide financial reporting that must be used by general purpose governmental units when reporting financial position and results of operations in accordance with U.S. Generally Accepted Accounting Principles (GAAP).

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Description of Funds (Continued)

The accounting policies of the City of Elizabeth conform to the accounting principles applicable to municipalities which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. 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 financial transactions and accounts of the City of Elizabeth are organized on the basis of funds and an account group which is different from the fund structure required by GAAP. A fund or account group is an accounting entity with a separate set of self-balancing accounts established to record the financial position and results of operation of a specific government activity. As required by the Division of Local Government Services, the City accounts for its financial transactions through the following individual funds and account group:

Current Fund - resources and expenditures for governmental operations of a general nature, including federal and state grant funds.

Trust Fund - receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created.

General Capital Fund - receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the Current Fund.

Water Utility Operating and Capital Funds - account for the operations and acquisition of capital facilities of the municipally owned Water Utility.

Sewer Utility Operating and Capital Funds - account for the operations and acquisition of capital facilities of the municipally owned Sewer Utility.

General Fixed Asset Account Group - utilized to account for property, land, buildings and equipment that has been acquired by other governmental funds.

C. Basis of Accounting

The accounting principles and practices prescribed for municipalities by the State of New Jersey differ in certain respects from generally accepted accounting principles applicable to local government units. The more significant accounting policies and differences in the State of New Jersey are as follows:

A modified accrual basis of accounting is followed with minor exceptions.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Revenues - are recorded when received in cash except for certain amounts which are due from other governmental units. Federal and state grants are realized as revenues when anticipated in the City's budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the City's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due the City, which are susceptible to accrual, are also recorded as receivables with offsetting reserves and recorded as revenues when received. GAAP requires revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

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 the Encumbrance Accounting System. Outstanding encumbrances, at June 30th, are reported as a cash liability in the financial statements and constitute part of the City's statutory Appropriation Reserve balance.

Appropriation reserves covering unexpended appropriation balances are automatically created at June 30th of each year and recorded as liabilities, except for amounts which may be canceled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriations for principal payments on outstanding general capital and utility bonds and notes are provided on the cash basis, interest on general capital indebtedness is on the cash basis, whereas interest on utility indebtedness is on the accrual basis.

Encumbrances - Contractual orders, at June 30, are reported as expenditures through the establishment of encumbrances payable. Under GAAP, encumbrances outstanding at year end are reported as reservations of fund balance because they do not constitute expenditures or liabilities.

Foreclosed Property - is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. GAAP requires such property to be recorded in the General Fixed Assets Account Group at its market value.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Sale of Municipal Assets - The proceeds from the sale of municipal assets can be held in a reserve until anticipated as revenue in a future budget. GAAP requires such proceeds to be recorded as revenue in the year of sale.

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.

General Fixed Assets - N.J.A.C. 5:30-5.6, Accounting for Governmental Fixed Assets, which differs in certain respects from generally accepted accounting principles, requires the inclusion of a statement of general fixed assets of the City as part of its basic financial statements. General Fixed Assets are defined as nonexpendable personal and real property having a physical existence, a useful life of more than one year and an acquisition cost of \$5,000.00 or more per unit. 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.

General Fixed Assets that have been acquired and are utilized in a governmental fund operation are accounted for in the General Fixed Asset Account Group rather than in a governmental fund. No depreciation has been provided on General Fixed Assets or reported in the financial statements.

The City has developed a fixed assets accounting and reporting system based on an inspection and valuation prepared by an outside appraiser. Fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available.

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 has not been accounted for separately.

Inventories of Supplies - The cost of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The cost of inventories is not included on the various balance sheets. GAAP requires the cost of inventories to be reported as a current asset and equally offset by a fund balance reserve.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Fixed Capital-Water and Sewer Utility - Accounting for utility fund "fixed capital" remains uncharged under the requirements of NJAC 5:30-5.6.

Property and equipment purchased by the Water and Sewer Utility Funds are recorded in the capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not purport to represent reproduction costs or current value. The fixed capital reported is as taken from the municipal records and does not necessarily reflect the true condition of such fixed capital. Contributions in aid of construction are not capitalized. The balances in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the utility capital fund represent charges to operations for the cost of acquisition of property, equipment and improvements. The utilities do not record depreciation on fixed assets.

Accounting and Financial Reporting for Pensions - Under GAAP, municipalities are required to record their distributive shares of net pension liability, deferred outflows of resources, deferred inflows of resources in the statement of Net Position and total pension related expense in Statements of Revenues, Expenses, Changes in Net Position and Notes to the Financial Statements in accordance with GASB 68.

New Jersey's municipalities and counties do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording the net pension liability as a liability on their balance sheets. However, N.J.A.C. 5:30 6.1(c)(2) requires municipalities to disclose GASB 68 information in the Notes to the Financial Statements. The disclosure must meet the requirements of GASB 68 however, local units are permitted to disclose the most recently available information as it relates to the New Jersey Division of Pension and Benefits reporting on GASB 68

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB) - Under GAAP, municipalities required to record their distributive shares of OPEB liability, deferred outflows of resources, deferred inflows of resources in the statement of Net Position and total OPEB related expense in Statements of Revenues, Expenses, Changes in Net Position and Notes to the Financial Statements in accordance with GASB 75.

New Jersey's municipalities and counties do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording the OPEB liability as a liability on their balance sheets. However, N.J.A.C. 5:30 6.1(c) (2) requires municipalities to disclose GASB 75 information in the Notes to the Financial Statements. The disclosure must meet the requirements of GASB 75, however local units are permitted to disclose the most recently available information as it relates to the New Jersey Division of Pension and Benefits reporting on GASB 75.

Compensated Absences - Expenditures relating to obligations for unused vested accumulated vacation and sick leave are not recorded until paid; however, municipalities may establish, and budget reserve funds subject to NJSA 40A:4-39 for the future payment of compensated absences. Under GAAP, the Borough would be required to record a liability for compensated absences, including salary-related payments, as those benefits are earned and meet the recognition criteria established by GASB 101. However, under the accounting practices prescribed by the State of New Jersey, compensated absences are recorded only when due and payable. Accordingly, the City has not recorded a liability for compensated absences in accordance with GASB 101.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Leases

Under GAAP, lease receivables are measured at the present value of the lease payments expected to be received during the lease term. Payments are recorded as an inflow of resources in the period the payment is received. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized in a systematic and rational manner over the lease term.

Lease liabilities represent obligations to make lease payments arising from the lease. Lease liabilities are recognized at the commencement date based on the present value of the expected lease payments over the lease term, less any lease incentives. Interest expense is recognized ratably over the contract term. The lease term may include options to extend or terminate the lease when it is reasonably certain that the option will be exercised. Payments for short-term leases with a term of 12 months or less are expensed as incurred and these leases are not included as lease liabilities or right -to-use assets on the statements of net position.

New Jersey's municipalities do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording lease receivables, deferred outflows, lease liabilities or deferred inflows on their balance sheets.

D. 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 held in accordance with GAAP. The City presents the financial statements listed in the table of contents of the "Requirements of Audit and Accounting Revision of 1987" as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and which differ from the financial statements required by GAAP.

NOTE 2: CASH AND CASH EQUIVALENTS

The City considers petty cash, change funds, cash in banks, and Certificates of Deposit as cash and cash equivalents.

A. Deposits

New Jersey statutes permit the deposit of public funds in institutions which are located in New Jersey and which meet the requirements of the Governmental Unit Deposit Protection Act (GUDPA) or the State of New Jersey Cash Management Fund. GUDPA requires a bank that accepts public funds to be a public depository. A public depository is defined as a state bank, a national bank, or a savings bank, which is located in the State of New Jersey, the deposits of which are insured by the Federal Deposit Insurance Corporation. The statutes also require public depositories to maintain collateral for deposits of public funds that exceed certain insurance limits. All collateral must be deposited with the Federal Reserve Bank or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.00.

The City of Elizabeth had the following cash and cash equivalents at June 30, 2025:

<u>Fund Type</u>	<u>Bank Balance</u>	<u>Reconciling Items</u>		<u>Reconciled Balance</u>
		<u>Additions</u>	<u>Deletions</u>	
Current Fund	\$206,365,380.03	\$1,003,143.83	\$722,204.29	\$206,646,319.57
Animal Control Trust Fund	23,139.60	27.00	80.40	23,086.20
Other Trust Fund	28,006,402.62	\$81,303.90	1,196,817.69	26,890,888.83
General Capital Fund	9,558,089.29		2,703.85	9,555,385.44
Water Utility:				
Operating	1,171,357.90	34.36		1,171,392.26
Capital	3,675,205.56		431,304.34	3,243,901.22
Trust	157,472.25			157,472.25
Sewer Utility:				
Operating	44,537,219.59	0.00	7.00	44,537,212.59
Capital	15,582,127.65	7.00		15,582,134.65
	<u>\$309,076,394.49</u>	<u>\$1,084,516.09</u>	<u>\$2,353,117.57</u>	<u>\$307,807,793.01</u>

Custodial Credit Risk - Deposits - Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned. The City does not have a specific deposit policy for custodial credit risk other than those policies that adhere to the requirements of statute. However, GUDPA does not protect intermingled trust funds such as salary withholdings, or funds that may pass to the City relative to the happening of a future condition.

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

A. Deposits (Continued)

As of June 30, 2025, the City's bank balance of \$309,076,394.49 was insured or collateralized as follows:

Insured under FDIC and GUDPA	\$304,164,851.62
Uninsured:	
NJ Assets and Rebate Management	<u>4,911,542.87</u>
	<u>\$309,076,394.49</u>

B. Investments

The purchase of investments by the City is strictly limited by the express City of the New Jersey Local Fiscal Affairs Law, N.J.S.A. 40A:5-15.1. Permitted investments include any of the following type of securities:

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
2. Government money market mutual funds which are purchased from an investment company or investment trust which is registered with the Securities and Exchange Commission under the "Investment Company Act of 1940," 15 U.S.C. 80a-1 et seq., and operated in accordance with 17 C.F.R. § 270.2a-7 and which portfolio is limited to U.S. Government securities that meet the definition of an eligible security pursuant to 17 C.F.R. § 270.2a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 5-15.1. These funds are also required to be rated by a nationally recognized statistical rating organization.
3. Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
4. Bonds or other obligations of the Local Unit or bonds or other obligations of school districts of which the Local Unit is a part or within which the school district is located.

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments (Continued)

5. Bonds or other obligations, having a maturity date not more than 397 days from date of purchase, approved by the Division of Local Government Services of the Department of Community Affairs for investment by Local Units;
6. Local government investment pools that are fully invested in U.S. Government securities that meet the definition of eligible security pursuant to 17 C.F.R. § 270a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 5-15.1. This type of investment is also required to be rated in the highest category by a nationally recognized statistical rating organization.
7. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C. 52:18A-90.4); or
8. Agreements for the repurchase of fully collateralized securities if:
  - a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection;
  - b. the custody of collateral is transferred to a third party;
  - c. the maturity of the agreement is not more than 30 days;
  - d. the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C. 17:19-41); and
  - e. a master repurchase agreement providing for the custody and security of collateral is executed.

As of June 30 30, 2025, the City has \$4,911,542.87 on deposit with the New Jersey ARM. Based upon the limitations set forth by New Jersey Statutes 40A:5-15.1 and existing investment practices of the Investment Council of the New Jersey Cash Management Fund and the Investment Advisor of the NJARM, the City is generally not exposed to credit risks, custodial credit risks, concentration of credit risks and interest rate risks for its investments nor is it exposed to foreign currency risk for its deposits and investments. The City's investment activities during the year were in accordance with the above New Jersey Statute.

NOTE 3: MUNICIPAL DEBT

The Local Bond Law, Chapter 40A:2, governs the issuance of bonds to finance general municipal capital expenditures. All bonds are retired in annual installments within the statutory period of usefulness. All 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, shall mature and be paid off within ten years of financed by the issuance of bonds.

SUMMARY OF MUNICIPAL DEBT

	<u>YEAR 2025</u>	<u>YEAR 2024</u>	<u>YEAR 2023</u>
Issued:			
General:			
Bonds, Notes and Loans	\$ 63,353,111.08	\$ 75,943,646.00	\$ 78,639,812.00
Sewer Utility:			
Bonds, Notes and Loans	<u>73,471,149.93</u>	<u>80,613,873.00</u>	<u>75,705,514.00</u>
Net Debt Issued	<u>136,824,261.01</u>	<u>156,557,519.00</u>	<u>154,345,326.00</u>
Less: Reserve for Debt Service	<u>556,340.93</u>	<u>708,342.00</u>	<u>854,424.00</u>
	\$ <u>136,267,920.08</u>	\$ <u>155,849,177.00</u>	\$ <u>153,490,902.00</u>
<u>Authorized But Not Issued</u>			
General:			
Bonds and Notes	56,893,544.40	53,408,574.00	52,199,011.00
Sewer Utility:			
Bonds and Notes	<u>57,723,385.00</u>	<u>61,348,523.00</u>	<u>59,348,523.00</u>
Total Authorized But Not Issued	<u>114,616,929.40</u>	<u>114,757,097.00</u>	<u>111,547,534.00</u>
Net Bonds and Notes Issued and and Authorized But Not Issued	\$ <u><u>250,884,849.48</u></u>	\$ <u><u>270,606,274.00</u></u>	\$ <u><u>265,038,436.00</u></u>

NOTE 3: MUNICIPAL DEBT (CONTINUED)

SUMMARY OF STATUTORY DEBT CONDITION (ANNUAL DEBT STATEMENT)

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 .885%.

	<u>GROSS DEBT</u>	<u>DEDUCTIONS</u>	<u>NET DEBT</u>
Local School District Debt	\$ 2,800,000.00	\$ 2,800,000.00	\$ -0-
Utility Debt	131,194,534.93	131,194,534.93	-0-
General Debt	<u>120,246,655.48</u>	<u>556,340.93</u>	<u>119,690,314.55</u>
	<u>\$ 254,241,190.41</u>	<u>\$ 134,550,875.86</u>	<u>\$ 119,690,314.55</u>

NET DEBT \$119,690,314.55 DIVIDED BY EQUALIZED VALUATION BASIS PER N.J.S.A. 40A:2-2, AS AMENDED, \$13,522,169,836.33 EQUALS .885%.

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

Equalized Valuation Basis	\$13,522,169,836.33
3-1/2 of Equalized Valuation Basis	473,275,944.27
Net Debt	<u>119,690,314.55</u>
Remaining Borrowing Power	<u>\$353,585,629.72</u>

\*Equalized Valuation Basis is the average of the equalized valuation of real estate, including improvements, and the assessed valuation of Class II Railroad Property of the City of Elizabeth for the last three (3) preceding years.

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

Surplus Anticipated and Total Cash Receipts from Fees, Rents, or Other Charges for the Year	\$ 49,829,055.04
Deductions:	
Operating and Maintenance Cost	\$ 21,000,000.00
Debt Service	<u>9,318,618.81</u>
Total Deductions	<u>30,318,618.81</u>
Excess in Revenue	<u>\$ 19,510,436.23</u>

NOTE 3: MUNICIPAL DEBT (CONTINUED)

LONG TERM DEBT

General Capital Bonds are comprised of the following issues:

	OUTSTANDING BALANCE JUNE <u>30, 2025</u>
\$11,490,000.00 in Refunding Bonds dated March 1, 2013, due in remaining annual installments ranging between \$675,000.00 and \$755,000.00 beginning March 1, 2026 and ending March 1, 2030 with interest ranging between 3.125% and 4.00%	\$3,665,000.00
\$14,763,000.00 in General Improvement Bonds dated April 1, 2013, due in remaining annual installments ranging between \$1,100,000.00 and \$1,168,000.00 beginning April 1, 2026 and ending April 1, 2028 with interest ranging between 3.00% and 3.25%	\$3,398,000.00
\$11,000,000.00 in General Improvement Bonds dated April 1, 2014, due in remaining annual installments ranging between \$1,010,000.00 and \$1,050,000.00 beginning April 1, 2026 and ending April 1, 2027 with interest ranging between 3.00% and 3.125%	\$2,060,000.00
\$14,575,000.00 in General Improvement Bonds dated April 1, 2015, due in remaining annual installments ranging between \$1,030,000.00 and \$1,160,000.00 beginning April 1, 2026 and ending April 1, 2030 with interest at 3.00%	\$5,465,000.00
\$13,000,000.00 in General Improvement Bonds dated April 1, 2016, due in a remaining annual installment of \$1,400,000.00 ending April 1, 20 with interest at 2.375%	\$1,400,000.00
\$20,000,000.00 in General Improvement Bonds dated April 1, 2017, due in remaining annual installments ranging between \$1,460,000.00 and \$1,695,000.00 beginning April 1, 2026 and ending April 1, 2031 with interest ranging between 2.50% and 3.00%	\$9,445,000.00
\$5,850,000.00 in Refunding Bonds dated April 17, 2017, due in remaining annual installments ranging between \$1,035,000.00 and \$1,095,000.00 beginning April 1, 2026 and ending April 1, 2027 with interest at 5.00%	\$2,130,000.00

NOTE 3: MUNICIPAL DEBT (CONTINUED)

LONG TERM DEBT (CONTINUED)

General Capital Bonds are comprised of the following issues:

	OUTSTANDING BALANCE JUNE <u>30, 2025</u>
\$12,650,000.00 in General Improvement Bonds dated April 6, 2018, due in remaining annual installments ranging between \$990,000.00 and \$1,135,000.00 beginning April 1, 2026 and ending April 1, 2031 with interest ranging between 3.00% and 4.00%	\$6,345,000.00
\$9,210,000.00 in General Improvement Bonds dated April 1, 2019, due in remaining annual installments ranging between \$870,000.00 and \$1,055,000.00 beginning April 1, 2026 and ending April 1, 2030 with interest ranging between 2.50% and 4.00%	\$4,795,000.00
\$7,495,000.00 in General Improvement Bonds dated April 1, 2020, due in remaining annual installments ranging between \$760,000.00 and \$920,000.00 beginning April 1, 2026 and ending April 1, 2030 with interest at 5.00%	\$4,200,000.00
\$6,425,000.00 in General Improvement Bonds dated April 1, 2021, due in remaining annual installments ranging between \$640,000.00 and \$660,000.00 beginning April 1, 2026 and ending April 1, 2031 with interest at 3.00%	\$3,885,000.00
\$4,355,000.00 in General Improvement Bonds dated March 1, 2022, due in remaining annual installments ranging between \$420,000.00 and \$470,000.00 beginning March 1, 2026 and ending March 1, 2032 with interest at 4.00%	\$3,120,000.00
\$4,590,000.00 in General Improvement Bonds dated May 1, 2023, due in remaining annual installments ranging between \$380,000.00 and \$490,000.00 beginning May 1, 2026 and ending May 1, 2034 with interest at 4.00%	\$3,865,000.00
\$10,155,000.00 in General Improvement Bonds dated May 1, 2024, due in remaining annual installments ranging between \$915,000.00 and \$1,145,000.00 beginning May 1, 2026 and ending May 1, 2034 with interest at 4.00%	\$9,250,000.00
	<hr/> <u>\$63,023,000.00</u>

NOTE 3: MUNICIPAL DEBT (CONTINUED)

LONG TERM DEBT (CONTINUED)

Sewer Utility Capital Bonds are comprised of the following issue:

	OUTSTANDING BALANCE JUNE <u>30, 2025</u>
\$12,000,000.00 in Refunding Bonds dated April 1, 2013, due in remaining annual installments ranging between \$895,000.00 and \$950,000.00 beginning April 1, 2026 and ending April 1, 2028 with interest ranging between 3.00% and 3.250%	\$2,765,000.00
\$22,000,000.00 in Sewer Utility Bonds dated April 1, 2015, due in remaining annual installments ranging between \$1,550,000.00 and \$1,755,000.00 beginning April 1, 2026 and ending April 1, 2030 with interest at 3.00%	\$8,245,000.00
\$6,380,000.00 in Sewer Utility Bonds dated April 7, 2017, due in remaining annual installments ranging between \$465,000.00 and \$540,000.00 beginning April 1, 2026 and ending April 1, 2031 with interest ranging between 2.50% and 3.00%	\$3,015,000.00
\$4,865,000.00 in Sewer Utility Bonds dated March 1, 2022 due in remaining annual installments ranging between \$380,000.00 and \$435,000.00 beginning March 1, 2026 and ending April 1, 2031 with interest ranging between 3.00% and 4.00%	\$2,445,000.00
9,380,000.00 in Sewer Utility Bonds dated April 1, 2020, due in remaining annual installments ranging between \$550,000.00 and \$865,000.00 beginning April 1, 2026 and ending April 1, 2035 with interest ranging between 3.375% and 5.00%	\$6,980,000.00
\$4,595,000.00 in Sewer Utility Bonds dated April 6, 2022, due in remaining annual installments ranging between \$280,000.00 and \$355,000.00 beginning April 1, 2026 and ending April 1, 2037 with interest ranging between 3.00% and 4.00%	\$3,770,000.00
\$9,265,000.00 in Sewer Utility Bonds dated May 1, 2023, due in remaining annual installments ranging between \$530,000.00 and \$780,000.00 beginning May 1, 2026 and ending May 1, 2038 with interest ranging between 3.00% and 4.00%	\$8,250,000.00
\$11,195,000.00 in Sewer Utility Bonds dated May 1, 2024, due in remaining annual installments ranging between \$625,000.00 and \$910,000.00 beginning May 1, 2026 and ending May 1, 2039 with interest ranging between 4.00% and 5.00%	\$10,565,000.00
	\$46,035,000.00

NOTE 3: MUNICIPAL DEBT (CONTINUED)

LONG TERM DEBT (CONTINUED)

SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST FOR BONDED DEBT ISSUED AND OUTSTANDING JUNE 30, 2025

FISCAL YEAR	<u>GENERAL CAPITAL</u>		<u>TOTAL</u>
	<u>PRINCIPAL</u>	<u>INTEREST</u>	
2026	\$12,765,000.00	\$2,272,297.00	\$15,037,297.00
2027	11,715,000.00	1,817,048.00	13,532,048.00
2028	9,833,000.00	1,397,972.00	11,230,972.00
2029	8,915,000.00	1,045,031.00	9,960,031.00
2030	9,120,000.00	720,412.50	9,840,412.50
2031-2034	<u>10,675,000.00</u>	<u>806,050.00</u>	<u>11,481,050.00</u>
	<u>\$63,023,000.00</u>	<u>\$8,058,810.50</u>	<u>\$71,081,810.50</u>

FISCAL YEAR	<u>SEWER UTILITY CAPITAL</u>		<u>TOTAL</u>
	<u>PRINCIPAL</u>	<u>INTEREST</u>	
2026	\$5,275,000.00	\$1,753,068.76	\$7,028,068.76
2027	5,435,000.00	1,561,743.76	6,996,743.76
2028	5,600,000.00	1,364,793.76	6,964,793.76
2029	4,815,000.00	1,160,618.76	5,975,618.76
2030	4,965,000.00	981,018.76	5,946,018.76
2031-2035	<u>13,535,000.00</u>	<u>2,802,988.80</u>	<u>16,337,988.80</u>
2036-2039	<u>6,410,000.00</u>	<u>545,700.00</u>	<u>6,955,700.00</u>
	<u>\$46,035,000.00</u>	<u>\$10,169,932.60</u>	<u>\$56,204,932.60</u>

SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST FOR GENERAL CAPITAL LOANS PAYABLE JUNE 30, 2025

FISCAL YEAR	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2026	\$65,787.50	\$2,418.28	\$68,205.78
2027	66,589.99	1,615.80	68,205.79
2028	67,408.60	797.19	68,205.79
2029	34,511.17	86.46	34,597.63
2030	25,862.88		25,862.88
2031-2034	<u>69,952.94</u>		<u>69,952.94</u>
	<u>\$330,113.08</u>	<u>\$4,917.73</u>	<u>\$335,030.81</u>

NOTE 3: MUNICIPAL DEBT (CONTINUED)

LONG TERM DEBT (CONTINUED)

SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST  
FOR INFRASTRUCTURE LOAN PAYABLE JUNE 30, 2025

BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

At June 30, 2025, the City has authorized but not issued bonds and notes as follows:

General Capital Fund	<u>\$56,893,544.40</u>
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Sewer Capital Fund	<u>\$57,723,385.00</u>
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SHORT TERM DEBT

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. All such notes must be paid or permanent financing obtained no later than the tenth anniversary of the date of the original note. The State of New Jersey also prescribes that on or before the third anniversary date of the original note and on or before each subsequent anniversary, a payment of an amount at least equal to the first legally payable installment of the bonds in anticipation of which such notes were installment of the bonds in anticipation of which such notes were issued, be paid or retired.

On June 30, 2025 and 2024 there are \$0 and \$0 notes outstanding for the General Capital Fund.

On June 30, 2025 and 2024 there are \$0 and \$0 notes outstanding for the Sewer Utility Capital Fund.

NOTE 4: FUND BALANCES APPROPRIATED

Fund balances at June 30, 2025 which were appropriated and included as anticipated revenue in their own respective funds for the year ending June 30, 2026 were as follows:

Current Fund	\$57,000,000.00
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Sewer Utility Operating Fund	\$9,500,000.00
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NOTE 5: PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of July 1. Taxes are levied based on the final adoption of the current year municipal budget, and are payable in four installments on August 1, November 1, February 1 and May 1. The City bills and collects its own property taxes and also taxes for the County and local school district. The collections and remittance of county and school taxes are accounted for in the Current Fund. City property tax revenues are recognized when collected in cash and any receivables are recorded with offsetting reserves on the balance sheet of the City's Current Fund.

NOTE 6: PENSION PLANS

Substantially all eligible employees participate in the Public Employees' Retirement System (PERS), the Police, Firemen's Retirement System (PFRS), Consolidated Police and Firemen's Pension Fund (CPFPPF) or the Defined Contribution Retirement System (DCRP), which have been established by state statute and are administered by the New Jersey Division of Pensions and Benefits. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System, Police and Firemen's Retirement System and Consolidated Police and Firemen's Pension Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625 or are available online at [www.nj.gov/treasury/pensions/annrpts.shtml](http://www.nj.gov/treasury/pensions/annrpts.shtml).

Public Employees' Retirement System (PERS) - The Public Employees' Retirement System (PERS) was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A, to provide retirement, death, disability and medical benefits to certain qualified members. The PERS is a cost-sharing multiple employer plan. Membership is mandatory for substantially, all full-time employees of the State of New Jersey 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 or other state pension fund or local jurisdiction's pension fund.

Police and Firemen's Retirement System (PFRS) - The Police and Firemen's Retirement System (PFRS) was established as of July 1, 1944, under the provisions of N.J.S.A. 43:16A, to provide retirement, death, and disability benefits to its members. The PFRS is a cost-sharing multiple-employer plan. Membership is mandatory for substantially, all full-time county and municipal police or firemen or officer employees with police powers appointed after June 30, 1944.

Consolidated Police and Firemen's Pension Fund (CPFPPF) - The Consolidated Police and Firemen's Pension Fund (CPFPPF) was established as of January 1, 1952, under the provisions of N.J.S.A. 43:16 to provide retirement, death, and disability benefits to county and municipal police and firemen who were appointed prior to July 1, 1944. This is a closed system with no active members.

NOTE 6: PENSION PLANS

Defined Contribution Retirement Program (DCRP) - The Defined Contribution Retirement Program (DCRP) was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, and was expanded under the provisions of Chapter 89, P.L. 2009. The DCRP provides eligible employees and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance coverage and disability coverage.

Vesting and Benefit Provisions

The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43:36. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service. Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving ten years of service credit, in which case, benefits would begin the first day of the month after the member attains normal retirement age.

The vesting and benefit provisions for PFRS are set by N.J.S.A. 43:16A and 43:36. All benefits vest after ten years of service, except for disability benefits, which vest after four years of service. Retirement benefits for age and service are available at age 55. Members may seek special retirement after achieving 25 years of creditable service or they may elect deferred retirement after achieving ten years of service.

Newly elected or appointed officials that have an existing DCRP account, or are a member of another State-administered retirement system are immediately vested in the DCRP. For newly elected or appointed officials that do not qualify for immediate vesting in the DCRP, employee and employer contributions are held during the initial year of membership. Upon commencing the second year of DCRP membership, the member is fully vested. However, if a member is not eligible to continue in the DCRP for a second year of membership, the member may apply for a refund of the employee contributions from the DCRP, while the employer contributions will revert back to the employer. Employees are required to contribute 5.5% of their base salary and employers contribute 3.0%.

Funding Policy

The contribution policy for PERS is set by N.J.S.A. 43:15A and contributions are required by active members and contributing employers. Plan members and employer contributions may be amended by State of New Jersey legislation. PERS provides for employee contributions of 7.50% of base salary. Employers are required to contribute at an actuarially determined rate. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums.

The contribution policy for PFRS is set by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. Plan member and employer contributions *may* be amended by State of New Jersey legislation.

NOTE 6: PENSION PLANS (CONTINUED)

Funding Policy (Continued)

Employers are required to contribute at an actuarially determined rate. The annual employer contribution includes funding for basic retirement allowances, cost-of-living adjustments and noncontributory death benefits. PFRS members contributed at a rate of 10.00% of base salary.

The City's share of pension costs, which is based upon the annual billings received from the State, amounted to \$33,322,663.00 for 2025, \$30,767,238.00 for 2024 and \$29,726,558.00 for 2023.

Certain City employees are also covered by the Federal Insurance Contribution Act.

Accounting and Financial Reporting for Pensions - GASB 68

The Governmental Accounting Standards Board (GASB) Statement No. 68 "Accounting and Financial Reporting for Public Employees Pensions" requires the State of New Jersey to calculate and allocate, for note disclosure purposes only, the unfunded net pension liability of Public Employees Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS) of the participating municipality as of June 30, 2025. The statement does not alter the amounts of funds that must be budgeted for pension payments under existing state law.

Under accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, any unfunded net pension liability of the municipality, allocated by the State of New Jersey, is not required to be reported in the financial statements as presented and any pension contributions required to be paid are raised in that year's budget and no liability is accrued at June 30, 2025.

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS)

At June 30, 2024, the State reported a net pension liability of \$70,137,577.00 for the City's proportionate share of the total net pension liability. The total pension liability for the June 30, 2024 measurement date was determined by an actuarial valuation as of July 1, 2023, which was rolled forward to June 30, 2024. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2024, the City's proportion was 0.5161711865 percent, which was a decrease of 0.0158137732 percent from its proportion measured as of June 30, 2023.

For the year ended June 30, 2024, the State recognized an actuarially determined pension expense of \$2,555,768.00 for the City's proportionate share of the total pension expense. The pension expense recognized in the City's financial statements based on the April 1, 2025 billing was \$7,023,647.00.

At June 30, 2024, the State reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ 1,404,985.00	\$ 186,726.00
Changes of assumptions	87,133.00	798,004.00
Net difference between projected and actual earnings on pension plan investments		3,252,088.00
Changes in proportion and differences between City contributions and proportionate share of contributions	<u>1,506,123.00</u>	<u>1,928,543.00</u>
	<u>\$ 2,998,241.00</u>	<u>\$ 6,165,361.00</u>

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

Other local amounts reported by the State as the City's proportionate share of deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the State's actuarially calculated pension expense as follows:

Year Ended June 30,	<u>Amount</u>
2025	(\$3,062,354.00)
2026	2,219,703.00
2027	(1,410,132.00)
2028	(849,770.00)
2029	<u>(64,567.00)</u>
	<u><u>(\$3,167,120.00)</u></u>

Actuarial Assumptions

The collective total pension liability for the June 30, 2024 measurement date was determined by an actuarial valuation as of July 1, 2023, which rolled forward to June 30, 2024. These actuarial valuations used the following assumptions:

Inflation	
Price	2.75%
Wage	3.25%
Salary Increases	2.75-6.55%
	Based on
	Years of Service
Investment Rate of Return	7.00%

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

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions (Continued)

The actuarial assumptions used in the July 1, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2024) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major assets class included in PERS's target assets allocation as of June 30, 2024 asset are summarized in the following table:

<u>Assets Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	28.00%	8.63%
Non-U.S. Developed Market Equity	12.75%	8.85%
International Small Cap Equity	1.25%	8.85%
Emerging Market Equity	5.50%	10.66%
Private Equity	13.00%	12.40%
Real Estate	8.00%	10.95%
Real Assets	3.00%	8.20%
High Yield	4.50%	6.74%
Private Credit	8.00%	8.90%
Investment Grade Credit	7.00%	5.37%
Cash Equivalents	2.00%	3.57%
U.S. Treasury's	4.00%	3.57%
Risk Mitigation Strategies	3.00%	7.10%

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2024. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

Sensitivity of the City's proportionate share of net pension liability to changes in the discount rate

The following presents the City's proportionate share of the net pension liability of the participating employers as of June 30, 2024 respectively, calculated using the discount rate as disclosed above as well as what the City's proportionate share of the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	June 30, 2024		
	1% Decrease <u>6.00%</u>	At Current Discount Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
City's proportionate share of the pension liability	\$93,195,596.00	\$70,137,577.00	\$50,515,330.00

Special Funding Situation

In accordance with N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. For PERS, the legislation which legally obligates the State is found in Chapter 133, P.L. 2001. This special funding situation is due to the State paying the additional normal cost related to benefit improvements from Chapter 133. Previously, this additional normal cost was paid from the Benefit Enhancement Fund (BEF). As of June 30, 2024, there is no net pension liability associated with this special funding situation as there was no accumulated difference between the annual additional normal cost under the special funding situation and the actual State contribution through the valuation date.

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

Special Funding Situation (Continued)

The amounts contributed by the State on behalf of the City under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68, and the State is treated as a nonemployer contributing entity. Since the City does not contribute under this legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to disclose in the notes to the financial statements of the City related to this legislation.

The non-employer contributing entities' total proportionate share of the non-employer contribution that is associated with the City as of June 30, 2024 was 0.5185559328% which was a decrease of 0.0154488154 percent from its proportion measured as of June 30, 2023. The non-employer contributing entities' contribution and employer pension expense and related revenue for the years ended June 30, 2024 and June 30, 2023 was \$226,124.00 and \$240,305.00, respectively.

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS). The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 <http://www.state.nj.us/treasury/pensions>

Police and Firemen's Retirement System (PFRS)

At June 30, 2024, the State reported a net pension liability of \$188,814,566.00 for the City's proportionate share of the total PFRS net pension liability. The total pension liability for the June 30, 2024 measurement date was determined by an actuarial valuation as of July 1, 2023, which was rolled forward to June 30, 2024. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

At June 30, 2024, the City's proportion was 1.8284292700 percent, which was an increase of 0.0936690400 percent from its proportion measured as of June 30, 2023.

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Police and Firemen's Retirement System (PFRS) (Continued)

For the year ended June 30, 2024, the State recognized an actuarially determined pension expense of \$14,322,306.00. The pension expense recognized in the City's financial statements based on the April 1, 2025, billing was \$25,291,554.00.

At June 30, 2024, the State reported deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	Deferred Outflow of <u>Resources</u>	Deferred Inflow of <u>Resources</u>
Differences between expected and actual experience	\$ 11,895,171.00	\$ 6,463,955.00
Changes of assumptions	298,480.00	5,545,173.00
Net difference between projected and actual earnings on pension plan investments		1,477,817.00
Changes in proportion and differences between City contributions and proportionate share of contributions	<u>16,157,545.00</u>	<u>33,163.00</u>
	\$ <u>28,351,196.00</u>	\$ <u>13,520,108.00</u>

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended	<u>Amount</u>
<u>June 30</u>	
2025	\$ (5,920,868.60)
2026	13,762,919.40
2027	579,954.40
2028	1,996,643.40
2029	4,317,530.40
Thereafter	<u>94,909.00</u>
	\$ <u>14,831,088.00</u>

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Police and Firemen's Retirement System (PFRS) (Continued)

Actuarial Assumptions

The total pension liability for the June 30, 2024 measurement date was determined by an actuarial valuation as of July 1, 2023, which rolled forward to June 30, 2024. This actuarial valuation used the following assumptions:

Inflation	
Price	2.75%
Wage	3.25%
Salary Increases	All future years 3.25-16.25% Based on years of Service
Investment Rate of Return	7.00%

Employee mortality rates were based on the Pubs-2010 Safety Employee amount-weighted mortality table (sex-specific), projected generationally from 2010 with Scale MP-2021 mortality projection. For healthy annuitants, mortality rates were based on the Pubs-2010 Safety Retiree Below Median amount-weighted mortality table (sex-specific), projected generationally from 2010 with Scale MP-2021 mortality projection. Disability rates were 144% of the Pub-2010 Safety Disabled Retiree amount weighted mortality table for males and 100% for females, projected generationally from 2010 with Scale MP-2021 mortality projection.

The actuarial assumptions used in the July 1, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Police and Firemen's Retirement System (PFRS) (Continued)

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00 percent at June 30, 2024) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2024 are summarized in the following table:

<u>Assets Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Large-Cap Equity	24.00%	6.90%
U.S. Small/Mid Cap Equity	4.00%	7.40%
Non-U.S. Developed Large-Cap Equity	9.50%	6.70%
Non-U.S. Developed Small Cap Equity	2.00%	7.50%
Emerging Markets Large-Cap Equity	6.00%	9.60%
Emerging Markets Small-Cap Equity	1.50%	9.60%
U.S. Treasury Bond	7.00%	4.10%
U.S. Corporate Bond	5.00%	5.90%
U.S. Mortgage-Backed Securities	5.00%	4.40%
Global Multisector Fixed Income	6.00%	6.50%
Cash	2.00%	3.40%
Real Estate Core	3.00%	5.10%
Real Estate Non-Core	4.00%	6.50%
Infrastructure	3.00%	7.00%
Private Debt/Credit	8.00%	9.10%
Private Equity	10.00%	10.10%

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Police and Firemen’s Retirement System (PFRS) (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of both June 30, 2024. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

Sensitivity of the City’s proportionate share of the net pension liability to changes in the discount rate

The following presents the City’s proportionate share of the net pension liability of the participating employers as of June 30, 2024, calculated using the discount rate as disclosed above as well as what the City’s proportionate share of the net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	June 30, 2024		
	1% Decrease <u>6.00%</u>	At Current Discount Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
City's proportionate share of the PFRS pension liability	\$269,774,008.00	\$188,814,566.00	\$121,393,094.00

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Police and Firemen's Retirement System (PFRS) (Continued)

Special Funding Situation

In accordance with N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 8, P.L. 2000, Chapter 318, P.c. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.c. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed by the State on behalf of the City under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68, and the State is treated as a nonemployer contributing entity. Since the City does not contribute under this legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to disclose in the notes to the financial statements of the City related to this legislation.

The non-employer contributing entities' total proportionate share of the collective net pension liability that is associated with the City as of December 31, 2024 and 2023 is 1.0180564500% and 1.7347603100% respectively, the non-employer contributing entities' contribution for the year ended June 30, 2024 and 2023 was \$4,282,364.00 and \$4,038,951.00, respectively and the employer pension expense and related revenue for the year ended June 30, 2024 and 2023 was \$4,282,364.00 and \$4,038,951.00, respectively.

At June 30, 2024 and 2023, the State's proportionate share of the net pension liability attributable to the City for the PFRS special funding situation is \$37,224,388.00 and \$35,317,407.00, respectively.

At June 30, 2024, the City's and State of New Jersey's proportionate share of the PFRS net pension liability were as follows:

City's Proportionate Share of Net Pension Liability	\$188,814,566.00
State of New Jersey Proportionate Share of Net Pension Liability Associated with the City	<u>37,224,388.00</u>
	<u>\$226,038,954.00</u>

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Police and Firemen's Retirement System (PFRS). The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 <http://www.state.nj.us/treasury/pensions>

NOTE 7: COMPENSATED ABSENCES

Under the terms of various contracts, employees are compensated for unused sick and vacation time. The accumulated cost of such unpaid compensation is not required to be reported in the financial statements as presented but is estimated by the City to be \$30,688,845.00. The City appropriates annually the amounts required to be paid in any fiscal year in that year's budget and no liability is accrued at June 30, 2025. The City has \$23,060,428.97 reserved in the Trust Other Fund to provide for costs at June 30, 2025.

NOTE 8: LITIGATION

The City is a defendant in various lawsuits and claims arising from the normal course of its operations. As of the audit period ending June 30, 2025 and through the date of this report, the City is engaged in the following active litigation:

Salvero v. City of Elizabeth et al.

Louis v. City of Elizabeth et al.

Rosales v. City of Elizabeth et. al.

Boone v. City of Elizabeth et. al

Velazquez v. City of Elizabeth et. al..

In the opinion of the City's legal counsel, the final resolution of these lawsuits will not adversely impair the City's ability to pay its bondholders.

NOTE 9: TAX APPEALS

There are several tax appeals filed with the State Tax Court of New Jersey requesting a reduction of assessments for the year 2025. Any reduction in assessed valuation will result in a refund of prior years' taxes in the year of settlement, which may be funded from tax revenues through the establishment of a reserve or by the issuance of refunding bonds per N.J.S.A. 40A:2-51. The City has a reserve for tax appeals as of June 30, 2025 and 2024 of \$14,300,951.02 and \$18,813,569.00, respectively.

NOTE 10: CONTINGENT LIABILITIES

The City participates in several state financial assistance grant programs. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of funds for eligible purposes. These programs are subject to compliance and financial audits by the grantors or their representatives. As of June 30, 2025, the City does not believe that any material liabilities will result from such audits.

NOTE 11: RISK MANAGEMENT

Self-Insurance Program The City established a self-insurance program in 1982 in accordance with New Jersey Statute Chapter 40:10-6. The Chapter enables the governing body of any local unit to create a fund to provide insurance coverage for its exposure to a wide variety of property casualty risks, including:

- Property damage caused to any of the unit's property, motor vehicles, equipment or apparatus.
- Liability resulting from the use or operation of such motor vehicles, equipment or apparatus.
- Liability for the unit's negligence, including that of its officers, employees and servants.
- Prescription Drugs until retirement
- Workers' compensation obligations.

The City self-insures for its automobile, general liability and workers' compensation exposures. The City has purchased excess workers' compensation coverage for losses in excess of \$1,000,000. Additionally, the City maintains insurance policies covering property, fire, water, utility, boiler and machinery, nurses' professional liability and employee fidelity. Various deductibles, limits, and coinsurance provisions apply to these policies.

The City has an insurance reserve of \$10,355,535.68 and \$11,934,464.00 as of June 30, 2025 and 2024, respectively.

New Jersey Unemployment Compensation Insurance - The City has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the City is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The City is billed quarterly for amounts due to the State. Below is a summary of City contributions, employee contributions, reimbursements to the State for benefits paid, and the ending balance of the City's expendable trust fund for the current and previous two years:

<u>Fiscal Year</u>	<u>City Contributions</u>	<u>Employee Contributions and Interest</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2025	\$ -0-	\$ 550,534.18	\$ 896,098.15	\$ 132,727.03
2024	-0-	355,943.00	412,707.00	478,291.00
2023	-0-	364,020.00	382,331.00	535,055.00

NOTE 12: DEFERRED COMPENSATION

The City offers its employees two deferred compensation plans created in accordance with Internal Revenue Code Section 457. The Plans, available to all City employees, permits them to defer a portion of their salaries until future years. The City does not make any contribution to the Plans. The deferred compensation is not available to employees until retirement, death, disability, termination or financial hardships. In accordance with the requirements of the Small Business Job Protection Act of 1996 and the funding requirements of Internal Revenue Code Section 457(g), the City's Plans were amended to require that all amounts of compensation deferred under the Plan are held for the exclusive benefits of Plan participants and beneficiaries. All assets and income under the Plans are held in trust, in annuity contracts or custodial accounts. All assets of the Plans are held by one of two independent administrator.

The accompanying financial statements do not include the City's Deferred Compensation Plan activities.

NOTE 13: TAX ABATEMENTS

The City provides property tax abatements to local entities through certain programs authorized by State statutes. These programs include the Long Term Tax Exemption Law (N.J.S.A. 40A:20 et seq) and the Five-year Exemption and Abatement Law (N.J.S.A. 40A:21 et seq).

The City has granted property tax abatements to foster the development of affordable housing within the City. Under the abatement agreements, taxes are generally calculated and billed at an amount of 6% - 15% of the entities net rental income.

For the year ended June 30, 2025 the city billed \$22,178,149.11 in PILOT agreements, in lieu of property taxes totaling \$38,411,769.37 in accordance with the terms of the individual abatement agreements.

In addition, the Port Authority of N.Y. and N.J. is a federally tax exempt entity that owns approximately 2,187 acres or approximately 27% of the City land for which it pays to the City amounts substantially, but undetermined, less than the tax equivalent.

NOTE 14: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75

Plan Description and Benefits Provided

The State Health Benefit Local Government Retired Employees Plan (the Plan) is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. The Plan meets the definition of an equivalent arrangement as defined in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions*; therefore, assets are accumulated to pay associated benefits.

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

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

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

NOTE 14: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

Plan Description and Benefits Provided (Continued)

The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L.1989.

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

Total Net OPEB Liability

At the June 30, 2024 measurement date, the Plan reported a Liability of \$403,428,309.00 for the City's proportionate share of the collective Net OPEB liability. The total Net OPEB Liability measured as of June 30, 2024 was determined by an actuarial valuation as of June 30, 2023, which was rolled forward to June 30, 2024.

The City's proportion of the Net OPEB Liability was based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2023 through June 30, 2024.

At the June 30, 2024 measurement date, the City's proportion was 2.253104 percent, which was a decrease of 0.063205 percent from its proportion measured as of June 30, 2023.

At the June 30 2024 measurement date, the State reported OPEB expense of \$17,874,02.00.

NOTE 14: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

At the June 30, 2024 measurement date, the State reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$20,430,793.00	\$68,354,632.00
Changes of assumptions	67,445,576.00	66,966,553.00
Net difference between projected and actual earnings on OPEB plan investments		182,618.00
Changes in proportion	<u>113,455,295.00</u>	<u>17,558,784.00</u>
	<u>\$201,331,664.00</u>	<u>\$153,062,587.00</u>

Other local amounts reported by the State as the City's proportionate share of deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the State's actuarially calculated OPEB (benefit)/expense as follows:

Year Ended	<u>Amount</u>
<u>June 30,</u>	
2025	(\$6,145,042.80)
2026	8,276,452.20
2027	17,305,704.20
2028	9,190,504.20
2029	12,815,457.20
Thereafter	<u>6,826,002.00</u>
	<u>\$48,269,077.00</u>

NOTE 14: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

Actuarial Assumptions and Other Inputs

The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Salary Increases\*:

Public Employees Retirement System (PERS):

Initial fiscal year applied

Rate for all future years 2.75% to 6.55%

Police and Firemen’s Retirement System (PFRS):

Rate for all future years 3.25% to 16.25%

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

NOTE 14: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

Actuarial Assumptions and Other Inputs (Continued)

Mortality

Pre-Retirement Mortality

PERS	Pub-2010 "General" classification headcount weighted mortality with fully generational mortality improvement projections from the central year using scale MP-2021
------	--

PFRS	Pub-2010 "Safety" classification headcount weighted mortality with fully generational mortality improvement projections from the central year using scale MP-2021
------	---

Post-Retirement Mortality

Chapter 330 Retirees	Pub-2010 "Safety" classification headcount weighted mortality with fully generational mortality improvement projections from the central year using scale MP-2021
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Other Retirees	Pub-2010 "General" classification headcount weighted mortality with fully generational mortality improvement projections from the central year using scale MP-2021
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Actuarial assumptions used in the July 1, 2023 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2018 to June 30, 2021.

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

NOTE 14: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

Discount Rate

The discount rate for June 30, 2024 was 3.93%. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Health Care Trend Assumption

For Pre-Medicare medical benefits, the trend rate is initially 7.50% and decreases to a 4.50% long-term trend rate after nine years. For post-65 medical benefits PPO, the trend rate is increasing to 19.38% in fiscal year 2026 and decreases to 4.50% in fiscal year 2034. For HMO, the trend rate is increasing to 20.15% in fiscal year 2026 and decreases to 4.50% in fiscal year 2034. For prescription drug benefits, the initial trend rate is 12.75% and decreases to a 4.50% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

Sensitivity of the City’s Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the Net OPEB Liability associated with the City as of June 30, 2024 measurement date, calculated using the discount rate as disclosed above as well as what the Net OPEB Liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>1.00% Decrease (2.93%)</u>	<u>At Discount Rate (3.93%)</u>	<u>1.00% Increase (4.93%)</u>
City's proportionate share of the Net OPEB Liability	\$469,950,500.00	\$403,428,309.00	\$350,149,950.00

NOTE 14: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

Sensitivity of the City’s Proportionate Share of the Net OPEB Liability to Changes in Healthcare Trends

The following presents the total Net OPEB Liability associated with the City as of the June 30, 2024 measurement date, calculated using the healthcare trend rate as disclosed above as well as what the Net OPEB Liability would be if it was calculated using a healthcare trend rate that is 1- percentage point lower or 1- percentage point higher than the current rate:

	1.00% <u>Decrease</u>	Healthcare Cost <u>Trend Rate</u>	1.00% <u>Increase</u>
City's proportionate share of the Net OPEB Liability	\$341,218,000.00	\$403,428,309.00	\$483,413,280.00

Special Funding Situation

The City, by resolution of the governing body, has elected to provide postretirement medical coverage to certain employees under the provisions of Chapter 330, P.L. 1997.

Under Chapter 330, P.L. 1997, the State shall pay the premium or periodic charges for the qualified local police and firefighter retirees and dependents equal to 80 percent of the premium or periodic charge for the category of coverage elected by the qualified retiree under the State managed care plan or a health maintenance organization participating in the program providing the lowest premium or periodic charge.

The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L.1989.

Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No 75 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan, there is no net Net OPEB Liability, deferred outflows of resources or deferred inflows of resources to report in the financial statements of the local participating employers related to this legislation.

The non-employer contributing entities’ total proportionate share of the collective net pension liability that is associated with the City as of the measurement date June 30, 2024 and 2023 is 0.004865% and 0.005079% respectively, and the employer pension expense and related revenue for the measurement date ended June 30, 2024 and 2023 was \$22,985.00 and \$32,132.00, respectively.

NOTE 14: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

Special Funding Situation (Continued)

At the measurement date June 30, 2024 and 2023, the State's proportionate share of the net OPEB liability attributable to the City for the special funding situation is \$237,249.00 and \$177,211.00 respectively.

At measurement date June 30, 2024, the City's and State of New Jersey's proportionate share of the Net OPEB Liability were as follows:

City's proportionate share of the Net OPEB Liability	\$403,428,309.00
State of New Jersey's proportionate share of Net OPEB Liability associated with the City	<u>237,249.00</u>
	<u>\$403,665,558.00</u>

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey State Health Benefits Local Government Retired Employees Plan. The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 <http://www.state.nj.us/treasury/pensions>

NOTE 15: FIXED ASSETS

Below is a summary of the General Fixed Assets Account Group for the year ended June 30, 2025:

	Balance June 30, <u>2024</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, <u>2025</u>
Land and Buildings	\$56,928,865.13			\$56,928,865.13
Vehicles	37,110,083.00	\$3,052,654.59	\$1,099,533.17	39,063,204.42
Equipment	<u>14,710,473.00</u>	<u>1,222,851.59</u>	<u>88,007.95</u>	<u>15,845,316.64</u>
	<u>\$108,749,421.13</u>	<u>\$4,275,506.18</u>	<u>\$1,187,541.12</u>	<u>\$111,837,386.19</u>

NOTE 16: CITY BOND GUARANTY

The City on August 14, 2014 entered into a deficiency agreement with the Parking Authority of the City of Elizabeth on behalf of the \$2,665,000 City Guaranteed Parking Revenue Bonds, Refunding Series 2014.

The Authority and the City have entered into the Guaranty Agreement in order to, among other things, provide security to the holders of obligations of the Authority. The Series 2014 Refunding Bonds, while outstanding, are entitled to the benefits of the Guaranty Agreement. Pursuant to its terms, The Guaranty Agreement will remain in full force and effect as long as any obligations of the Authority which are entitled to benefits thereof remain outstanding.

Pursuant to the terms of the Guaranty Agreement, if, sixty (60) days prior to any date established for the payment of the principal of and interest on the Series 2014 Refunding Bonds, the amount which is on deposit in the applicable account in the Bond Service Fund established under the Resolution (the "Applicable Debt Service Account(s)"), after giving effect to any required transfers from the applicable account (if any) within the Bond Reserve Fund, is insufficient to provide for the payment of the interest and/or principal due and payable on such payment date, the Trustee shall notify the Authority, the Mayor and the City Clerk in writing by certified mail (return receipt request) of the amounts which are necessary to provide for the payment of the principal of and interest on the Series 2014 Refunding Bonds. The City shall be obligated to make payment to the Trustee of the amount referred to above no later than said payment date except to the extent the Applicable Debt Service Account(s) otherwise has sufficient funds on hand on the date or dates required for the payment of such principal and/or interest. In such event, such sum shall be applied by the Trustee for deposit into the Applicable Debt Service Account(s). Forty-five (45) days prior to said payment date the City must notify the Trustee in writing as to the source of funds to provide for such payment. Notwithstanding any other provision in the Guaranty Agreement, failure by the Trustee to give the City notice as provided therein shall not relieve the City of its obligation to make payment under the terms of the City Guaranty. There are bonds outstanding at June 30, 2025 and 2024 of \$465,000 and \$690,000, respectively.

On September 12, 2017 the City entered into a guarantee agreement with the Parking Authority of the City of Elizabeth for \$4,120,000 of Parking Revenue Bonds issued on October 5, 2017, for the purpose of acquiring the Midtown Garage from the Elizabeth Development Company. The bonds include interest starting at 4.00% and reducing to 3.125%. These bonds will mature in December 2036. The principal amount outstanding on these bonds at June 30, 2025 and 2024 amounts to \$2,945,000 and \$3,135,000, respectively.

NOTE 16: CITY BOND GUARANTY(CONTINUED)

Refinancing

The Parking Authority of the City of Elizabeth issued in November of 2021 \$14,880,000 City guaranteed Parking Revenue Bonds to acquire the JCB Garage and the related improvements comprising office space adjacent to JCB Garage by placing into escrow a sum sufficient to defease all of the outstanding PACE bonds and pay the costs of issuance. The outstanding balances of the refunding bonds as of June 30, 2025 and 2024 are \$13,170,000 and \$14,040,000, respectively.

Deficiency Agreements

In connection with the acquisition and renovation by CIS Oakwood, LLC of an affordable residential development in the City of Elizabeth, including the demolition of existing facilities and their replacement with new, affordable housing for seniors and families, the City has entered into a Deficiency Agreement with the County of Union and the UCIA. The UCIA issued not to exceed \$18,695,00 County Guaranteed Revenue Refunding Bonds, Series 2010 (Oakwood Plaza – Elizabeth Project) in order to restructure the debt service under the \$16,870,000 Union County Guaranteed Revenue Bonds, Series 2009 (Oakwood Plaza – Elizabeth Project). The Series 2010 refunding was necessary to allow the project a longer term to be self-supporting and to allow for the receipt of New Jersey Department of Community Affairs funds and other grants over a longer period of time. Pursuant to the Deficiency Agreement, the City will make payment to the County for one-half, not to exceed \$10,000,000 of the principal and interest on the Series 2010 Bonds that may be paid by the County of Union under their Guaranty with UCIA.

NOTE 17: WATER AND SEWER UTILITY OPERATIONS

On June 2, 1998, the City entered into agreement with Liberty Water Company (LWC) for a term of 40 years to provide management, operation and management services associated with the City's water system. The City retains ownership of the Utility infrastructure and is responsible for financing all capital improvements to the system. Capital improvements will be financed principally by the City through payments made by LWC that will exceed \$57,000,000 over the term of the contract. LWC is responsible for the preparation, maintenance, and collection of all bills and invoices to the users of both the Water and Sewer Utility and all costs and expenses associated with the Water Utility billing. LWC has no right to any revenue attributable to the Sewer Utility. The revenues collected by LWC for the Sewer Utility are disbursed to the City on a weekly basis. LWC pays all expenses required for the operation, maintenance and management of the water system.

NOTE 17: WATER AND SEWER UTILITY OPERATIONS (CONTINUED)

The City owns a city wide sewer collection system which is managed under a March 13, 2002 Wastewater Service Agreement by E'Town Corporation, a wholly owned subsidiary of New Jersey American Water, an investor-owned water and wastewater utility company in the United States. Sewage treatment is provided under a contractual agreement with the Joint Meeting of Essex and Union Counties (JMEUC) which is owned and operated by eleven other municipalities. The City pays fees for treatment based upon the usage of the system. The City finances its collection system capital requirements as well as its JMEUC capital contributions through a combination of utility bond issues, state grants and State low interest loans.

NOTE 18: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2025:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$ 6,939.60	\$ 52,990,852.24
Grant Fund	22,629,407.33	
Animal Control Fund		6,939.60
Trust Other Fund	33,441,312.72	1,111.81
General Capital Fund	1,631,244.00	
Water Utility Operating Fund	2,682.41	
Water Capital Operating Fund		2,682.41
Sewer Utility Operating Fund	2,786.95	
Sewer Capital Operating Fund	<u>290,000.00</u>	<u>5,002,786.95</u>
	\$ <u>\$58,004,373.01</u>	\$ <u>\$58,004,373.01</u>

All balances resulted from the time lag between the dates that short-term loans were disbursed and payments between funds were made. Interfund balances are expected to be liquidated within one year.

NOTE 19: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At June 30, 2025, the following deferred charges are shown on the Balance Sheets of the City:

	BALANCE JUNE 30, <u>2025</u>	2026 BUDGET <u>APPROPRIATION</u>	BALANCE TO SUCCEEDING <u>YEARS</u>
Current Fund:			
Overexpenditure of Appropriation			
Reserves	\$ <u>188,899.61</u>	\$ <u>-0-</u>	\$ <u>188,899.61</u>

NOTE 20: SUBSEQUENT EVENTS

The City has evaluated subsequent events occurring after the financial statement date through April 29, 2026 which is the date the financial statements were available to be issued. Based upon this evaluation, the City has determined that the following should be disclosed:

The City issued General Obligation Bonds, Series 2025 in the amount of \$28,080,000.00. The bonds mature annually on May 15 through 2040.

The City adopted several bond ordinances authorizing the issuance of debt totaling \$51,300,000,000, comprised of \$12,000,000 for sewer system capital upgrades, \$3,800,000 for the Durant Street community center project, \$950,000 for improvements to the Pulaski Street tennis and pickleball courts, \$22,200,000.00 for sewer lines, \$2,850,000.0 for acquisition of vehicles and equipment, \$3,800,000.00 for drone control tower and landing pad and \$5,700,000.00 for road projects.

APPENDIX C  
SELECTED FINANCIAL INFORMATION 2021-2025

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**CITY OF ELIZABETH**

**Current Fund - Balance Sheets  
Assets**

		June 30,				
		2025	2024	2023	2022	2021
10	Current Fund:					
	Cash and investments:					
	Cash	\$ 206,647,520	\$ 224,287,418	\$ 243,626,981	\$ 232,716,959	\$ 206,347,694
		206,647,520	224,287,418	243,626,981	232,716,959	206,347,694
	State accounts receivable	125,777	128,989	135,871	154,102	178,283
		206,773,297	224,416,407	243,762,852	232,871,061	206,525,977
	Deferred Charges	188,900	1,141,858	—	—	73,439
	Receivables with full reserves:					
	Delinquent property taxes	5,558,455	4,219,848	4,234,314	5,474,651	4,185,421
	Other receivables	8,560,783	5,776,162	1,589,492	5,513,175	4,680,999
		14,119,238	9,996,010	5,823,806	10,987,826	8,866,420
		221,081,435	235,554,275	249,586,658	243,858,887	215,465,836
	Federal and State Grant Fund:					
	Federal and State grants receivable	32,197,463	31,141,706	42,665,585	10,270,788	9,894,122
Other receivables	22,629,407	39,231,490	42,794,844	42,837,520	24,653,204	
	54,826,871	70,373,196	85,460,429	53,108,308	34,547,326	
	<u>\$ 275,908,305</u>	<u>\$ 305,927,471</u>	<u>\$ 335,047,087</u>	<u>\$ 296,967,195</u>	<u>\$ 250,013,162</u>	

**CITY OF ELIZABETH**

**Current Fund - Balance Sheets  
Liabilities, Reserves and Fund Balance**

	June 30,				
	2025	2024	2023	2022	2021
Liabilities, Reserves and Fund Balance:					
Encumbrances payable	\$ 6,903,102	\$ 7,576,949	\$ 7,273,444	\$ 7,406,991	\$ 6,642,332
Appropriation reserves	16,597,745	11,797,760	23,006,924	24,137,061	31,700,857
Accounts payable	4,615,830	3,856,004	5,405,607	4,061,596	3,432,125
Interfund payables	52,990,852	35,876,299	42,821,175	42,862,868	19,678,552
Special emergency note		—	—	—	—
Other reserves and payables	39,981,940	75,282,057	71,166,391	65,532,884	57,017,884
	<u>121,089,470</u>	<u>134,389,069</u>	<u>149,673,541</u>	<u>144,001,400</u>	<u>118,471,750</u>
Reserve for receivables	14,119,238	9,996,010	5,823,806	10,987,826	8,866,420
Fund balance	85,872,727	91,169,197	94,089,311	88,869,661	88,127,666
	<u>221,081,435</u>	<u>235,554,276</u>	<u>249,586,658</u>	<u>243,858,887</u>	<u>215,465,836</u>
Federal and State Grant Fund:					
Miscellaneous other	213	213	213	213	1,000,213
Interfund payables		—	—	5,000,000	—
Unappropriated grant funds	124,256	559,311	15,453,430	15,261,167	18,223,542
Reserve for Federal and State grants	54,702,402	69,813,671	70,006,786	32,846,928	15,323,571
	<u>54,826,871</u>	<u>70,373,195</u>	<u>85,460,429</u>	<u>53,108,308</u>	<u>34,547,326</u>
	<u>\$ 275,908,305</u>	<u>\$ 305,927,471</u>	<u>\$ 335,047,087</u>	<u>\$ 296,967,195</u>	<u>\$ 250,013,162</u>

**CITY OF ELIZABETH**

**Current Fund  
Statements of Operations and Changes in Fund Balance**

Year Ended June 30,

	2025	2024	2023	2022	2021
Revenues and Other Credits to Income:					
Fund balance utilized	\$ 57,000,000	\$ 56,000,000	\$ 55,000,000	\$ 53,000,000	\$ 46,000,000
Receipts from current taxes	312,534,235	293,110,138	288,877,760	277,976,945	274,079,926
Miscellaneous revenue anticipated	98,400,224	102,692,427	117,323,682	102,662,315	69,830,941
Receipts from delinquent taxes	5,685,631	5,706,243	7,104,886	8,910,610	6,152,962
Nonbudget revenue	13,974,312	13,638,719	13,535,046	9,408,906	8,885,662
Miscellaneous revenue and other credits to income	14,391,047	22,423,525	23,949,580	32,727,942	24,529,866
<b>Total income</b>	<b>501,985,449</b>	<b>493,571,052</b>	<b>505,790,954</b>	<b>484,686,718</b>	<b>429,479,357</b>
Expenditures:					
Municipal budget appropriations	328,889,339	316,855,732	326,010,702	309,013,234	269,479,609
Local district school taxes	59,813,124	59,813,124	59,813,124	59,813,124	59,813,124
County taxes	59,145,762	52,663,339	49,271,176	47,162,649	44,616,538
Other expenditures	2,433,692	12,300,829	10,476,302	14,955,716	1,264,201
<b>Total expenditures</b>	<b>450,281,918</b>	<b>441,633,024</b>	<b>445,571,304</b>	<b>430,944,723</b>	<b>375,173,472</b>
Excess in revenues	51,703,531	51,938,028	60,219,650	53,741,995	54,305,885
Expenditures included above which are by statute deferred charges to subsequent budgets		1,141,858	—	—	—
Statutory excess to Fund Balance	51,703,531	53,079,886	60,219,650	53,741,995	54,305,885
Fund balance, July 1	91,169,197	94,089,311	88,869,661	88,127,666	79,821,781
	142,872,728	147,169,197	149,089,311	141,869,661	134,127,666
Utilized as anticipated revenues	57,000,000	56,000,000	55,000,000	53,000,000	46,000,000
<b>Fund balance, June 30</b>	<b>\$ 85,872,728</b>	<b>\$ 91,169,197</b>	<b>\$ 94,089,311</b>	<b>\$ 88,869,661</b>	<b>\$ 88,127,666</b>

**CITY OF ELIZABETH**

**General Capital Fund - Balance Sheets  
Assets**

		June 30,				
		2025	2024	2023	2022	2021
	Cash	\$ 9,555,385	\$ 17,493,815	\$ 20,272,998	\$ 25,959,010	\$ 27,176,210
	Receivables:					
	Union County Improvement Authority		—	—	—	—
	Department of Environmental Protection	110,915	110,914	110,914	110,914	110,914
	Interfund receivables	1,631,244	—	—	—	—
	State of New Jersey	6,946,698	6,020,485	5,849,783	5,434,825	4,845,175
		<u>8,688,857</u>	<u>6,131,399</u>	<u>5,960,697</u>	<u>5,545,739</u>	<u>4,956,089</u>
	Deferred charges to future taxation:					
	Funded	63,353,113	75,943,646	78,639,812	86,222,754	93,587,490
	Unfunded	56,893,545	53,408,574	52,199,011	46,369,011	33,170,824
		<u>120,246,658</u>	<u>129,352,220</u>	<u>130,838,823</u>	<u>132,591,765</u>	<u>126,758,314</u>
		<u>\$ 138,490,900</u>	<u>\$ 152,977,434</u>	<u>\$ 157,072,518</u>	<u>\$ 164,096,514</u>	<u>\$ 158,890,613</u>

**CITY OF ELIZABETH**

**General Capital Fund - Balance Sheets  
Liabilities and Fund Balance**

June 30,					
	2025	2024	2023	2022	2021
General serial bonds	\$ 63,023,000	\$ 75,433,000	\$ 77,568,000	\$ 84,593,000	\$ 91,403,000
Bond anticipation notes		—	—	—	1,000,000
Loans payable	330,113	510,646	1,071,812	1,629,754	2,184,490
Improvement authorizations:					
Funded	13,035,760	23,374,055	22,626,207	27,569,076	24,621,970
Unfunded	39,574,234	47,097,694	48,255,937	40,391,101	28,176,438
Capital Improvement Fund	5,134,550	2,719,276	2,679,276	3,824,276	2,804,276
Reserve for:					
State of New Jersey grants	2,581,519	2,273,525	2,273,525	1,808,525	1,808,525
Contract Payable	12,782,386				
Bond sale expense	108,852	24,259	16,039	69,875	34,506
Retirement of debt	556,341	708,342	854,424	995,510	1,131,698
Fund balance	1,364,145	836,637	1,727,298	3,215,397	5,725,710
	\$ 138,490,900	\$ 152,977,434	\$ 157,072,518	\$ 164,096,514	\$ 158,890,613

**CITY OF ELIZABETH**

**General Capital Fund  
Statements of Changes in Fund Balance**

Year Ended June 30,

	2025	2024	2023	2022	2021
Increased by:					
Premium on sale of bonds and notes		\$ 5,442	\$ 945	\$ 3,750	\$ 9,046
Miscellaneous	18,211	3,897	35,956	124,297	582,303
Funded improvement authorizations cancelled	1,174,964	—	—	—	—
	<u>1,193,175</u>	<u>9,339</u>	<u>36,901</u>	<u>128,047</u>	<u>591,349</u>
Decreased by:					
Appropriated to finance improvement auth.	614,104	900,000	1,525,000	2,638,360	1,700,000
Net Interest earned paid to Current Fund	51,559	—	—	—	6,753
	<u>665,663</u>	<u>900,000</u>	<u>1,525,000</u>	<u>2,638,360</u>	<u>1,706,753</u>
	527,512	(890,661)	(1,488,099)	(2,510,313)	(1,115,404)
Fund balance, July 1	<u>836,633</u>	<u>1,727,298</u>	<u>3,215,397</u>	<u>5,725,710</u>	<u>6,841,114</u>
Fund balance, June 30	<u>\$ 1,364,145</u>	<u>\$ 836,637</u>	<u>\$ 1,727,298</u>	<u>\$ 3,215,397</u>	<u>\$ 5,725,710</u>

**CITY OF ELIZABETH**

**Water Utility Funds - Balance Sheets  
Assets**

		June 30,				
		2025	2024	2023	2022	2021
<b>Operating Fund:</b>						
	Cash	\$ 1,171,392	\$ 1,086,848	\$ 993,660	\$ 952,203	\$ 950,386
	Interfund receivables	2,682	3,499	2,882	82	82
	Receivables and inventory with reserves:					
	Water liens receivable	15,835	15,835	15,835	15,835	15,835
07	<b>Total Operating Fund</b>	<u>1,189,910</u>	<u>1,106,182</u>	<u>1,012,377</u>	<u>968,120</u>	<u>966,303</u>
<b>Trust Fund:</b>						
	Cash	157,472	157,442	157,472	157,472	157,472
	Interfund		30	—	—	—
	<b>Total Trust Fund</b>	<u>157,472</u>	<u>157,472</u>	<u>157,472</u>	<u>157,472</u>	<u>157,472</u>
<b>Capital Fund:</b>						
	Cash	3,243,901	2,544,503	2,640,809	2,794,725	3,061,912
	Fixed capital	26,420,370	26,420,370	26,420,370	26,420,370	26,420,370
	<b>Total Capital Fund</b>	<u>29,664,271</u>	<u>28,964,873</u>	<u>29,061,179</u>	<u>29,215,095</u>	<u>29,482,282</u>
		<u>\$ 31,011,653</u>	<u>\$ 30,228,527</u>	<u>\$ 30,231,028</u>	<u>\$ 30,340,687</u>	<u>\$ 30,606,057</u>

**CITY OF ELIZABETH**

**Water Utility Funds - Balance Sheets  
Liabilities, Reserves and Fund Balances**

June 30,

	2025	2024	2023	2022	2021
Operating Fund:					
Interfund payable		\$ 30	\$ —	\$ —	\$ —
Reserve for receivables	15,835	15,835	15,835	15,835	15,835
Fund balance	1,174,075	1,090,317	996,542	952,285	950,468
<b>Total Operating Fund</b>	<b>1,189,910</b>	<b>1,106,182</b>	<b>1,012,377</b>	<b>968,120</b>	<b>966,303</b>
Trust Fund:					
Reserve for consumer deposits	157,472	157,472	157,472	157,472	157,472
<b>Total Trust Fund</b>	<b>157,472</b>	<b>157,472</b>	<b>157,472</b>	<b>157,472</b>	<b>157,472</b>
Capital Fund:					
Reserve for capital expenditures	2,543,981	1,843,765	1,940,688	2,097,404	2,364,591
Reserve for amortization	26,420,370	26,420,370	26,420,370	26,420,370	26,420,370
Interfund payable	2,682	3,499	2,882	82	82
Capital Improvement Fund	697,238	697,239	697,239	697,239	697,239
<b>Total Capital Fund</b>	<b>29,664,271</b>	<b>28,964,873</b>	<b>29,061,179</b>	<b>29,215,095</b>	<b>29,482,282</b>
	<b>\$ 31,011,653</b>	<b>\$ 30,228,527</b>	<b>\$ 30,231,028</b>	<b>\$ 30,340,687</b>	<b>\$ 30,606,057</b>

**CITY OF ELIZABETH**

**Water Utility Funds  
Statements of Operations and Changes in Fund Balance**

Year Ended June 30,

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Revenues and Other Credits to Income:					
Miscellaneous	\$ 83,758	\$ 93,775	\$ 44,257	\$ 1,817	\$ 1,738
Total income	<u>83,758</u>	<u>93,775</u>	<u>44,257</u>	<u>1,817</u>	<u>1,738</u>
Excess in revenues	83,758	93,775	44,257	1,817	1,738
Fund balance, July 1	<u>1,090,317</u>	<u>996,542</u>	<u>952,285</u>	<u>950,468</u>	<u>948,730</u>
Fund balance, June 30	<u><u>\$ 1,174,075</u></u>	<u><u>\$ 1,090,317</u></u>	<u><u>\$ 996,542</u></u>	<u><u>\$ 952,285</u></u>	<u><u>\$ 950,468</u></u>

**CITY OF ELIZABETH**

**Sewer Utility Funds - Balance Sheets  
Assets**

		June 30,				
		2025	2024	2023	2022	2021
<b>Operating Fund:</b>						
	Cash	\$ 44,537,413	\$ 35,493,339	\$ 31,376,818	\$ 30,566,319	\$ 28,999,238
	Interfund receivables	2,787	9,186	6,881	5,000,000	8
	Deferred charge		—	3,000,000	—	—
	Receivables with reserves:					
	Consumer accounts receivable	6,204,836	8,470,445	5,010,270	2,982,203	1,921,259
	Sewer liens receivable	12,280	12,281	12,281	12,281	12,281
	<b>Total Operating Fund</b>	<b>50,757,316</b>	<b>43,985,251</b>	<b>39,406,250</b>	<b>38,560,803</b>	<b>30,932,786</b>
<b>Capital Fund:</b>						
	Cash	15,582,135	19,243,743	10,469,215	3,195,588	12,972,824
	Interfund receivables	290,000	—	—	4,999,647	—
	Fixed capital	292,427,956	292,427,957	280,427,957	268,427,957	248,627,957
	Due from trustee - Environmental Infrastructure		—	817,494	5,849,892	711,429
	Stormwater grant receivable		—	—	—	—
	Waste Water Treatment Trust Fund		—	—	—	—
	<b>Total Capital Fund</b>	<b>308,300,091</b>	<b>311,671,700</b>	<b>291,714,666</b>	<b>282,473,084</b>	<b>262,312,210</b>
		<b>\$ 359,057,407</b>	<b>\$ 355,656,951</b>	<b>\$ 331,120,916</b>	<b>\$ 321,033,887</b>	<b>\$ 293,244,996</b>

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**CITY OF ELIZABETH**

**Sewer Utility Funds - Balance Sheets  
Liabilities, Reserves and Fund Balances**

		June 30,				
		2025	2024	2023	2022	2021
<b>Operating Fund:</b>						
	Interfund payables		\$ —	\$ —	\$ 4,999,647	\$ —
	Appropriation reserves	8,428,948	5,585,981	4,373,424	5,393,392	1,251,161
	Miscellaneous payable	2,927,334	4,668,887	3,251,405	3,950,293	3,729,176
	Reserve for receivables	6,217,117	8,482,726	5,022,551	2,994,484	1,933,540
	Fund balance	33,183,917	25,247,657	26,758,870	21,222,987	24,018,909
	<b>Total Operating Fund</b>	<b>50,757,316</b>	<b>43,985,251</b>	<b>39,406,250</b>	<b>38,560,803</b>	<b>30,932,786</b>
<b>Capital Fund:</b>						
C11	Miscellaneous payable and reserve	303,450	214,785	217,151	5,267,926	4,716,732
	Serial bonds	46,035,000	51,185,000	44,380,000	38,905,000	37,930,000
	Bond anticipation notes		—	—	2,400,000	2,000,000
	Environmental Infrastructure loan	28,940,979	31,303,484	31,325,514	33,440,568	30,489,298
	Contracts Payable	10,811,927				
	Interfunds payable	5,002,787	3,380,982	6,881	—	5,000,008
	Reserve for:					
	Amortization	152,193,632	141,427,771	136,334,130	127,294,076	113,936,576
	Renewal and replacement	364,000	364,000	364,000	364,000	364,000
	Deferred amortization	11,009,612	11,009,612	11,009,612	11,009,612	10,709,612
	Improvement Authorizations:					
	Funded	12,484,241	7,868,553	11,458,724	8,488,265	3,998,663
	Unfunded	32,013,685	56,276,735	48,479,376	47,667,294	45,732,443
	Appropriated grants		—	—	—	—
	Capital Improvement Fund	7,163,338	6,663,338	6,163,338	5,663,338	5,463,338
Fund balance	1,977,441	1,977,440	1,975,940	1,973,005	1,971,540	
	<b>Total Capital Fund</b>	<b>308,300,091</b>	<b>311,671,700</b>	<b>291,714,666</b>	<b>282,473,084</b>	<b>262,312,210</b>
		<b>\$ 359,057,407</b>	<b>\$ 355,656,951</b>	<b>\$ 331,120,916</b>	<b>\$ 321,033,887</b>	<b>\$ 293,244,996</b>

**CITY OF ELIZABETH**

**Sewer Utility Funds  
Statements of Operations and Changes in Fund Balance**

Year Ended June 30,

	2025	2024	2023	2022	2021
Revenues and Other Credits to Income:					
Fund balance utilized	\$ 9,500,000	\$ 10,000,000	\$ 4,500,000	\$ 7,500,000	\$ 5,000,000
Rents	34,612,157	30,096,215	29,941,646	27,673,844	27,557,800
Miscellaneous	5,716,897	2,648,769	1,523,267	5,961,453	1,928,265
Other credits to income	5,607,206	3,243,803	6,070,970	1,091,061	1,879,673
Total Income	<u>55,436,260</u>	<u>45,988,787</u>	<u>42,035,883</u>	<u>42,226,358</u>	<u>36,365,738</u>
Expenditures and Other Charges to Income:					
Operating	21,000,000	18,500,000	19,000,000	15,100,000	15,100,000
Capital improvements	7,681,381	7,714,730	5,889,626	5,879,897	770,444
Debt service	9,318,619	8,285,270	10,110,374	11,520,103	12,129,556
Miscellaneous		3,000,000	—	5,022,280	—
Total expenditures	<u>38,000,000</u>	<u>37,500,000</u>	<u>35,000,000</u>	<u>37,522,280</u>	<u>28,000,000</u>
Excess in revenue	17,436,260	8,488,787	7,035,883	4,704,078	8,365,738
Adjustments to income before surplus					
Expenditures included above which are by statute deferred charges to budget of succeeding year					
Emergency appropriation	—	—	3,000,000	—	—
Statutory excess to fund balance	17,436,260	8,488,787	10,035,883	4,704,078	8,365,738
Fund balance, July 1	<u>25,247,657</u>	<u>26,758,870</u>	<u>21,222,987</u>	<u>24,018,909</u>	<u>20,653,171</u>
	42,683,917	35,247,657	31,258,870	28,722,987	29,018,909
Utilized as anticipated revenues	<u>9,500,000</u>	<u>10,000,000</u>	<u>4,500,000</u>	<u>7,500,000</u>	<u>5,000,000</u>
Fund balance, June 30	<u>\$ 33,183,917</u>	<u>\$ 25,247,657</u>	<u>\$ 26,758,870</u>	<u>\$ 21,222,987</u>	<u>\$ 24,018,909</u>

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APPENDIX D  
FORM OF BOND COUNSEL OPINION

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*An opinion in substantially the following form  
will be delivered at Closing, assuming no  
material changes in facts or law*

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

Mayor and City Council of the  
City of Elizabeth in the  
County of Union, New Jersey

Re: City of Elizabeth, in the County of Union, New Jersey  
\$ \_\_\_\_\_ General Obligation Bonds, Series 2026

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance by the City of Elizabeth, in the County of Union, New Jersey (the "City"), of its General Obligation Bonds, Series 2026 in the aggregate principal amount of \$ \_\_\_\_\_ (the "Bonds"), consisting of \$ \_\_\_\_\_ General Improvement Bonds, \$ \_\_\_\_\_ Sewer Utility Bonds and \$ \_\_\_\_\_ Refunding Bonds. The Bonds are general obligations of the City and the full faith, credit and taxing power of the City is available to pay the principal of and interest on the Bonds. The Bonds are dated \_\_\_\_\_, 2026 and mature on May 15 in the years and in the principal amounts and bear interest at the rates, payable on November 15, 2026, and semiannually thereafter on the fifteenth days of May and November in each year until maturity or earlier redemption, as follows:

Year (May 15)	General Improvement Bonds*	Sewer Utility Bonds*	Refunding Bonds	Interest Rate
2027	\$ _____	\$ _____	\$ _____	
2028				
2029				
2030				
2031				
2032				
2033				
2034				
2035				
2036				

2037				
2038				
2039				
2040				
2041				

The Bonds will be initially issued in book-entry form only in the form of one certificate for the principal amount of the Bonds of each series maturing in each year, registered in the name of and held by Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), which will act as securities depository for the Bonds. DTC will be responsible for maintaining the book-entry system for recording the interests of its participants or the transfers of such interests among such participants. Such participants shall be responsible for maintaining records regarding the beneficial ownership interests in the Bonds on behalf of individual purchasers. Individual purchases of the Bonds may be made in the principal amount of \$5,000 or multiples of \$1,000 in excess thereof through book-entries on the books and records of DTC and its participants.

The Bonds are issued under the provisions of the Local Bond Law, Chapter 169 of the Laws of 1960 of the State of New Jersey, effective January 1, 1962, and the acts amendatory thereof and supplemental thereto (the “Act”), Bond Ordinance Nos. 4509, 5136, 5428, 5430, 5658, 5890, 5919, 6177 and 6261 (the “Ordinances”), and a resolution adopted by the City Council of the City on April 14, 2026 (the “Resolution”). The Bonds are issued for the purpose of providing funds for the financing of the capital improvements described in the Ordinances.

The Bonds are subject to redemption prior to maturity as described in the Resolution.

In our capacity as Bond Counsel and as a basis for the opinions set forth below, we have examined the proceedings relating to the authorization and issuance of the Bonds, including (a) copies of the Resolution and the Ordinances; (b) such matters of law, including, *inter alia*, the Act and the Internal Revenue Code of 1986, as amended (the “Code”); and (c) such other agreements, proceedings, certificates, records, approvals, resolutions and documents as to various matters with respect to the issuance of the Bonds as we have deemed necessary. We have further assumed and relied upon the genuineness, accuracy and completeness of all of the documents and other instruments which we have examined. As to questions of fact material to our opinion, we have relied upon the proceedings and other certifications of public officials executed and furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion that:

1. The Bonds have been duly authorized, issued, executed and sold by the City; the Ordinances and the Resolution have been duly authorized and adopted by the City; and the

Bonds, the Ordinances and the Resolution are legal, valid and binding obligations of the City enforceable in accordance with their respective terms.

2. Interest on the Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Code and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest on the Bonds may be taken into account for the purpose of computing the alternative minimum tax imposed on certain corporations. The opinion set forth in the preceding sentence is subject to the condition that the City comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Notes in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes under Section 103 of the Code. The City has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Notes to be includable in gross income for federal income tax purposes retroactively to the date of issuance of the Notes.

3. Under current law, interest on the Bonds and any gain on the sale thereof are not includable as gross income under the New Jersey Gross Income Tax Act.

4. The power and obligation of the City to pay the Bonds is unlimited, and the City shall be required to levy *ad valorem* taxes upon all taxable real property within the City for the payment of the principal of and interest on the Bonds without limitation as to rate or amount.

For purposes of this opinion, the enforceability (but not the validity) of the documents mentioned herein may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other laws now or hereafter enacted by any state or by the federal government affecting the enforcement of creditors' rights generally, and by equitable principles, and the phrase "enforceable in accordance with their respective terms" shall not mean that specific performance would necessarily be available as a remedy in every situation.

Other than as set forth in Paragraphs 2 and 3 hereof, we express no opinion regarding other federal and state tax consequences arising with respect to the Bonds.

The opinions expressed herein are limited to and based upon the laws and judicial decisions of the State of New Jersey and the federal laws and judicial decisions of the United States of America as of the date hereof, and are subject to any amendment, repeal or other modification of the applicable laws or judicial decisions that served as the basis for our opinions or to any laws or judicial decisions hereafter enacted or rendered.

We express no opinion herein as to the adequacy or accuracy of any official statement, private placement memorandum or other offering material pertaining to the offering of the Bonds.

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APPENDIX E  
FORM OF CONTINUING DISCLOSURE CERTIFICATE

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## **CONTINUING DISCLOSURE CERTIFICATE**

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the City of Elizabeth, in the County of Union, New Jersey (the "Issuer"), in connection with the issuance by the Issuer of \$\_\_\_\_\_ aggregate principal amount of General Obligation Bonds, Series 2026, consisting of \$\_\_\_\_\_ principal amount of General Improvement Bonds and \$\_\_\_\_\_ principal amount of Sewer Utility Bonds (the "Bonds"). The Issuer covenants and agrees as follows:

*Section 1. Purpose of the Disclosure Certificate.* This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Bondholders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

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

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

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

“Bondholder” shall mean any person who is the registered owner of any Bond, including holders of beneficial interests in the Bonds.

“Dissemination Agent” shall mean the Issuer, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

“EMMA” means the MSRB’s Electronic Municipal Markets Access System.

“Financial Obligation” means a: (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b); provided, however that the term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

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

“MSRB” shall mean the Municipal Securities Rulemaking Board.

“Participating Underwriter” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

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

“State” shall mean the State of New Jersey.

*Section 3. Provision of Annual Reports.*

(a) Not later than nine (9) months after the end of the Issuer’s fiscal year, beginning with the fiscal year ending June 30, 2026, the Issuer shall, or shall cause the Dissemination Agent to, provide to the MSRB, in an electronic format as prescribed by the MSRB and accompanied by such identifying information as is prescribed by the MSRB, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information which has been made available to the public on the MSRB’s website or filed with the Securities and Exchange Commission; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Issuer’s fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(b).

(b) Not later than fifteen (15) Business Days prior to said date, the Issuer shall provide the Annual Report to the Dissemination Agent (if other than the Issuer). If the Issuer is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the Issuer shall send a notice to the MSRB in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall, if the Dissemination Agent is other than the Issuer, file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided.

*Section 4. Content of Annual Reports.* The Issuer's Annual Report shall contain or include by reference the following:

(a) The audited financial statements of the Issuer for the prior fiscal year, prepared in accordance with generally accepted accounting standards (GAAS) as from time to time in effect, and as prescribed by the Division of Local Government Services in the Department of Community Affairs of the State pursuant to Chapter 5 of Title 40A of the New Jersey Statutes. If the Issuer's audited financial statements are not available by the time the Annual Report is required to be provided pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements and the audited financial statements shall be provided in the same manner as the Annual Report when they become available.

(b) The financial information and operating data consisting of (a) information concerning the Issuer’s debt, overlapping indebtedness, tax rate, levy and collection data, property

valuation and fund balance of the type contained in the Official Statement dated \_\_\_\_\_, 2026, pertaining to the sale of the Bonds and (b) the Issuer's most recent adopted budget.

*Section 5.      Reporting of Significant Events.*

(a) Pursuant to the provisions of this Section 5, the Issuer will provide, in a timely manner not in excess of ten (10) business days after the occurrence of any of the following events, to the MSRB through EMMA, notice of any of the following events with respect to the Bonds (each, a "Listed Event"):

1. Principal and interest payment delinquencies.
2. Non-payment related defaults, if material.
3. Unscheduled draws on debt service reserves reflecting financial difficulties.
4. Unscheduled draws on credit enhancements reflecting financial difficulties.
5. Substitution of credit or liquidity providers or their failure to perform.
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.
7. Modifications to rights of holders of the Bonds, if material.
8. Bond calls, if material, and tender offers.
9. Defeasances.
10. Release, substitution or sale of property securing repayment of the Bonds, if material.
11. Rating changes.
12. Bankruptcy, insolvency, receivership or similar event of the Issuer.
13. The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
14. Appointment of a successor or additional trustee, or the change of name of a trustee, if material.

15. Incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect holders of the Bonds, if material.

16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

(b) Upon the occurrence of a Listed Event, the Issuer shall promptly file, in a timely manner not in excess of ten (10) business days after the occurrence of the Listed Event, in an electronic format as prescribed by the MSRB and accompanied by such identifying information as is prescribed by the MSRB, a notice of such occurrence with the MSRB through EMMA. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Bondholders of affected Bonds pursuant to the Resolution.

*Section 6. Termination of Reporting Obligation.* The Issuer's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5(b).

*Section 7. Dissemination Agent.* The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be the Issuer.

*Section 8. Amendment; Waiver.* Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Section 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Bondholders or Beneficial Owners of the Bonds.

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

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

*Section 10.*    Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any Bondholder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default on the Bonds, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

*Section 11.*    Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including reasonable attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The obligations of the Issuer under this Section 11 shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

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

Dated: \_\_\_\_\_, 2026

CITY OF ELIZABETH, IN THE COUNTY OF  
UNION, NEW JERSEY

By: \_\_\_\_\_  
Chief Financial Officer