

PRELIMINARY OFFICIAL STATEMENT DATED MAY 2, 2024

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 not includable in gross income for federal income tax purposes and is not an item of tax preference under Section 57 of the Internal Revenue Code of 1986, as amended (“Code”), for purposes of computing the federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on 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)**

\$23,000,000*
General Obligation Bonds, Series 2024
Consisting of:
\$11,000,000* General Improvement Bonds
and
\$12,000,000* Sewer Utility Bonds
Dated: Date of Delivery
Due: May 15, as shown on the
inside Front cover
Callable
Not Bank Qualified

The aggregate principal amount of \$23,000,000* General Obligation Bonds, Series 2024, consisting of \$11,000,000* General Improvement Bonds and \$12,000,000* 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, 2024. 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 October 15 and April 15 (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 Attorney, William R. Holzapfel, Esq., Elizabeth, New Jersey. 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 23, 2024.

BID PROPOSALS FOR THE BONDS WILL BE ACCEPTED UNTIL 11:00 A.M. on May 9, 2024

**BY THE PARITY ELECTRONIC BID SYSTEM OF i-Deal LLC
FOR MORE DETAILS REFER TO THE SEPARATE NOTICE OF SALE**

POSTED AT www.i-dealprospectus.com

* Preliminary; subject to change.

This is a Preliminary Official Statement “deemed final”, complete with the exception of the specific information permitted to be omitted by Rule 15c2-12 of the Securities and Exchange Commission. The City has authorized distribution of this Preliminary Official Statement to prospective purchasers and others. Upon the sale of the Bonds described herein, the City will deliver a final Official Statement within seven (7) business days following such sale.

City of Elizabeth
\$23,000,000* General Obligation Bonds, Series 2024
Consisting of:
\$11,000,000* General Improvement Bonds
and
\$12,000,000* Sewer Utility Bonds

| Year (May 15) | General Improvement Bonds* | Sewer Utility Bonds* | Combined Bonds* | Interest Rate | Yield | CUSIP No.** |
|------------------|----------------------------------|----------------------------|--------------------|------------------|-------|----------------|
| 2025 | \$980,000 | \$670,000 | \$1,650,000 | % | % | 286678 |
| 2026 | 990,000 | 670,000 | 1,660,000 | % | % | 286678 |
| 2027 | 1,020,000 | 690,000 | 1,710,000 | % | % | 286678 |
| 2028 | 1,050,000 | 710,000 | 1,760,000 | % | % | 286678 |
| 2029 | 1,080,000 | 730,000 | 1,810,000 | % | % | 286678 |
| 2030 | 1,110,000 | 750,000 | 1,860,000 | % | % | 286678 |
| 2031 | 1,145,000 | 770,000 | 1,915,000 | % | % | 286678 |
| 2032 | 1,175,000 | 790,000 | 1,965,000 | % | % | 286678 |
| 2033 | 1,210,000 | 815,000 | 2,025,000 | % | % | 286678 |
| 2034 | 1,240,000 | 835,000 | 2,075,000 | % | % | 286678 |
| 2035 | | 860,000 | 860,000 | % | % | 286678 |
| 2036 | | 885,000 | 885,000 | % | % | 286678 |
| 2037 | | 910,000 | 910,000 | % | % | 286678 |
| 2038 | | 940,000 | 940,000 | % | % | 286678 |
| 2039 | | 975,000 | 975,000 | | | |

* 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

Carlos Torres, President

Carlos Cedeno

Frank Cuesta

William Gallman, Jr.

Nelson Gonzalez

Manny Grova, Jr

Kevin Kiniery

Patricia Perkins-Auguste

Frank O.Mazza

.

BUSINESS ADMINISTRATOR

Bridget S. Anderson

CHIEF FINANCIAL OFFICER

Anthony M. Zengaro

CITY TREASURER

Paul M. Lesniak

CITY ATTORNEY

William R. Holzapfel, Esq.

AUDITOR

Louis C. Mai, CPA & Associates

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:

\$23,000,000* GENERAL OBLIGATION BONDS, SERIES 2024

Consisting of:

\$11,000,000* General Improvement Bonds

and

\$12,000,000* 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 \$23,000,000* General Obligation Bonds, Series 2024, consisting of \$11,000,000* General Improvement Bonds and \$12,000,000* Sewer Utility Bonds (collectively, 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, 2024 (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 fifteenth day of the calendar month preceding the month in which such Interest Payment Date occurs (the “Record Dates” for the payment of interest on the Bonds).

*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, 2031, are not subject to redemption prior to their stated maturity. The Bonds maturing on or after May 15, 2032, 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, 2031, 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 Bonds 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 4200, 4432, 4420, 4936, 5136, 5686, 5739 and 5891, and (iii) a resolution of the City Council adopted on April 9, 2024.

PURPOSE OF ISSUE

Proceeds from the sale and issuance of the Bonds will be used by the City to finance \$23,000,000 in new money projects.

The Bonds are issued under the following ordinances:

A. General Improvement Bonds:

| <u>Ordinance</u> | <u>Project Description</u> | <u>Amount</u> |
|------------------|---------------------------------|---------------|
| 4432 | Hurricane Sandy Improvements | \$326,981 |
| 5136 | Police Headquarters Renovations | \$223,019 |
| 5686 | Reconstruction of Roads | \$9,500,000 |
| 5891 | Tennis and Pickleball Courts | \$950,000 |

B. Sewer Utility Bonds:

| <u>Ordinance</u> | <u>Project Description</u> | <u>Amount</u> |
|------------------|-------------------------------|---------------|
| 4200 | South Street Combined Sewer | \$6,119 |
| 4420 | Elizabeth River Flood Control | \$1,088,272 |
| 4936 | Sewer System Upgrades | \$5,609 |
| 5739 | Sewer System Upgrades | \$10,900,000 |

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 | | \$ _____ |
| Bid Premium | | _____ |
| | Total: | \$ _____ |
| Uses | | |
| Project Costs | | \$23,000,000 |
| Rounding Amount | | |
| | Total: | \$ _____ |

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.

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 2024 budget on December 12, 2023.

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 with 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 2024 budget on December 12, 2023.

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 2024 SFY was 3.5%. The City’s 2024 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 2024 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 Attorney, 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 Attorney, 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 (the "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 not includable in gross income for federal income tax purposes and is not an item of tax preference under Section 57 of the Code for purposes of computing the federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022. 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 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 Bonds. Owners of the Bonds should consult their own tax advisors as to the applicability and the effect on their federal income taxes of the alternative minimum tax, 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 obligations 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.

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 the City Attorney, William R. Holzapfel, Esq., Elizabeth, New Jersey.

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, 2024 (the “Annual Report”), and has covenanted 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 continuing disclosure undertakings for a 1998 City sewer utility bond issue and 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, 2022, 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, 2023 and 2022 included in Appendix B to this Official Statement have been audited by Louis C. Mai CPA & Associates, Independent Certified Public Accountants, to the extent and for the periods indicated in their report hereon. The financial information included in Appendix B has been compiled from public documents of the City. Louis C. Mai CPA & Associates 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: _____, 2024

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APPENDIX A

CERTAIN INFORMATION RELATING TO THE CITY OF ELIZABETH

GENERAL AND CITY GOVERNMENT

General

The City of Elizabeth, the fourth largest city in New Jersey, is located 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 in excess of 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 the most active container port 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.

Certain of the transportation facilities referred to above were impacted by the terrorist attacks of September 11, 2001. A future attack, or the threat of one, could further impact or disrupt one or more modes for the movement of freight and passengers by means of such facilities.

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 25 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.

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 2024 SFY was 3.5%. The City's 2024 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 2024 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.

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).

William R. Holzapfel was appointed City Attorney and Director of the Law Department on January 1, 1993. He has been engaged in the practice of the law since his admission to the New Jersey bar in 1959. He is a graduate of Union College, Schenectady, New York (B.A., Economics major, 1953) and Albany Law School, Albany, New York (LLB cum laude 1958). Mr. Holzapfel is a Colonel (retired) U.S. Marine Corps.

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 also with a Master's Degree in Accounting. He is a Certified Tax Collector and Certified Municipal Financial Officer.

Eduardo J. Rodriguez became Director of Planning and Community Development on April 1, 2014. Mr. Rodriguez is a Certified Municipal Finance Officer (CMFO) and has over 10 years' experience in the finance and legal fields. He is a graduate of Rutgers University (B.A. in Economics), New York University (M.B.A. Accounting) and Rutgers University Law School-Newark (J.D.).

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 27,510 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 2023, 2022, 2021, 2020, and 2019:

DISTRIBUTED TAXES

| | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> |
|----------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Energy Receipts Tax | \$28,640,404 | \$27,271,757 | \$26,090,431 | \$26,090,431 | \$24,785,234 |
| Leg. Municipal Block Grant | | | | | |
| Consolidated Municipal | | | | | |
| Property Relief Tax | <u>550,283</u> | <u>1,918,930</u> | <u>3,100,256</u> | <u>3,100,256</u> | <u>4,405,453</u> |
| | <u>\$29,190,687</u> | <u>\$29,190,687</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 2023 the City received \$126,986.17 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, 2019, 2020, 2021, 2022 and 2023 and the anticipated surplus included in the budget for each succeeding year are shown below:

CURRENT FUND BALANCES

| <u>Year</u> | <u>Current Year End of Period Fund Balance</u> | <u>Anticipated Surplus Used in Succeeding Year Budget</u> |
|---------------|--|---|
| June 30, 2023 | \$ 94,089,311 | \$ 56,000,000 |
| June 30, 2022 | 88,869,661 | 55,000,000 |
| June 30, 2021 | 88,127,666 | 53,000,000 |
| June 30, 2020 | 79,821,781 | 46,000,000 |
| June 30, 2019 | 76,928,958 | 41,700,000 |

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, 2023, 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 Appendix B.

SCHEDULE OF APPROPRIATION EXPENDITURES

(000'S)

Fiscal Year Ended June 30,

| CLASSIFICATION | 2023 | | 2022 | | 2021 | | 2020 | | 2019 | |
|-----------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | BUDGETED | EXPENDED |
| GENERAL | \$ 20,598 | \$ 17,970 | \$ 19,926 | \$ 17,492 | \$ 19,487 | \$ 16,916 | \$ 19,892 | \$ 16,730 | \$ 19,200 | \$ 16,180 |
| PUBLIC SAFETY | 98,302 | 89,357 | 94,463 | 87,077 | 91,301 | 82,752 | 85,090 | 82,612 | 81,275 | 77,793 |
| PUBLIC WORKS | 32,616 | 29,900 | 32,692 | 29,765 | 30,194 | 25,835 | 29,467 | 26,240 | 29,021 | 26,320 |
| HEALTH AND WELFARE | 9,533 | 7,086 | 9,699 | 7,451 | 9,781 | 6,649 | 9,400 | 7,561 | 8,996 | 7,884 |
| RECREATION AND EDUCATION | 6,653 | 5,956 | 5,581 | 5,043 | 5,247 | 3,492 | 4,987 | 4,487 | 4,854 | 4,362 |
| UNCLASSIFIED PURPOSES (1) | 53,546 | 49,606 | 48,700 | 43,185 | 47,164 | 36,230 | 52,602 | 39,588 | 49,795 | 37,195 |
| CONTINGENT | 250 | 134 | 250 | 179 | 150 | 150 | 150 | 139 | 150 | 84 |
| DEFERRED CHARGES AND | | | | | | | | | | |
| STATUTORY EXPENDITURES | 34,970 | 34,434 | 32,058 | 31,281 | 29,823 | 29,574 | 26,797 | 26,599 | 26,334 | 25,730 |
| TOTAL APPROPRIATIONS WITHIN "CAP" | 256,467 | 234,443 | 243,369 | 221,473 | 233,148 | 201,597 | 228,385 | 203,955 | 219,625 | 195,549 |
| MANDATED AND OTHER OPERATIONS | | | | | | | | | | |
| EXCLUDED FROM "CAP" | 5,500 | 5,500 | 9,400 | 7,608 | 4,300 | 4,300 | 4,300 | 4,300 | 7,095 | 6,200 |
| STATE AND FEDERAL PROGRAMS | | | | | | | | | | |
| OFFSET BY REVENUES- | | | | | | | | | | |
| EXCLUDED FROM "CAP" | 46,482 | 44,500 | 18,436 | 17,732 | 18,921 | 18,318 | 5,160 | 4,399 | 4,217 | 4,217 |
| CAPITAL IMPROVEMENTS | | | | | | | | | | |
| EXCLUDED FROM "CAP" | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 |
| DEBT SERVICE-EXCLUDED FROM "CAP" | | | | | | | | | | |
| MUNICIPAL | 16,181 | 16,181 | 16,730 | 16,730 | 17,111 | 17,111 | 16,527 | 15,294 | 15,279 | 14,279 |
| DEFERRED CHARGES-EXCLUDED | | | | | | | | | | |
| FROM "CAP" | | | - | - | - | - | - | - | 200 | 200 |
| RESERVE FOR UNCOLLECTED TAXES | 14,647 | 14,647 | 14,073 | 14,073 | 13,769 | 13,769 | 13,277 | 13,277 | 12,977 | 12,977 |
| TOTAL BUDGET APPROPRIATIONS | 341,278 | 317,271 | 304,009 | 279,618 | 289,249 | 257,096 | 269,649 | 243,226 | 261,393 | 235,422 |
| COUNTY | 49,271 | 49,271 | 47,163 | 47,163 | 44,617 | 44,617 | 44,989 | 44,989 | 41,652 | 41,652 |
| 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 | 109,559 | 109,559 | 107,451 | 107,451 | 104,905 | 104,905 | 105,277 | 105,277 | 101,940 | 101,940 |
| TOTAL | \$ 450,838 | \$ 426,830 | \$ 411,460 | \$ 387,068 | \$ 394,153 | \$ 362,000 | \$ 374,926 | \$ 348,502 | \$ 363,333 | \$ 337,362 |

SCHEDULE OF REVENUES

(000'S)

Fiscal Year Ended June 30,

| CLASSIFICATION | 2023 | | 2022 | | 2021 | | 2020 | | 2019 | |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | BUDGETED | REALIZED |
| FUND BALANCE | \$ 55,000 | \$ 55,000 | \$ 53,000 | \$ 53,000 | \$ 46,000 | \$ 46,000 | \$ 41,700 | \$ 41,700 | \$ 35,000 | \$ 35,000 |
| CURRENT LEVY(1) | 306,584 | 303,525 | 293,721 | 311,254 | 282,765 | 309,664 | 269,649 | 287,204 | 263,223 | 256,350 |
| DELINQUENT TAXES | 4,000 | 7,105 | 4,000 | 8,911 | 4,000 | 6,185 | 4,000 | 6,664 | 4,000 | 8,845 |
| PILOTS | 1,281 | 3,814 | 1,291 | 3,521 | 2,297 | 3,124 | 2,547 | 4,806 | 2,547 | 5,038 |
| FRANCHISE ASSESSMENTS | 4,000 | 7,125 | 4,000 | 7,014 | 2,750 | 4,893 | 6,000 | 5,658 | 6,000 | 7,503 |
| MUNICIPAL COURT | 2,500 | 3,562 | 2,500 | 3,920 | 2,500 | 2,789 | 4,000 | 3,646 | 3,900 | 4,817 |
| INTEREST AND COSTS ON TAXES | 1,000 | 1,202 | 1,200 | 1,062 | 1,350 | 1,299 | 1,350 | 1,416 | 1,500 | 1,568 |
| INTEREST ON INVESTMENTS & DEPOSITS | 900 | 5,842 | 900 | 1,012 | 900 | 1,233 | 900 | 2,598 | 750 | 2,769 |
| PA NY/NJ - PARKING TAXES (AIRPORT) | 500 | 1,666 | 500 | 574 | 500 | 546 | 500 | 702 | 500 | 783 |
| PA NY/NJ - LEASED PARKING TAXES (AIRPORT) | 500 | 500 | 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 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 |
| ENERGY RECEIPTS TAX | 28,640 | 28,640 | 27,272 | 27,272 | 26,090 | 26,090 | 26,090 | 26,090 | 24,785 | 24,785 |
| CONSOLIDATED MUNICIPAL PROPERTY RELIEF | 550 | 550 | 1,919 | 1,919 | 3,100 | 3,100 | 3,100 | 3,100 | 4,405 | 4,405 |
| MUNICIPAL RELIEF FUND | 1,523 | 1,523 | | | | | | | | |
| PUBLIC & PRIVATE REVENUES (OFFSET) | 45,444 | 45,444 | 17,177 | 17,177 | 17,921 | 17,921 | 4,060 | 4,060 | 4,024 | 4,024 |
| MISCELLANEOUS | (5,064) | | | | | | 7,050 | 857 | 8,719 | 28,681 |
| TOTAL | <u>\$ 450,838</u> | <u>\$ 468,979</u> | <u>\$ 411,460</u> | <u>\$ 440,615</u> | <u>\$ 394,153</u> | <u>\$ 426,824</u> | <u>\$ 374,926</u> | <u>\$ 392,481</u> | <u>\$ 363,333</u> | <u>\$ 388,548</u> |

NOTES:

Current Levy includes Reserve for Uncollected Taxes.

(1) Current Levy includes Reserve for Uncollected Taxes.

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.

Through increased operating efficiency, the City has received quality services, franchise fees, and rate stabilization. The City will be subject to an annual management fee, annual debt service, charges, rates, fees and formulas to be charged for these services and subject to an allocation of risks relating to financing, operating, and maintaining the City Sewer System. The City contracted to receive franchise fees from the UCIA totaling \$18,000,000 (\$6,000,000 in 2002FY, \$6,000,000 in 2003FY, and \$6,000,000 in 2004FY) which were utilized towards the City’s budget in those fiscal years.

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 Environmental Infrastructure Trust 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 Environmental Infrastructure Trust 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 in June 2021 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 period fund balances, as of June 30, 2019, 2020, 2021, 2022 and 2023, and the anticipated surplus included in the budget for each succeeding year are shown below:

SEWER UTILITY FUND BALANCE

| <u>Year</u> | <u>Sewer Utility End of Period Fund Balance</u> | <u>Used in Succeeding Year Budget</u> |
|---------------|---|---|
| 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 |
| June 30, 2020 | 20,653,171 | 5,000,000 |
| June 30, 2019 | 17,304,021 | 5,000,000 |

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, 2023, 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 A and B.

SCHEDULE OF APPROPRIATION EXPENDITURES

(000'S)

Fiscal Year Ended June 30,

| | 2023 | | 2022 | | 2021 | | 2020 | | 2019 | |
|-----------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | BUDGETED | EXPENDED |
| OPERATING | \$ 16,000 | \$ 17,486 | \$ 15,100 | \$ 14,658 | \$ 15,100 | \$ 14,119 | \$ 14,600 | \$ 12,932 | \$ 14,100 | \$ 12,876 |
| CAPITAL IMPROVEMENTS | 500 | 500 | 5,880 | 928 | 770 | 500 | 1,391 | 1,000 | 5,393 | 2,000 |
| CAPITAL OUTLAY | 5,390 | 2,530 | | | | | | | | |
| DEBT SERVICE | 10,110 | 10,110 | 11,520 | 11,520 | 14,130 | 14,130 | 9,009 | 9,009 | 10,507 | 10,497 |
| AMERICAN RESCUE PLAN | | | 5,000 | 5,000 | | | | | | |
| SURPLUS TO CURRENT FUND | | | | | | | | | | |
| ADDITIONAL ACCRUED INTEREST | | | | | | | | | | |
| TOTAL | \$ 32,000 | \$ 30,627 | \$ 37,500 | \$ 32,106 | \$ 30,000 | \$ 28,749 | \$ 25,000 | \$ 22,941 | \$ 30,000 | \$ 25,373 |
| CANCELLATIONS - CIF | | | | | | | \$ 5,000 | | | |

SCHEDULE OF REVENUES

(000'S)

Fiscal Year Ended June 30,

| | 2023 | | 2022 | | 2021 | | 2020 | | 2019 | |
|--------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | BUDGETED | REALIZED |
| FUND BALANCE | \$ 4,500 | \$ 4,500 | \$ 7,500 | \$ 7,500 | \$ 5,000 | \$ 5,000 | \$ 5,000 | \$ 5,000 | \$ 5,000 | \$ 5,000 |
| RENTS | 27,500 | 29,942 | 25,000 | 25,000 | 25,000 | 27,559 | 25,000 | 25,266 | 25,000 | 25,502 |
| MISCELLANEOUS | | 1,523 | | | | 1,928 | | 890 | | 646 |
| OTHER | | | 5,000 | 5,000 | | | | | | |
| DEFICIT (GENERAL BUDGET) | | | | | | | | | | |
| TOTAL | \$ 32,000 | \$ 35,965 | \$ 37,500 | \$ 37,500 | \$ 30,000 | \$ 34,487 | \$ 30,000 | \$ 31,156 | \$ 30,000 | \$ 31,148 |

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 on a daily basis.

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 period fund balances, as of June 30, 2019, 2020, 2021, 2022 and 2023 and the anticipated surplus included in the budget for each succeeding year are shown below:

WATER UTILITY FUND BALANCE

| Year | Water Utility End of Period Fund Balance | Used in Succeeding Year Budget |
|---------------|---|-----------------------------------|
| June 30, 2023 | \$ 996,542 | \$ - |
| June 30, 2022 | 952,285 | - |
| June 30, 2021 | 950,468 | - |
| June 30, 2020 | 948,730 | - |
| June 30, 2019 | 923,868 | - |

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 10th 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 12, 2023, resulting in \$528,314.09 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 year.

TAX COLLECTIONS

Fiscal Year Ended June 30,

| | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> |
|----------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Tax Levy | \$ 293,667,730 | \$ 283,067,386 | \$ 278,559,099 | \$ 267,514,630 | \$ 263,222,680 |
| Tax Levy Collected | \$ 289,421,822 | \$ 277,976,945 | \$ 273,784,426 | \$ 262,053,584 | \$ 256,349,193 |
| Percentage of Tax Levy Collected | 98.55% | 98.20% | 98.29% | 97.96% | 97.39% |
| Current Taxes Receivable: | | | | | |
| Account Balance at June 30, | \$ 4,245,908 | \$ 5,090,441 | \$ 4,774,673 | \$ 5,461,047 | \$ 5,876,015 |
| Percentage of Tax Levy | 1.45% | 1.80% | 1.71% | 2.04% | 2.23% |
| <u>Delinquent Taxes*</u> | | | | | |
| Delinquent Taxes Receivable: | | | | | |
| Beginning Account Balance | | | | | |
| Current Year | \$ 4,625,094 | \$ 4,163,639 | \$ 5,461,047 | \$ 5,876,015 | \$ 6,470,350 |
| Prior Year | \$ - | \$ - | \$ 122,801 | \$ 802,058 | \$ 291,135 |
| | <u>\$ 4,625,094</u> | <u>\$ 4,163,639</u> | <u>\$ 5,583,848</u> | <u>\$ 6,678,073</u> | <u>\$ 6,761,485</u> |
| Tax Title Liens | \$ - | \$ - | \$ 120,086 | \$ 127,823 | \$ 117,322 |
| Total | <u>\$ 4,625,094</u> | <u>\$ 4,163,639</u> | <u>\$ 5,703,934</u> | <u>\$ 6,805,896</u> | <u>\$ 6,878,807</u> |
| Delinquent Taxes Collected: | | | | | |
| Budget Anticipation Amount | \$ 4,000,000 | \$ 4,000,000 | \$ 4,000,000 | \$ 4,000,000 | \$ 4,000,000 |
| Percentage | 86.48% | 96.07% | 70.13% | 58.77% | 58.15% |
| Actual Amount | \$ 7,104,886 | \$ 8,910,610 | \$ 6,184,653 | \$ 6,710,311 | \$ 8,844,825 |
| Percentage | 153.62% | 214.01% | 108.43% | 98.60% | 128.58% |
| Delinquent Taxes Receivable: | | | | | |
| Ending Account Balance | | | | | |
| Current Year | \$ 4,245,908 | \$ 4,625,094 | \$ 4,163,639 | \$ 5,461,047 | \$ 5,876,015 |
| Prior Year | \$ - | \$ - | \$ - | \$ 122,801 | \$ 802,058 |
| | <u>\$ 4,245,908</u> | <u>\$ 4,625,094</u> | <u>\$ 4,163,639</u> | <u>\$ 5,583,848</u> | <u>\$ 6,678,073</u> |
| Tax Title Liens | \$ - | \$ - | \$ - | \$ 120,086 | \$ 127,823 |
| Total | <u>\$ 4,245,908</u> | <u>\$ 4,625,094</u> | <u>\$ 4,163,639</u> | <u>\$ 5,703,934</u> | <u>\$ 6,805,896</u> |
| Foreclosed Property Balance | \$ 89,900 | \$ 89,900 | \$ 89,900 | \$ 2,124,100 | \$ 2,124,100 |

*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.

STATEMENT OF ASSESSED VALUATIONS

| CLASSIFICATION | Tax Year 2023 | | Tax Year 2022 | | Tax Year 2021 | | Tax Year 2020 | | Tax Year 2019 | |
|---|-----------------------|----------------|-----------------------|----------------|-----------------------|----------------|-----------------------|----------------|-----------------------|----------------|
| | AMOUNT | % |
| VACANT LAND | \$ 50,393,300 | 5.36% | \$ 49,535,200 | 5.29% | \$ 49,979,500 | 5.38% | \$ 53,068,400 | 5.77% | \$ 53,223,700 | 5.83% |
| RESIDENTIAL LAND & BUILDINGS | 533,098,100 | 56.67% | 529,388,900 | 56.53% | 525,532,600 | 56.52% | 524,904,700 | 57.10% | 523,686,000 | 57.33% |
| COMMERCIAL LAND & BUILDINGS | 164,016,500 | 17.44% | 165,190,000 | 17.64% | 164,978,600 | 17.74% | 152,535,200 | 16.59% | 150,528,400 | 16.48% |
| INDUSTRIAL LAND & BUILDINGS | 89,189,200 | 9.48% | 89,890,000 | 9.60% | 87,869,800 | 9.45% | 86,935,200 | 9.46% | 84,877,400 | 9.29% |
| APARTMENTS, LAND & BUILDINGS | 102,682,000 | 10.92% | 100,922,500 | 10.78% | 99,797,100 | 10.73% | 100,189,100 | 10.90% | 99,384,100 | 10.88% |
| MACHINERY & EQUIPMENT OF TELEPHONE, TELEGRAPH & MESSENGER SYSTEMS COMPANY | 1,328,382 | 0.14% | 1,480,495 | 0.16% | 1,676,535 | 0.18% | 1,705,828 | 0.19% | 1,731,063 | 0.19% |
| TOTAL TAXABLE VALUATIONS | \$ 940,707,482 | 100.00% | \$ 936,407,095 | 100.00% | \$ 929,834,135 | 100.00% | \$ 919,338,428 | 100.00% | \$ 913,430,663 | 100.00% |
| RATIO OF ASSESSED TO TRUE VALUE | | 7.69% | | 8.91% | | 9.97% | | 10.68% | | 11.01% |

Source: Tax Assessor's Office

REVALUATION March 2024

| <u>Classification</u> | <u>Amount</u> | <u>%</u> |
|---------------------------------|--------------------------|----------------|
| VACANT LAND | \$ 1,117,700,300 | 7.03% |
| RESIDENTIAL- LAND & BUILDINGS | 7,315,814,500 | 45.99% |
| COMMERCIAL LAND & BUILDINGS | 2,820,955,700 | 17.73% |
| INDUSTRIAL | 2,824,076,200 | 17.75% |
| APARTMENTS LAND & BUILDINGS | 1,811,370,800 | 11.39% |
| TELEPHONE EQUIPMENT | 17,274,148 | 0.11% |
| TOTAL TAXABLE PROPERTIES | \$ 15,907,191,648 | 100.00% |

ANALYSIS OF TAX RATES

(FISCAL YEAR) AND PERCENT DISTRIBUTION RATE
PER \$100.00 ASSESSED VALUATION

| <u>Year</u> | <u>Total</u> | <u>Municipal</u> | <u>%</u> | <u>County</u> | <u>%</u> | <u>School</u> | <u>%</u> |
|-------------|--------------|------------------|----------|---------------|----------|---------------|----------|
| 2023 | \$ 31.00 | \$ 19.22 | 62.0% | \$ 5.42 | 17.5% | \$ 6.36 | 20.5% |
| 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% |
| 2014 | 24.82 | 15.23 | 61.4% | 3.78 | 15.2% | 5.81 | 23.4% |

TEN LARGEST TAXPAYERS

| <u>Name of Taxpayer</u> | <u>Type of Property</u> | <u>Assessed Value</u> |
|--|-------------------------|-----------------------|
| NJ Metromall Urban Renewal % Simon Group | Commercial | \$ 57,720,000 |
| IKEA Dev Urban RN % IKEA No America | Commercial | 12,148,300 |
| Norfolk Southern C/O Conrail | Railroad | 11,289,700 |
| Tri-Prot Dist Cntr, LLC % Prologis | Commercial | 10,514,700 |
| Catellus Urban Renewal II % Fahey | Commercial | 10,086,300 |
| Pennsylvania Lines % Norfolk Southern | Commercial | 9,761,000 |
| 190 Union Redevelopment Urban Renewal | Commercial | 8,374,400 |
| Elberon Development Co, LLC | Commercial | 8,246,300 |
| NJ Metromall Urban Renewal % Simon Group | Commercial | 6,390,400 |
| Danic Urban Renewal Co. | Commercial | 6,362,100 |
| | | \$ 140,893,200 |

TAX EXEMPT PROPERTIES IN THE CITY

| <u>CLASSIFICATION</u> | <u>AMOUNT</u> | <u>AMOUNT</u> | <u>AMOUNT</u> | <u>AMOUNT</u> | <u>AMOUNT</u> |
|---------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Public Schools | \$ 98,998,600 | \$ 98,091,500 | \$ 98,081,500 | \$ 98,081,500 | \$ 98,081,500 |
| Schools Other than Public | 7,731,300 | 6,302,700 | 6,302,700 | 6,325,200 | 6,325,200 |
| Public Property (1) | 745,960,600 | 732,106,400 | 728,764,700 | 746,607,600 | 735,438,100 |
| Churches and Charities | 60,497,600 | 61,500,600 | 61,378,200 | 61,844,300 | 61,904,200 |
| Cemeteries | <u>1,878,000</u> | <u>1,878,000</u> | <u>1,878,000</u> | <u>1,878,000</u> | <u>2,418,000</u> |
| Total | <u>\$ 915,066,100</u> | <u>\$ 899,879,200</u> | <u>\$ 896,405,100</u> | <u>\$ 914,736,600</u> | <u>\$ 904,167,000</u> |

(1) Of this public property, the Port Authority of New York and New Jersey owns \$420,727,000 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 such equalized valuation basis. As of June 30, 2024, 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, 2023, the City has a statutory net debt of \$129,984,399 or 1.23 % 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 is considering 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.

SCHEDULE OF OVERLAPPING DEBT

| | Total | Elizabeth Overlap | |
|---------------------------------|----------------|-------------------|----------------|
| | | % | Amount |
| 30-Jun-23 | | | |
| Elizabeth Parking Authority (1) | \$ 3,495,000 | 100.00% | \$ 3,495,000 |
| UCIA (2) | 178,954,582 | 13.39% | 23,955,755 |
| UCUA (3) | 164,420,000 | 13.39% | 22,010,083 |
| Union County | 535,791,918 | 13.39% | 71,723,785 |
| | \$ 882,661,500 | | \$ 121,184,624 |
| 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 |
| 30-Jun-20 | | | |
| Elizabeth Parking Authority (1) | \$ 5,370,000 | 100.00% | \$ 5,370,000 |
| UCIA (2) | 198,304,582 | 11.60% | 23,003,332 |
| UCUA (3) | 177,190,000 | 11.60% | 20,554,040 |
| Union County | 577,364,705 | 11.60% | 66,974,306 |
| Total | \$ 958,229,287 | | \$ 115,901,677 |
| 30-Jun-19 | | | |
| Elizabeth Parking Authority (1) | \$ 5,370,000 | 100.00% | \$ 5,370,000 |
| UCIA (2) | 203,039,582 | 11.43% | 23,207,424 |
| UCUA (3) | 181,170,000 | 11.43% | 20,707,731 |
| Union County | 583,384,601 | 11.43% | 66,680,860 |
| Total | \$ 972,964,183 | | \$ 115,966,015 |

(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

STATUTORY DEBT

30-June-23

| | Gross Debt | Deductions (1) | Net Debt |
|--------------------|----------------|----------------|----------------|
| School Purpose | \$ 2,800,000 | \$ 2,800,000 | \$ - |
| Sewer Utility | 135,054,037 | 135,054,037 | - |
| Municipal Purposes | 161,438,823 | 31,454,424 | 129,984,399 |
| Total | \$ 299,292,860 | \$ 169,308,461 | \$ 129,984,399 |

Type II = \$0

| | |
|---|------------------|
| Average Equalized Valuation of Real Property (Years 2021-2023) | \$10,592,887,823 |
| Statutory Net Debt Percentage | 1.23% |
| Maximum Statutory Net Debt Percentage | 3.50% |
| Remaining Borrowing Power: Municipal | \$240,766,675 |
| Net Debt Per Capita (2020 Population 137,298 Census Figure) | \$946.73 |
| Gross Debt Per Capita (2020 Population 137,298 Census Figure) | \$2,179.88 |
| Gross Debt as Percentage of 2023 Avg. Equalized Valuations | 2.83% |

(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, 2023 from information abstracted from the Annual Debt Statement filed by the City's Chief Financial Officer as of June 30, 2023 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 6-30-23

COMBINED PRINCIPAL AND INTEREST REQUIREMENTS

Outstanding Bonds of the City as of June 30, 2023

| Fiscal Year | Total Debt Service | | |
|----------------|----------------------|----------------------|----------------------|
| | Principal | Interest | Total P & I |
| 2024 | \$ 12,290,000 | \$ 2,631,238 | \$ 14,921,238 |
| 2025 | 11,505,000 | 2,238,523 | 13,743,523 |
| 2026 | 11,850,000 | 1,843,248 | 13,693,248 |
| 2027 | 10,775,000 | 1,433,748 | 12,208,748 |
| 2028 | 8,863,000 | 1,061,673 | 9,924,673 |
| 2029 | 7,915,000 | 757,231 | 8,672,231 |
| 2030 | 8,095,000 | 482,613 | 8,577,613 |
| 2031 | 4,390,000 | 216,100 | 4,606,100 |
| 2032 | 925,000 | 75,400 | 1,000,400 |
| 2033 | 470,000 | 38,400 | 508,400 |
| 2034 | 490,000 | 19,600 | 509,600 |
| | <u>\$ 77,568,000</u> | <u>\$ 10,797,771</u> | <u>\$ 88,365,771</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, 2023, the City had 1,339 employees. Of that number, 1,264 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 2.00% effective July 1, 2021, 2.25% effective July 1, 2022, July 1, 2023 and July 1, 2024. These increases are offset by a minimum of 1.50% of salary contribution for health insurance.

The most recent four (4) year public safety contract 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 of 137,298 according to the 2020 census. It covers an area of 11.7 square miles and is the county seat of Union County. It is 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 25% between 1990 and 2020. 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 | 504,255 | 6,086,982 |
| 1970 | 112,654 | 544,090 | 7,192,805 |
| 1980 | 106,201 | 504,094 | 7,364,158 |
| 1990 | 110,002 | 493,819 | 7,730,188 |
| 2000 | 120,568 | 522,541 | 8,414,350 |
| 2010 | 124,969 | 536,499 | 8,791,894 |
| 2020 | 137,298 | 575,345 | 9,288,994 |

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

| | | | |
|------|--------|------|--------|
| 2001 | 21,146 | 2012 | 24,122 |
| 2002 | 21,061 | 2013 | 24,701 |
| 2003 | 21,146 | 2014 | 25,779 |
| 2004 | 21,128 | 2015 | 26,602 |
| 2005 | 21,100 | 2016 | 26,622 |
| 2006 | 21,215 | 2017 | 27,502 |
| 2007 | 21,308 | 2018 | 27,909 |
| 2008 | 21,382 | 2019 | 28,195 |
| 2009 | 21,744 | 2020 | 29,016 |
| 2010 | 22,752 | 2021 | 28,059 |
| 2011 | 23,391 | 2022 | 27,510 |

POPULATION COMPARISON 1970-2020
“Big Six” Cities

| | | <u>1970</u> | <u>1980</u> | <u>1990</u> | <u>2000</u> | <u>2010</u> | <u>2020</u> |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| 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: 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 | 8,414 | 19.37% |
| Two - Four Families | 20,467 | 47.11% |
| Five - Nine Families | 2,627 | 6.05% |
| Ten or more Families | 11,723 | 26.98% |
| Other (Mobile Home, etc) | 212 | 0.49% |
| Total | 43,443 | 100% |

Source: American Community Survey 2019.

NEW CONSTRUCTION PERMITS

| Year (Calendar) | Value of New Construction | Resident | Non-Resident | Structures |
|----------------------------|--------------------------------------|-----------------|---------------------|-------------------|
| 2014 | 7,633,370 | 6,640,000 | | 40 |
| 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 |

Source: City of Elizabeth, Bureau of Construction

LABOR FORCE

| Year (as of Dec. 31) | Total Labor Force | Employed | Percent Employed | Percent Unemployed |
|---------------------------------|------------------------------|-----------------|-----------------------------|-------------------------------|
| 2013 | 55,225 | 50,079 | 90.7% | 9.3% |
| 2014 | 55,951 | 51,397 | 91.9% | 8.1% |
| 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% |

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

LARGEST EMPLOYERS

| Employer | Type of Business | Estimated No. of Employees (2022) |
|------------------------------|------------------|-----------------------------------|
| APM Terminals Elizabeth, LLC | Truck Terminals | 2343 |
| Trinitas Hospital* | Hospital | 1823 |
| Maher Terminals | Truck Terminals | 1312 |
| Wakefern Food Corp. | Commercial | 968 |
| Allied Beverage Group, LLC | Commercial | 947 |
| Amazon.Com Services, Inc. | Commercial | 577 |
| Fedway Associates, Inc. | Commercial | 487 |
| AFI Foodservice | Commercial | 439 |
| Actavis | Pharma | 265 |
| Atalanta Food Corporation | Food Import | 230 |

ECONOMIC DEVELOPMENT

I. ENVIRONS

The City of Elizabeth (the “City”) is the fourth largest municipality in the State of New Jersey and the seat of Union County. Building upon its unique geographic advantages – which include a portion of Newark Liberty International Airport, the Port Elizabeth-Newark International Container Seaport, New Jersey Turnpike, Routes 1&9, and New Jersey Transit rail and bus hubs – the City uses public and private resources to maximize investment and revitalization efforts.

Midtown Train Station and Development of Surrounding Area

The Historic Elizabeth Midtown Train Station (the “Station”) is a vibrant location within the heart of an exciting redevelopment area. The Station is centrally located to support the pedestrian traffic of this urban municipality. As one of only thirty-five New Jersey municipalities to obtain the competitive Transit Village designation, the Midtown Station has undergone transformative improvements including the relocation of the taxi stand as a kiss-n-ride area. Funded with State, Federal Stimulus and Urban Enterprise Zone funds, these enhancements have elevated the City’s status as a transportation destination.

Construction of the new Midtown Train Station is ongoing, and progress is being made at the site. The work is being completed by Anselmi & DeCicco, who were awarded a contract for the final design as well as platform replacement and construction of the station facilities. Funding for this initiative includes a \$75 million commitment from New Jersey Transit.

This project will revitalize the existing structure, adding increased accessibility, security, and function to one of New Jersey’s busiest train stations. The project includes a new two-story station building with a street-level ticket office, waiting room as well as new office and retail space. Extended high-level train platforms; new elevators and stairs; covered, climate-controlled waiting rooms; upgraded passenger information and security systems along with covered, heated, and air-conditioned waiting areas, a marquee façade, as well as additional vendor space, are also part of this initiative.

The New York-bound platform/building and the Trenton-bound platform are now open. The Trenton-bound building, as well as all final design and artistic elements, are anticipated to be completed in 2024. This Station will meet growing populations and increased demands, provide safer travel, improve access and incorporate resources as well as state-of-the-art amenities.

The City has secured \$3 million from the State of New Jersey (the “State”) to acquire the blighted area adjacent to the train station and create open space to beautify the area. The Redevelopment Study was adopted by the Elizabeth City Council and the Redevelopment Plan will be finalized in 2024. The City will use the State funding to acquire the properties and the mass transit parking tax to demolish the buildings. In addition, new open space will be created adjacent to the Midtown Train Station.

Adding more convenience, a Bike Depot is available near the Midtown Train Station. As only the 3rd of its kind in the state, it provides secure, weather-protected storage for bikes, helmets, personal items and was made possible by the City, Elizabeth Development Company as well as New Jersey Bike & Walk Coalition.

Trinitas Regional Medical Center/RWJ Barnabas Health

Trinitas Regional Medical Center continues to expand services as well as treatment options and facilities. They continue to provide state-of-the-art care, excellent physicians and specialists, innovative approaches and technology as well as transformative partnerships.

In 2022, Trinitas and RWJBarnabas Health unveiled a newly expanded, state-of-the-art MRI and the Nadine Brechner Interventional Radiology Suite. The Hospital continues to be a destination of choice with access to Children's Specialized Hospital, premier cardiac services, the Trinitas Comprehensive Cancer Center - Clinical Trials with Rutgers Cancer Institute and the Center for Autism and Developmental Disabilities.

The new Medical Arts building and parking garage provides 46,000 square feet, 301 parking spaces and 6 electric charging stations.

Parking Options and Motor Vehicle Commission

The Parking Authority has made significant enhancements to the Midtown Garage, opening an additional back gate and increasing access. Lighting and signage have been improved and graffiti has been removed in coordination with the City of Elizabeth and New Jersey Transit. The Parking Authority installed 13 additional meter boxes and upgraded antiquated equipment. In addition, the Parking Authority maintains its lease with the State of New Jersey for the local Motor Vehicle Commission site. The Motor Vehicle Commission office is operational on the first floor of the retail building and serves more than 200 patrons every day.

The 514,800 square foot parking garage located adjacent to Union College and within walking distance of the Midtown Train Station contains 1500 parking spaces. In addition, this deck supports the City's Go Green initiatives by becoming the first garage in New Jersey to have five public charging stations for electric cars incorporated within the structure.

Elizabeth Fire Department

In December 2023, FEMA reimbursed the City \$1.3 million for repairs caused by damage from the remnants of Hurricane Ida. Further supporting operations, the Elizabeth Fire Department continues to upgrade communications and equipment with 3 Command vehicles and a new ambulance, along with another on order. Equipment damaged by Hurricane Ida has been replaced, including 19 Thermal imaging cameras, rescue and breathing apparatus, rope equipment as well as hand and power tools. In addition, a new Aerial truck, 2 Pumpers, 2 Rescue Trucks, 1 Tak unit and a Special Operations Vehicle will further replace apparatus lost in the Hurricane and are anticipated to be delivered in 2024.

The Urban Search and Rescue Team continues to conduct drills at the seaport and airport as well as implement special operations and hazardous materials training. A new Fireplus Driving Simulation System will also be installed at Engine 5 to provide state-of-the-art training for large vehicle operations.

Elizabeth Police Department

The Elizabeth Police Department installed new in-vehicle dash cameras with License Plate Reader capabilities, which improves data and video access as well as strengthens investigations. Cameras and drones are elevating visibility and CCTV capabilities, enabling rapid response to 3,000 incidents and the ability to cover a 3-mile radius in minutes. In late 2024, a drone control tower will also be incorporated on the top of Police Headquarters.

The Police Youth Empowerment Program is supporting productive decision-making skills and providing resources to navigate cyberbullying, intimidation, domestic and group violence, and emotional and physical abuse. The Police Junior Academy and the Alternative Responses to Reduce Instances of Violence (“ARRIVE” Program) are also making a positive impact. Five hundred eighty-seven calls and follow-ups by the Elizabeth Police Department are increasing engagement and identifying solutions. The City was awarded more than \$1.2 million through FY23 COPS Hiring Grant, which will enable 14 new hires in 2024.

The Elizabeth Police Department continues to work with the Elizabeth Destination Marketing Organization (EDMO) to bring interactive kiosks to Midtown and sites throughout our municipality. Anticipated locations include the Midtown Elizabeth Train Station and Elizabeth City Hall.

Elizabeth River Trail

In 2012 the Elizabeth River Trail, which extends from South Broad Street to Bridge Street along the Elizabeth River, opened to much fanfare. Combining active and passive components into a unique recreational throughway along the Elizabeth River, this initiative incorporates elements that encourage biking, walking, and running within this multi-phase project. This project also enables all of the developments within Midtown to have access to green space, a park setting as well as the scenic river. Phase 2 has been completed along Pearl Street, from Bridge to South Street, with funding from Green Acres, the County of Union and \$3.6 million from CDBG Disaster Recovery. Phase III, which extends from South Street to Clifton Street is complete and Phase IV, which extends from South Broad to West Jersey Street, is scheduled to be completed by Spring 2024.

In 2021 the City was awarded \$710,000 in NJDOT Municipal Aid funding for Phase V of the Elizabeth River Trail. This initiative connects Clifton Street to the New Jersey-bound Goethals Bridge bikeway/walkway. This extension, which is open for use, includes a 10-foot wide path and offers scenic views and additional commuting options for New Jersey as well as Staten Island residents. Phase V is in the final stages of project close-out and Phase VI, which includes Clifton Street, from Pulaski Street to Brunswick Avenue, will also be completed in Spring 2024. Phase IV is supported through EDA and Municipal funding and Phases V as well as VI, are supported

through NJDOT and Municipal funding. In addition, \$1.1 million was awarded through the Local Aid Infrastructure Fund for the Elizabeth Avenue Streetscape Phase IV.

Greening and Environmental Preservation Efforts

The City's tree planting initiative continues to green our environment, beautify our neighborhoods, and increase ecological benefits. An additional 150 trees were planted throughout the City, supported through the Greening Union County Grant.

The Mayors Youth Council, Groundwork Elizabeth and the Housing Authority created a Micro Forest at Kennedy Arms, replacing old shrubs with new greenery to improve air quality within the city. Groundwork Elizabeth plans to install air monitors at 15 locations throughout the municipality in coordination with Rutgers University and the EPA. The MicroFarm and Environmental Center is the first Microforest in an urban area, with 120 active urban agricultural sites enabling the donation of 5,000 pounds of produce.

Further contributing to a cleaner environment, 1800 hours of additional work has been dedicated by the City to cleaning, removing litter and illegal dumps, with more than \$207,000 in funding through the 2023 Clean Communities Program.

Traffic, Infrastructure and Surface Improvements

Through the NJDOT FY24 Municipal Aid Grant, \$680,437 was awarded for new traffic systems at the intersections of North Avenue and Jackson Avenue as well as East Grand Street and Jacques Street. Through the NJDOT FY24 Safe Streets to Transit grant, \$559,000 was also awarded for a traffic light system replacement at East Grand and Catherine Street.

Utilizing more than \$1 million dollars in NJDOT grant funds, traffic signal improvements and pedestrian safety features were installed at multiple locations. In addition, new traffic lights will be incorporated on Third Avenue at South/Reid Streets along with Grove Street and West End Avenue, made possible with more than \$679,000 in grant funds through the NJDOT Municipal Aid program. With a \$145,000 Union County Infrastructure and Municipal Aid grant, a new exterior canopy to protect ambulances has been completed at the Emergency Response Facility.

With nearly \$400,000 in grant funding from the New Jersey Department of Transportation Municipal Aid, upgrades were incorporated at the intersection of North Avenue and Madison Avenue. These improvements included new LED traffic signals, ADA-compliant pedestrian crossing signals, along with curbing, ramps, and paving.

With grant funds awarded through the Union County Infrastructure and Municipal Aid program, a new parking lot will be constructed at the corner of Pine and Front Street. Featuring new fencing, lighting, drainage, and landscaping, it will increase available vehicle capacity to support visitors and improve access to recreational opportunities at Waterfront Park, the Todd Bowles Sports Complex, and the Bike, Hike and Roll Throughway.

In 2019, through the NJDOT Local Freight Impact Fund, the City received \$1.8 million in funding for the resurfacing of Division Street, Dowd Avenue and York Street, rectifying the effects of heavy truck traffic. Modifications have also been made to sewer lines along city streets to address flooding issues, protect property and ensure that residents safely navigate roadways. Phase I of the Third Avenue Flood Control Project is also complete, and the initiative included replacing existing infrastructure with larger sewer capacity.

In addition to the existing salt silo, a \$2.3-million-dollar additional storage location was completed adjacent to City Yard. With the capacity to store 6,700 tons of salt, it enables reserve resources to be accessed when needed.

Reinforcing and enhancing the structural integrity of our local infrastructure maximizes effectiveness. The Lincoln Avenue Drainage Improvement Project is complete and includes the installation of new separate storm sewer lines as well as the construction of manholes and inlet structures along Lincoln, Melrose, Decker, Wilson, Cherry, Morris and Trotters Lane. This initiative will reduce the frequency of flooding and increase transportation access.

The State of New Jersey is requiring all lead service lines to be replaced by 2031. Partnering with Liberty Water Company, properties identified as containing lead service lines and/or galvanized piping will be replaced at no cost to the property owner. These improvements are made possible through \$2.17 million in Congressionally Directed Spending/Community Project Funding, the American Rescue Plan (\$17 million) and financial support (\$5 million grant) from the NJDCA.

Recreational Improvements

With 5 Recreation Centers and 19 Playgrounds, the Department of Recreation offers residents the chance to explore opportunities such as Dance and Step Programs, PAL Cheerleading, Sports Summer Clinics, Boxing, Shining Star Fitness Program, and Coach Colicchio's Basketball Camp. In 2023, there were 6300 visits to our Centers every week, including rentals, open gym as well as vaccination and special events. The Department offers summer youth employment as well as internships.

Making recreation accessible for all, Brophy Field Playground is now complete and features ADA compatibility, a sensory playground, outdoor classrooms, benches and shade structures. These improvements were made possible utilizing municipal funds, a grant from Kaboom, PSE&G and Popsicle.

The City will soon be home to new tennis and pickleball courts, a renovated Sisselman field and Kellogg Park as well as redesigned 6th Street and Lynch Memorial Playgrounds. Furthermore, online reservations and scheduling for recreational facilities and locations will increase options as well as services.

Renovations totaling \$3.3 million dollars have been completed at the Erxleben Center and included upgrades to restrooms, lockers rooms, lighting, HVAC, plumbing and an emergency generator. In 2022, more than 11,000 individuals visited the Erxleben Pool and more than 13,000 individuals

visited the spray parks in 2022, and more than 71,000 breakfasts, lunches and snacks were provided through the Summer Food Program.

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, with individuals traveling from near and far, generating revenue for our community. To meet growing demand, in 2022, the City issued a letter of support for a 75,000 square foot cultivator license on Slater Drive in the Seaport Redevelopment Area and a consumption lounge on Broad Street. If the Cultivator is successful in gaining the Cultivating License, thirty-five full-time jobs are anticipated to be created along with tax revenues of over \$700,000 annually. A Moratorium is currently in place on new applications until April 2024.

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 with service to Manhattan within the City. Incorporation of a ferry would benefit commuters and visitors and enhance economic development and tourism activities. As a new recipient of Federal Transit Administration (FTA) funding, the City continues to work and meet with the FTA, submitting required documentation in order to proceed with the onboarding process and approval for the commencement of the Planning Study process.

II. COMMERCIAL

The Mills at Jersey Gardens has overcome the required closure due to COVID-19 with a successful re-opening. They continue to thrive with new stores, expansions, and renovations. Celebrating 24 years, the Mall remains a top global tourist destination with more than 200 stores. The Mall welcomed seven new stores in 2023, including the first Tory Burch Outlet in New Jersey. In addition to hosting the Simon Youth Academy, Annual New Jersey Symphony Orchestra and the Jingle Bell 5K Dash, which benefits the Children's Specialized Hospital, The Mills has also collaborated with the Elizabeth Destination Marketing Organization (EDMO) on a kiosk in Terminal A, promoting the Mall as well as the City as a top tourist destination.

The City continues to promote solar programs to harness natural energy, reducing carbon footprint, and save money. Businesses within the City that have implemented solar panels include: ABG Accessories, Atalanta Corporation and Atlantic Central Logistics.

In 2014, Wakefern Food Corporation, which operates more than 200 Shop Rites, opened a 542,000 square-foot facility. This temperature-controlled facility replaces the former Wakefern grocery warehouse built in the 1950s and increases storage capabilities by more than fifty-eight percent. In addition, this building features 36-foot high ceilings, which helps to increase the storage space drastically. With a current total of 345 associates, the facility will bring a projected 150 additional permanent jobs to the City over a ten-year period.

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. They are meeting current and future demands, providing job seekers with opportunities they deserve and employers with qualified, motivated individuals, who will contribute to their organization's ongoing success.

Investments within our award-winning Urban Enterprise Zone have increased services and local jobs. The Elizabeth Development Company continues to work closely with the City to secure additional funding to incorporate new ideas, implement new programs and create more chances to exceed expectations.

In 2023, the Elizabeth Development Company awarded \$703,000 in loans and grants to the City's small businesses through Urban Enterprise Zone and New Jersey Economic Development Authority (NJEDA) funding. Workforce Development Programs are also helping residents gain valuable experience, providing training, construction pre-apprenticeships, CDLs, placements and quality jobs. Further revitalizing our neighborhoods, EDC was instrumental in securing funding for the Institute of Music, including \$5 Million in the New Jersey State Budget Allocation for the Phase 1 expansion, which will support a new arts and music center.

The Elizabeth Development Company continues to implement UEZ Business Financial Programs as well as Workforce Development initiatives, including Solar Energy Technical Training and CDL Training Programs.

Union College and Workforce Innovation Center

Offering first-class education, Union College recently celebrated its 90th anniversary. Recognized as a top 150 Community College in the country by the Aspen Institute for Community College Excellence, Union College is assisting more than 1200 students with educational and career training, job fairs and workplace readiness training programs. Further supporting our community are initiatives such as the Trinitas School of Nursing Simulation Lab, Bilingual Educational Resource Fair and the Institute for Intensive English.

Through the United Airlines Internship Program and the City Hall Accounting Partnership, second year accounting students participate in a workstudy program at City Hall as part of the requirements for their Associate Degrees. Working hand-in-hand with municipal professionals, students engage in daily operations and learn municipal financial software, thus receiving on-the-job training, enhancing skills and improving their employment opportunities.

Union College continues to operate the 120,000 sq. ft., five-story Kellogg Building in the Midtown Area. After flooding from Hurricane Ida forced the Kellogg Building to close for repairs in 2022, Union College dedicated resources, time and effort to return the building to a fully operational condition.

IV. HOUSING

As of January 2024, the City owns 0 tax lien foreclosed lots as they have all been placed on the tax rolls over the last couple of years.

At 423-427 Morris Ave, eleven affordable veteran units have been submitted to the Planning Board for approval. This project will be made possible utilizing HOME-American Rescue Plan (ARP) funding.

The Housing Authority is moving forward on the construction of 170-176 First Street, which will include 24 affordable Senior Citizen units. Agreements are being finalized and bidding for construction will soon begin for this project, which is being made possible with an \$8.4 million State grant/forgivable loan, \$1.4 million HomeFunds and \$1.6 million private financing.

Two affordable housing units were completed on Fulton Street along with plans for two more affordable units at 100-106 Cherry Street, by the Elizabeth Coalition to House the Homeless. The Cherry Street project is anticipated to begin construction in the 2nd quarter of 2024. Construction of a new YWCA for non-congregate shelter is also being made possible through \$1 million in HOME and American Rescue Plan dollars.

Six new units of affordable housing on East Jersey and an additional 3 are under construction. State and Municipal HOME funds were leveraged for the construction of twenty affordable housing units at 830-836 East Jersey Street and as of February 2024 all units are occupied. In addition, the City sold the property at 823-827 East Jersey Street to an affordable housing developer, who will construct ten affordable units on the property and will be completed in the 4th quarter of 2024. This project will also utilize State and Municipal funds. Twelve affordable units on New Point Road and 12 more units on Bank Street have been completed and are fully rented.

Construction has been completed on the conversion rehab of 36 units at Marina Village, reinventing and repurposing this underutilized space. In addition, with the award of \$879,274 in 2019 from the U.S. Department of Housing and Urban Development for Mainstream Housing Choice Section 8 Vouchers, residents who are homeless, near homeless and/or victims of domestic violence will receive assistance and have the chance to embrace a new beginning.

In 2015 the Spring Street project added 20 new units, including 6 with accommodations for special needs. Once damaged by a terrible fire, these parcels of land have been revitalized to include the city's first African American Cultural Center. Complete with a stage for performances, the location also offers culinary instruction and an art gallery.

With the completion of energy audits and the incorporation of solar panels on 6 public buildings, the City continues to implement green elements through its Energy Efficiency and Conservation Strategy. These improvements are made possible through congressionally allocated funds, the

Energy Efficiency and Conservation Block Grant (EECBG) and grant funds from the Department of Energy. As part of this program, solar, flashing stop and pedestrian crossing signs were incorporated throughout the City in 2015. In addition, bridge height signs and portable message boards were also included. Furthermore, upgrades in electrical, HVAC and insulation systems have also been incorporated based on audit recommendations.

Completed in 2011, New Jersey's first senior affordable Gold LEED certified building continues to thrive. This 30-unit, \$10 million mixed-use building features 3,700 square feet of commercial space along with Energy Star appliances, rainwater catchment system, sun shades and solar paneling. It complies with the NJ HMFA Green Future Program.

Tenants continue to move back into the Oakwood Plaza apartments, following renovations and repairs completed as a result of flooding from the remnants of Hurricane Ida.

FEMA has approved the City's Hazard Mitigation Plan, which will increase funding eligibility, reduce incurred costs and improve readiness.

V. PILOTS

Midtown Redevelopment Area

Streetscape improvements have been completed along Broad Street, Elizabeth Avenue and the area surrounding the Midtown Train Station. Construction has been completed on Parcel D, which is located on West Jersey Street across from Union County College's Kellogg Building and is a PILOT. Known as the Vinty site, this location features 267 luxury residential apartments, many of which are currently being rented. Permanent financing for this project was completed in 2023.

The sale of Parcel B, which is located at 230-260 Union Street in Midtown, is anticipated to be completed by 2025 at an increased price of 3,750,000 because the construction of Parcel J will move forward first. Construction is anticipated to begin in 2024 on 264 market-rate units.

Construction will also commence on 82 market rate units and a park on Parcel J, which is located at 130-134 Price Street, in the 2024. Approvals have been received and a PILOT has been executed.

The developer is submitting plans to the Planning Board in the upcoming months for a hotel on the property known as Midtown Parcel A, which is located at 33-37 West Grand Street. The developer will proceed with developing Parcels A and J in 2024.

Former Elizabeth General Hospital Site

Construction of 272 market-rate units has been completed at the former Elizabeth General Hospital site. In addition to the residential units, 3,000 square feet of retail will also be incorporated at this site. Certificates of Occupancy (COs) were issued in 2022.

Tern Landing

The Tern Landing site, located near the Mall, has also been sold to a joint venture between Elberon and Bridge Development. The 275,000 square foot warehouse is anticipated to be completed in 2024. PILOT payments will commence in 2025.

Former Burry Biscuit/Interbake Site - Warehousing

Elberon Development Group has purchased the former Burry Biscuit site and submitted a proposal for two warehousing buildings totaling over 350,000 square feet. Construction has commenced and the project will be completed in 2025.

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 Train Station, a Redevelopment Plan with various phases has been approved. Phase 1, which includes 54 market rate units on the corner of Madison & Chestnut (vacant warehouse), are fully rented. Construction of 200 market-rate units at 1176 Chestnut St has been delayed because PSE&G will be renting the land for staging purposes for the construction of the new power station.

59-81 Livingston Street- 84 Residential Units

Designation of a redeveloper has occurred for additional developments at 59-81 Livingston Street. Planning Board has reviewed plans for 84 residential units, a pharmacy and 10,000 square feet of retail. Pilot was signed, construction anticipated to begin by 4th Quarter of 2024.

VI. DEVELOPMENTS WITH NO PILOTS

Food Bazaar

As our population continues to grow – so does the need for more services. Demands are being addressed through exciting initiatives such as the Food Bazaar on West Grand Street. An \$11 million-dollar investment, this store is comprised of 106,000 square feet and provided 75 residents with jobs, 13 from the former Pathmark, which was formerly located on the site.

581-599 Pennsylvania Avenue – 90 New Market Rate Units

At 581-599 Pennsylvania Avenue, which is a vacant lot, a redevelopment plan was adopted for 90 market-rate units. Planning Board approval was received in September 2023 and construction will begin in 1st quarter of 2024.

705-713 Newark Avenue – 86 New Market Rate Units

At 705-713 Newark Avenue, construction will be completed on 86 market-rate apartments in the 2nd quarter of 2024.

538-546 Morris Avenue – 56 New Market Rate Units

At 538-546 Morris Avenue, which is the former site of a bank, construction on 56 market-rate apartments will begin in the 3rd quarter of 2024.

Fed Ex

The 152,000 square foot FedEx building continues to strengthen opportunities for our city. Located at 630-640 Dowd Avenue in our industrial section, this development is improving distribution capabilities and operational efficiency for FedEx, while creating and saving jobs.

South Second Street – Additional Two-Family Homes

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 twenty-three, two-family homes and the sale of this City-owned property is complete.

Harbor Front Villas

Increasing opportunities and transforming underutilized spaces, construction has been completed on 23 one-family homes at Harbor Front Villas. Thirty-five two-family homes have been constructed on Trumbull Street through the Seaport Drive development. These former dormant sites have been revitalized and infused with new energy.

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) - opening a new parcel for potential development. The PSE&G substation started site work in 2023 and construction is starting in 2024. Anticipated to take almost 3 years to be fully functional, this location will replace Midtown, which will be decommissioned and sold.

VII. SIGNIFICANT PAST ACCOMPLISHMENTS

Additional Warehousing – Magnolia Avenue and Port Area

In 2020 Elberon Development completed the construction of a 25,000 square foot warehouse on a vacant parcel located at 888 Magnolia Avenue.

Elberon Development Group also completed an industrial warehouse project off Route 1&9 and Fairmount Avenue with 300,000 square feet of space. Elberon Development Group redeveloped two properties in conjunction with this project, which were completed in 2016. This initiative increased opportunities with the creation of an estimated 50-100 construction jobs along with 100-125 permanent jobs. It also transformed the current area into a more viable business center.

The sites, which were the focus of the revitalization efforts, are located at 883 Julia Street and 900 Fairmount Avenue and approximately 7.5 acres of vacant land was represented at 900 Fairmount Avenue.

These new economic ventures have improved the quality of life on a multitude of levels. In addition to putting people to work, the redevelopment projects aesthetically enhanced the neighborhood, addressed the idling of vehicles and improved overall safety.

Construction of a new 171,000 square foot warehouse began in the 4th quarter of 2022 at 5-61 Bay Avenue and was completed in 2023.

In 2019, the PAC II warehouse was completed by the Port Area.

The Allied Beverage warehouse (400,000 square feet) was completed in 2018. This was the third and last vacant lot in the port area that Prologis developed.

Seafrigo Site

Seafrigo Transportation strengthened its operations by moving its current location from Dowd to North Avenue. The \$60-million-dollar development features: 25 unloading docks and a loading/unloading dock under controlled temperature; 175,000 square feet of refrigerated space, 18,000 square feet designated for offices and 150 new jobs. Project was completed in 2017.

In 2021 Elberon Development completed construction on the new state-of-the-art Seafrigo Warehouse located at 1029-1061 Newark Avenue within the Fourth Ward. This state-of-the-art facility was recognized by the New Jersey Commercial Real Estate Development Association.

Station Commons

Located near the North Elizabeth Train Station, the 6 story Station Commons on Pennsylvania Avenue was completed in 2015 with 100 units: a fitness, business center and courtyard as well as 1800 square feet of retail space.

Former New Jersey Transit Bus Garage

In 2017, construction was completed on 865 Livingston Street at the site of the former New Jersey Transit Bus Garage. With more value and opportunities, the Point Grande Plaza Shopping Center transformed an underutilized space into a 25,000 square foot Foodtown; Dollar General and a Turn Key Laundry. With state, county and local funds, this much-anticipated supermarket-anchored initiative increased options for nutritional, fresh produce; enhanced services and created nearly 150 new jobs. The location is 85% leased.

Fedway Building & Waste Management

In 2017, the Fedway Building became operational on North Avenue East and the sale of the Cashman South Front Street Property to Waste Management was completed. In addition to generating revenue, these underutilized spaces are providing new jobs, services, and opportunities, fostering growth within our community.

VIII. AMERICAN RESCUE PLAN (ARP)

The City received a total of \$40 million in American Rescue Plan (ARP) funds, \$20 million in May 2021 and \$20 million in May 2022. These funds must be encumbered by December 31, 2024 and expended by December 31, 2026. The City is on schedule with both 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 SID to replace lost revenue resulting from Covid.

APPENDIX B
FINANCIAL STATEMENTS

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CITY OF ELIZABETH

Financial Statements
with Additional Financial Information

June 30, 2023

(With Independent Auditor's Report Thereon)

CITY OF ELIZABETH

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LOUIS C. MAI CPA & ASSOCIATES

P.O. Box 624
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Independent Auditor's Report

The Honorable Mayor and
Members of the City Council
City of Elizabeth
Elizabeth, New Jersey:

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying regulatory basis balance sheets of the various funds and account groups as of June 30, 2023 and 2022 of the City of Elizabeth, New Jersey, and the related regulatory basis statements of operations and changes in fund balances for the years then ended and the related regulatory basis statements of revenues and statements of expenditures of the Current Fund and Water and Sewer Utility Funds for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Adverse Opinion on U.S. General Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the City of Elizabeth, New Jersey, as of June 30, 2023 and 2022 and the changes in financial position for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the City of Elizabeth, New Jersey, as of June 30, 2023 and 2022 and the related statement of operations and changes in fund balances for the years then ended and the related statement of revenues of the Current fund, Water and Sewer Utility funds, statement of expenditures of the Current fund and Sewer Utility fund and statement of fund balance of the Capital fund for the year ended June 30, 2023, on the regulatory basis of accounting described in note 1.

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

As described in note 1 of the financial statements, these financial statements were prepared in conformity with the accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey regulatory basis, which is a basis of accounting other than accounting principles generally accepted in the United States of America to meet the requirements of the State 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards 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 of Elizabeth and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and

appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with the accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey - regulatory basis; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Elizabeth'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 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 auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey 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 users based on the financial statements.

In performing an audit in accordance with GAAS and Government Auditing Standards, 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 of Elizabeth's internal control. Accordingly, no such opinion is expressed. Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Elizabeth'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.

Additional Financial Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Elizabeth's basic financial statements. The additional financial information included

in the accompanying table of contents, is presented for the purpose of additional analysis as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the Schedule of State Financial Assistance as required by NJ OMB 15-08 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Information

Management is responsible for the other information included in the annual report. The other information comprises Part I Supplementary Data and Part II General Comments but does not include the basic financial statements and our auditor's opinion thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 2024 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Elizabeth's internal control over financial reporting and compliance.

Louis C. Mai CPA & Associates
Louis C. Mai

Louis C. Mai, Registered Municipal Accountant
No. CR00217

March 13, 2024

LOUIS C. MAI CPA & ASSOCIATES

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

Independent Auditor's Report

The Honorable Mayor and
Members of the City Council
City of Elizabeth
Elizabeth, New Jersey:

We have audited, in accordance with the auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying regulatory basis balance sheets of the various funds and account groups as of June 30, 2023 of the City of Elizabeth, New Jersey, and the related regulatory basis statements of operations and changes in fund balance statements of expenditures of the Current Fund and Water and Sewer Utility Funds for the year then ended and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents, and have issued our report thereon dated March 13, 2024, which report expressed an adverse opinion in accordance with accounting principles generally accepted in the United States of America and an unmodified opinion on the regulatory basis of accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Louis C. Mai CPA & Associates
Louis C. Mai

March 13, 2024

Louis C. Mai, Registered Municipal Accountant
No. CR00217

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FINANCIAL STATEMENTS

CITY OF ELIZABETH

Balance Sheets
Regulatory Basis
Current Fund

June 30, 2023 and 2022

| Assets | Ref. | 2023 | 2022 |
|---|-------------|-----------------------|--------------------|
| Current Fund - Regular Fund: | | | |
| Cash | A-4 | \$ 243,625,781 | 232,715,759 |
| Change funds | | 1,200 | 1,200 |
| Due from State of New Jersey - Senior Citizens' and Veterans' deductions | A-5 | 135,871 | 154,102 |
| | | <u>243,762,852</u> | <u>232,871,061</u> |
| Receivables and other assets with full reserves: | | | |
| Delinquent property taxes receivable | A-6 | 4,234,314 | 5,474,651 |
| Property acquired for taxes - assessed valuation | A-8 | 89,900 | 89,900 |
| Revenue accounts receivable | A-9 | 1,491,776 | 5,394,796 |
| Due from Dog License Trust Fund | A-10 | 7,816 | 28,055 |
| Due from General Trust Funds | A-10 | — | 424 |
| | | <u>5,823,806</u> | <u>10,987,826</u> |
| | | <u>249,586,658</u> | <u>243,858,887</u> |
| Federal and State Grant Fund: | | | |
| Federal and State grants receivable | A-22 | 42,665,585 | 10,270,788 |
| Due from Current Fund | A-20 | 42,794,844 | 42,837,520 |
| | | <u>85,460,429</u> | <u>53,108,308</u> |
| Total assets | | <u>\$ 335,047,087</u> | <u>296,967,195</u> |

CITY OF ELIZABETH

Balance Sheets
Regulatory Basis
Current Fund

June 30, 2023 and 2022

| Liabilities, Reserves and Fund Balance | Ref. | 2023 | 2022 |
|---|-------------|--------------------|--------------------|
| Current Fund - Regular Fund: | | | |
| Encumbrances payable | A-17 | \$ 7,273,444 | 7,406,991 |
| Appropriation reserves | A-3 | 23,006,924 | 24,137,061 |
| Due to Grant Fund | A-20 | 42,794,844 | 42,837,520 |
| Due to Community Development Block Grant Fund | A-10 | 25,348 | 25,348 |
| Due to General Trust Fund | A-10 | 983 | — |
| SID payable | A-15 | 112,500 | — |
| Accounts payable | A-12 | 3,946,517 | 4,061,596 |
| Miscellaneous payables and deposits | A-18 | 1,346,590 | 4,068,778 |
| Reserve for special purposes | A-13 | 71,166,391 | 61,464,106 |
| | | <u>149,673,541</u> | <u>144,001,400</u> |
| Reserve for receivables | | 5,823,806 | 10,987,826 |
| Fund balance | A-1 | 94,089,311 | 88,869,661 |
| | | <u>249,586,658</u> | <u>243,858,887</u> |
| Federal and State Grant Fund: | | | |
| Encumbrances payable | A-21 | 213 | 213 |
| Due to Sewer Operating Fund | A-27 | — | 5,000,000 |
| Unappropriated grant reserves | A-19 | 15,453,430 | 15,261,167 |
| Appropriated grant reserves | A-21 | 70,006,786 | 32,846,928 |
| | | <u>85,460,429</u> | <u>53,108,308</u> |
| Total liabilities, reserves and fund balance | \$ | <u>335,047,087</u> | <u>296,967,195</u> |

See accompanying notes to financial statements.

CITY OF ELIZABETH

Statement of Operations
and Changes in Fund Balance
Regulatory Basis
Current Fund

Years ended June 30, 2023 and 2022

| | <u>2023</u> | <u>2022</u> |
|--|----------------------|--------------------|
| Revenue and other income realized: | | |
| Fund balance utilized | \$ 55,000,000 | 53,000,000 |
| Miscellaneous revenue realized | 117,323,682 | 102,662,315 |
| Receipts from delinquent taxes | 7,104,886 | 8,910,610 |
| Receipts from current taxes | 288,877,760 | 277,976,945 |
| Nonbudget revenue | 13,535,046 | 9,408,906 |
| Other credits to income: | | |
| Unexpended balance of appropriation reserves | 23,129,283 | 31,051,844 |
| Appropriation cancelled (deficiency) | — | 476,495 |
| Off duty police admin fee | 536,177 | 480,716 |
| Interfund returned | 28,479 | |
| Unallocated collections | 388 | 489,427 |
| Other miscellaneous | 255,253 | 229,460 |
| Total income | <u>505,790,954</u> | <u>484,686,718</u> |
| Expenditures: | | |
| Budget appropriations: | | |
| Operations: | | |
| Salaries and wages | 133,061,457 | 128,491,385 |
| Other expenses | 88,437,014 | 82,819,989 |
| Deferred charges and statutory expenditures | 34,969,800 | 32,058,152 |
| Other operations | 51,981,682 | 46,913,650 |
| Capital improvements | 2,000,000 | 2,000,000 |
| Municipal debt service | 15,560,749 | 16,730,058 |
| County taxes | 49,271,176 | 47,162,649 |
| Local district school taxes | 59,813,124 | 59,813,124 |
| Special improvement district taxes | 475,000 | 475,000 |
| Reserve for tax appeals | — | 8,000,000 |
| Reserve for insurance liabilities | 5,000,000 | 3,000,000 |
| Pension reserve | — | 3,000,000 |
| Reserve for accumulated absences | 5,000,000 | — |
| Refund of prior year taxes | 1,302 | 480,716 |
| Total expenditures | <u>445,571,304</u> | <u>430,944,723</u> |
| Excess in revenue over expenditures | 60,219,650 | 53,741,995 |
| Fund balance, July 1 | 88,869,661 | 88,127,666 |
| | <u>149,089,311</u> | <u>141,869,661</u> |
| Less fund balance utilized | 55,000,000 | 53,000,000 |
| Fund balance, June 30 | <u>\$ 94,089,311</u> | <u>88,869,661</u> |

See accompanying notes to financial statements.

CITY OF ELIZABETH

Statement of Revenues
Regulatory Basis
Current Fund

Year ended June 30, 2023

| | <u>Anticipated</u> | | <u>Excess/ (deficit)</u> |
|--|--------------------|-----------------|------------------------------|
| | <u>Budget</u> | <u>Realized</u> | |
| General revenues: | | | |
| Fund balance utilized | \$ 55,000,000 | 55,000,000 | — |
| Miscellaneous revenues: | | | |
| Licenses: | | | |
| Alcoholic beverages | 150,000 | 187,581 | 37,581 |
| Other | 350,000 | 689,260 | 339,260 |
| Fees and permits | 500,000 | 597,931 | 97,931 |
| Municipal Court - fines and costs | 2,500,000 | 3,562,212 | 1,062,212 |
| Interest and costs on taxes | 1,000,000 | 1,202,048 | 202,048 |
| Interest on investments and deposits | 900,000 | 5,842,405 | 4,942,405 |
| Franchise assessments - The Mills Mall | 4,000,000 | 7,124,691 | 3,124,691 |
| Airport parking tax | 500,000 | 1,666,446 | 1,166,446 |
| Port Authority capital projects aid | 3,000,000 | 3,000,000 | — |
| Receipts from Port Authority - Leased Property 13A | 480,000 | 480,000 | — |
| Port Authority - Goethals Bridge project | 500,000 | 500,000 | — |
| Rental of City property | 300 | — | (300) |
| Dock rental fees | 50,000 | 90,558 | 40,558 |
| Sale of junk vehicles and other property | 5,000 | 18,925 | 13,925 |
| CATV fees | 700,000 | 655,262 | (44,738) |
| Solid waste disposal - host community | 300,000 | 330,903 | 30,903 |
| Emergency medical services - ambulance charges | 1,625,865 | 2,150,877 | 525,012 |
| Miscellaneous gasoline sales | 40,000 | 73,745 | 33,745 |
| PILOT - R.W.B. Associates | 150,000 | 273,210 | 123,210 |
| PILOT - Port Authority NY/NJ | 63,242 | 63,242 | — |
| PILOT - IKEA - Toys 'R Us | 300,000 | 766,152 | 466,152 |
| PILOT - Newark/North Ave | 50,000 | 245,835 | 195,835 |
| PILOT - Elizabeth Senior Citizens, National Church Residence | 12,000 | 21,300 | 9,300 |
| PILOT - IKEA Expansion | 300,000 | 1,021,668 | 721,668 |
| PILOT - Residential | 320,000 | 955,090 | 635,090 |
| PILOT - Immaculate Conception Residence | 30,000 | 41,700 | 11,700 |
| PILOT - 349 First St | 6,000 | 117,557 | 111,557 |

(continued)

CITY OF ELIZABETH

Statement of Revenues
Regulatory Basis
Current Fund

Year ended June 30, 2023

| | <u>Anticipated</u> | | <u>Excess/ (deficit)</u> |
|---|--------------------|-----------------|------------------------------|
| | <u>Budget</u> | <u>Realized</u> | |
| PILOT - West Port Homes | \$ 50,000 | 307,974 | 257,974 |
| State aid without offsetting appropriations: | | | |
| Consolidated municipal property relief act | 550,283 | 550,283 | — |
| Energy Receipts Tax | 28,640,404 | 28,640,404 | — |
| Municipal Relief Fund | 1,522,700 | 1,522,700 | — |
| Dedicated uniform construction code fees offset with appropriations: | | | |
| Uniform construction code fees | 650,000 | 1,526,020 | 876,020 |
| Public and private programs offset by appropriations: | | | |
| Summer Food Service Program (c159) | 201,220 | 201,220 | — |
| STD Grant | 135,924 | 135,924 | — |
| Clean Communities Solid Waste Grant 2023 (c159) | 207,197 | 207,197 | — |
| Municipal Court Alcohol Ed, Rehab, Enforcement (c159) | 3,634 | 3,634 | — |
| Distracted Driving Grant (c159) | 14,000 | 14,000 | — |
| Highway Safety Grant 2022 | 61,698 | 61,698 | — |
| Pedestrian Safety Safety Grant 2023 | 37,000 | 37,000 | — |
| American Rescue Plan: | | | |
| ARP Home Grant (c159) | 3,358,343 | 3,358,343 | — |
| Lead Removal (c159) | 17,000,000 | 17,000,000 | — |
| Firefighter Grant NJDCA (c159) | 51,000 | 51,000 | — |
| Union County - Kids Recreation Trust Fund (Lynch Memorial Field) 2022 | 150,000 | 150,000 | — |
| Federal Highway Grant (c159) | 21,000 | 21,000 | — |
| DMAS 2nd Youth Leadership Grant (c159) | 3,403 | 3,403 | — |
| DMAS Youth Leadership Grant | 3,646 | 3,646 | — |
| Local Health Department Grant NJACCHO (c159) | 1,280,753 | 1,280,753 | — |
| Transportation Grant Elizabeth Ave. Streetscape (c159) | 780,000 | 780,000 | — |
| Kapkowski Road North Ave. East Improvement Grant (c159) | 1,090,000 | 1,090,000 | — |
| NJACCHO (IOPSSL) (c159) | 300,000 | 300,000 | — |
| Body Armor (c159) | 18,925 | 18,925 | — |
| HOPWA 2023 (c159) | 550,000 | 550,000 | — |
| Strengthening Local Public Health 2023 (c159) | 274,735 | 274,735 | — |
| River Trail Phase 2-4 NJEDA (c159) | 3,613,050 | 3,613,050 | — |
| Stormwater Assistance Grant (c159) | 25,000 | 25,000 | — |
| Recycling Tonnage Grant 2019 (c159) | 76,645 | 76,645 | — |
| Federal Government Funding Bill - Lead Removal (c159) | 2,170,000 | 2,170,000 | — |
| Federal Government Funding Bill - Equipment (c159) | 500,000 | 500,000 | — |
| Vaccine Supplement Program 2022 (c159) | 100,000 | 100,000 | — |
| Overdose Fatality Review Team (c159) | 75,000 | 75,000 | — |
| OPIOID Litigation Settlement | 76,802 | 76,802 | — |
| Train Station Broad DSt. Renovations - NJ State Budget (c159) | 3,000,000 | 3,000,000 | — |
| NJDOT Traffic Lights Prince St. and Union Ave. (c159) | 465,000 | 465,000 | — |
| NJDOT Traffic Lights South St. and Fourth Ave. (c159) | 906,295 | 906,295 | — |
| Art Mural Grant | 5,000 | 5,000 | — |

(continued)

CITY OF ELIZABETH

Statement of Revenues
Regulatory Basis
Current Fund

Year ended June 30, 2023

| | <u>Anticipated</u> | | |
|---|-----------------------|-----------------------|------------------------------|
| | <u>Budget</u> | <u>Realized</u> | <u>Excess/ (deficit)</u> |
| EDC NRTC Mural Project | 15,000 | 15,000 | — |
| Ferry Planning Project - Intermodal Transportation | 5,000,000 | 5,000,000 | — |
| UEZ EWR Terminal Micro Lending Program | 600,000 | 600,000 | — |
| UEZ Administrative Budget | 585,454 | 585,454 | — |
| UEZ Business Financial Programs | 1,915,150 | 1,915,150 | — |
| UEZ Workforce Development CDL Program | 111,628 | 111,628 | — |
| UEZ Workforce Development Program Solar Training Program | 134,940 | 134,940 | — |
| Local Recreational Improvements (c159) | 81,000 | 81,000 | — |
| Neighborhood Preservation Grant 2019 Increase (c159) | 125,000 | 125,000 | — |
| Childhood Lead Poison Grant | 154,483 | 154,483 | — |
| Edward Byrne Justice Assistance Grant 2022 | 165,961 | 165,961 | — |
| Special items of general revenue anticipated with prior written consent of Director of Local Government Services: | | | |
| Motor Vehicle Rental Tax | 500,000 | 1,007,552 | 507,552 |
| Parking Tax | 500,000 | 2,169,366 | 1,669,366 |
| Hotel and Motel Occupancy Tax | 2,000,000 | 4,476,899 | 2,476,899 |
| Total miscellaneous revenues | <u>97,689,680</u> | <u>117,323,682</u> | <u>19,634,002</u> |
| Receipts from delinquent taxes | <u>4,000,000</u> | <u>7,104,886</u> | <u>3,104,886</u> |
| Amount to be Raised by Taxes: | | | |
| (a) Local Tax for Municipal Purposes | \$ 181,115,854 | — | — |
| (b) Minimum Library Tax | 3,472,900 | — | — |
| Total amount to be raised by taxes for support of municipal budget | <u>184,588,754</u> | <u>193,965,578</u> | <u>9,376,824</u> |
| Budget totals | <u>\$ 341,278,434</u> | <u>373,394,146</u> | <u>32,115,712</u> |
| Nonbudget revenue | | 13,535,046 | |
| | | <u>\$ 386,929,192</u> | |

Analysis of Realized Revenue

| | | |
|--|---------------------|--|
| Receipts from delinquent taxes: | | |
| Delinquent tax collections realized | \$ 7,104,886 | |
| Tax title lien collections realized | — | |
| | <u>\$ 7,104,886</u> | |
| Allocation of current tax collections: | | |
| Collections realized | \$ 288,877,760 | |
| Allocated to: | | |
| Local school district tax | 59,813,124 | |
| County taxes | 49,271,176 | |
| Special assessment | 475,000 | |
| | <u>109,559,300</u> | |

(continued)

CITY OF ELIZABETH

Statement of Revenues
Regulatory Basis
Current Fund

Year ended June 30, 2023

| | |
|--|-----------------------|
| Balance for support of municipal budget appropriations | \$ 179,318,460 |
| Add reserve for uncollected taxes | <u>14,647,118</u> |
| Total balance for support of municipal budget appropriations | <u>\$ 193,965,578</u> |

Miscellaneous Revenues not Anticipated

| | |
|---|------------|
| UCUA tipping fees | \$ 818,472 |
| Retirement of Debt in Excess of Borrowing | 1,243,976 |
| FEMA Reimbursement | 3,186,869 |
| Trinitas Contribution Agreement | 351,952 |
| Recycling | 44,448 |
| Business registration Ins | 130 |
| Library ID program fees | 64,016 |
| Tax Sale Certificates Redemption Fees | 154,000 |
| LEAA Rebates - Fire | 139,673 |
| Litigation fees | 27,425 |
| Rent Train Station | 60,065 |
| Handicap Application and Renewal Fees | 95,800 |
| DMV Inspection Fines | 850 |
| Various | 1,558 |
| Communities Champions | 198,000 |
| Interlocal Agreement | 18,350 |
| Turnpike for Fire Department | 6,520 |
| Parking Lot | 500 |
| ElRay Outdoor Advertising | 42,125 |
| Motor Fuel Tax Reimbursement | 123,740 |
| Triple m Inv. Co LLC 353-355 Union Ave | 13,664 |
| Garnishees | 2,400 |
| Auto Body 237 Harrison St Rent | 5,500 |
| Parking Lot Rent Sorrento Restaurant | 15,500 |
| ABC Transfer Fee | 3,869 |
| Parking Lot Rent CBS Outdoor INC | 18,925 |
| Insurance damage | 12,908 |
| DMV Inspection fees | 850 |
| Turnpike donation | 10,540 |
| Marina Public Pier & Ferry | 4,444 |
| City Share of Tourism Tax | 1,551 |
| Stale Dated Checks | 222 |
| Recreation Dept. Rentals | 12,990 |
| Public Access Info Desk | 28,500 |
| Copies & Postage Reimbursed | 1,224 |
| Senior Cirizen Administration Fee | 2,854 |
| Election Polling Places | 6,421 |

(continued)

CITY OF ELIZABETH

Statement of Revenues
Regulatory Basis
Current Fund

Year ended June 30, 2023

| | | |
|--|----|-------------------|
| Bad Checks - Construction | \$ | 280 |
| Short term rentals | | 3,575 |
| Clerk City Fees | | 8 |
| Solar credits | | 94,336 |
| Towing Administrative Fees | | 148,325 |
| Waste Managemnt NYC | | 1,213,583 |
| Cannabis | | 773,651 |
| Miscellaneous | | 11,618 |
| Pilot - Raymour and Flanigan | | 387,006 |
| Pilot - DANIC new warehouse | | 342,185 |
| Pilot - EPORT Family Homes | | 34,570 |
| Pilot - Elberon Elizabeth U.R. LLC | | 235,887 |
| Pilot - Penn Ave Urban Renewal | | 283,446 |
| Pilot - Magnolia Ave Portside II | | 138,795 |
| Pilot - Vestal Condigel El, U.R Seafrigo | | 97,740 |
| Pilot - Oaks at Westminster U.R.LLC | | 77,235 |
| Pilot - Oaks at Westminster High Urban Renewal | | 85,580 |
| Pilot - Water Edge Crescent | | 43,591 |
| Pilot - PAC 11 | | 167,108 |
| Pilot- ERG | | 59,416 |
| Pilot - Elizabethport Conifer | | 139,914 |
| Pilot - Pine Street Urban Renewal | | 56,651 |
| Pilot - Port Authority NY/NJ Bayway Ave | | 39,503 |
| Pilot - Madison Apartments Urban Renewal | | 29,417 |
| Pilot - Administration Fees | | 139,409 |
| Pilot - YMCA- Sierra Gardens | | 44,712 |
| Pilot - FRG Elizabeth Urban Renewal | | 25,502 |
| Pilot - Tri PORT | | 525,874 |
| Pilot - Chestnut St. | | 96,392 |
| Pilot - Newark Ave. 1029 | | 223,616 |
| Pilot - ELAD | | 193,419 |
| Pilot - Winfield Scott | | 239,895 |
| Pilot - Parkers View | | 72,724 |
| Pilot - Parkers Walk | | 100,786 |
| Pilot - East Grand Assoc. | | 19,584 |
| Pilot - Grand at Murray | | 338,253 |
| Pilot - 205 First Street Urban Renewal | | 12,634 |
| Pilot - 190 Union Development | | 208,831 |
| Pilot - 1180 Investors | | 52,745 |
| Pilot - 107 First St | | 28,206 |
| Pilot - Burnett Investors | | 21,010 |
| Pilot - Bond Street Commercial U.R. | | 2,480 |
| Pilot - Cell phone tower | | 4,723 |
| | \$ | <u>13,535,046</u> |

See accompanying notes to financial statements.

CITY OF ELIZABETH

Statement of Expenditures
Regulatory Basis
Current Fund

Year ended June 30, 2023

| Appropriations | Budget | Budget after modification | Paid or charged | Reserved |
|---|------------|------------------------------|--------------------|----------|
| Operations within "CAPS": | | | | |
| General Government: | | | | |
| Administrative and Executive: | | | | |
| City Council: | | | | |
| Salaries and wages | \$ 414,687 | 414,687 | 414,633 | 54 |
| Other expenses | 60,000 | 60,000 | 36,231 | 23,769 |
| Alcoholic Beverage Control: | | | | |
| Salaries and wages | 144,369 | 145,369 | 145,192 | 177 |
| Other expenses | 7,850 | 7,850 | 4,440 | 3,410 |
| City Clerk: | | | | |
| Salaries and wages | 399,749 | 401,349 | 401,275 | 74 |
| Other expenses | 50,225 | 50,225 | 13,311 | 36,914 |
| Elections: | | | | |
| Salaries and wages | 20,000 | 20,000 | — | 20,000 |
| Other expenses | 47,000 | 57,000 | 47,000 | 10,000 |
| Printing and Publications: | | | | |
| Other expenses | 175,000 | 175,000 | 97,275 | 77,725 |
| Mayor's Office: | | | | |
| Salaries and wages | 391,850 | 391,850 | 369,501 | 22,349 |
| Other expenses | 15,850 | 15,850 | 10,231 | 5,619 |
| Department of Law: | | | | |
| Salaries and wages | 1,362,943 | 1,372,943 | 1,300,876 | 72,067 |
| Other expenses | 473,750 | 476,750 | 302,656 | 174,094 |
| Administration: | | | | |
| Business Administrator's Office: | | | | |
| Salaries and wages | 840,541 | 864,041 | 863,939 | 102 |
| Other expenses | 461,500 | 521,500 | 488,821 | 32,679 |
| Division of Budget and Personnel: | | | | |
| Salaries and wages | 303,363 | 313,363 | 311,367 | 1,996 |
| Other expenses | 3,900 | 3,900 | 3,900 | — |
| Division of Purchasing: | | | | |
| Salaries and wages | 341,661 | 391,661 | 383,698 | 7,963 |
| Other expenses | 206,200 | 206,200 | 139,727 | 66,473 |
| Division of Data Processing: | | | | |
| Salaries and wages | 1,237,148 | 1,259,248 | 1,259,215 | 33 |
| Other expenses | 1,729,500 | 1,729,500 | 918,077 | 811,423 |
| Division of Employee Benefits: | | | | |
| Salaries and wages | 164,905 | 165,605 | 165,523 | 82 |
| Other expenses | 1,500 | 1,500 | 1,035 | 465 |
| Division of EMS Billing and Collection: | | | | |
| Salaries and wages | 236,819 | 247,319 | 247,119 | 200 |
| Bureau of Rent Control | | | | |
| Salaries and wages | 63,231 | 63,231 | 48,922 | 14,309 |
| Other expenses | 3,150 | 3,150 | 672 | 2,478 |
| Bureau of Central Licensing | | | | |
| Salaries and wages | 524,289 | 544,389 | 544,347 | 42 |
| Other expenses | 19,500 | 19,500 | 7,660 | 11,840 |
| Agency of Weights and Measures | | | | |
| Salaries and wages | 308,743 | 318,743 | 317,908 | 835 |
| Other expense | 111,500 | 111,500 | 15,488 | 96,012 |

(continued)

CITY OF ELIZABETH

Statement of Expenditures
Regulatory Basis
Current Fund

Year ended June 30, 2023

| Appropriations | Budget | Budget after modification | Paid or charged | Reserved |
|---|--------------|------------------------------|--------------------|----------|
| Department of Finance: | | | | |
| Division of Accounts and Controls: | | | | |
| Salaries and wages | \$ 1,423,215 | 1,423,215 | 1,141,267 | 281,948 |
| Other expenses | 116,400 | 116,400 | 30,511 | 85,889 |
| Division of Assessments: | | | | |
| Salaries and wages | 478,537 | 508,537 | 500,390 | 8,147 |
| Other expenses | 301,950 | 301,950 | 269,827 | 32,123 |
| Annual City Audit: | | | | |
| Other expenses | 70,000 | 70,000 | 70,000 | — |
| Single Audit Act: | | | | |
| Other expenses | 70,000 | 70,000 | 70,000 | — |
| Audit - Other Funds: | | | | |
| Other expenses | 70,000 | 70,000 | 70,000 | — |
| Audit - Other Financial: | | | | |
| Other expenses | 7,500 | 7,500 | 7,500 | — |
| Division of Revenue: | | | | |
| Salaries and wages | 697,957 | 697,957 | 635,284 | 62,673 |
| Other expenses | 87,700 | 87,700 | 23,038 | 64,662 |
| Department of Planning and Community Development: | | | | |
| Director's Office: | | | | |
| Salaries and wages | 348,397 | 348,397 | 348,089 | 308 |
| Other expenses | 6,100 | 6,100 | 5,182 | 918 |
| Bureau of Community Development: | | | | |
| Other expenses | 4,200 | 4,200 | 1,580 | 2,620 |
| Bureau of Elizabeth Home Improvement | | | | |
| Salaries and wages | 508,509 | 534,709 | 534,622 | 87 |
| Other expenses | 37,900 | 37,900 | 18,204 | 19,696 |
| Bureau of Planning and Zoning | | | | |
| Salaries and wages | 172,501 | 175,501 | 174,519 | 982 |
| Other expenses | 186,500 | 216,500 | 203,620 | 12,880 |
| Bureau of Economic Development | | | | |
| Salaries and wages | 85,633 | 85,683 | 85,636 | 47 |
| Other expenses | 850 | 850 | 400 | 450 |
| Bureau of Public Information and Citizens Participation Services: | | | | |
| Salaries and wages | 227,478 | 243,978 | 243,862 | 116 |
| Other expenses | 112,800 | 112,800 | 26,124 | 86,676 |
| Bureau of Construction and Zoning: | | | | |
| Salaries and wages | 1,173,588 | 1,264,088 | 1,263,898 | 190 |
| Other | 232,800 | 302,800 | 215,584 | 87,216 |
| Human Rights Commission: | | | | |
| Other expenses | 3,450 | 3,450 | — | 3,450 |
| Department of Public Works: | | | | |
| Director's Office: | | | | |
| Salaries and wages | 1,148,694 | 1,148,694 | 1,126,578 | 22,116 |
| Other expenses | 3,000 | 4,000 | 2,896 | 1,104 |
| Bureau of Public Buildings: | | | | |
| Salaries and wages | 2,992,125 | 2,992,125 | 2,503,081 | 489,044 |
| Other expenses | 1,883,825 | 2,333,825 | 2,271,551 | 62,274 |

(continued)

CITY OF ELIZABETH

Statement of Expenditures
Regulatory Basis
Current Fund

Year ended June 30, 2023

| Appropriations | Budget | Budget after modification | Paid or charged | Reserved |
|---|--------------|------------------------------|--------------------|-----------|
| Bureau of Streets, Parks and Trees: | | | | |
| Salaries and wages | \$ 6,330,330 | 6,330,330 | 5,601,759 | 728,571 |
| Other expenses | 1,494,750 | 1,494,750 | 1,168,491 | 326,259 |
| Bureau of Equipment and Yard Maintenance: | | | | |
| Salaries and wages | 1,175,618 | 1,175,618 | 1,051,239 | 124,379 |
| Other expenses | 1,117,200 | 1,167,200 | 1,164,532 | 2,668 |
| Marina: | | | | |
| Salaries and wages | 220,568 | 220,568 | 162,339 | 58,229 |
| Other expenses | 254,725 | 254,725 | 158,110 | 96,615 |
| Recycling Program: | | | | |
| Salaries and wages | 230,570 | 230,570 | 165,147 | 65,423 |
| Other expenses | 13,675 | 13,675 | 222 | 13,453 |
| Garbage and Trash Removal: | | | | |
| Other expenses | 12,850,000 | 12,850,000 | 12,588,473 | 261,527 |
| Street Lighting: | | | | |
| Other expenses | 2,400,000 | 2,400,000 | 1,935,825 | 464,175 |
| Department of Health and Human Services: | | | | |
| Director's Office: | | | | |
| Salaries and wages | 889,326 | 889,326 | 711,719 | 177,607 |
| Other expenses | 232,250 | 232,250 | 202,067 | 30,183 |
| Division of Health: | | | | |
| Salaries and wages | 1,922,981 | 1,922,981 | 1,400,899 | 522,082 |
| Other expenses | 657,450 | 717,450 | 707,797 | 9,653 |
| Division of Human Services | | | | |
| Salaries and wages | 166,458 | 166,458 | 113,423 | 53,035 |
| Other expenses | 15,800 | 15,800 | 7,194 | 8,606 |
| Office of Social Services | | | | |
| Salaries and wages | 334,607 | 369,607 | 63,331 | 306,276 |
| Other expenses | 138,450 | 138,450 | 73,342 | 65,108 |
| Office on Aging: | | | | |
| Salaries and wages | 1,326,711 | 1,416,711 | 1,364,751 | 51,960 |
| Other expenses | 145,200 | 145,200 | 117,383 | 27,817 |
| Office of Vital Statistics | | | | |
| Salaries and wages | 305,318 | 305,318 | 254,532 | 50,786 |
| Other expenses | 10,000 | 10,000 | 10,000 | — |
| Office of Relocation | | | | |
| Salaries and wages | 123,590 | 123,590 | 120,049 | 3,541 |
| Other expenses | 50,500 | 50,500 | 27,029 | 23,471 |
| Office of Youth Services | | | | |
| Salaries and wages | 1,409,533 | 1,519,533 | 943,562 | 575,971 |
| Other expenses | 570,000 | 570,000 | 303,570 | 266,430 |
| Bureau of Housing | | | | |
| Salaries and wages | 341,658 | 341,658 | 139,554 | 202,104 |
| Other expenses | 3,000 | 3,000 | — | 3,000 |
| Public Health Nurses Division: | | | | |
| Salaries and wages | 580,388 | 595,388 | 525,315 | 70,073 |
| Public Safety: | | | | |
| Fire Department: | | | | |
| Salaries and wages | 36,406,327 | 36,406,327 | 32,543,606 | 3,862,721 |
| Other expenses | 927,160 | 1,027,160 | 891,693 | 135,467 |

(continued)

CITY OF ELIZABETH

Statement of Expenditures
Regulatory Basis
Current Fund

Year ended June 30, 2023

| Appropriations | Budget | Budget after modification | Paid or charged | Reserved |
|--|--------------------|------------------------------|--------------------|-------------------|
| Uniform Fire Safety Act: | | | | |
| Other expenses | \$ 61,750 | 61,750 | 31,332 | 30,418 |
| Police Department: | | | | |
| Salaries and wages | 51,084,274 | 51,084,274 | 47,760,339 | 3,323,935 |
| Other expenses | 3,964,500 | 3,964,500 | 3,351,477 | 613,023 |
| Emergency Medical Services: | | | | |
| Salaries and wages | 5,202,765 | 5,202,765 | 4,414,816 | 787,949 |
| Other expenses | 555,600 | 555,600 | 363,918 | 191,682 |
| Recreation Department: | | | | |
| Salaries and wages | 5,494,006 | 5,494,006 | 5,193,648 | 300,358 |
| Other expenses | 1,089,000 | 1,159,000 | 762,617 | 396,383 |
| Municipal Court: | | | | |
| Salaries and wages | 2,929,747 | 2,929,747 | 2,782,039 | 147,708 |
| Other expenses | 481,150 | 481,150 | 266,503 | 214,647 |
| Public Defender: | | | | |
| Other expenses | 140,000 | 140,000 | 119,407 | 20,593 |
| Unclassified Purposes: | | | | |
| Insurance: | | | | |
| Other expenses | 1,000,000 | 1,200,000 | 1,057,107 | 142,893 |
| Insurance Reserve: | | | | |
| Other Expenses | 3,500,000 | 4,490,000 | 4,264,104 | 225,896 |
| Group Insurance: | | | | |
| Other expenses | 300,000 | 300,000 | 261,097 | 38,903 |
| Health Benefit Waiver - other expense | 350,000 | 350,000 | 286,871 | 63,129 |
| Cobra Administration: | | | | |
| Other expenses | \$ 5,000 | 5,000 | — | 5,000 |
| Hospital, Medical, Dental, etc. Insurance - Other expenses | 42,000,000 | 41,554,250 | 39,154,111 | 2,400,139 |
| Right to Know Law: | | | | |
| Other expenses | 15,000 | 15,000 | — | 15,000 |
| Annual Dues: | | | | |
| N.J. State League of Municipalities: | | | | |
| Other expenses | 10,000 | 10,000 | — | 10,000 |
| U.S. Conference of Mayors: | | | | |
| Other expenses | 15,000 | 15,000 | 9,181 | 5,819 |
| Accumulated Absences | 2,262,204 | 3,204 | 3,204 | — |
| Utilities: | | | | |
| Electricity | 1,400,000 | 1,400,000 | 1,042,045 | 357,955 |
| Natural Gas | 600,000 | 600,000 | 340,761 | 259,239 |
| Gasoline | 1,400,000 | 1,400,000 | 1,251,235 | 148,765 |
| Fuel Oil | 175,000 | 175,000 | 122,624 | 52,376 |
| Telephone | 1,000,000 | 1,000,000 | 785,253 | 214,747 |
| Postage | 250,000 | 285,000 | 284,564 | 436 |
| Parking Lot Agreement | 747,000 | 747,000 | 747,000 | — |
| Total operations within "CAPS" | <u>221,248,471</u> | <u>221,248,471</u> | <u>199,875,488</u> | <u>21,372,983</u> |
| Contingent | 250,000 | 250,000 | 134,134 | 115,866 |
| Total operations including contingent, within "CAPS" | <u>221,498,471</u> | <u>221,498,471</u> | <u>200,009,622</u> | <u>21,488,849</u> |

(continued)

CITY OF ELIZABETH

Statement of Expenditures
Regulatory Basis
Current Fund

Year ended June 30, 2023

| Appropriations | Budget | Budget after modification | Paid or charged | Reserved |
|--|--------------------|------------------------------|--------------------|-------------------|
| Detail: | | | | |
| Salaries and wages | \$ 132,485,707 | 133,061,457 | 120,642,808 | 12,418,649 |
| Other expenses including contingent | 89,012,764 | 88,437,014 | 79,366,814 | 9,070,200 |
| Deferred Charges and Statutory Expenditures: | | | | |
| Statutory Expenditures: | | | | |
| Contributions to: | | | | |
| Social Security System | 5,000,000 | 5,000,000 | 4,622,326 | 377,674 |
| Consolidated Police and Fire Retirement Fund | 50,000 | 50,000 | 28,182 | 21,818 |
| Police and Firemen's Retirement System of N. J. | 22,872,000 | 22,872,000 | 22,871,758 | 242 |
| Public Employees Retirement System - Other expenses | 6,854,800 | 6,854,800 | 6,854,800 | — |
| PERS retro | 100,000 | 100,000 | — | 100,000 |
| Assessment for CIF/RTK | 8,000 | 8,000 | 2,734 | 5,266 |
| DCRP | 60,000 | 60,000 | 53,925 | 6,075 |
| N.J. Unemployment Fund | 25,000 | 25,000 | — | 25,000 |
| Total deferred charges and statutory expenditures - Municipal within "CAPS" | <u>34,969,800</u> | <u>34,969,800</u> | <u>34,433,725</u> | <u>536,075</u> |
| Total general appropriations for Municipal purposes within "CAPS" | <u>256,468,271</u> | <u>256,468,271</u> | <u>234,443,347</u> | <u>22,024,924</u> |
| Operations excluded from "CAPS": | | | | |
| Other operations excluded from "CAPS": | | | | |
| Reserve for Tax Appeals: | | | | |
| Other expenses | 1,000,000 | 1,000,000 | 1,000,000 | — |
| Maintenance of Free Public Library | 4,500,000 | 4,500,000 | 4,500,000 | — |
| Total other operations excluded from "CAPS" | <u>5,500,000</u> | <u>5,500,000</u> | <u>5,500,000</u> | <u>—</u> |
| Public and Private Programs Offset by Revenues: | | | | |
| Matching Fund - City share | 982,000 | 982,000 | — | 982,000 |
| Summer Food Service Program (c159) | 201,220 | 201,220 | 201,220 | — |
| STD Grant | 135,924 | 135,924 | 135,924 | — |
| STD Grant Local | 37,796 | 37,796 | 37,796 | — |
| Clean Communities Solid Waste Grant 2023 (c159) | 207,197 | 207,197 | 207,197 | — |
| Municipal Court Alcohol Ed, Rehab, Enforcement (c159) | 3,634 | 3,634 | 3,634 | — |
| Distracted Driving Grant (c159) | 14,000 | 14,000 | 14,000 | — |
| Highway Safety Grant 2022 | 61,698 | 61,698 | 61,698 | — |
| Pedestrian Safety Safety Grant 2023 | 37,000 | 37,000 | 37,000 | — |
| American Rescue Plan: | | | | |
| ARP Home Grant (c159) | 3,358,343 | 3,358,343 | 3,358,343 | — |
| Lead Removal (c159) | 17,000,000 | 17,000,000 | 17,000,000 | — |
| Firefighter Grant NJDCA (c159) | 51,000 | 51,000 | 51,000 | — |
| Union County - Kids Recreation Trust Fund (Lynch Memorial Field) 20: | 150,000 | 150,000 | 150,000 | — |
| Union County - Kids Recreation Trust Fund (Lynch Memorial Field) 20: | 18,000 | 18,000 | 18,000 | — |
| Federal Highway Grant (c159) | 21,000 | 21,000 | 21,000 | — |
| DMAS 2nd Youth Leadership Grant (c159) | 3,403 | 3,403 | 3,403 | — |
| DMAS Youth Leadership Grant | 3,646 | 3,646 | 3,646 | — |
| Local Health Department Grant NJACCHO (c159) | 1,280,753 | 1,280,753 | 1,280,753 | — |
| Transportation Grant Elizabeth Ave. Streetscape (c159) | 780,000 | 780,000 | 780,000 | — |
| Kapkowski Road North Ave.East Improvement Grant (c159) | 1,090,000 | 1,090,000 | 1,090,000 | — |

(continued)

CITY OF ELIZABETH

Statement of Expenditures
Regulatory Basis
Current Fund

Year ended June 30, 2023

| Appropriations | Budget | Budget after modification | Paid or charged | Reserved |
|---|------------|------------------------------|--------------------|----------|
| NJACCHO (IOPSLL) (c159) | 300,000 | 300,000 | 300,000 | — |
| Body Armor (c159) | 18,925 | 18,925 | 18,925 | — |
| HOPWA 2023 (c159) | 550,000 | 550,000 | 550,000 | — |
| Strengthening Loca Public Health 2023 (c159) | 274,735 | 274,735 | 274,735 | — |
| River Trail Phase 2-4 NJEDA (c159) | 3,613,050 | 3,613,050 | 3,613,050 | — |
| Stormwater Assitance Grant (c159) | 25,000 | 25,000 | 25,000 | — |
| Recycling Tonnage Grant 2019 (c159) | 76,645 | 76,645 | 76,645 | — |
| Federal Government Funding Bill - Lead Removal (c159) | 2,170,000 | 2,170,000 | 2,170,000 | — |
| Federal Government Funding Bill - Equipment (c159) | 500,000 | 500,000 | 500,000 | — |
| Vaccine Supplement Program 2022 (c159) | 100,000 | 100,000 | 100,000 | — |
| Overdose Fatality Review Team (c159) | 75,000 | 75,000 | 75,000 | — |
| Opiod Litigation Settlement | 76,802 | 76,802 | 76,802 | — |
| Train Station Broad DSt. Renovations - NJ State Budget (c159) | 3,000,000 | 3,000,000 | 3,000,000 | — |
| NJDOT Traffic Lights Prince St. and Union Ave. (c159) | 465,000 | 465,000 | 465,000 | — |
| NJDOT Traffic Lights South St. and Fourth Ave. (c159) | 906,295 | 906,295 | 906,295 | — |
| Art Mural Grant | 5,000 | 5,000 | 5,000 | — |
| EDC NRTC Mural Project | 15,000 | 15,000 | 15,000 | — |
| Ferry Planning Project - Intermodal Transportation | 5,000,000 | 5,000,000 | 5,000,000 | — |
| UEZ EWR Terminal Micro Lending Program | 600,000 | 600,000 | 600,000 | — |
| UEZ Administrative Budget | 585,454 | 585,454 | 585,454 | — |
| UEZ Business Financial Programs | 1,915,150 | 1,915,150 | 1,915,150 | — |
| UEZ Workforce Development CDL Program | 111,628 | 111,628 | 111,628 | — |
| UEZ Workforce Development Program Solar Training Program | 134,940 | 134,940 | 134,940 | — |
| Local Recreational Improvements (c159) | 81,000 | 81,000 | 81,000 | — |
| Neighborhood Preservation Grant 2019 Increase (c159) | 125,000 | 125,000 | 125,000 | — |
| Childhood Lead Poison Grant | 154,483 | 154,483 | 154,483 | — |
| Edward Byrne Justice Assistance Grant 2022 | 165,961 | 165,961 | 165,961 | — |
| Total public and private programs offset by revenues | 46,481,682 | 46,481,682 | 45,499,682 | 982,000 |
| Total operations - excluded from "CAPS" | 51,981,682 | 51,981,682 | 50,999,682 | 982,000 |
| Detail (total operations - excluded from "CAPS"): | | | | |
| Other expenses | 51,981,682 | 51,981,682 | 50,999,682 | 982,000 |

(continued)

CITY OF ELIZABETH

Statement of Expenditures
Regulatory Basis
Current Fund

Year ended June 30, 2023

| <u>Appropriations</u> | <u>Budget</u> | <u>Budget after modification</u> | <u>Paid or charged</u> | <u>Reserved</u> |
|--|------------------------------|--------------------------------------|----------------------------|--------------------------|
| Capital Improvements - excluded from "CAPS": | | | | |
| Capital Improvement Fund | 2,000,000 | 2,000,000 | 2,000,000 | — |
| Total Capital Improvements excluded from "CAPS" | <u>2,000,000</u> | <u>2,000,000</u> | <u>2,000,000</u> | <u>—</u> |
| Municipal Debt Service - excluded from "CAPS": | | | | |
| Payment of bond principal | 8,905,000 | 8,905,000 | 8,905,000 | — |
| Interest on bonds | 2,291,971 | 2,291,971 | 2,291,971 | — |
| Restructuring Bonds - Principal | 2,710,000 | 2,710,000 | 2,710,000 | — |
| Restructuring bonds - interest | 506,188 | 506,188 | 506,188 | — |
| NJDEP | | | | |
| Loan repayment for principal and interest schedule 2 | 68,204 | 68,204 | 68,204 | — |
| Guarantee, deficiency and other agreements | 1,200,000 | 1,200,000 | 1,200,000 | — |
| Metromall NJ DOT | 500,000 | 500,000 | 500,000 | — |
| Total municipal debt service excluded from "CAPS" | <u>16,181,363</u> | <u>16,181,363</u> | <u>16,181,363</u> | <u>—</u> |
| | | | | |
| Total General Appropriation For Municipal Purposes Excluded from "CAPS" | \$ <u>70,163,045</u> | <u>70,163,045</u> | <u>69,181,045</u> | <u>982,000</u> |
| | | | | |
| Subtotal general appropriations | 326,631,316 | 326,631,316 | 303,624,392 | 23,006,924 |
| Reserve for Uncollected Taxes | <u>14,647,118</u> | <u>14,647,118</u> | <u>14,647,118</u> | <u>—</u> |
| Total general appropriations | \$ <u><u>341,278,434</u></u> | <u><u>341,278,434</u></u> | <u><u>318,271,510</u></u> | <u><u>23,006,924</u></u> |
| | | | | |
| Original budget | | \$ 304,837,234 | | |
| Appropriation by N.J.S.A. 40A:4-87 | | <u>36,441,200</u> | | |
| | | <u>\$ 341,278,434</u> | | |
| | | | | |
| Encumbered | | | \$ 7,273,444 | |
| Reserve for uncollected taxes | | | 14,647,118 | |
| Transferred to Federal and State Grant Fund | | | 45,443,886 | |
| Cancelled deficiency agreement appropriation | | | 620,614 | |
| Cash disbursed | | | <u>250,286,448</u> | |
| | | | <u>\$ 318,271,510</u> | |

See accompanying notes to financial statements.

CITY OF ELIZABETH

Balance Sheet

Trust Funds

June 30, 2023 and 2022

| Assets | Ref. | 2023 | 2022 |
|---|------|----------------------|-------------------|
| Dog License Fund: | | | |
| Cash | B-1 | \$ 25,483 | 45,457 |
| Due from State of New Jersey | B-6 | 4 | — |
| | | <u>25,487</u> | <u>45,457</u> |
| Other Federal Grant Funds: | | | |
| Cash | B-1 | 209,329 | — |
| Grants receivable | B-8 | 4,546,223 | 1,372,364 |
| HPRP Receivable | B-17 | 673 | 673 |
| Due from General Trust | B-16 | 225,519 | 225,519 |
| | | <u>4,981,744</u> | <u>1,598,556</u> |
| Urban Development Action Grant (UDAG) Fund: | | | |
| Cash | B-1 | 524,960 | 523,494 |
| | | <u>524,960</u> | <u>523,494</u> |
| Community Development Block Grant Fund: | | | |
| Cash | B-1 | 40,390 | 40,374 |
| Federal grants receivable | B-10 | 2,392,279 | 2,274,895 |
| Due from Current Fund | B-5 | 25,348 | 25,348 |
| Due from Elizabeth Development Corp. | B-15 | 80,672 | 80,672 |
| | | <u>2,538,689</u> | <u>2,421,289</u> |
| UEZ Trust Fund: | | | |
| Due from General Trust | B-18 | 224,828 | 1,067,794 |
| | | <u>224,828</u> | <u>1,067,794</u> |
| General Trust Funds: | | | |
| Cash | B-1 | 19,733,017 | 22,078,367 |
| Due from Current Fund | B-20 | 983 | — |
| Due from Trustee | B-2 | 13,976 | 13,976 |
| | | <u>19,747,976</u> | <u>22,092,343</u> |
| | | <u>\$ 28,043,684</u> | <u>27,748,933</u> |

CITY OF ELIZABETH

Balance Sheet

Trust Funds

June 30, 2023 and 2022

| Liabilities, Reserves and Fund Balance | Ref. | 2023 | 2022 |
|--|-------------|----------------------|-------------------|
| Dog License Fund: | | | |
| Due to State of New Jersey | B-6 | \$ — | 256 |
| Due to Current Fund | B-19 | 7,816 | 28,055 |
| Reserve for Dog Expenditures | B-7 | 17,671 | 17,146 |
| | | <u>25,487</u> | <u>45,457</u> |
| Other Federal Grant Funds: | | | |
| Reserve for Grants | B-9 | 4,981,744 | 1,597,885 |
| Due to Bank | B-1 | — | 671 |
| | | <u>4,981,744</u> | <u>1,598,556</u> |
| Urban Development Action Grant (UDAG) Fund: | | | |
| Reserve for UDAG loans receivable | B-3 | 524,566 | 523,100 |
| Reserve for Interest from loans | B-23 | 394 | 394 |
| | | <u>524,960</u> | <u>523,494</u> |
| Community Development Block Grant Fund: | | | |
| Reserve for Community Development Block Grant | B-11 | 2,501,086 | 2,383,455 |
| Reserve for Program Income | B-14 | 37,603 | 37,834 |
| | | <u>2,538,689</u> | <u>2,421,289</u> |
| UEZ Trust Fund: | | | |
| Appropriated Reserve: UEZ | B-21 | 116,602 | 933,526 |
| Unappropriated Reserve: UEZ | B-12 | 108,226 | 134,268 |
| | | <u>224,828</u> | <u>1,067,794</u> |
| General Trust Funds: | | | |
| Off Duty Police Reserve | B-13 | 648,596 | 595,287 |
| Due to Current Fund | B-20 | — | 424 |
| Due to UEZ Trust | B-18 | 224,828 | 1,067,794 |
| Due to Other Federal Grant Funds | B-16 | 225,519 | 225,519 |
| Reserves for 2nd Generation Funds | B-22 | 2,490,676 | 2,623,263 |
| Reserve for Tax Sale Redemption | B-24 | 4,421,827 | 7,604,440 |
| Reserves for Special Purposes | B-4 | 11,736,530 | 9,975,616 |
| | | <u>19,747,976</u> | <u>22,092,343</u> |
| | | <u>\$ 28,043,684</u> | <u>27,748,933</u> |

See accompanying notes to financial statements.

CITY OF ELIZABETH

Balance Sheets
Regulatory Basis
General Capital Fund

June 30, 2023 and 2022

| Assets | Ref. | 2023 | 2022 |
|--|-------------|-----------------------|--------------------|
| Cash | C-2, C-3 | \$ 20,272,998 | 25,959,010 |
| Due from State of New Jersey - | | | |
| Department of Environmental Protection | C-14 | 110,914 | 110,914 |
| Department of Transportation | C-10 | 3,748,512 | 3,333,554 |
| NJ EDA Grant Receivable | C-6 | 2,101,271 | 2,101,271 |
| Deferred charges to future taxation: | | | |
| Funded | C-7 | 78,639,812 | 86,222,754 |
| Unfunded | C-8 | 52,199,011 | 46,369,011 |
| | | <u>\$ 157,072,518</u> | <u>164,096,514</u> |
| Liabilities and Fund Balance | | | |
| Serial bonds: | | | |
| General | C-4 | \$ 77,568,000 | 84,593,000 |
| Loans payable | C-5 | 1,071,812 | 1,629,754 |
| Improvement authorizations: | | | |
| Funded | C-11 | 22,626,207 | 27,569,076 |
| Unfunded | C-11 | 48,255,937 | 40,391,101 |
| Capital improvement fund | C-12 | 2,679,276 | 3,824,276 |
| Reserve for: | | | |
| State aid receivable | - | 248,338 | 248,338 |
| EDA Grant Receivable | - | 193,050 | 193,050 |
| DOT aid receivable | - | 1,832,137 | 1,367,137 |
| Bond sale expense | C-9 | 16,039 | 69,875 |
| Retirement of debt | C-13 | 854,424 | 995,510 |
| Fund balance | C-1 | 1,727,298 | 3,215,397 |
| | | <u>\$ 157,072,518</u> | <u>164,096,514</u> |

There were bonds and notes authorized but not issued on June 30, 2022 and 2023 of \$46,369,011 and \$52,199,011 (Exhibit C-15), respectively.

See accompanying notes to financial statements.

CITY OF ELIZABETH

Statement of Fund Balance
 Regulatory Basis
 General Capital Fund

Years ended June 30, 2023 and 2022

| | <u>2023</u> | <u>2022</u> |
|----------------------------|----------------------------|-------------------------|
| Balance, Beginning of Year | \$ 3,215,397 | 5,725,710 |
| Increased by: | | |
| Other (net interest) | 35,956 | 9,400 |
| Surety collection | — | 114,897 |
| Premium on sale of bonds | 945 | 3,750 |
| | <u>36,901</u> | <u>128,047</u> |
| | <u>3,252,298</u> | <u>5,853,757</u> |
| Decreased by: | | |
| Improvement authorization | 1,525,000 | 2,638,360 |
| | <u>1,525,000</u> | <u>2,638,360</u> |
| Balance, End of Year | \$ <u><u>1,727,298</u></u> | <u><u>3,215,397</u></u> |

See accompanying notes to financial statements.

CITY OF ELIZABETH

Balance Sheets
Regulatory Basis
Water Utility Funds

June 30, 2023 and 2022

| Assets | Ref. | 2023 | 2022 |
|---|-------------|----------------------|-------------------|
| Operating Fund: | | | |
| Cash | D-3 | \$ 993,660 | 952,203 |
| Due from Water Capital Fund | D-7 | <u>2,882</u> | <u>82</u> |
| | | <u>996,542</u> | <u>952,285</u> |
| Receivables and inventory with reserves: | | | |
| Water liens receivable | D-9 | <u>15,835</u> | <u>15,835</u> |
| | | <u>15,835</u> | <u>15,835</u> |
| Total Operating Fund | | <u>1,012,377</u> | <u>968,120</u> |
| Trust Fund: | | | |
| Cash | D-3 | <u>157,472</u> | <u>157,472</u> |
| Total Trust Fund | | <u>157,472</u> | <u>157,472</u> |
| Capital Fund: | | | |
| Cash | D-3,D-4 | <u>2,640,809</u> | <u>2,794,725</u> |
| | | 2,640,809 | 2,794,725 |
| Fixed capital | D-11 | <u>26,420,370</u> | <u>26,420,370</u> |
| Total Capital Fund | | <u>29,061,179</u> | <u>29,215,095</u> |
| | | <u>\$ 30,231,028</u> | <u>30,340,687</u> |

CITY OF ELIZABETH

Balance Sheets
Regulatory Basis
Water Utility Funds

June 30, 2023 and 2022

| Liabilities, Reserves, and Fund Balance | Ref. | 2023 | 2022 |
|--|-------------|----------------------|-------------------|
| Operating Fund: | | | |
| Reserve for: | | | |
| Water liens receivable | | \$ 15,835 | 15,835 |
| | | <u>15,835</u> | <u>15,835</u> |
| Fund balance | D-1 | 996,542 | 952,285 |
| Total Operating Fund | | <u>1,012,377</u> | <u>968,120</u> |
| Trust Fund: | | | |
| Reserve for customer deposits | D-5 | 157,472 | 157,472 |
| Total Trust Fund | | <u>157,472</u> | <u>157,472</u> |
| Capital Fund: | | | |
| Reserve for amortization | D-10 | 26,420,370 | 26,420,370 |
| Reserve for capital expenditures | D-6 | 1,940,688 | 2,097,404 |
| Due to Water Operating Fund | D-7 | 2,882 | 82 |
| Capital Improvement Fund | D-8 | 697,239 | 697,239 |
| Total Capital Fund | | <u>29,061,179</u> | <u>29,215,095</u> |
| | | <u>\$ 30,231,028</u> | <u>30,340,687</u> |

There were bonds and notes authorized but not issued of \$0 and \$0 on June 30, 2022 and 2023 respectively.

See accompanying notes to financial statements.

CITY OF ELIZABETH

Statement of Operations and Changes in Fund Balance
Regulatory Basis
Water Utility Operating Fund

Years ended June 30, 2023 and 2022

| | <u>2023</u> | <u>2022</u> |
|---------------------------------------|-------------------|----------------|
| Revenue and other credits to income: | | |
| Miscellaneous revenue not anticipated | \$ 44,257 | 1,817 |
| Total income | <u>44,257</u> | <u>1,817</u> |
| | | |
| Fund balance, July 1 | <u>952,285</u> | <u>950,468</u> |
| Fund balance, June 30 | <u>\$ 996,542</u> | <u>952,285</u> |

See accompanying notes to financial statements.

CITY OF ELIZABETH

Statement of Revenues
Regulatory Basis
Water Utility Operating Fund

Year ended June 30, 2023

| | Revenues Realized |
|---|------------------------------|
| Nonbudget revenue (interest on investments) | \$ <u>44,257</u> |
| | \$ <u><u>44,257</u></u> |

Analysis of Miscellaneous Revenue not Anticipated

| | |
|-------------------------------|-------------------------|
| Interest on capital and trust | \$ 12,828 |
| Interest on investments | <u>31,429</u> |
| Cash received | \$ <u><u>44,257</u></u> |

See accompanying notes to financial statements.

CITY OF ELIZABETH

Balance Sheets
Regulatory Basis
Sewer Utility Funds

June 30, 2023 and 2022

| Assets | Ref. | 2023 | 2022 |
|--|-------------|-----------------------|--------------------|
| Operating Fund: | | | |
| Cash | E-5 | \$ 31,376,618 | 30,566,119 |
| Petty Cash | - | 200 | 200 |
| Due from Grant Fund | E-27 | — | 5,000,000 |
| Deferred Charge | E-1 | 3,000,000 | — |
| Due from Sewer Capital Fund | E-31 | 6,881 | — |
| | | <u>34,383,699</u> | <u>35,566,319</u> |
| Receivables with reserves: | | | |
| Consumers' accounts receivable | E-7 | 5,004,928 | 2,976,861 |
| Miscellaneous rents receivable | E-28 | 5,342 | 5,342 |
| Sewer liens receivable | E-24 | 12,281 | 12,281 |
| | | <u>5,022,551</u> | <u>2,994,484</u> |
| Total Operating Fund | | <u>39,406,250</u> | <u>38,560,803</u> |
| Capital Fund: | | | |
| Cash | E-5, E-6 | 10,469,215 | 3,195,588 |
| Fixed capital | E-9 | 52,754,530 | 52,754,530 |
| Fixed capital authorized and uncompleted | E-10 | 227,673,427 | 215,673,427 |
| Due from Trustee-Environmental Infrastructure Trust and fund loans | E-16 | 817,494 | 5,849,892 |
| Due from Sewer Operating Fund | E-31 | — | 4,999,647 |
| Total Capital Fund | | <u>291,714,666</u> | <u>282,473,084</u> |
| | | <u>\$ 331,120,916</u> | <u>321,033,887</u> |

CITY OF ELIZABETH

Balance Sheets
Regulatory Basis
Sewer Utility Funds

June 30, 2023 and 2022

| Liabilities, Reserves, and Fund Balance | Ref. | 2023 | 2022 |
|--|-------------|-----------------------|--------------------|
| Operating Fund: | | | |
| Appropriation reserves | E-4,E-12 | \$ 4,373,424 | 5,393,392 |
| Encumbrances payable | E-26 | 18,396 | 293,413 |
| Accounts payable | E-13 | 383,534 | 847,754 |
| Accrued interest on bonds and notes | E-15 | 500,088 | 459,739 |
| Capital outlay reserve | E-18 | 2,349,387 | 2,349,387 |
| Due from Sewer Capital Fund | E-31 | — | 4,999,647 |
| | | <u>7,624,829</u> | <u>14,343,332</u> |
| Reserve for receivables | E | 5,022,551 | 2,994,484 |
| Fund balance | E-1 | <u>26,758,870</u> | <u>21,222,987</u> |
| Total Operating Fund | | <u>39,406,250</u> | <u>38,560,803</u> |
| Capital Fund: | | | |
| Due to Sewer Operating Fund | E-31 | 6,881 | — |
| Sandy reimbursement reserve | E-5 | 204,275 | 204,275 |
| Bond sale expense payable | E-29 | 12,876 | 31,253 |
| Serial bonds | E-17 | 44,380,000 | 38,905,000 |
| Environmental infrastructure loans payable | E-23 | 31,325,514 | 33,440,568 |
| Bond anticipation notes | E-14 | — | 2,400,000 |
| Improvement authorizations: | | | |
| Funded | E-19 | 11,458,724 | 8,488,265 |
| Unfunded | E-19 | 48,479,376 | 47,667,294 |
| Reserve for: | | | |
| Amortization | E-20 | 136,334,130 | 127,294,076 |
| Deferred amortization | E-21 | 11,009,612 | 11,009,612 |
| Renewal and replacement | E-11 | 364,000 | 364,000 |
| Funding reserve | E-30 | — | 5,032,398 |
| Capital Improvement Fund | E-25 | 6,163,338 | 5,663,338 |
| Fund balance | E-2 | <u>1,975,940</u> | <u>1,973,005</u> |
| Total Capital Fund | | <u>291,714,666</u> | <u>282,473,084</u> |
| | | <u>\$ 331,120,916</u> | <u>321,033,887</u> |

There were bonds and notes authorized but not issued at June 30, 2022 and 2023 of \$60,148,523 and \$59,348,523 respectively (Exhibit E-22)

See accompanying notes to financial statements.

CITY OF ELIZABETH

Statement of Operations and Changes in Fund Balance
Regulatory Basis
Sewer Utility Operating Fund

Years ended June 30, 2023 and 2022

| | <u>2023</u> | <u>2022</u> |
|--|----------------------|-------------------|
| Revenue and other credits to income: | | |
| Fund balance utilized | \$ 4,500,000 | 7,500,000 |
| Sewer fees and charges | 29,941,646 | 27,673,844 |
| American Rescue Plan | — | 5,000,000 |
| Miscellaneous | 1,523,267 | 961,453 |
| Other credits to income: | | |
| Appropriation reserves lapsed | 5,570,970 | 1,087,301 |
| Miscellaneous | — | 897 |
| Cancellation of liabilities | 500,000 | 2,863 |
| Total income | <u>42,035,883</u> | <u>42,226,358</u> |
| Expenditures: | | |
| Operating | 19,000,000 | 15,100,000 |
| Capital improvements | 5,889,626 | 5,879,897 |
| Debt service | 10,110,374 | 11,520,103 |
| American Rescue Plan | — | 5,000,000 |
| Additional accrued interest | — | 22,280 |
| Total expenditures | <u>35,000,000</u> | <u>37,522,280</u> |
| Excess of revenues over expenses | 7,035,883 | 4,704,078 |
| Adjustments to income before surplus: | | |
| Expenditures included above which are by statute deferred charges to budget of succeeding year - emergency appropriations | <u>3,000,000</u> | <u>—</u> |
| Statutory excess to fund balance | 10,035,883 | 4,704,078 |
| Fund balance, July 1 | <u>21,222,987</u> | <u>24,018,909</u> |
| | 31,258,870 | 28,722,987 |
| Less Fund Balance Utilized | <u>4,500,000</u> | <u>7,500,000</u> |
| Fund balance, June 30 | <u>\$ 26,758,870</u> | <u>21,222,987</u> |

See accompanying notes to financial statements.

CITY OF ELIZABETH

Statement of Fund Balance
 Regulatory Basis
 Sewer Utility Capital Fund

Years ended June 30, 2023 and 2022

| | <u>2023</u> | <u>2022</u> |
|------------------------------------|----------------------------|-------------------------|
| Balance, Beginning of year | \$ <u>1,973,005</u> | <u>1,971,540</u> |
| Increased by: | | |
| Premium on sale of bonds and notes | <u>2,935</u> | <u>1,465</u> |
| | <u>2,935</u> | <u>1,465</u> |
| Balance, End of year | \$ <u><u>1,975,940</u></u> | <u><u>1,973,005</u></u> |

See accompanying notes to financial statements.

CITY OF ELIZABETH

Statement of Revenues
Regulatory Basis
Sewer Utility Operating Fund

Year ended June 30, 2023

| | <u>Anticipated</u> | <u>Realized</u> | <u>Excess (deficit)</u> |
|-------------------------------|----------------------|-------------------|-----------------------------|
| Operating surplus anticipated | \$ 4,500,000 | 4,500,000 | — |
| Rents | 27,500,000 | 29,941,646 | 2,441,646 |
| Miscellaneous | — | 1,523,267 | 1,523,267 |
| Total budget revenue | <u>\$ 32,000,000</u> | <u>35,964,913</u> | <u>3,964,913</u> |

Analysis of Miscellaneous

| | |
|-------------------------------|---------------------|
| Interest on investments | \$ 672,401 |
| Rainfall fees | 43,968 |
| Joint Meeting refund | 730,842 |
| Insurance claim | 34,560 |
| Linden Roselle sewer exchange | <u>41,497</u> |
| Cash receipts | <u>\$ 1,523,268</u> |

See accompanying notes to financial statements.

CITY OF ELIZABETH

Statement of Expenditures
Regulatory Basis
Sewer Utility Operating Fund

Year ended June 30, 2023

| <u>Account</u> | <u>Budget</u> | <u>Budget after modification</u> | <u>Paid or charged</u> | <u>Reserved</u> |
|--|----------------------|--|----------------------------|------------------|
| Operating: | | | | |
| Management Fee | \$ 3,000,000 | 3,000,000 | 1,997,154 | 1,002,846 |
| Joint Meeting | 13,000,000 | 16,000,000 | 15,489,031 | 510,969 |
| Capital improvements: | | | | |
| Capital Improvement Fund | 500,000 | 500,000 | 500,000 | — |
| Capital outlay | 5,389,626 | 5,389,626 | 2,530,017 | 2,859,609 |
| Debt service: | | | | |
| Payment of bond principal | 3,790,000 | 3,790,000 | 3,790,000 | — |
| Payment of Note principal | 2,400,000 | 2,400,000 | 2,400,000 | — |
| Interest on bonds | 1,367,035 | 1,367,035 | 1,367,035 | — |
| Interest on notes | 34,080 | 34,080 | 34,080 | — |
| Wastewater Treatment bonds - principal | 2,115,057 | 2,115,057 | 2,115,057 | — |
| Wastewater Treatment bonds - interest | 366,403 | 366,403 | 366,403 | — |
| Construction Loan Principal and Interest | 37,799 | 37,799 | 37,799 | — |
| Total | \$ 32,000,000 | 35,000,000 | 30,626,576 | 4,373,424 |

| | |
|-------------------------|----------------------|
| Adopted budget | \$ 32,000,000 |
| Emergency appropriation | 3,000,000 |
| | <u>\$ 35,000,000</u> |

Analysis of paid or charged

| | |
|-----------------------------|----------------------|
| Cash disbursed | \$ 28,840,662 |
| Encumbrances payable | 18,396 |
| Interest on bonds and notes | <u>1,767,518</u> |
| | <u>\$ 30,626,576</u> |

See accompanying notes to financial statements.

CITY OF ELIZABETH

Statement of General Fixed Assets

General Fixed Assets Account Group

June 30, 2023 and 2022

| | <u>2023</u> | <u>2022</u> |
|------------------------------------|-----------------------|--------------------|
| General fixed assets: | | |
| Land and buildings | \$ 56,938,826 | 60,130,556 |
| Equipment | 12,772,527 | 14,317,817 |
| Vehicles | <u>35,088,449</u> | <u>31,881,892</u> |
| Total general fixed assets | <u>\$ 104,799,802</u> | <u>106,330,265</u> |
| Investment in general fixed assets | <u>\$ 104,799,802</u> | <u>106,330,265</u> |

See accompanying notes to financial statements.

CITY OF ELIZABETH

Notes to Financial Statements

June 30, 2023

(1) Summary of Significant Accounting Policies

The accounting policies of the City of Elizabeth conform to the accounting principles and practices 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. Such practices are not in accordance with generally accepted accounting principles (GAAP). The following is a summary of the significant policies:

Reporting entity

Except as noted below, the financial statements of the City of Elizabeth include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the City of Elizabeth, as required by N.J.S. 40A:5-5. Accordingly, the financial statements of the City of Elizabeth do not include the operations of the Elizabeth Free Public Library, Parking Authority, Board of Education, Housing Authority, Elizabeth Development Corporation, and Special Improvement Districts.

Fund accounting:

In order to ensure observance of limitations and restrictions placed on the use of the resources available to the City, the accounts of the City are maintained in accordance with the principles of "fund accounting". This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with activities or objectives specified or legal requirements. Separate accounts are maintained for each fund and, accordingly, all financial transactions have been recorded and reported by fund group. Under this method of accounting, the City of Elizabeth accounts for its financial transactions through the following separate funds:

- Current Fund - resources and expenditures for governmental operations of a general nature, including Federal and state grant funds.
- Trust Funds (including the Community Development Block Grant) - 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 and Sewer Utility Funds - account for the operations and acquisition of capital facilities of the municipally-owned Water and Sewer Utilities.
- General Fixed Assets Account Group - investments in and disposal of fixed assets used to maintain operations of the City. Infrastructure assets are not required to be recorded.

Budgets and budgetary accounting

An annual budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures. Budget amounts presented in the accompanying financial

CITY OF ELIZABETH

Notes to Financial Statements

June 30, 2023

statements are those adopted by the City of Elizabeth and approved by the State Division of Local Government Services per N.J.S.A. 40A:4 et. seq.

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 differences are as follows:

- Grant Revenues - Federal and State grants, entitlements or shared revenues received for purposes normally financed through the current fund are recognized when anticipated in the City budget. GAAP requires such revenues to be recognized in the accounting period when they become available and measurable. GAAP defines available as collectible in the current period or soon enough thereafter to be used to pay liabilities that are owed at the end of the accounting period.
- Property Taxes and Other Revenues - Property taxes and other revenues are recognized on a cash basis. Receivables for property taxes and other items that are susceptible to accrual are recorded with offsetting reserves on the balance sheets of the various funds. GAAP requires such revenues to be recognized in the current accounting period if they are expected to be collected soon enough after the end of the year to pay current liabilities.
- Expenditures - unexpended or uncommitted appropriations, at year-end, are reported as expenditures through the establishment of appropriation reserves unless canceled by the governing body. GAAP requires expenditures in the current fund, to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which should be recognized when due.
- Appropriation Reserves - are available until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding year. Lapsed appropriation reserves are recorded as additions to income. Appropriation reserves are not established under GAAP.
- Compensated Absences - Expenditures relating to obligations for vacation, sick and compensatory time are not recorded until paid. City officials have determined that only vacation, holiday and compensatory time should be accrued. Any employee who retires, or is laid off from employment with the City, irrespective of years of service, shall be reimbursed for accumulated unused sick time at a rate of fifty (50%) percent of the employee's daily rate of pay for each day of accumulated unused sick time up to a maximum of fifteen thousand (\$15,000) dollars. Payment shall be made to the employee within six (6) months of the date of separation from employment. In order to be eligible for reimbursement, an employee must have at least thirty (30) accumulated sick days to his or her credit upon the effective date of separation from employment.

As of June 30, 2023, and 2022, the estimated accrued liability as determined by City officials for vacation, sick and compensatory time is approximately \$25,531,883 and \$28,786,542 respectively. In accordance with state regulations this accrued liability has not been expensed or recorded as a liability. The City has \$23,873,866 and \$19,920,877 reserved for accumulated absences as of June 30, 2023 and 2022, respectively.

CITY OF ELIZABETH

Notes to Financial Statements

June 30, 2023

- Property Acquired for Taxes - is recorded in the current fund at the assessed valuation when such property was acquired and fully reserved. GAAP requires such property to be recorded in the general fund or general fixed assets account group at its net realizable value.
- Inventories - Current fund inventory type items and inventories held by the sewer utility fund are expensed as incurred. GAAP requires the amount of inventory on hand to be recorded as an asset at year-end.
- General Fixed Assets - Property and equipment purchased by the current fund and the capital fund are recorded as expenditures at the time of purchase and are capitalized and recorded in the fixed assets account group (after January 1, 1985) or at estimated historical cost (prior to January 1, 1985). The accounts are adjusted for dispositions and abandonments. Depreciation is not recorded. Property and equipment purchased by the utility funds are recorded at cost as fixed capital (completed projects) and fixed capital authorized and uncompleted (construction in progress). The accounts are adjusted for dispositions and abandonments. Depreciation is not recorded. GAAP requires that depreciation be recorded in the utility funds.
- Interfunds - advances from the current fund are reported as interfund receivables with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Receivables in the other funds are not offset by reserves. GAAP does not require the establishment of an offsetting reserve.
- Encumbrances - contractual orders at year-end, are reported as expenditures through the establishment of a reserve for encumbrances. GAAP does not recognize encumbrances as expenditures or liabilities.
- Deferred Charges to Future Taxation -Funded and Unfunded - Upon the authorization of capital projects, the City establishes deferred charges for the cost of the capital projects to be raised by future taxation. Funded deferred charges relate to permanent debt issued, whereas unfunded deferred charges relate to temporary funding or nonfunding of the authorized costs of capital projects. According to the New Jersey Statutes Annotated 40A:2-4, the City may levy taxes on all taxable property within the local unit to repay the debt. Annually, the City raises the debt requirements for that particular year in the current budget. As the funds are raised by taxation, the deferred charges are reduced. GAAP does not require the establishment of deferred charges to future taxation and records proceeds of debt issued as revenue.
- Improvement authorizations – in the General Capital Fund and Sewer Capital Fund represent the unexpended balance of an ordinance appropriation and is similar to the unexpended portion of the budget in the Current Fund. GAAP does not recognize these amounts as liabilities.
- Investments - Investments are carried at cost. Purchases of investments are limited by N.J.S. 40A:5-15.1 to bonds or obligations of or guaranteed by the Federal government and bonds or other obligations of Federal or local units having a maturity date not more than twelve months from the date of purchase. GAAP requires that investments be recorded at fair value.

Use of Estimates

To prepare the accompanying financial statements management made estimates and assumptions that may affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities

CITY OF ELIZABETH

Notes to Financial Statements

June 30, 2023

as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(2) Taxes Receivable, Tax Title Liens

In accordance with the accounting principles established by the State of New Jersey, taxes receivable and tax title liens are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the taxes receivable and tax title liens that are uncollectible.

Taxes for the City are levied semi-annually in July and January and are payable August 1, November 1, February 1 and May 1. The taxes are liens on the property as of the billing date.

(3) Debt

The New Jersey Local Bond Law governs the issuance of bonds to finance general municipal and utility capital expenditures. All bonds are retired in serial installments within the statutory period of usefulness. General capital serial bonds are direct obligations of the City for which its full faith and credit are pledged, and are payable from the taxes levied on all taxable property located within the City. The water/ sewer utility bonds are payable from revenues generated from user fees but also have the ad valorem taxes pledged, should the utility revenues be insufficient to meet the debt obligations.

In addition, Wastewater Treatment Bonds issued on behalf of the City by the State of New Jersey, are recorded in the Sewer Capital Fund.

| | <u>Balance as of June 30, 2021</u> | <u>Increase</u> | <u>Decrease</u> | <u>Balance as of June 30, 2022</u> | <u>Principal Due By June 30, 2023</u> |
|------------------------------------|--|-----------------|-----------------|--|---|
| General Capital | | | | | |
| General Serial Bonds | \$91,403,000 | 4,750,000 | 11,560,000 | 84,593,000 | 11,615,000 |
| Loans Payable | 2,184,490 | — | 554,736 | 1,629,754 | 557,942 |
| Sewer Capital | | | | | |
| Serial Bonds | \$37,930,000 | 5,000,000 | 4,025,000 | 38,905,000 | 3,790,000 |
| Environmental Infrastructure Loans | 30,489,298 | 5,283,770 | 2,332,500 | 33,440,568 | 2,115,054 |
| | | | | | |
| | <u>Balance as of June 30, 2022</u> | <u>Increase</u> | <u>Decrease</u> | <u>Balance as of June 30, 2023</u> | <u>Principal Due By June 30, 2024</u> |
| General Capital | | | | | |
| General Serial Bonds | \$84,593,000 | 4,590,000 | 11,615,000 | 77,568,000 | 12,290,000 |
| Loans Payable | 1,629,754 | — | 557,942 | 1,071,812 | 561,166 |
| Sewer Capital | | | | | |
| Serial Bonds | \$38,905,000 | 9,265,000 | 3,790,000 | 44,380,000 | 4,390,000 |
| Environmental Infrastructure Loans | 33,440,568 | — | 2,115,054 | 31,325,514 | 1,898,643 |

CITY OF ELIZABETH

Notes to Financial Statements

June 30, 2023

The City debt is summarized as follows:

| | <u>June 30,</u> <u>2022</u> | <u>June 30,</u> <u>2023</u> |
|---|--|--|
| Bonds, Notes and Loans Issued: | | |
| General | \$86,222,754 | 78,639,812 |
| Sewer | <u>74,745,568</u> | <u>75,705,514</u> |
| | <u>160,968,322</u> | <u>154,345,326</u> |
| Bonds and Notes Authorized Not Issued: | | |
| General | 46,369,011 | 52,199,011 |
| Sewer | 60,148,523 | 59,348,523 |
| Water | = | = |
| | <u>106,517,534</u> | <u>111,547,534</u> |
| Total Bonds and Notes Issued and Authorized But Not Issued | <u>\$267,485,856</u> | <u>265,892,860</u> |

Schedule of annual established debt service payments for principal and interest for the next five years and every five year period thereafter for bonded debt issued and outstanding as of June 30, 2023:

| Fiscal Year | General Bonds | | Sewer Debt | |
|--------------------|---|-------------------------|------------------------|-------------------------|
| | <u>Ending</u> <u>June 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Principal</u> |
| 2024 | \$ 12,290,000 | 2,631,327 | 6,288,643 | 1,936,211 |
| 2025 | 11,505,000 | 2,238,523 | 6,439,105 | 1,754,306 |
| 2026 | 11,850,000 | 1,843,247 | 6,612,916 | 1,565,644 |
| 2027 | 10,775,000 | 1,433,748 | 6,763,351 | 1,372,169 |
| 2028 | 8,863,000 | 1,061,673 | 6,598,520 | 1,178,350 |
| 2029-2033 | 21,795,000 | 1,569,744 | 20,495,215 | 3,405,969 |
| 2034-2038 | 490,000 | 19,600 | 9,709,630 | 1,066,003 |
| 2039-2043 | — | — | 2,301,418 | 312,478 |
| 2044-2048 | — | — | 2,477,739 | 162,744 |
| 2049-2052 | = | = | <u>1,053,188</u> | <u>26,500</u> |
| Total | <u>\$77,568,000</u> | <u>10,797,771</u> | <u>68,689,722</u> | <u>12,780,374</u> |

In addition, there are \$7,015,794 sewer construction loans without established debt service payments.

| | <u>Gross Debt</u> | <u>Deduction</u> | <u>Net Debt</u> |
|--|--------------------------|-------------------------|------------------------|
| Local School District | \$ 2,800,000 | 2,800,000 | — |
| General Debt | 130,838,823 | 854,424 | 129,984,399 |
| Sewer Utility Debt | 135,054,037 | 135,054,037 | — |
| Guaranteed Debt/ Deficiency Agreement (note 17) | 30,600,000 | 30,600,000 | — |
| Water Utility Debt | = | = | = |
| | <u>\$300,885,856</u> | <u>169,289,601</u> | <u>129,984,399</u> |

CITY OF ELIZABETH

Notes to Financial Statements

June 30, 2023

Net Debt of \$129,984,399 divided by equalized valuation basis per N.J.S.A. 40A:2-2 as amended of \$10,592,887,823 equals 1.227%.

Borrowing Power Under N.J.S. 40a:2-6 As Amended

| | |
|---------------------------------------|----------------------|
| 3.5% of Equalized Valuation Basis | \$370,751,074 |
| Net Debt | <u>129,984,399</u> |
| Remaining (Excess) Borrowing Capacity | <u>\$240,766,675</u> |

(4) State Loans

Green Trust Loans:

2004 Green Trust Program – Elmora Raquet Club

Interest is 2% with payments through May 7, 2028.

Future minimum loan payments under the lease program as of June 30, 2023 are:

| Fiscal Year | |
|-----------------------|----------------------|
| Ending | |
| <u>June 30</u> | <u>Amount</u> |
| 2024 | \$24,874 |
| 2025 | 24,873 |
| 2026 | 24,873 |
| 2027 | 24,873 |
| 2028 | <u>24,874</u> |
| Total | 124,367 |
| Less interest | <u>6,576</u> |
| Principal Balance | \$117,791 |

2004 Green Trust Program – Kenah Center Field

Interest is 2% with payments through September 24, 2029.

Future minimum loan payments under the lease program as of June 30, 2023 are:

| Fiscal Year | |
|-----------------------|----------------------|
| Ending | |
| <u>June 30</u> | <u>Amount</u> |
| 2023 | \$17,470 |
| 2024 | 17,470 |
| 2025 | 17,470 |
| 2026 | 17,470 |
| 2027 | 17,470 |
| 2029 | <u>8,648</u> |
| Total | 95,998 |
| Less interest | <u>5,525</u> |
| Principal Balance | \$90,473 |

CITY OF ELIZABETH

Notes to Financial Statements

June 30, 2023

2012 DEP Elizabeth Riverwalk

Interest is 0% with semi-annual payments through April 27, 2032.

Future minimum loan payments under the lease program as of June 30, 2023 are:

| Fiscal Year | |
|-----------------------|----------------------|
| Ending | |
| <u>June 30</u> | <u>Amount</u> |
| 2024 | \$13,702 |
| 2025 | 13,702 |
| 2026 | 13,703 |
| 2027 | 13,702 |
| 2028 | 13,702 |
| 2029-2032 | <u>54,808</u> |
| Total | \$123,319 |

1997 Metro Mall Road Improvements Proposed Loan

Interest is 0.05% with annual payments through January 12, 2025.

Future minimum loan payments under the lease program as of June 30, 2023 are:

| Fiscal Year | |
|-----------------------|----------------------|
| Ending | |
| <u>June 30</u> | <u>Amount</u> |
| 2024 | \$500,000 |
| 2025 | <u>116,117</u> |
| Total | 616,117 |
| Less interest | <u>3,630</u> |
| Principal Balance | \$612,487 |

2018 DEP Elizabeth Riverwalk

Interest is 0% with semi-annual payments through December 27, 2033.

Future minimum loan payments under the lease program as of June 30, 2023 are:

| Fiscal Year | |
|-----------------------|----------------------|
| Ending | |
| <u>June 30</u> | <u>Amount</u> |
| 2024 | \$12,159 |
| 2025 | 12,159 |
| 2026 | 12,159 |
| 2027 | 12,159 |
| 2028 | 12,159 |
| 2029-2033 | <u>60,793</u> |
| 2034 | <u>6,078</u> |
| Total | \$127,666 |

(5) 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

CITY OF ELIZABETH

Notes to Financial Statements

June 30, 2023

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, 2022 and 2023 there are \$0 and \$0 notes outstanding for the General Capital Fund.

On June 30, 2022 and 2023 there are \$2,400,000 and \$0 notes outstanding for the Sewer Utility Capital Fund.

(6) Fund Balances Appropriated

Fund balances at June 30, 2023 were utilized as revenue in the 2023-2024 Fiscal Year Budget as follows:

| <u>Fund Description</u> | <u>Fund Balance June 30, 2023</u> | <u>Amount Utilized</u> |
|-------------------------|---------------------------------------|----------------------------|
| Current Fund | \$94,089,311 | \$56,000,000 |
| Sewer Utility Operating | 26,758,870 | 10,000,000 |
| Water Utility Operating | 996,542 | — |

(7) Retirement Systems

Substantially all of the City’s employees participate in one of the following contributory defined benefit public employee retirement systems (retirement systems) which have been established by State statute: the Consolidated Police and Firemen’s Pension fund (CPFPPF), the Public Employees Retirement System (PERS) and the Police and Firemen’s Retirement System (PFRS). These systems are sponsored and administered by the State of New Jersey, Department of Treasury Division of Pension and Benefits (the Division).

Consolidated Police and Firemen’s Pension Fund

Consolidated Police and Firemen’s Pension Fund (CPFPPF)--is a single-employer contributory defined benefit plan which 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. The fund is a closed system with no active members.

Police and Firemen’s Retirement System

Police and Firemen’s Retirement Systems (PFRS)--is a cost-sharing multiple-employer contributory defined benefit plan which 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 substantially all full time county and municipal police or firemen and State firemen appointed after June 30, 1944. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for post-retirement health care coverage.

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June 30, 2023

Public Employees' Retirement System

Public Employees' Retirement System (PERS)--is a cost-sharing multiple-employer contributory defined benefit plan which was established as of January 1, 1955, under the provision N.J.S.A. 43:15A to provide retirement, death and disability benefits, including post-retirement health care, to substantially all full time employees of the State or any county, municipality, school district or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for post-retirement health care coverage.

Defined Contribution Retirement Program

The Defined Contribution Retirement Program, herein referred to as 'DCRP', was established July 1, 2007 under the provisions of Chapters 92 and 103, P.L. 2007. Individuals eligible for membership in the DCRP include local officials who are elected or appointed on or after July 1, 2007; and employees enrolled in the PERS on or after July 1, 2007 who earn salary in excess of established "maximum compensation" limits.

A local elected official is any individual who holds elected public office. Officials elected on or after July 1, 2007 will only be enrolled in DCRP. Elected officials already enrolled in PERS prior to July 1, 2007 based on elected office will remain a PERS member while serving in that same elected office. Any break in service or election to a different elected office will automatically enroll the elected official in DCRP. If a retired member of another State-administered retirement system is elected to office, that elected official can choose to either continue receiving retirement benefits from the former employment or suspend such benefits and participate in DCRP.

A local appointed official is any individual appointed by the governor, including those requiring advice and consent of the Senate, or an individual appointed in a similar manner by the governing body of a local public entity. On or after July 1, 2007, a newly appointed official who does not have an existing PERS account will only be enrolled in the DCRP. Appointed officials already enrolled in PERS prior to July 1, 2007 will remain a PERS member while serving in that same appointed office.

An appointed official is permitted to join or remain in PERS if that appointed official holds a professional license or certificate to perform and is serving in any of the following capacities: Certified Health Officer, Tax Collector, Chief Financial Officer, Construction Code Official, Qualified Purchasing Agent, Tax Assessor, Municipal Planner, Registered Municipal Clerk, Licensed Uniform Subcode Inspector, or Principal/Certified Public Works Manager.

Additional minimum DCRP eligible criteria for a newly elected or appointed official are the same as for a PERS position. However, in the case of DCRP, eligible officials can elect an irrevocable waiver of their participation when earning less than \$5,000 annually.

Eligible PERS members are enrolled in the DCRP when annual salary exceeds the maximum compensation limit. This may occur upon enrollment into the PERS when an annual base salary is reported on the enrollment application that will exceed the maximum compensation; or when PERS member's annual salary is increased to where it will exceed the maximum compensation and it is reported by the employer to the Division of Pensions and benefits.

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June 30, 2023

Enrolled members contribute 5.5% of the base salary to a tax-deferred investment account established with Prudential Financial, which administers the DCRP for the Division of Pensions and Benefits. Members enrolled due to income levels in excess of maximum compensation limits only contribute based on that amount in excess. Member contributions are matched by a 3% employer contribution.

Newly eligible and enrolled members that have existing DCRP accounts or are active or vested members of another State-administered retirement system are immediately vested in DCRP. Conversely, those officials not qualifying for immediate vesting in DCRP will become fully vested upon commencement of their second year of membership. In such case that there is no eligible second year of membership, all employee and employer contributions will be refunded to the appropriate contributing parties.

DCRP members may elect to receive all or a portion of the account in a lump-sum distribution, or as a fixed term or life annuity. There is no minimum retirement age under the DCRP. Any distributions of mandatory contributions will automatically render the member retired. Lump-sum cash distributions to members under the age of 55 are limited to the member's contributions and earnings. Employer matching contributions and earnings are only available after the age of 55. A member may begin collecting an annuity or take a cash distribution at any time after termination of employment, but will no longer be eligible to participate in any State-administered retirement system upon a return to public employment in New Jersey.

DCRP members are covered by employer-paid life insurance, payable to their designated beneficiaries, in the amount of 1 ½ times the annual base salary on which DCRP contributions were based. This benefit continues for up to two years if on an approved leave of absence without pay for personal illness. Life insurance may also be available to members upon retirement at an amount reduced to 3/16 of the annual base salary on which DCRP contributions were based who qualify by being 60 or older with 10 years of participation in DCRP or any age with 25 years of participation. In the case of members enrolled due to income levels in excess of maximum compensation limits, years of participation in either scenario would also include participation in PERS.

DCRP members are eligible employer-paid long term disability coverage after one year of participation. Eligibility occurs after six consecutive months of total disability. Members would receive a regular monthly income benefit up to 60% of the base salary on which DCRP contributions were based during 12 months preceding the onset of the disability, offset by any other periodic benefit the member may be receiving. Benefits will be paid so long the member remains disabled or until the age of 70. Benefits terminate should the member begin receiving retirement annuity payments.

Other Pension Funds

The State established and administers a Supplemental Annuity Collective Trust Fund (SACT) which is available to active members of several State-administered retirement systems to purchase annuities to supplement the guaranteed benefits provided by their retirement system. The state or local governmental employers do not appropriate funds to SACT.

According to State statutes, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement system be terminated.

The State of New Jersey, Department of Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of each of the above systems, funds, and trust. The financial reports may be obtained by writing to the

CITY OF ELIZABETH

Notes to Financial Statements

June 30, 2023

State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295.

Significant Legislation

Chapter 78, P.L. 2011 effective June 28, 2011, made various changes to the manner in which the Public Employee's Retirement System (PERS) and The Police and Firemen's Retirement System (PFRS) operate and to the benefit provisions of those systems.

Chapter 78's provisions impacting employee pension and health benefits include:

- New members of PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of $\frac{1}{4}$ of 1% for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 62 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years.
- Increase in active member contribution rate. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years. Beginning in fiscal year 2012, the member contribution rates for PERS will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.
- New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary.
- In addition, this legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

Funding Policy

Contribution Requirements:

The contribution policy for CPFPPF, PFRS and PERS is set by New Jersey State statutes and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Members of PFRS contribute at a uniform rate of 10% of base salary, as defined. Members of PERS contribute at a uniform rate of 7.50% of base salary, as defined. Employers are required to contribute at an actuarially determined rate in all Funds. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the PFRS and PERS. In the PERS the employer contribution includes funding for post-retirement medical premiums.

During the year ended June 30, 2023, for CPFPPF, which is a cost sharing plan, accumulated pension cost equals annual required contributions. For PFRS and PERS, which are cost sharing multi-employer defined benefit pension plans, the annual pension cost differs from the annual required contribution.

CITY OF ELIZABETH

Notes to Financial Statements

June 30, 2023

City Contributions:

The City's contributions were as follows:

| | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|-------|-------------|-------------|-------------|-------------|-------------|-------------|
| CPFPF | \$28,182 | \$45,287 | 44,456 | \$37,136 | 40,801 | 62,942 |
| PERS | 6,854,800 | 6,238,141 | 5,738,476 | 5,032,480 | 4,971,181 | 4,646,899 |
| PFRS | 22,871,758 | 20,503,572 | 19,164,151 | 17,034,102 | 16,459,060 | 15,878,451 |
| DCRP | 53,925 | 43,936 | 51,665 | 54,587 | 52,781 | 51,530 |

GASB 68 Disclosure in accordance with Division of Local Government Services Local Finance Notice 2015-24

The amount of the City's contribution is certified each year by PERS and PFRS on the recommendation of the actuary, who makes an annual actuarial valuation. The valuation is based on a determination of the financial condition of the retirement system. It includes the computation of the present dollar value of benefits payable to former and present members and the present dollar value of future employer and employee contributions, giving effect to mortality among active and retired members and also to the rates of disability, retirement, withdrawal, former service, salary and interest. In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Specific information on actuarial assumptions and rates of return can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the PERS and PFRS. In the PERS and PFRS the employer contribution includes funding for post-retirement medical premiums.

| | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|-------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| PERS | | | | | | | | | |
| Covered Employee Payroll | \$40,828,734 | \$38,992,250 | \$38,710,667 | \$37,454,799 | \$36,542,477 | \$34,334,217 | \$33,499,268 | \$32,738,777 | \$32,040,771 |
| Total Payroll | 132,725,111 | 128,200,337 | 125,337,206 | 117,869,218 | 112,970,443 | 110,801,150 | 100,641,460 | 96,661,310 | 95,643,628 |
| Actuarial Contribution Requirements | 6,854,800 | 6,238,141 | 5,582,536 | 4,854,466 | 4,798,297 | 4,646,899 | 4,365,990 | 4,194,920 | 3,933,595 |
| Total Contributions | 9,917,054 | 9,237,518 | 8,485,857 | 7,167,023 | 7,538,987 | 7,167,023 | 6,777,937 | 6,506,277 | 6,166,054 |
| Employer's Share | 6,854,800 | 6,238,141 | 5,582,536 | 4,854,466 | 4,798,297 | 4,646,899 | 4,365,990 | 4,194,920 | 3,933,595 |
| % of Covered Payroll | 16.04% | 15.60% | 14.42% | 12.96% | 13.13% | 13.53% | 13.03% | 12.81% | 12.28% |
| Employee's Share | 3,062,254 | 2,999,377 | 2,903,321 | 2,809,114 | 2,740,690 | 2,520,124 | 2,411,947 | 2,311,357 | 2,232,459 |
| % of Covered Payroll | 7.50% | 7.50% | 7.50% | 7.50% | 7.50% | 7.34% | 7.20% | 7.06% | 6.97% |
| PFRS | | | | | | | | | |
| Covered Employee Payroll | \$65,859,629 | \$62,661,404 | \$60,051,813 | \$59,617,990 | \$55,917,041 | \$54,296,230 | \$53,840,426 | \$55,119,065 | \$54,018,846 |
| Total Payroll | 132,725,111 | 128,200,037 | 125,337,206 | 117,869,218 | 112,970,443 | 110,801,150 | 100,641,460 | 96,661,310 | 95,643,628 |
| Actuarial Contribution Requirements | 22,871,758 | 20,503,572 | 15,784,571 | 16,185,007 | 16,459,060 | 15,878,451 | 14,457,951 | 14,119,696 | 13,433,170 |
| Total Contributions | 29,871,758 | 26,769,711 | 21,789,752 | 21,308,429 | 22,050,745 | 21,308,429 | 19,841,994 | 19,631,603 | 18,867,869 |
| Employer's Share | 22,871,758 | 20,503,572 | 15,784,571 | 16,185,007 | 16,459,060 | 15,878,451 | 14,457,951 | 14,119,696 | 13,433,170 |
| % of Covered Payroll | 34.23% | 32.72% | 26.28% | 2.15% | 29.43% | 29.24% | 26.85% | 25.62% | 24.87% |
| Employee's Share | 6,585,962 | 6,266,139 | 6,005,181 | 5,961,799 | 5,591,685 | 5,429,978 | 5,384,043 | 5,511,907 | 5,434,699 |
| % of Covered Payroll | 10.00% | 10.00% | 10.00% | 10.00% | 10.00% | 10.00% | 10.00% | 10.00% | 10.06% |

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Notes to Financial Statements

June 30, 2023

Assumptions

The total PERS and PFRS pension liability for June 30, 2022 measurement date was determined by an actuarial valuation as of June 30, 2022 and June 30, 2021 based upon actual experience for the period July 1, 2018 through June 30, 2021. The actuarial valuation used an inflation rate of 2.75%, projected salary increases through 2028 of 2.75% to 6.55% for PERS based on age and thereafter 3.00% to 7.00% for PERS and 3.25% to 16.25% for PFRS based on age and an investment rate of return of 7.00%.

The discount rate used to measure the total pension liability was 7.00% and 7.00% for PERS and 7.00% and 7.00% for PFRS as of June 30, 2022 and 2021 respectively. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057 for PERS and 2076 for PFRS. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 for PERS and 2076 for PFRS, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability. More information on mortality rates and other assumptions, and investment policies, can be found at www.state.nj.us/treasury/pensions/annrprts.shtml.

The following presents the City’s proportionate share of the PERS net pension liability calculated using the discount rate of 7.00% and 7.00% as of June 30, 2022 and 2021, respectively, as well as what the PERS net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the assumed rate.

Sensitivity of the City’s Proportionate Share of the PERS Local Share Net Pension Liability to Changes in the Discount Rate

| | At 1% decrease (6.00%) | At current discount rate (7.00%) | At 1% increase (8.00%) |
|------|---------------------------|-------------------------------------|---------------------------|
| 2022 | <u>\$103,036,706</u> | <u>\$80,202,490</u> | <u>\$60,769,653</u> |
| 2021 | <u>\$84,261,436</u> | <u>\$61,493,566</u> | <u>\$59,297,409</u> |

The following presents the City’s proportionate share of the PFRS net pension liability calculated using the discount rate of 7.00% and 7.00% as of June 30, 2022 and 2021, respectively, as well as what the PFRS net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the assumed rate.

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Notes to Financial Statements

June 30, 2023

Sensitivity of the City's Proportionate Share of the PFRS Local Share Net Pension Liability to Changes in the Discount Rate

| | At 1% decrease (6.00%) | At current discount rate (7.00%) | At 1% increase (8.00%) |
|------|---------------------------|-------------------------------------|---------------------------|
| 2022 | \$266,299,120 | \$193,964,965 | \$133,878,165 |
| 2021 | \$227,875,341 | \$123,156,994 | \$70,006,227 |

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension

Although the Division administers one cost-sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarially determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources and pension expense excluding that attributable to employer-paid member contributions are determined separately for each individual employer of the State and local groups.

To facilitate the separate (sub) actuarial valuations, The Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer allocations are applied to amounts presented in the schedules of pension amount by employer. The allocation percentages for each group as of June 30, 2022 and 2023 are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal years ended June 30, 2022 and 2023, respectively.

Following is the total of the City's portion of the PERS and PFRS net pension liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and the pension expense and expenditures for the fiscal year ended June 30, 2022.

| | <u>PERS</u> | <u>PFRS</u> |
|-------------------------------|--------------|---------------|
| Net Pension Liabilities | \$80,202,490 | \$193,964,965 |
| Deferred Outflow of Resources | 9,199,002 | 35,882,469 |
| Deferred Inflow of Resources | 12,519,965 | 38,885,401 |
| Pension Expense | (3,506,004) | (1,132,804) |

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collected deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The employer allocation percentages presented in the PERS schedule of employer allocations and applied to amounts presented in the PERS schedule of pension amounts by employer are based on the ratio of the contributions as an individual employer to total contributions to the PERS and PFRS during the years ended June 30, 2022 and 2021. The City's proportionate share of the collective net pension liability as of June 30, 2022 and 2021 was .5314% and .5191% for PERS and 1.6946% and 1.6849% for PFRS respectively.

CITY OF ELIZABETH

Notes to Financial Statements

June 30, 2023

At June 30, 2022, the Division determined the amount of the City’s proportionate share of the PFRS net pension liability was \$193,964,965. At June 30, 2022, deferred outflows of resources and deferred inflows of resources related to the PERS pension are as follows:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|-----------------------------------|----------------------------------|
| Change of Assumptions | \$531,581 | \$24,416,358 |
| Net Difference Between Projected and Actual Investment Earnings | 17,761,402 | — |
| Net Change in Proportions | 8,810,023 | 2,586,052 |
| Net Difference between Expected and Actual Experience | 8,779,373 | 11,882,991 |
| Net Actual Less Proportionate Share of Contributions | — | — |
| Total Contributions and Proportionate Share of Contributions after the Measurement Date | — | — |
| | <u>\$35,882,469</u> | <u>\$38,885,401</u> |

At June 30, 2022, the Division determined the amount of the City’s proportionate share of the PERS net pension liability was \$80,202,490. At June 30, 2022, deferred outflows of resources and deferred inflows of resources related to the PERS pension are as follows:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|-----------------------------------|----------------------------------|
| Change of Assumptions | \$248,493 | \$12,009,488 |
| Net Difference Between Projected and Actual Investment Earnings | 3,319,509 | — |
| Net Change in Proportions | 5,052,135 | — |
| Net Difference Between Expected and Actual Experience | 578,865 | 510,477 |
| Total Contributions and Proportionate Share of Contributions after the Measurement Date | — | — |
| | <u>\$9,199,002</u> | <u>\$12,519,965</u> |

Long-Term Expected Rate of Return

The arithmetic mean return on the portfolio 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. Best estimates of arithmetic rates of return

CITY OF ELIZABETH

Notes to Financial Statements

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for each major asset class included in the pension plan's target asset allocation as of June 30, 2023 are summarized in the following table.

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|-----------------------------------|--------------------------|---|
| Risk Mitigation | 3.00% | 4.91% |
| Cash equivalents | 4.00% | 1.75% |
| U.S. Treasuries | 4.00% | 1.75% |
| Investment grade credit | 7.00% | 3.38% |
| High Yield | 4.00% | 4.95% |
| Private Credit | 8.00% | 8.10% |
| Real Assets | 3.00% | 7.60% |
| Real Estate | 8.00% | 11.19% |
| US Equity | 27.00% | 8.12% |
| Non-U.S. developed markets equity | 13.50% | 8.38% |
| Emerging markets equity | 5.50% | 10.33% |
| Private Equity | 13.00% | 11.80% |

(8) 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 \$7,236,914 and \$12,236,914 as of June 30, 2022 and 2023, respectively.

(9) Contingent Liabilities

The City is a defendant in various legal proceedings. In the opinion of the City's City Attorney, these matters are adequately covered by the City's insurance program, the City's defense program, or by the

CITY OF ELIZABETH

Notes to Financial Statements

June 30, 2023

City of Elizabeth directly and which may be settled or resolved in a manner satisfactory to the financial stability of the City.

The City operates a Combined Sewer system under NJ Discharge Elimination System Permit No. NJ 0108782 which expired June 30, 2020 and it is currently going through renewal. The combined sewer system has overflows during certain storm events from twenty-nine outfalls and was required to prepare a Long Term Control Plan under the National Clean Water Act to reduce overflows. The cost of this long term project was estimated to be approximately \$190,000,000 in 2020. The Long Term Control Plan was submitted on September 25, 2020 in accordance with the permit. The revised report is still subject to review and negotiation with the NJ DEP and Federal EPA. Technical review comments were received from the NJDEP on July 22, 2021 and a revised report was submitted on September 19, 2021. A draft renewal permit was received on May 9, 2023.

The City is a defendant in three cases before the Superior Court of New Jersey, UNN-L-002819-18, 20-CV-5997, 18-CV-03443, UNN-L 3295-19, 2:15-CV-01086-KM-MAH, 2:23-cv-01779 and 2:22-cv-04490 each case has an exposure in excess of \$300,000. The City is vigorously defending these matters.

The City is also defendant in various tax appeals that they are defending vigorously. The amount of the potential settlements is not determinable currently. The City has a reserve for tax appeals as of June 30, 2022 and 2023 of \$15,587,924 and \$14,624,960, respectively.

The City participates in numerous Federal and State of New Jersey grant programs which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the City has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivables at June 30, 2023 may be impaired. In the opinion of the City, there are no significant contingent liabilities relating to compliance with rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying financial statements for such contingencies.

In accordance with the NJ Division of Pension and Benefits regulations, the City previously elected to defer the payment of two months health insurance premiums, as of June 30, 2020 only one month is in deferral. The June 30, 2023, and 2022 deferrals were approximately \$2,079,251 and \$1,675,387 respectively which become payable upon the City leaving the State Health Benefits Program.

(10) 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.

CITY OF ELIZABETH

Notes to Financial Statements

June 30, 2023

(11) Deferred Compensation Plan

The City offers its employees two deferred compensation plans created in accordance with Internal Revenue Code Section 457. The plans permit employees to defer a portion of their salary to future years. Individuals are one hundred percent vested. The plans are funded solely from voluntary employee payroll deductions. Distribution is available to employees upon termination, retirement, death, or unforeseeable emergency. All amounts of compensation deferred under the plans, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are solely property and rights of the individual contributors and are not subject to the claims of the City's general creditors.

(12) Fixed Assets

The City records assets with a useful life in excess of five years and with a value over \$5,000 as a fixed asset. The accounts are adjusted for dispositions and abandonment's. Depreciation is not recorded.

Fixed assets used in governmental operation (general fixed assets) are accounted for in the General Fixed Assets. Public domain ("Infrastructure") general fixed assets consisting of certain improvement other than building, such as roads, bridges, curbs and gutters, streets and sidewalks, and drainage systems are not capitalized.

The City's fixed assets are summarized as follows:

| | Balance June 30, 2022 | Additions | Dispositions | Balance June 30, 2023 |
|-----------------------|----------------------------------|------------------|---------------------|----------------------------------|
| General fixed assets: | | | | |
| Land and buildings | \$ 60,130,556 | 880,773 | 4,072,503 | 56,938,826 |
| Equipment | 14,317,817 | 1,356,279 | 2,901,569 | 12,772,527 |
| Vehicles | 31,881,892 | 7,653,860 | 4,447,303 | 35,088,449 |
| | <u>\$ 106,330,265</u> | <u>9,890,912</u> | <u>11,421,375</u> | <u>104,799,802</u> |

| | Balance June 30, 2021 | Additions | Dispositions | Balance June 30, 2022 |
|-----------------------|----------------------------------|------------------|---------------------|----------------------------------|
| General fixed assets: | | | | |
| Land and buildings | \$ 60,130,556 | — | — | 60,130,556 |
| Equipment | 12,383,197 | 1,934,620 | — | 14,317,817 |
| Vehicles | 31,158,188 | 723,704 | — | 31,881,892 |
| | <u>\$ 103,671,941</u> | <u>2,658,324</u> | <u>—</u> | <u>106,330,265</u> |

(13) Cash

Cash and cash equivalents includes amounts on deposit, and short-term investments with original maturities of three months or less from the date of acquisition.

Deposits

New Jersey statutes require that municipalities deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, or by any other agency of the

CITY OF ELIZABETH

Notes to Financial Statements

June 30, 2023

United States that insures deposits made in public depositories. Municipalities are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

New Jersey statutes Government Unit Deposit Protection Act (GUDPA) require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

GASB Statement No. 40, Deposit and Investment Risk Disclosures, requires disclosure of bank deposits that are subject to custodial credit risk. The custodial credit risk for deposits is the risk that, in the event of the failure of a depository institution, the City will not be able to recover deposits or will not be able to recover collateral securities that may be in the possession of an outside party. As of June 30, 2023 the City's bank deposits are insured or covered by the State's Government Unit Deposit Protection Act or are collateralized with the federal securities held by another institution in the City's name.

(14) Sewer Utility

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.

(15) Interfund Balances

The City has interfund balances at June 30, 2023 and 2022 as follows:

| | | <u>2023</u> | | <u>2022</u> | |
|--------------------------|-------------|-------------|------------|-------------|------------|
| | <u>FROM</u> | | <u>TO</u> | <u>FROM</u> | <u>TO</u> |
| Current Fund: | | | | | |
| CDBG | \$ | — | 25,348 | — | 25,348 |
| Federal and State Grant | | — | 42,794,844 | — | 42,837,520 |
| Dog License Trust | | 7,816 | — | 28,055 | — |
| General Trust | | — | 983 | 424 | — |
| Federal and State Grant: | | | | | |
| Sewer Operating | | — | — | — | 5,000,000 |
| Current Fund | | 42,794,844 | — | 42,837,520 | — |

(continued)

CITY OF ELIZABETH

Notes to Financial Statements

June 30, 2023

| | <u>2023</u> | | <u>2022</u> | |
|-------------------------|-------------|-----------|-------------|-----------|
| | <u>FROM</u> | <u>TO</u> | <u>FROM</u> | <u>TO</u> |
| Dog License Trust: | | | | |
| Current Fund | — | 7,816 | — | 28,055 |
| Other Federal Grant: | | | | |
| General Trust | 225,519 | — | 225,519 | — |
| CDBG: | | | | |
| Current | 25,348 | — | 25,348 | — |
| UEZ Trust: | | | | |
| General Trust | 224,828 | — | 1,067,794 | — |
| General Trust: | | | | |
| Current | 983 | — | — | 424 |
| UEZ Trust | — | 224,828 | — | 1,067,794 |
| Other Federal Grant | — | 225,519 | — | 225,519 |
| Sewer Operating: | | | | |
| Federal Grant Fund | — | — | 5,000,000 | — |
| Sewer Capital | 8 | — | — | 4,999,647 |
| Sewer Capital: | | | | |
| Federal And State Grant | — | — | — | — |
| Sewer Operating | — | 8 | 4,999,647 | — |
| Water Operating: | | | | |
| Water Capital | 2,882 | — | 82 | — |
| Water Capital: | | | | |
| Water Operating | — | 2,882 | — | 82 |

The interfund with the grant fund result from receipts and expenditures received and made prior to reimbursement from the granting agency. The remaining interfunds are to record the transfer of interest to the operating funds and to record expenditures paid from other funds.

(16) Post Retirement Medical Benefits

PERS, PFRS and CFPF require post retirement medical benefits to be funded on a pay-as-you-go basis for employees that have 25 years of accumulated service. Benefits include medical and prescription coverage for the participant and family.

Plan Description: The City contributes to the State Health Benefits Program (SHBP), a cost-sharing, multiple-employer defined post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq., to provide health benefits to State employees, retirees and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. On September 14th, 1976,

CITY OF ELIZABETH

Notes to Financial Statements

June 30, 2023

the City authorized participation in the SHBP's post-retirement benefit program by resolution. Premiums or periodic charges for the benefits provided to all eligible retired employees and their dependents covered under the program, but not including survivors, if such employees retired from a State or locally – administered retirement system effective after the date the employer adopted the State Health Benefits Program on a benefit based on 25 years or more of service credited in such retirement system, excepting the employees who elected deferred retirement, but including the employees who retired on disability pensions based on fewer years of service credited in such retirement system and also to reimburse such retired employees for their premium charges under Part B of the Federal Medicare Program covering the retired employees and their spouses in accordance to the regulations of the State Health Benefits Commission.

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at www.state.nj.us/treasury/pensions.gasb-43-sept2088.pdf.

Funding Policy: Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis.

Contributions to pay for the health premiums of participating retirees in the SHBP are billed to the City on a monthly basis.

The City contributions to the SHBP for active employees for the years ended June 30, 2023, 2022, 2021, 2020, and 2019, were \$17,781,626, \$17,095,652, \$14,997,562, \$14,044,490 and \$13,349,917, respectively, which equaled the required contributions for each year. There were approximately 842, 833, 832, 844, and 825, retired participants eligible at June 30, 2023, 2022, 2021, 2020, and 2019, respectively. The City contributions to the SHBP for retired employees for the years ended June 30, 2023, 2022, 2021, 2020, and 2019, were \$13,870,201, 11,687,067, 9,739,490, 9,021,620, and 11,583,591, respectively.

The implementation of Government Accounting Standards Board Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective inflows of resources, and collective expense. The accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey - regulatory basis only requires note disclosure as part of the City financial statement.

The net non-special funding OPEB liability at June 30, 2022 and 2021 measurement dates are \$317,658,183 and \$344,482,153.

Assumptions

The total non-special funding OPEB liability for June 30, 2021 measurement date was determined by an actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022. The actuarial valuation used an inflation rate of 2.50%, projected PERS salary increases from initial fiscal year to 2026 of 6.00% to 2.00% and thereafter 3.00% to 7.00% based on years of service and for PFRS 15.25% to 3.25%, based on years of service, and an investment rate of return of 0.12% and 1.57% for June 30, 2021 and June 30, 2020

CITY OF ELIZABETH

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June 30, 2023

respectively.

The discount rate used to measure the total OPEB liability was 2.16% and 2.21% as of June 30, 2021 and 2020 respectively. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034, and the municipal bond rate was applied to projected benefit payments after that date in determining the total OPEB liability. More information on mortality rates and other assumptions, and investment policies, can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

The following presents the City’s proportionate share of the non special funding net OPEB liability calculated using the discount rate of 2.16% and 3.50% as of June 30, 2021 and 2020, respectively, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the assumed rate.

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

| | At 1% decrease (1.16%) | At current discount rate (2.16%) | At 1% increase (3.16%) |
|------|---------------------------|-------------------------------------|---------------------------|
| 2021 | <u>\$405,389,417</u> | <u>\$344,482,153</u> | <u>\$296,211,836</u> |
| | At 1% decrease (2.54%) | At current discount rate (3.54%) | At 1% increase (4.54%) |
| 2022 | <u>\$368,229,781</u> | <u>\$317,658,183</u> | <u>\$276,968,600</u> |

Sensitivity of the City’s Proportionate Share of the Local Share Net OPEB Liability to Changes in the Healthcare Trend Rate

| | At 1% decrease | Healthcare Cost Trend Rate | At 1% increase |
|------|----------------------|-------------------------------|----------------------|
| 2021 | <u>\$287,414,134</u> | <u>\$344,482,153</u> | <u>\$418,948,852</u> |
| 2022 | <u>\$269,479,000</u> | <u>\$317,658,183</u> | <u>\$379,362,150</u> |

Special Funding Situation

Under Chapter 330, P.L. 1887 the State Shall pay the premium or periodic charges for the qualified local police and firefighter retirees and dependents equal to 80% of the premium or periodic charge for the category of coverage elected by the qualified retiree plan providing the lowest premium or periodic charge.

Therefore, these employees are considered to be a special funding situation as defined by GASB Statement No. 75 and the State is considered a nonemployer contributing entity. Since the local employers do not contribute under this legislation to the plan, there is no OPEB liability. However, the City’s share of this collective liability is \$66,361,923 and \$73,899,169 for June 30, 2022 and 2021, respectively.

(17) City Bond Guaranty

CITY OF ELIZABETH

Notes to Financial Statements

June 30, 2023

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, 2023 and 2022 of \$910,000 and \$1,125,000, 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, 2022 and 2023 amounts to \$4,620,000 and \$3,495,000, respectively.

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, 2023 and 2022 are \$14,040,000 and \$14,880,000, 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

CITY OF ELIZABETH

Notes to Financial Statements

June 30, 2023

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.

Pursuant to the Deficiency Agreement, the City will make payment to the County for a portion of the principal and interest on the 2015 Bonds, not to exceed \$1,100,000, of the principal plus one-half of the interest amount (including accreted interest) on the 2015 Bonds paid by the County pursuant to the 2015 County Guaranty, and the City shall be obligated, if necessary, to levy ad valorem taxes upon all the taxable property within the City without limitation as to rate or amount to make such payment. The outstanding balances at June 30, 2023 and 2022 are \$2,263,800 and \$2,431,000 respectively.

(18) 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, 2023 the city billed \$13,446,261 in PILOT agreements, in lieu of property taxes totaling \$32,622,872 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.

(19) Subsequent Events

The City has evaluated subsequent events occurring after the financial date through March 13, 2024 which is the date the financial statements were available to be issued.

The City has settled and refunded five substantial tax appeals totaling approximately \$9,400,000 since June 30, 2023 out of its reserve for tax appeals.

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APPENDIX C
SELECTED FINANCIAL INFORMATION 2019-2023

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CITY OF ELIZABETH

**Current Fund - Balance Sheet:
Assets**

June 30,

| | 2023 | 2022 | 2021 | 2020 | 2019 |
|-------------------------------------|----------------|----------------|----------------|----------------|----------------|
| Current Fund: | | | | | |
| Cash and investments | | | | | |
| Cash | \$ 243,626,981 | \$ 232,716,959 | \$ 206,347,694 | \$ 173,109,117 | \$ 161,520,550 |
| | 243,626,981 | 232,716,959 | 206,347,694 | 173,109,117 | 161,520,550 |
| State accounts receivable | 135,871 | 154,102 | 178,283 | 187,331 | 163,823 |
| | 243,762,852 | 232,871,061 | 206,525,977 | 173,296,448 | 161,684,373 |
| CI Deferred Charges | — | — | 73,439 | 73,439 | — |
| Receivables with full reserves | | | | | |
| Delinquent property taxes | 4,234,314 | 5,474,651 | 4,185,421 | 5,669,379 | 6,465,147 |
| Other receivables | 1,589,492 | 5,513,175 | 4,680,999 | 17,497,526 | 15,137,289 |
| | 5,823,806 | 10,987,826 | 8,866,420 | 23,166,905 | 21,602,436 |
| | 249,586,658 | 243,858,887 | 215,465,836 | 196,536,792 | 183,286,809 |
| Federal and State Grant Fund: | | | | | |
| Federal and State grants receivable | 42,665,585 | 10,270,788 | 9,894,122 | 7,856,655 | 6,327,198 |
| Other receivables | 42,794,844 | 42,837,520 | 24,653,204 | 2,158,352 | 1,852,637 |
| | 85,460,429 | 53,108,308 | 34,547,326 | 10,015,007 | 8,179,835 |
| | \$ 335,047,087 | \$ 296,967,195 | \$ 250,013,162 | \$ 206,551,799 | \$ 191,466,644 |

CITY OF ELIZABETH

**Current Fund - Balance Sheet:
Liabilities, Reserves and Fund Balance**

June 30,

| | 2023 | 2022 | 2021 | 2020 | 2019 |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Liabilities, Reserves and Fund Balance | | | | | |
| Encumbrances payable | \$ 7,273,444 | \$ 7,406,991 | \$ 6,642,332 | \$ 6,362,564 | \$ 4,119,879 |
| Appropriation reserves | 23,006,924 | 24,137,061 | 31,700,857 | 25,263,153 | 25,970,854 |
| Accounts payable | 5,405,607 | 4,061,596 | 3,432,125 | 1,155,082 | 3,413,059 |
| Interfund payables | 42,821,175 | 42,862,868 | 19,678,552 | 2,183,700 | 1,877,985 |
| Special emergency notes | — | — | — | — | — |
| Other reserves and payables | 71,166,391 | 65,532,884 | 57,017,884 | 58,583,607 | 49,373,638 |
| | <u>149,673,541</u> | <u>144,001,400</u> | <u>118,471,750</u> | <u>93,548,106</u> | <u>84,755,415</u> |
| Reserve for receivables | 5,823,806 | 10,987,826 | 8,866,420 | 23,166,905 | 21,602,436 |
| Fund balance | 94,089,311 | 88,869,661 | 88,127,666 | 79,821,781 | 76,928,958 |
| | <u>249,586,658</u> | <u>243,858,887</u> | <u>215,465,836</u> | <u>196,536,792</u> | <u>183,286,809</u> |
| Federal and State Grant Fund: | | | | | |
| Miscellaneous other | 213 | 213 | 1,000,213 | — | — |
| Interfund payables | — | 5,000,000 | — | — | — |
| Unappropriated grant funds | 15,453,430 | 15,261,167 | 18,223,542 | — | 184,838 |
| Reserve for Federal and State grants | 70,006,786 | 32,846,928 | 15,323,571 | 10,015,007 | 7,994,997 |
| | <u>85,460,429</u> | <u>53,108,308</u> | <u>34,547,326</u> | <u>10,015,007</u> | <u>8,179,835</u> |
| | <u>\$ 335,047,087</u> | <u>\$ 296,967,195</u> | <u>\$ 250,013,162</u> | <u>\$ 206,551,799</u> | <u>\$ 191,466,644</u> |

CITY OF ELIZABETH

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

Year Ended June 30.

| | 2023 | 2022 | 2021 | 2020 | 2019 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| Revenues and Other Credits to Income | | | | | |
| Fund balance utilized | \$ 55,000,000 | \$ 53,000,000 | \$ 46,000,000 | \$ 41,700,000 | \$ 35,000,000 |
| Receipts from current taxes | 288,877,760 | 277,976,945 | 274,079,926 | 261,776,779 | 256,903,215 |
| Miscellaneous revenue anticipated | 117,323,682 | 102,662,315 | 69,830,941 | 69,062,679 | 75,271,828 |
| Receipts from delinquent taxes | 7,104,886 | 8,910,610 | 6,152,962 | 6,664,073 | 8,302,709 |
| Nonbudget revenue | 13,535,046 | 9,408,906 | 8,885,662 | 9,712,828 | 9,109,004 |
| Miscellaneous revenue and other credits to income | 23,949,580 | 32,727,942 | 24,529,866 | 30,124,758 | 23,441,149 |
| Total income | 505,790,954 | 484,686,718 | 429,479,357 | 419,041,117 | 408,027,905 |
| Expenditures: | | | | | |
| Municipal budget appropriations | 326,010,702 | 309,013,234 | 269,479,609 | 255,138,399 | 248,415,880 |
| Local district school taxes | 59,813,124 | 59,813,124 | 59,813,124 | 59,813,124 | 59,813,124 |
| County taxes | 49,271,176 | 47,162,649 | 44,616,538 | 44,988,503 | 41,651,863 |
| Other expenditures | 10,476,302 | 14,955,716 | 1,264,201 | 14,581,707 | 15,483,406 |
| Total expenditures | 445,571,304 | 430,944,723 | 375,173,472 | 374,521,733 | 365,364,273 |
| Excess in revenues | 60,219,650 | 53,741,995 | 54,305,885 | 44,519,384 | 42,663,632 |
| Expenditures included above which are by statute deferred charges to subsequent budgets | — | — | — | 73,439 | — |
| Statutory excess to Fund Balance | 60,219,650 | 53,741,995 | 54,305,885 | 44,592,823 | 42,663,632 |
| Fund balance, July 1 | 88,869,661 | 88,127,666 | 79,821,781 | 76,928,958 | 69,265,326 |
| | 149,089,311 | 141,869,661 | 134,127,666 | 121,521,781 | 111,928,958 |
| Utilized as anticipated revenues | 55,000,000 | 53,000,000 | 46,000,000 | 41,700,000 | 35,000,000 |
| Fund balance, June 30 | \$ 94,089,311 | \$ 88,869,661 | \$ 88,127,666 | \$ 79,821,781 | \$ 76,928,958 |

CITY OF ELIZABETH

**General Capital Fund - Balance Sheet
Assets**

June 30,

| | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Cash | \$ 20,272,998 | \$ 25,959,010 | \$ 27,176,210 | \$ 22,846,953 | \$ 28,613,939 |
| Receivables: | | | | | |
| Union County Improvement Authority | — | — | — | — | 648,785 |
| Department of Environmental Protection | 110,914 | 110,914 | 110,914 | 110,914 | 110,914 |
| State of New Jersey | 5,849,783 | 5,434,825 | 4,845,175 | 4,116,544 | 4,116,544 |
| | <u>5,960,697</u> | <u>5,545,739</u> | <u>4,956,089</u> | <u>4,227,458</u> | <u>4,876,243</u> |
| Deferred charges to future taxation: | | | | | |
| Funded | 78,639,812 | 86,222,754 | 93,587,490 | 98,869,051 | 102,331,160 |
| Unfunded | 52,199,011 | 46,369,011 | 33,170,824 | 31,552,000 | 38,808,339 |
| | <u>130,838,823</u> | <u>132,591,765</u> | <u>126,758,314</u> | <u>130,421,051</u> | <u>141,139,499</u> |
| | <u>\$ 157,072,518</u> | <u>\$ 164,096,514</u> | <u>\$ 158,890,613</u> | <u>\$ 157,495,462</u> | <u>\$ 174,629,681</u> |

CITY OF ELIZABETH

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

June 30,

| | 2023 | 2022 | 2021 | 2020 | 2019 |
|----------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| General serial bonds | \$ 77,568,000 | \$ 84,593,000 | \$ 91,403,000 | \$ 96,133,000 | \$ 99,223,000 |
| Bond anticipation notes | — | — | 1,000,000 | 1,200,000 | 1,000,000 |
| Loans payable | 1,071,812 | 1,629,754 | 2,184,490 | 2,736,051 | 3,108,160 |
| Improvement authorizations | | | | | |
| Funded | 22,626,207 | 27,569,076 | 24,621,970 | 18,172,055 | 31,434,793 |
| Unfunded | 48,255,937 | 40,391,101 | 28,176,438 | 27,666,234 | 35,323,870 |
| Capital Improvement Fund | 2,679,276 | 3,824,276 | 2,804,276 | 1,564,276 | 164,276 |
| Reserve for: | | | | | |
| State of New Jersey grants | 2,273,525 | 1,808,525 | 1,808,525 | 1,878,525 | 1,878,526 |
| Bond sale expense | 16,039 | 69,875 | 34,506 | 41,073 | 76,243 |
| Retirement of debt | 854,424 | 995,510 | 1,131,698 | 1,263,134 | 1,626,859 |
| Fund balance | 1,727,298 | 3,215,397 | 5,725,710 | 6,841,114 | 793,954 |
| | <u>\$ 157,072,518</u> | <u>\$ 164,096,514</u> | <u>\$ 158,890,613</u> | <u>\$ 157,495,462</u> | <u>\$ 174,629,681</u> |

CITY OF ELIZABETH

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

Year Ended June 30,

| | 2023 | 2022 | 2021 | 2020 | 2019 |
|--|---------------------|---------------------|---------------------|---------------------|-------------------|
| Increased by: | | | | | |
| Premium on sale of bonds and note: | \$ 945 | \$ 3,750 | \$ 9,046 | \$ 1,134 | \$ 14,143 |
| Miscellaneous | 35,956 | 124,297 | 582,303 | 321,100 | 1,314,254 |
| Funded improvement authorizations cancelled | — | — | — | 5,944,996 | 2,037,789 |
| | <u>36,901</u> | <u>128,047</u> | <u>591,349</u> | <u>6,267,230</u> | <u>3,366,186</u> |
| Decreased by: | | | | | |
| Appropriated to finance improvement auth | 1,525,000 | 2,638,360 | 1,700,000 | — | 7,150,000 |
| Net Interest earned paid to Current Func | — | — | 6,753 | 39,480 | 36,090 |
| Receivables cancelled | — | — | — | 180,590 | — |
| | <u>1,525,000</u> | <u>2,638,360</u> | <u>1,706,753</u> | <u>220,070</u> | <u>7,186,090</u> |
| | (1,488,099) | (2,510,313) | (1,115,404) | 6,047,160 | (3,819,904) |
| Fund balance, July 1 | <u>3,215,397</u> | <u>5,725,710</u> | <u>6,841,114</u> | <u>793,954</u> | <u>4,613,858</u> |
| Fund balance, June 30 | <u>\$ 1,727,298</u> | <u>\$ 3,215,397</u> | <u>\$ 5,725,710</u> | <u>\$ 6,841,114</u> | <u>\$ 793,954</u> |

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CITY OF ELIZABETH

**Water Utility Funds - Balance Sheet:
Assets**

June 30,

| | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| Operating Fund: | | | | | |
| Cash | \$ 993,660 | \$ 952,203 | \$ 950,386 | \$ 948,648 | \$ 921,815 |
| Interfund receivables | 2,882 | 82 | 82 | 82 | 2,053 |
| Receivables and inventory with reserves | | | | | |
| Water liens receivable | <u>15,835</u> | <u>15,835</u> | <u>15,835</u> | <u>15,835</u> | <u>15,835</u> |
| Total Operating Fund | <u>1,012,377</u> | <u>968,120</u> | <u>966,303</u> | <u>964,565</u> | <u>939,703</u> |
| Trust Fund: | | | | | |
| Cash | <u>157,472</u> | <u>157,472</u> | <u>157,472</u> | <u>157,472</u> | <u>157,516</u> |
| Total Trust Fund | <u>157,472</u> | <u>157,472</u> | <u>157,472</u> | <u>157,472</u> | <u>157,516</u> |
| Capital Fund: | | | | | |
| Cash | 2,640,809 | 2,794,725 | 3,061,912 | 2,893,261 | 2,543,558 |
| Fixed capital | <u>26,420,370</u> | <u>26,420,370</u> | <u>26,420,370</u> | <u>26,420,370</u> | <u>26,420,370</u> |
| Total Capital Fund | <u>29,061,179</u> | <u>29,215,095</u> | <u>29,482,282</u> | <u>29,313,631</u> | <u>28,963,928</u> |
| | <u>\$ 30,231,028</u> | <u>\$ 30,340,687</u> | <u>\$ 30,606,057</u> | <u>\$ 30,435,668</u> | <u>\$ 30,061,147</u> |

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CITY OF ELIZABETH

**Water Utility Funds - Balance Sheet
Liabilities, Reserves and Fund Balance**

June 30,

| | 2023 | 2022 | 2021 | 2020 | 2019 |
|----------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Operating Fund: | | | | | |
| Interfund payable | \$ — | \$ — | \$ — | \$ — | \$ — |
| Reserve for receivables | 15,835 | 15,835 | 15,835 | 15,835 | 15,835 |
| Fund balance | 996,542 | 952,285 | 950,468 | 948,730 | 923,868 |
| Total Operating Fund | 1,012,377 | 968,120 | 966,303 | 964,565 | 939,703 |
| Trust Fund: | | | | | |
| Due to Water Operating Fund | — | — | — | — | 44 |
| Reserve for consumer deposits | 157,472 | 157,472 | 157,472 | 157,472 | 157,472 |
| Total Trust Fund | 157,472 | 157,472 | 157,472 | 157,472 | 157,516 |
| Capital Fund: | | | | | |
| Reserve for capital expenditures | 1,940,688 | 2,097,404 | 2,364,591 | 2,195,940 | 1,844,310 |
| Reserve for amortization | 26,420,370 | 26,420,370 | 26,420,370 | 26,420,370 | 26,420,370 |
| Interfund payable | 2,882 | 82 | 82 | 82 | 2,009 |
| Capital Improvement Fund | 697,239 | 697,239 | 697,239 | 697,239 | 697,239 |
| Total Capital Fund | 29,061,179 | 29,215,095 | 29,482,282 | 29,313,631 | 28,963,928 |
| | \$ 30,231,028 | \$ 30,340,687 | \$ 30,606,057 | \$ 30,435,668 | \$ 30,061,147 |

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CITY OF ELIZABETH

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

Year Ended June 30,

| | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> |
|---|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| 60 Revenues and Other Credits to Income | | | | | |
| Miscellaneous | \$ 44,257 | \$ 1,817 | \$ 1,738 | \$ 24,862 | \$ 36,981 |
| Total income | <u>44,257</u> | <u>1,817</u> | <u>1,738</u> | <u>24,862</u> | <u>36,981</u> |
| Excess in revenues | 44,257 | 1,817 | 1,738 | 24,862 | 36,981 |
| Fund balance, July 1 | <u>952,285</u> | <u>950,468</u> | <u>948,730</u> | <u>923,868</u> | <u>886,887</u> |
| Fund balance, June 30 | <u><u>\$ 996,542</u></u> | <u><u>\$ 952,285</u></u> | <u><u>\$ 950,468</u></u> | <u><u>\$ 948,730</u></u> | <u><u>\$ 923,868</u></u> |

CITY OF ELIZABETH

**Sewer Utility Funds - Balance Sheet:
Assets**

June 30,

| | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Operating Fund: | | | | | |
| Cash | \$ 31,376,818 | \$ 30,566,319 | \$ 28,999,238 | \$ 26,391,830 | \$ 25,722,696 |
| Interfund receivables | 6,881 | 5,000,000 | 8 | 1,272 | 5,340 |
| Deferred charge | 3,000,000 | — | — | — | — |
| Receivables with reserves | | | | | |
| Consumer accounts receivable | 5,010,270 | 2,982,203 | 1,921,259 | 2,532,903 | 1,522,742 |
| Sewer liens receivable | 12,281 | 12,281 | 12,281 | 12,281 | 12,281 |
| Total Operating Fund | <u>39,406,250</u> | <u>38,560,803</u> | <u>30,932,786</u> | <u>28,938,286</u> | <u>27,263,059</u> |
| Capital Fund: | | | | | |
| Cash | 10,469,215 | 3,195,588 | 12,972,824 | 11,351,825 | 10,765,024 |
| Interfund receivables | — | 4,999,647 | — | — | — |
| Fixed capital | 280,427,957 | 268,427,957 | 248,627,957 | 233,279,216 | 222,733,676 |
| Due from trustee - Environmental Infrastruct | 817,494 | 5,849,892 | 711,429 | 2,648,418 | 6,266,583 |
| Stormwater grant receivable | — | — | — | 5,155 | 5,155 |
| Waste Water Treatment Trust Fund | — | — | — | 266,794 | 266,794 |
| Total Capital Fund | <u>291,714,666</u> | <u>282,473,084</u> | <u>262,312,210</u> | <u>247,551,408</u> | <u>240,037,232</u> |
| | <u>\$ 331,120,916</u> | <u>\$ 321,033,887</u> | <u>\$ 293,244,996</u> | <u>\$ 276,489,694</u> | <u>\$ 267,300,291</u> |

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CITY OF ELIZABETH

**Sewer Utility Funds - Balance Sheet:
Liabilities, Reserves and Fund Balance**

June 30,

| | 2023 | 2022 | 2021 | 2020 | 2019 |
|-----------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Operating Fund: | | | | | |
| Interfund payables | \$ — | \$ 4,999,647 | \$ — | \$ — | \$ — |
| Appropriation reserves | 4,373,424 | 5,393,392 | 1,251,161 | 2,058,890 | 4,627,622 |
| Miscellaneous payable | 3,251,405 | 3,950,293 | 3,729,176 | 3,681,041 | 3,796,393 |
| Reserve for receivables | 5,022,551 | 2,994,484 | 1,933,540 | 2,545,184 | 1,535,023 |
| Fund balance | <u>26,758,870</u> | <u>21,222,987</u> | <u>24,018,909</u> | <u>20,653,171</u> | <u>17,304,021</u> |
| Total Operating Fund | <u>39,406,250</u> | <u>38,560,803</u> | <u>30,932,786</u> | <u>28,938,286</u> | <u>27,263,059</u> |
| Capital Fund: | | | | | |
| Miscellaneous payable and reserve | 217,151 | 5,267,926 | 4,716,732 | 267,710 | 316,725 |
| Serial bonds | 44,380,000 | 38,905,000 | 37,930,000 | 41,460,000 | 35,120,000 |
| Bond anticipation notes | — | 2,400,000 | 2,000,000 | 4,000,000 | 5,000,000 |
| Environmental Infrastructure loan | 31,325,514 | 33,440,568 | 30,489,298 | 34,026,725 | 38,204,927 |
| Interfunds payable | 6,881 | — | 5,000,008 | 1,272 | 5,340 |
| Reserve for: | | | | | |
| Amortization | 136,334,130 | 127,294,076 | 113,936,576 | 104,869,149 | 98,705,932 |
| Renewal and replacement | 364,000 | 364,000 | 364,000 | 364,000 | 364,000 |
| Deferred amortization | 11,009,612 | 11,009,612 | 10,709,612 | 10,360,871 | 8,928,769 |
| Improvement Authorizations | | | | | |
| Funded | 11,458,724 | 8,488,265 | 3,998,663 | 3,922,942 | 6,837,781 |
| Unfunded | 48,479,376 | 47,667,294 | 45,732,443 | 40,209,517 | 39,728,584 |
| Appropriated grants | — | — | — | 20,619 | 20,619 |
| Capital Improvement Fund | 6,163,338 | 5,663,338 | 5,463,338 | 5,563,338 | 4,563,338 |
| Fund balance | <u>1,975,940</u> | <u>1,973,005</u> | <u>1,971,540</u> | <u>2,485,265</u> | <u>2,241,217</u> |
| Total Capital Fund | <u>291,714,666</u> | <u>282,473,084</u> | <u>262,312,210</u> | <u>247,551,408</u> | <u>240,037,232</u> |
| | <u>\$ 331,120,916</u> | <u>\$ 321,033,887</u> | <u>\$ 293,244,996</u> | <u>\$ 276,489,694</u> | <u>\$ 267,300,291</u> |

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CITY OF ELIZABETH

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

Year Ended June 30.

| | 2023 | 2022 | 2021 | 2020 | 2019 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| Revenues and Other Credits to Income | | | | | |
| Fund balance utilized | \$ 4,500,000 | \$ 7,500,000 | \$ 5,000,000 | \$ 5,000,000 | \$ 5,000,000 |
| Rents | 29,941,646 | 27,673,844 | 27,557,800 | 25,266,271 | 25,502,351 |
| Miscellaneous | 1,523,267 | 5,961,453 | 1,928,265 | 890,209 | 645,531 |
| Other credits to income | 6,070,970 | 1,091,061 | 1,879,673 | 2,192,670 | 4,170,824 |
| Total Income | 42,035,883 | 42,226,358 | 36,365,738 | 33,349,150 | 35,318,706 |
| Expenditures and Other Charges to Income | | | | | |
| Operating | 19,000,000 | 15,100,000 | 15,100,000 | 14,600,000 | 14,100,000 |
| Capital improvements | 5,889,626 | 5,879,897 | 770,444 | 1,391,357 | 5,392,624 |
| Debt service | 10,110,374 | 11,520,103 | 12,129,556 | 9,008,643 | 10,507,376 |
| Miscellaneous | — | 5,022,280 | — | — | — |
| Total expenditures | 35,000,000 | 37,522,280 | 28,000,000 | 25,000,000 | 30,000,000 |
| Excess in revenue | 7,035,883 | 4,704,078 | 8,365,738 | 8,349,150 | 5,318,706 |
| 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 | 10,035,883 | 4,704,078 | 8,365,738 | 8,349,150 | 5,318,706 |
| Fund balance, July 1 | 21,222,987 | 24,018,909 | 20,653,171 | 17,304,021 | 16,985,315 |
| | 31,258,870 | 28,722,987 | 29,018,909 | 25,653,171 | 22,304,021 |
| Utilized as anticipated revenue: | 4,500,000 | 7,500,000 | 5,000,000 | 5,000,000 | 5,000,000 |
| Fund balance, June 30 | \$ 26,758,870 | \$ 21,222,987 | \$ 24,018,909 | \$ 20,653,171 | \$ 17,304,021 |

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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*

_____, 2024

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 2024

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 2024 in the aggregate principal amount of \$ _____ (the "Bonds"), consisting of \$ _____ General Improvement Bonds and \$ _____ Sewer Utility 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 _____, 2024 and mature on May 15 in the years and in the principal amounts and bear interest at the rates, payable on November 15, 2024, and semiannually thereafter on the fifteenth days of May and November in each year until maturity or earlier redemption, as follows:

| Year | General Improvement Bonds | Sewer Utility Bonds | Combined Bonds | Interest Rate |
|------|---------------------------|---------------------|----------------|---------------|
| 2025 | | | | |
| 2026 | | | | |
| 2027 | | | | |
| 2028 | | | | |
| 2029 | | | | |
| 2030 | | | | |
| 2031 | | | | |
| 2032 | | | | |
| 2033 | | | | |
| 2034 | | | | |
| 2035 | | | | |
| 2036 | | | | |
| 2037 | | | | |
| 2038 | | | | |
| 2039 | | | | |

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. 4200, 4420, 4432, 4936, 5136, 5686, 5739 and 5891 (the “Ordinances”), and a resolution adopted by the City Council of the City on March 9, 2024 (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. 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 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 our opinion, assuming continuing compliance by the City with its covenants, under current law, interest on the Bonds is not includable in gross income for federal income tax purposes and is not an item of tax preference under Section 57 of the Code for purposes of computing the alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022.

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.

DECOTIIS, FITZPATRICK, COLE & GIBLIN, LLP

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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 2024, 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, 2024, 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 _____, 2024, 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: _____, 2024

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

By: _____
Chief Financial Officer

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: City of Elizabeth, in the County of Union, New Jersey

Name of Bond Issue: \$_____ aggregate principal amount of General Obligation Bonds,
Series 2024, consisting of: \$_____ General Improvement Bonds
and \$_____ Sewer Utility Bonds

Dated Date: _____, 2024

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by Section 3(a) of the Continuing Disclosure Certificate dated _____, 2024. The Issuer anticipates that the Annual Report will be filed by _____, 20__.

Dated: _____

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

By:

Name: _____

Title: _____

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