

**NEW ISSUE****Rating: See “Rating” herein**

*In the opinion of Wilentz, Goldman & Spitzer, P.A., Woodbridge, New Jersey, Bond Counsel (“Bond Counsel”) to the City (as hereinafter defined), under existing statutes, regulations, rulings and court decisions, and assuming continuing compliance by the City with certain covenants described herein, interest on the Notes (as hereinafter defined) (i) is not includable in gross income of the holders of the Notes for Federal income tax purposes pursuant to section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and (ii) will not be treated as a preference item 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 Federal alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022. Bond Counsel is further of the opinion that, under existing laws of the State of New Jersey, interest on the Notes and any gain on the sale thereof are not includable in gross income under the New Jersey Gross Income Tax Act, as amended. Bond Counsel’s opinions described herein are given in reliance on representations, certifications of fact, and statements of reasonable expectation made by the City in its Tax Certificate (as defined herein), assume continuing compliance by the City with certain covenants set forth in its Tax Certificate, and are based on existing statutes, regulations, administrative pronouncements and judicial decisions. See “TAX MATTERS” herein.*

**CITY OF NEWARK,  
in the County of Essex, State of New Jersey**

**\$32,368,000 General Capital Improvement Bond Anticipation Notes, Series 2026G (Tax-Exempt)  
(Book-Entry) (Non-Callable)**

**Dated: Date of Delivery****Due: September 21, 2027**

The \$32,368,000 General Capital Improvement Bond Anticipation Notes, Series 2026G (Tax-Exempt) (the “Notes”) will be issued for the purpose of currently refunding a \$32,368,000 principal portion, along with a 2026 appropriated principal paydown in the amount of \$1,583,000, of the City’s \$33,951,000 General Capital Improvement Bond Anticipation Notes, Series 2025E, issued on September 24, 2025 and maturing on September 23, 2026 (the “Series 2025E Notes”). The Notes will be issued as fully registered Notes and, when issued, will be registered in the name of and held by Cede & Co., as nominee for The Depository Trust Company, Brooklyn, New York (“DTC”). Purchases of the Notes will be made in book-entry form (without certificates) in denominations of \$5,000 each or any integral multiple of \$1,000 in excess thereof. So long as DTC, or its nominee Cede & Co., is the registered owner of the Notes, payments of the principal of and interest on the Notes are to be made directly to Cede & Co., which is to remit such payments to DTC participants, which, in turn, are to remit such payments to the beneficial owners of the Notes (see “BOOK-ENTRY SYSTEM” herein). Interest on the Notes is payable at maturity. Interest shall be computed on the basis of a three hundred sixty (360) day year consisting of twelve (12) months of thirty (30) days each.

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

**\$32,368,000 Series 2026G Notes (Tax-Exempt)**

**Due: September 21, 2027    Coupon: \_\_\_\_%    Price: \_\_\_\_%    Yield: \_\_\_\_%    CUSIP\* No. \_\_\_\_\_**

The Notes constitute general obligations of the City, and the full faith and credit and unlimited taxing power of the City are pledged to the payment of the principal of and interest on the Notes. The Notes are not a debt or obligation, legal, moral, or otherwise, of the State of New Jersey, or any county, municipality or political subdivision thereof, other than the City.

**This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision. Special reference is made to the sections “CITY FINANCIAL CONDITION” and “RISK FACTORS”, and to “CITY FINANCIAL SCHEDULES – 2021 Budget – 2026 Budget” in Appendix A hereto for a discussion of certain risk factors which should be considered in connection with an investment in the Notes.**

The Notes are offered when, as and if issued by the City and delivered to the Underwriter (as defined herein), subject to the approval of legality thereof by Wilentz, Goldman & Spitzer, P.A., Woodbridge, New Jersey, Bond Counsel, and other conditions described herein. Certain legal matters will be passed on for the City by Kenyatta Stewart, Esq., Corporation Counsel to the City. It is expected that the Notes will be available for delivery on or about September 22, 2026. The Notes are to be delivered through the facilities of DTC.

**ELECTRONIC PROPOSALS FOR THE PURCHASE OF THE NOTES WILL BE RECEIVED AT 11:00 AM ON THURSDAY, SEPTEMBER 10, 2026 IN ACCORDANCE WITH THE NOTICE OF SALE, DATED SEPTEMBER 3, 2026, RELATING TO THE NOTES.**

\* Registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, which is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. The CUSIP number listed above is being provided solely for the convenience of Noteholders only at the time of issuance of the Notes and the City does not make any representation with respect to such number or undertake any responsibility for its accuracy now or at any time in the future. The CUSIP number is subject to being changed after the issuance of the Notes as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to the Notes.

**CITY OF NEWARK,  
IN THE COUNTY OF ESSEX, STATE OF NEW JERSEY**

**MAYOR**

Ras J. Baraka

**MUNICIPAL COUNCIL MEMBERS**

Luis A. Quintana, President, At-Large  
Amina Bey, Central Ward  
Patrick O. Council, South Ward  
C. Lawrence Crump, At-Large  
Donna Jackson, At-Large  
Dupré L. Kelly, West Ward  
Anibal Ramos, Jr., North Ward  
Louise Scott-Rountree, At-Large  
Michael J. Silva, East Ward

**BUSINESS ADMINISTRATOR**

Eric S. Pennington, Esq.

**ACTING DIRECTOR OF FINANCE AND INTERIM CHIEF FINANCIAL OFFICER**

Benjamin A. Guzmán

**CITY CLERK**

Kecia Daniels

**CORPORATION COUNSEL**

Kenyatta Stewart, Esq.

**AUDITORS**

Samuel Klein and Company, LLP  
Certified Public Accountants  
Newark, New Jersey

**BOND COUNSEL**

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

**MUNICIPAL ADVISOR**

NW Financial Group, LLC  
Bloomfield, New Jersey

No dealer, broker, salesperson or any other person has been authorized by the City of Newark, in the County of Essex, State of New Jersey (the “City”) or the Underwriter to give any information or to make any representations, other than those contained in this Official Statement, and, if given or made, such other 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 and such information is not to be construed as a representation or warranty by the Underwriter or, as to information from sources other than the Underwriter, 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, the full text of which may be inspected at the offices of the City during normal business hours.

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 Notes in any jurisdiction in which it is unlawful for any person to make such an offer, solicitation or sale. No dealer, broker, salesman or other person has been authorized to give any information or to make any representations other than as contained in this Official Statement. If given or made, such other information or representations must not be relied upon as having been authorized by the City.

In connection with this offering, the Underwriter for the Notes may over allot or effect transactions that stabilize or maintain the market price of the Notes at a level above that which might be otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

Certain statements included or incorporated by reference in this Official Statement, including specifically (but not limited to) the statements contained under the headings "INTRODUCTION - Future Financing Plans", "CITY FINANCIAL CONDITION", "RISK FACTORS" and "APPENDIX A – CITY FINANCIAL SCHEDULES –", “-2021 Budget”, “-2022 Budget”, “-2023 Budget”, “-2024 Budget”, “-2025 Budget”, and “-2026 Budget” constitute projections or estimates of future events, generally known as forward-looking statements. These statements are generally identifiable by the terminology used, such as "plan", "expect", "estimate", "budget" or similar words. These forward-looking statements are based on the beliefs of, and assumptions made by, City officials and on information currently available to City officials. The achievement of certain results or other expectations contained in such forward-looking statements involves known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described herein to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, but are not limited to, items described under the above-referenced headings. Other than as may be required by law, the City does not plan to issue any updates or revisions to these forward-looking statements if or when its expectations, or events, conditions or circumstances on which such statements are based, occur.

The Underwriter for the Notes may offer and sell the Notes to certain dealers, dealer banks, and banks acting as agents at prices lower than the public offering price or yields higher than the yield, as applicable, stated on the cover hereof. Such public offering price or yield, as applicable, may be changed from time to time by the Underwriter.

IN MAKING ANY INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE CITY AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The Underwriter has reviewed the information in this Official Statement in accordance with and as part of its responsibilities to investors under the Federal Securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

## TABLE OF CONTENTS

| <b><u>Section</u></b>                                                  | <b><u>Page</u></b> |
|------------------------------------------------------------------------|--------------------|
| INTRODUCTION .....                                                     | 1                  |
| Authorization and Purpose for the Notes .....                          | 1                  |
| City Financial Condition .....                                         | 2                  |
| Future Financing Plans .....                                           | 2                  |
| CITY FINANCIAL CONDITION .....                                         | 2                  |
| 2021 City Budget .....                                                 | 2                  |
| 2022 City Budget .....                                                 | 2                  |
| 2023 City Budget .....                                                 | 2                  |
| 2024 City Budget .....                                                 | 3                  |
| 2025 City Budget .....                                                 | 3                  |
| 2026 City Budget .....                                                 | 3                  |
| RECENT HEALTHCARE DEVELOPMENTS .....                                   | 3                  |
| FINANCIAL ASSISTANCE RELATING TO COVID-19 .....                        | 3                  |
| DESCRIPTION OF THE NOTES .....                                         | 4                  |
| General .....                                                          | 4                  |
| BOOK-ENTRY SYSTEM .....                                                | 5                  |
| Discontinuation of Book-Entry System .....                             | 6                  |
| SECURITY FOR THE NOTES .....                                           | 7                  |
| General Obligation Pledge .....                                        | 7                  |
| RISK FACTORS .....                                                     | 7                  |
| CLIMATE .....                                                          | 8                  |
| CYBERSECURITY .....                                                    | 8                  |
| LITIGATION .....                                                       | 9                  |
| TAX MATTERS .....                                                      | 10                 |
| Federal Income Tax Treatment .....                                     | 10                 |
| Additional Federal Income Tax Consequences Relating to the Notes ..... | 10                 |
| State Taxation .....                                                   | 10                 |
| Prospective Tax Law Changes .....                                      | 10                 |
| Other Tax Consequences .....                                           | 10                 |
| CLOSING CERTIFICATES .....                                             | 11                 |
| OFFICIAL STATEMENT .....                                               | 11                 |
| MUNICIPAL BANKRUPTCY .....                                             | 11                 |
| APPROVAL OF LEGALITY .....                                             | 12                 |
| CONTINUING DISCLOSURE .....                                            | 12                 |
| FINANCIAL STATEMENTS .....                                             | 13                 |
| MUNICIPAL ADVISOR .....                                                | 13                 |
| RATING .....                                                           | 13                 |
| UNDERWRITING .....                                                     | 14                 |
| MISCELLANEOUS .....                                                    | 14                 |

APPENDIX A – CERTAIN GENERAL INFORMATION CONCERNING THE CITY OF NEWARK

APPENDIX B – CITY OF NEWARK AUDITOR’S REPORT AND FINANCIAL STATEMENTS

APPENDIX C – FORM OF APPROVING LEGAL OPINION

APPENDIX D – FORM OF CONTINUING DISCLOSURE CERTIFICATE

**OFFICIAL STATEMENT  
OF THE  
CITY OF NEWARK,  
IN THE COUNTY OF ESSEX, STATE OF NEW JERSEY**

**\$32,368,000 General Capital Improvement Bond Anticipation Notes, Series 2026G (Tax-Exempt)**

**INTRODUCTION**

This Official Statement, which includes the cover page hereof and appendices attached hereto (this “Official Statement”), has been prepared by the City of Newark, in the County of Essex, State of New Jersey (the “City”) in connection with the sale and issuance of \$32,368,000 General Capital Improvement Bond Anticipation Notes, Series 2026G (Tax-Exempt) (the “Notes”). This Official Statement has been “deemed final” by the City as of its date pursuant to Rule 15c2-12 of the Securities and Exchange Commission, has been authorized by the Municipal Council and executed by and on behalf of the City by the Acting Director of Finance and Interim Chief Financial Officer of the City, and may be distributed in connection with the marketing and sale of the Notes.

This Official Statement contains specific information relating to the Notes including their general description, certain matters affecting the financing, certain legal matters, historical financial information and other information pertinent to this issue. This Official Statement should be read in its entirety.

All financial and other information presented herein has been provided by the City from its records, except for information expressly attributed to other sources. The presentation of information is intended to show recent historical information and, but only to the extent specifically provided herein, certain projections of the immediate future, and is not necessarily indicative of future or continuing trends in the financial position or other affairs of the City.

**Authorization and Purpose for the Notes**

The Notes are authorized by, and are to be issued pursuant to (i) the provisions of the Local Bond Law of the State of New Jersey, N.J.S.A. 40A:2-1 *et seq.*, as amended and supplemented (the “Local Bond Law”), (ii) the bond ordinance of the City set forth in the table below (the “Bond Ordinance”), and (iii) the resolution duly adopted by the Municipal Council of the City on September 9, 2026 (the “Resolution”). The Bond Ordinance has been approved and published as required by law, and has been approved by the Local Finance Board, Division of Local Government Services (the “Division”), New Jersey Department of Community Affairs (together, the “Local Finance Board”) for the issuance of bonds under the Municipal Qualified Bond Act. The City will apply the proceeds from the sale of the Notes to currently refund a \$32,368,000 principal portion, along with a 2026 appropriated principal paydown in the amount of \$1,583,000, of the City’s General Capital Improvement Bond Anticipation Notes, Series 2025E (the “Series 2025E Notes”). The Series 2025E Notes were issued (i) to refund, along with a 2025 appropriated principal paydown, the City’s Series 2024C Notes that were issued under the Bond Ordinance, and (ii) to temporarily fund various capital improvements in and for the City. The Series 2024C Notes were issued to refund, along with a 2024 appropriated principal paydown, the City’s Series 2023B Notes that were issued under the Bond Ordinance. The Series 2023B Notes were issued to refund the City’s Series 2022D Notes. The Series 2022D Notes were issued (i) to refund a portion of the City’s Series 2021E Notes, which Series 2021E Notes were originally issued to fund various capital improvements in and for the City, and (ii) to fund capital improvement projects throughout the City.

| <b>Ordinance and Adoption Date</b>     | <b>Purpose(s)</b>                    | <b>Amount<br/>to be Issued</b> |
|----------------------------------------|--------------------------------------|--------------------------------|
| <b>SERIES 2026G NOTES (TAX-EXEMPT)</b> |                                      |                                |
| 6PSF-a(s) – (06/22/2021)               | Various General Capital Improvements | \$32,368,000                   |
| <b>Total for Series 2026G Notes</b>    |                                      | <b>\$32,368,000</b>            |

## **City Financial Condition**

See the heading “CITY FINANCIAL CONDITION” below for a discussion of the City’s current financial condition. The City filed its unaudited financial statements for the fiscal year ended December 31, 2025 with the Municipal Securities Rulemaking Board (the “MSRB”) on March 11, 2026. The City filed its Annual Debt Statement for the 2025 fiscal year with the MSRB on April 16, 2026. The City filed its audited financial statements for the fiscal year ended December 31, 2024 with the MSRB on May 26, 2026. The City filed its audited financial statements for the fiscal year ended December 31, 2023 with the MSRB on July 8, 2025.

See Appendix B for the City’s Financial Statements.

## **Future Financing Plans**

The City has adopted bond ordinances authorizing various water and sewer projects eligible for financing through the New Jersey Infrastructure Bank (the “NJIB”), formerly known as the New Jersey Environmental Infrastructure Trust.

The City may, from time to time, issue revenue bonds with respect to redevelopment projects to be undertaken within the City. Certain of such bonds may be issued as “redevelopment area bonds”, whereby certain annual service charges and/or special assessments, as applicable, collected by the City in lieu of property taxes would be pledged as security for the payment of such bonds. Absent a separate municipal guaranty, such bonds are non-recourse to the City and would not be considered debt of the City, but would be payable solely from such pledged annual service charges and/or special assessments, as applicable.

The City annually budgets for the payment of property tax refunds payable in respect of prior year taxes, but has on occasion received approval from the Local Finance Board for the issuance of tax appeal refunding notes to fund such payments. No new tax appeal refunding notes have been issued by the City since December 2018.

**THERE CAN BE NO ASSURANCE THAT THESE FUTURE FINANCING PLANS WILL BE FINALIZED.**

## **CITY FINANCIAL CONDITION**

### **2021 City Budget**

The City’s 2021 budget was introduced by the Municipal Council on August 19, 2021 and adopted on September 30, 2021. Such 2021 budget anticipated an approximately \$3.2 million reduction in the Local Tax For Municipal Purposes and appropriated approximately \$48.2 million in revenue from the Plan (as hereinafter defined) funds. The 2021 budget was filed with the MSRB through its Electronic Municipal Market Access (“EMMA”) system on September 30, 2021.

### **2022 City Budget**

The City’s 2022 budget was introduced by the Municipal Council on August 16, 2022 and adopted on September 17, 2022. Such 2022 budget anticipated an approximately \$4.4 million increase in the Tax Levy For Municipal Purposes and approximately \$45 million in revenue from the Plan. The 2022 budget was filed with the MSRB through EMMA on September 30, 2022.

### **2023 City Budget**

The City 2023 budget was introduced by the Municipal Council on June 27, 2023 and adopted on September 20, 2023. Such 2023 budget anticipated an approximately \$6 million increase in the Tax Levy For Municipal Purposes. The 2023 budget was filed with the MSRB through EMMA on September 22, 2023.

## **2024 City Budget**

The City's 2024 budget was introduced by the Municipal Council on June 25, 2024 and adopted on September 27, 2024. Such 2024 budget anticipated an approximately \$10.2 million increase in the Tax Levy For Municipal Purposes and the receipt of a \$22 million loan from the State of New Jersey Department of Community Affairs to address an increase in County taxes payable. Such loan bears no interest and shall be repaid in five (5) equal installments in the amount of \$4.4 million by September 30 of each year commencing in 2025. The 2024 budget was filed with the MSRB through EMMA on September 27, 2024.

## **2025 City Budget**

The City's 2025 budget was introduced by the Municipal Council on August 28, 2025 and adopted on October 21, 2025. Such 2025 budget anticipated an approximately \$22.3 million increase in the Tax Levy For Municipal Purposes and the receipt of a \$30 million loan from the State of New Jersey Department of Community Affairs to address an increase in taxes payable to the County. Such loan bears no interest and shall be due and payable within 180 days following the execution of the loan agreement by all parties. Such loan agreement was fully executed as of September 3, 2025 and the loan was due and payable on March 3, 2026. The 2025 budget was filed with the MSRB through EMMA on October 27, 2025.

## **2026 City Budget**

The City's 2026 budget was introduced by the Municipal Council on June 3, 2026. Such 2026 introduced budget anticipates an approximately \$8.1 million decrease in the Tax Levy For Municipal Purposes.

## **RECENT HEALTHCARE DEVELOPMENTS**

In early March of 2020, the World Health Organization declared a pandemic following the global outbreak of COVID-19, a respiratory disease caused by a newly discovered strain of coronavirus. On March 13, 2020, the President of the United States declared a national public health emergency to unlock federal funds and assistance to help states and local governments fight the pandemic. The Governor (the "Governor") of the State of New Jersey (the "State") declared a state of emergency and a public health emergency on March 9, 2020. In response to the COVID-19 pandemic, federal and State legislation and executive orders were implemented to mitigate the spread of the disease and provide relief to State and local governments. The pandemic and certain mitigation measures altered the behavior of businesses and people with negative impacts on regional, State and local economies. The national public health emergency and the State public health emergency have since ended, while the state of emergency declared by the State and several executive orders signed by the Governor remain to manage COVID-19 on an endemic level. Depending on future circumstances, ongoing actions could be taken by State, federal and local governments and private entities to mitigate the spread and impacts of COVID-19, its variants or other critical health care challenges.

## **FINANCIAL ASSISTANCE RELATING TO COVID-19**

The American Rescue Plan Act of 2021, H.R. 1319 (the "Plan"), signed into law by President Biden on March 12, 2021, comprised \$1.9 trillion in relief designed to provide funding to address the COVID-19 pandemic and alleviate the economic and health effects of the COVID-19 pandemic.

The Plan included various forms of financial relief including up to a \$1,400 increase in direct stimulus payments and various other forms of economic relief, including extended unemployment benefits, continued eviction and foreclosure moratoriums, an increase in the child tax credit, an increase in food and housing aid, assistance grants to restaurants and bars, and other small business grants and loans. The Plan provided funding for state and local governments to offset costs to safely reopen schools during the COVID-19 pandemic and to subsidize COVID-19 testing and vaccination programs. In addition, the Plan included \$350 billion in relief funds to public entities, such as the County of Essex, New Jersey and the City.

The City received approximately \$176 million from the Plan in two (2) equal payments, one within 60 days of enactment of the Plan and the balance approximately 12 months from the initial payment. The City received the first tranche of Plan funds in the amount of \$88,600,000 on May 19, 2021 and the second tranche of Plan funds in the amount of \$88,333,803.00 on June 6, 2022. The deadline to commit the funds was December 31, 2024 and to spend the funds is December 31, 2026. Generally, according to the Plan, the allowable use of the funds provided to the City include the following categories: (a) to respond to the public health emergency with respect to COVID-19 or its negative economic impacts, including assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel, and hospitality; (b) to respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay to eligible workers of the City that are performing such essential work, or by providing grants to eligible employers that have eligible workers who perform essential work; (c) for the provision of government services to the extent of the reduction in revenue due to the public health emergency relative to revenues collected in the most recent full fiscal year of the City, as applicable, prior to the emergency; and (d) to make necessary investments in water, sewer or broadband infrastructure. The Local Finance Board issued LFN 2021-11 on June 4, 2021 containing guidance on the application and expenditure of American Rescue Plan funds.

As of December 31, 2021, the overall collection for Special Taxes was \$75.6 million compared to \$69.7 million collected in 2020. This difference is \$5.9 million compared to the amount collected in 2020. In addition, as of December 31, 2021, the City collected \$242.9 million in property taxes compared to \$256.8 million collected in 2020, a difference of \$13.9 million. See “CITY FINANCIAL CONDITION - 2021 City Budget” herein.

As of December 31, 2022, the overall collection for Special Taxes was \$95.4 million compared to \$75.6 million collected in 2021, an increase of \$19.8 million. In addition, as of December 31, 2022, the City collected \$250 million in property taxes compared to \$242.9 million collected in 2021, a difference of \$7.1 million. See “CITY FINANCIAL CONDITION - 2022 City Budget” herein.

As of December 31, 2023, the overall collection for Special Taxes was \$106 million compared to \$95.4 million in 2022, an increase of \$10.6 million. In addition, as of December 31, 2023, the City collected \$274 million in property taxes compared to \$250 million collected in 2022, a difference of \$24 million. See “CITY FINANCIAL CONDITION – 2023 City Budget” herein.

As of December 31, 2024, the overall collection for Special Taxes was \$114 million compared to \$106 million in 2023, an increase of \$8 million. In addition, as of December 31, 2024, the City collected \$281 million in property taxes compared to \$274 million collected in 2023, a difference of \$7 million. See “CITY FINANCIAL CONDITION – 2024 City Budget” herein.

As of December 31, 2025, the overall collection for Special Taxes was \$113 million compared to \$114 million in 2024, a decrease of \$1 million. In addition, as of December 31, 2025, the City collected \$299 million in property taxes compared to \$281 million collected in 2024, a difference of \$18 million. See “CITY FINANCIAL CONDITION – 2025 City Budget” herein.

## **DESCRIPTION OF THE NOTES**

### **General**

The Notes are dated their date of delivery. The Notes will bear interest at the rate set forth on the front cover hereof, payable at maturity. The Notes are not subject to redemption prior to maturity. An individual purchaser may purchase a Note in book-entry form (without certificates) in denominations of \$5,000 each or any integral multiple of \$1,000 in excess thereof. Provided DTC, or its nominee Cede & Co., is the registered owner of the Notes, the principal of and interest on the Notes will be paid to DTC or Cede & Co., as its nominee. (See “BOOK-ENTRY SYSTEM” herein) In the event the Notes are no longer subject to the DTC Book-Entry System, the principal of the Notes will be payable upon surrender of the Notes at the Office of the Chief Financial Officer of the City.



## **BOOK-ENTRY SYSTEM**

The description which follows of the procedures and recordkeeping with respect to beneficial ownership interests in the Notes, payment of principal and interest and other payments on the Notes to Direct and Indirect Participants (defined below) or Beneficial Owners (defined below), confirmation and transfer of beneficial ownership interests in the Notes 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.

DTC will act as securities depository for the Notes. The Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Note certificate for the Notes in the aggregate principal amount of the Notes will be issued for the Notes and such certificate will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation, and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of the Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of each Note ("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 Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Notes, except in the event that use of the book-entry system for the Notes is discontinued.

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect

to the Notes, such as redemptions, tenders, defaults, and proposed amendments to the Note documents. For example, Beneficial Owners of the Notes may wish to ascertain that the nominee holding the Notes 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 registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest in each Direct Participant in such issue to be redeemed.

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

Redemption proceeds, principal, and interest payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, any Paying Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal, and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or any Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

THE CITY WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH DTC PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENTS TO OR PROVIDING OF NOTICE FOR THE DTC PARTICIPANTS, OR THE INDIRECT PARTICIPANTS, OR BENEFICIAL OWNERS.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE NOTES, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE NOTEHOLDERS OR REGISTERED OWNERS OF THE NOTES (OTHER THAN UNDER THE CAPTION "TAX MATTERS") SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE NOTES.

### **Discontinuation of Book-Entry System**

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 Notes 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 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 system.

## SECURITY FOR THE NOTES

### General Obligation Pledge

The Notes constitute general obligations of the City and the full faith and credit of the City are pledged to the payment of the principal thereof and the interest thereon. The Notes will be valid and binding general obligations of the City and, unless paid from other sources, the City is authorized and required by law to levy *ad valorem* taxes, if necessary, on all taxable property within the City for the payment of the principal of and interest on the Notes without limitation as to rate or amount. The City is required to include the total amount of interest and principal due on all of its general obligation indebtedness for the then-current year in each annual municipal budget unless a provision has been made for payment from other sources.

In addition to being secured by the pledge of the City's full faith and credit, the City may (at some future date) permanently finance the Notes with bonds that will be entitled to the benefits of the Municipal Qualified Bond Act, Chapter 3 of Title 40A of the New Jersey Statutes, Section 40A:3-1 *et seq.*, as amended (the "Municipal Qualified Bond Act", such bonds being called "Qualified Bonds"). Pursuant to the Municipal Qualified Bond Act, a portion of certain State aid (the "Municipal Qualified Revenues") allocated to the City in amounts sufficient to pay debt service on Qualified Bonds is to be withheld by the State Treasurer and forwarded to the Paying Agent for such Qualified Bonds (the "Paying Agent") on or before the principal and interest payment dates for such Qualified Bonds for deposit into accounts established for the purpose of paying debt service on such Qualified Bonds. See "APPENDIX A – CITY INDEBTEDNESS AND DEBT LIMITS – Municipal Qualified Bond Act" herein.

**With respect to any Qualified Bonds issued to refund the Notes, the Municipal Qualified Bond Act does not contain a pledge or guarantee that any amounts payable to the Paying Agent will, in fact, be made or continued. Each such annual amount is subject to appropriation by the State Legislature. Moreover, the State is not required to continue to make appropriations of such amounts, nor is the State limited or prohibited from repealing or amending any law heretofore or hereafter enacted for the payment or apportionment of such amounts or the manner, time or amount thereof. Further, the amount payable to the Paying Agent would not constitute an additional source of revenue available to the City.**

### RISK FACTORS

The following description summarizes some of the risk factors associated with the Notes and does not purport to be complete. This Official Statement should be read in its entirety.

In addition to the financial condition of the City, the market for the Notes could be affected by a variety of factors, some of which are beyond the City's control. There can be no assurance that adverse events in the State and in other jurisdictions of the country, including, for example, the seeking by a municipality or large taxable property owner in the City of remedies pursuant to the Federal Bankruptcy Code, or otherwise, will not occur which might affect the market price of and the market for the Notes. If a significant default or other financial crisis should occur in the affairs of the State or any of its agencies or political subdivisions or in other jurisdictions of the country which further impacts the acceptability of obligations issued by borrowers within the State, both the ability of the City to arrange for additional borrowings and the market for and market value of outstanding debt obligations, including the Notes, could be adversely affected. The City is dependent in part on financial assistance from the State. However, if the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes in order to pay State aid to municipalities and school districts in the State, including the City, in any year, the City may be affected by a delay, until sufficient taxes have been received by the State to make State aid payments to the City. In several recent years, payments of State aid to the City have been delayed which resulted from the State's delay in adopting its budget and appropriating State aid to municipalities and school districts, and consequent delay in State borrowing to finance such appropriations. See "STATE AID PROGRAMS - State Aid" in APPENDIX A hereto. Further, future legislation, regulatory actions, economic conditions, changes in the level of State appropriations or other factors could adversely affect the repayment of the Notes.

The tax-exempt status of the Notes is based on the continued compliance by the City with certain covenants contained in documents executed in connection with the issuance of the Notes. These covenants relate generally to restrictions on use of the proceeds of the Notes, arbitrage limitations, rebate of certain excess investment earnings to the federal government and restrictions on the amount of issuance costs financed with the proceeds of the Notes. Failure to comply with such covenants could cause interest on the Notes to become subject to federal income taxation retroactive to the date of issuance of the Notes. Further, there are or may be pending in the Congress of the United States legislative proposals, including some that carry retroactive effective dates, that, if enacted, could alter or amend the federal tax-exempt treatment of interest on certain qualified private activity bonds, could significantly change the individual and corporate income tax rates, could eliminate the alternative minimum tax for individuals and corporations, and could affect the market value of the Notes.

The information presented in this Official Statement is based on the laws and regulations of the United States of America and the State and related court and administrative law decisions in effect as of the date of this Official Statement (collectively, the "Laws"). In addition, the opinions delivered in connection with the issuance of the Notes are based on the Laws. No assurance can be given as to the impact, if any, future events, regulations, legislation, court decisions or administrative decisions may have with respect to the Laws or that any or all of the Laws will remain in effect during the entire term of the Notes.

The remedies available to noteholders upon an event of default under the documents executed in connection with the issuance of the Notes are in many respects dependent upon judicial action which is subject to discretion or delay. Under existing laws and judicial decisions, including specifically the Bankruptcy Code, the remedies specified in the documents executed in connection with the issuance of the Notes may not be readily available or may be limited. A court may decide not to order specific performance. The various legal opinions to be delivered concurrently with the original delivery of the Notes will be qualified as to enforceability of the various legal instruments by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws or legal or equitable principles affecting creditors' rights.

## CLIMATE

The State is naturally susceptible to the effects of extreme weather events and natural disasters, including floods, earthquakes and hurricanes, which could result in negative economic impacts on communities. Such effects can be exacerbated by a long-term shift in the climate over several decades (commonly referred to as climate change), including increasing global temperatures and rising sea levels. The occurrence of such extreme weather events could damage local infrastructure that provides essential services to the City, as well as resulting in economic impacts such as loss of *ad valorem* tax revenue, interruption of municipal services, and escalated recovery costs. No assurance can be given as to whether future extreme weather events will occur that could materially adversely affect the financial condition of the City.

## CYBERSECURITY

The City relies on a complex technology environment to conduct its various operations. As a result, the City faces certain cybersecurity threats at various times including, but not limited to, hacking, phishing, viruses, malware and other attacks on its computing and digital networks and systems. To mitigate the risks of business operations impact and/or damage from cybersecurity incidents or cyberattacks, the City has invested in multiple forms of cybersecurity and operational safeguards. In addition, the City maintains certain insurance coverage for cyberattacks and related events. No assurances can be given that the City's efforts to manage cyber threats and attacks will be successful or that any such attack will not materially impact the operations or finances of the City.

In the course of its operations, the City collects and stores personally identifiable information, including, but not limited to, social security numbers and financial information. The City also develops, maintains and/or stores, as applicable, intellectual property such as research data. Like all municipalities and cities, the City could be subject to cyber intrusion through hacking, malware and/or email scams. Cyber intrusion could lead to (i) data breaches requiring breach notification, (ii) denial of service (e.g., network, system, application or data), (iii) loss of intellectual property and data, (iv) harm to the City's reputation, (v) life/health safety impacts and/or (vi) financial loss. The City takes steps to prevent, detect and respond

to cyber intrusion. However, because the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently, or may be disguised or difficult to detect, or may be designed to remain dormant until a triggering event occurs, the City may be unable to anticipate these techniques or implement adequate preventative measures. In addition, no assurance can be given that the insurance coverages maintained by the City, if any, would be sufficient to cover all losses and liability resulting from data breaches or other cyber events.

## LITIGATION

To the knowledge of the Corporation Counsel, there is no litigation of any nature now pending or threatened, restraining or enjoining the issuance and delivery of the Notes, or the imposition or levy or the collection of any taxes, to pay the principal of or the interest on the Notes, or in any manner questioning the validity of the Notes or the levy or the collection of any taxes, or contesting the corporate existence or the boundaries of the City or the title of any of the present officers to their respective offices; and, to his knowledge, there is no litigation, pending or threatened that would, if adversely decided, materially affect the financial stability of the City; and no authority or proceedings for the issuance of the Notes has or have been repealed, revoked, or rescinded and all actions or proceedings in regard to the issuance of the Notes have been taken. Upon delivery of the Notes, the City shall furnish a certificate or certificates of its Corporation Counsel, dated the date of delivery of the Notes, attesting to the status of litigation in the City.

The City and, in some instances, its officers and/or employees, in their official capacity, are defendants in certain lawsuits which may be categorized and summarized as follows:

**Negligence Actions:** There are presently lawsuits alleging tortious conduct and claiming damages against the City and defended by the Office of the Corporation Counsel or contracted outside counsel. In all cases, the City is self-insured and there are appropriate reserves sufficient to cover losses based on experience. To the knowledge of the Corporation Counsel, there is no threat of exposure outside of the self-insurance program.

**Contract Actions:** There are presently no lawsuits based upon breach of contractual obligations against the City that would have a material adverse impact on the City, if decided adversely. In all cases, the City is self-insured and there are appropriate reserves sufficient to cover losses based on experience. To the knowledge of the Corporation Counsel, there is no threat of exposure outside of the self-insurance program.

**Prerogative Writ Actions:** There are presently several prerogative writ cases challenging municipal actions against the City and defended by the Office of Corporation Counsel or contracted outside counsel. At this time, it does not appear that any of these actions will have a materially adverse impact on the City.

**Land Use Actions:** The City is not a defendant in any suit concerning requirements for installation or the financing or operation of sewer or water utilities or other improvements with respect to any land use questions whereby the outcome would have a materially adverse effect upon the financial status of the City.

**Tax Appeals:** There are Property Tax Appeals pending in the Tax Court of New Jersey against the City involving commercial, industrial and residential properties. It is impracticable for the City to describe in detail each of the appeals that are currently pending against the City. The City vigorously defends each of these appeals through extensive discovery, settlement negotiations and, if necessary, trial. At this time, it is impossible to specifically quantify the extent of any potential exposure to the City relating to these appeals. To the knowledge of the Corporation Counsel, the outcome of the Property Tax Appeals will not have a materially adverse impact upon the financial status of the City.

**Condemnations:** The City is presently the defendant in a few condemnation actions initiated by the State of New Jersey for highway projects. In all of the cases, the City has no overriding public need for the property.

**Labor and Employment Matters:** There are various labor and employment matters against the City and defended by the Office of Corporation Counsel or contracted outside counsel. In all cases, the City is self-insured and there are appropriate reserves sufficient to cover losses based on experience. To the knowledge of Corporation Counsel, there is no threat of exposure outside of the self-insurance program.

## **TAX MATTERS**

### **Federal Income Tax Treatment**

The Internal Revenue Code of 1986, as amended (the “Code”), establishes certain requirements which must be met at the time of, and on a continuing basis subsequent to, the issuance of the Notes in order for the interest on the Notes to be and remain excluded from gross income for Federal income tax purposes under Section 103 of the Code. Noncompliance with such requirements could cause the interest on the Notes to be included in gross income for Federal income tax purposes retroactive to the date of issuance of the Notes. The City will represent in its tax certificate (the “Tax Certificate”) relating to the Notes that it expects and intends to comply, and will comply, to the extent permitted by law, with such requirements.

In the opinion of Wilentz, Goldman & Spitzer, P.A., Woodbridge, New Jersey, Bond Counsel to the City (“Bond Counsel”), under existing statutes, regulations, rulings and court decisions, and assuming continuing compliance by the City with the requirements of the Code and the representations and covenants made by the City in the Tax Certificate described above, interest on the Notes is not includable in gross income of the owners of the Notes for Federal income tax purposes pursuant to Section 103 of the Code and is not treated as a preference item under Section 57 of the Code 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 Federal alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022.

The Notes will not be designated as “qualified tax-exempt obligations” as defined in and within the meaning of Section 265(b)(3) of the Code.

### **Additional Federal Income Tax Consequences Relating to the Notes**

Prospective purchasers of the Notes should be aware that ownership of, accrual or receipt of interest on or disposition of tax-exempt obligations, such as the Notes, may have additional Federal income tax consequences for certain taxpayers, including, without limitation, taxpayers eligible for the earned income credit, recipients of certain Social Security and Railroad Retirement benefits, taxpayers that may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, financial institutions, property and casualty insurance companies, foreign corporations and certain S corporations. Prospective purchasers of the Notes should also consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

### **State Taxation**

Bond Counsel is further of the opinion that, under existing laws of the State, interest on the Notes, and any gain on the sale thereof, are not includable in gross income of the holders thereof under the New Jersey Gross Income Tax Act, 1976 N.J. Laws c. 47, as amended.

### **Prospective Tax Law Changes**

Federal, state or local legislation, administrative pronouncements or court decisions may affect the Federal and State tax-exempt status of interest on the Notes, gain from the sale or other disposition of the Notes, the market value of the Notes, or the marketability of the Notes. The effect of any legislation, administrative pronouncements or court decisions cannot be predicted. Prospective purchasers of the Notes should consult their own tax advisors regarding such matters.

### **Other Tax Consequences**

Except as described above, Bond Counsel expresses no opinion with respect to any Federal, state, local or foreign tax consequences of ownership of the Notes. Bond Counsel renders its opinion under existing statutes, regulations, rulings and court decisions as of the date of issuance of the Notes and assumes no obligation to update its opinion after such date of issuance to reflect any future action, fact, circumstance, change in law or interpretation, or otherwise. Bond Counsel expresses no opinion as to the effect, if any, on the tax status of the interest paid or to be paid on the Notes as a result of any action hereafter taken or not taken in reliance upon an opinion of other counsel.

See APPENDIX C for the complete text of the proposed form of Bond Counsel's legal opinion with respect to the Notes.

**ALL POTENTIAL PURCHASERS OF THE NOTES SHOULD CONSULT WITH THEIR TAX ADVISORS WITH RESPECT TO THE FEDERAL, STATE AND LOCAL TAX CONSEQUENCES (INCLUDING BUT NOT LIMITED TO THOSE LISTED ABOVE) OF THE OWNERSHIP OF THE NOTES.**

### **CLOSING CERTIFICATES**

The City will furnish, at the time the Notes are delivered, certificates in form satisfactory to Bond Counsel evidencing, among other things, (a) the proper execution and delivery of the Notes, (b) receipt and payment therefor, and (c) the absence of litigation now pending, or to the knowledge of the officers signing the Notes, threatened to restrain or enjoin the issuance and delivery of the Notes and the payment of principal thereof and interest thereon.

### **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 Underwriter that such descriptions and statements, as of the date of this Official Statement, were true and correct in all material respects and do not omit to state a material fact necessary to make the statements herein, in light of the circumstances under which they were made, not misleading.

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

### **MUNICIPAL BANKRUPTCY**

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 94-260, approved April 8, 1976, and as further amended on November 6, 1978 by the Bankruptcy Reform Act of 1978, effective October 1, 1979, as further amended by Public Law 100-597, effective November 3, 1988, the Bankruptcy Reform Act of 1994, effective October 22, 1994, and other bankruptcy laws affecting creditors' rights and municipalities in general (collectively, the "Federal Bankruptcy Act"). The amendments of P.L. 94-260 replace former Chapter IX and permit the State or any political subdivision, public agency, or instrumentality that is insolvent or unable to meet its debts to file a petition in a court of bankruptcy for the purpose of effecting a plan to adjust its debt; directs such a petitioner to file with the court a list of petitioner's creditors; provides that a petition filed under this chapter shall operate as a stay of the commencement or continuation of any judicial or other proceeding against the petitioner; grants priority to debt owned for services or material actually provided within three (3) months of the filing of the petition; directs a petitioner to file a plan for the adjustment of its debts; and provides that the plan must be accepted in writing by or on behalf of creditors holding at least two-thirds in amount or more than of-half in number of the listed creditors.

The State of New Jersey has authorized political subdivisions thereof to file such petitions for relief under the Federal Bankruptcy Act pursuant to and subject to Article 8 of the New Jersey Municipal Finance Commission Act (the "Finance Commission Act"). The Finance Commission Act provides such petitions may not be filed without the prior approval of the Municipal Finance Commission and that no plan of adjustment of the debt of a municipality may be filed or accepted by the petitioner without express authority from the Municipal Finance Commission to do so. It is unclear whether or not the provision of the Finance Commission Act requiring that the plan of adjustment be approved by the Municipal Finance Commission is enforceable.

Reference should also be made to N.J.S.A. 52:27-40 *et seq.*, which provides that a municipality has the power to file a petition in bankruptcy provided the approval of the Municipal Finance Commission has been obtained. The powers of the Municipal Finance Commission have been vested in the Local Finance Board. The Federal 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 Federal Bankruptcy Act.

**The above references to the Federal Bankruptcy Act are not to be construed as an indication that the City expects to resort to the provisions of the Federal Bankruptcy Act or that, if it did, such action would be approved by the Local Finance Board, or how any proposed plan would affect the source of payment of and security for the Notes.**

### **APPROVAL OF LEGALITY**

All legal matters incident to the authorization, issuance, sale and delivery of the Notes are subject to the approval of the law firm of Wilentz, Goldman & Spitzer, P.A., Woodbridge, New Jersey, Bond Counsel to the City, whose approving legal opinion will be delivered with the Notes substantially in the form set forth as APPENDIX C hereto. Certain legal matters will be passed on for the City by its Corporation Counsel, Kenyatta Stewart, Esq.

### **CONTINUING DISCLOSURE**

The City has agreed to comply with the terms of Securities and Exchange Commission (the “SEC”) Rule 15c2-12, as amended (the “Rule”), as it relates to the Notes. The City will agree in a Continuing Disclosure Certificate, substantially in the form set forth in APPENDIX D hereto, to provide, in a timely manner, to the MSRB, notices of the occurrence of certain events with respect to the Notes. The specific nature of the information to be contained in the notices of material events as described in the continuing disclosure certificate is specified in “APPENDIX D —FORM OF CONTINUING DISCLOSURE CERTIFICATE”.

The obligations of the City described above will remain in effect only for such period that (i) the Notes are outstanding in accordance with their terms and (ii) the City remains an obligated person with respect to the Notes within the meaning of the Rule. The City acknowledges that its undertaking pursuant to the Rule described under this heading is intended to be for the benefit of the holders of the Notes (including holders of beneficial interests in the Notes).

The City has previously entered into a number of continuing disclosure undertakings in respect of various bond and note issuances for the filing of annual financial information and operating data. Such undertakings were entered into with respect to City obligations as well as obligations of the Essex County Improvement Authority, the Housing Authority of the City of Newark, the Passaic Valley Sewer Commission and the North Jersey District Water Supply Commission. The City has, on several occasions, completed a late or incomplete filing of annual financial information and operating data with the MSRB and/or the Nationally Recognized Municipal Securities Repositories formerly designated by the SEC in accordance with the Rule (the “NRMSIRs”), and in several instances it appears that the City may not have filed its unaudited statements (in lieu of audited financial statements) in a timely manner. Additionally, such annual financial information and operating data was not in all cases properly linked to all CUSIPs of the City and those of the other issuers described above. The City has retained Digital Assurance Certification L.L.C. (“DAC”) to assist it in complying with its continuing disclosure undertakings under the Rule.

The Local Fiscal Affairs Law requires that every municipality have an annual audit of its books and accounts to be completed within eight (8) months after the close of its fiscal year. However, the City’s audit has historically been completed approximately twelve (12) months after the close of the fiscal year.

The City filed its unaudited financial statements for the fiscal year ended December 31, 2021 with the MSRB on May 2, 2022. The City filed its 2021 operating data on June 10, 2022. The City filed its 2021 Annual Debt Statement on May 2, 2022. The City filed its Audited Financial Statements for the fiscal year ending December 31, 2021 with the MSRB on July 18, 2023.

The City filed its unaudited financial statements for the fiscal year ended December 31, 2022 with the MSRB on March 8, 2023. The City filed its 2022 operating data on July 25, 2023. The City filed its 2022 Annual Debt Statement on January 18, 2023. The City filed its Audited Financial Statements for the fiscal year ending December 31, 2022 with the MSRB on August 26, 2024.



The City filed its unaudited financial statements for the fiscal year ended December 31, 2023 with the MSRB on April 10, 2024. The City filed its 2023 operating data on September 9, 2024. The City filed its 2023 Annual Debt Statement on September 9, 2024. The City filed its Audited Financial Statements for the fiscal year ending December 31, 2023 with the MSRB on July 8, 2025.

The City filed its unaudited financial statements for the fiscal year ended December 31, 2024 with the MSRB on March 25, 2025. The City filed its 2024 operating data on December 31, 2025. The City filed its 2024 Annual Debt Statement on February 28, 2025. The City filed its Audited Financial Statements for the fiscal year ending December 31, 2024 with the MSRB on May 26, 2026.

The City filed its unaudited financial statements for the fiscal year ended December 31, 2025 with the MSRB on March 11, 2026. The City filed its 2025 Annual Debt Statement on April 16, 2026.

Certain of the City's bond issues were additionally secured by bond insurance policies or were entitled to the benefit of the Municipal Qualified Bond Act or the School Qualified Bond Act. During the past several years, each of the major bond insurance companies has been downgraded by the major credit rating services, and certain of such companies have been downgraded a number of times. In addition, rating changes affecting the State of New Jersey have impacted the credit rating of bonds secured by the Municipal Qualified Bond Act and the School Qualified Bond Act. While the City has filed material event notices in accordance with such undertakings with respect to certain of such downgrades, it has not promptly filed such notices in respect of all such downgrades. However, the City has subsequently filed various material event notices, which identify the current credit ratings of such previous City bond issues where such ratings are based upon the ratings of such bond insurance companies.

## **FINANCIAL STATEMENTS**

A summary of the unaudited financial statements of the City for the year ended December 31, 2025 (the "Unaudited Financial Statements"), and summaries of the audited financial statements for the fiscal years ended December 31, 2024, December 31, 2023, 2022, and 2021 (the "Audited Financial Statements") are presented in APPENDIX B to this Official Statement. The Audited Financial Statements have been audited by Samuel Klein and Company, LLP, Certified Public Accountants, Newark, New Jersey, an independent auditor (the "Auditor"), as stated in its report appearing in APPENDIX B to this Official Statement. See "APPENDIX B – City of Newark Auditor's Report and Financial Statements."

## **MUNICIPAL ADVISOR**

NW Financial Group, LLC, Bloomfield, New Jersey, has served as Municipal Advisor to the City with respect to the issuance of the Notes (the "Municipal Advisor"). The Municipal Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of, or to assume responsibility for, the accuracy, completeness, or fairness of the information contained in this Official Statement and the Appendices hereto.

## **RATING**

Moody's Ratings ("Moody's") has assigned a rating of "MIG 1" to the Notes. An explanation of the significance of a rating given by Moody's may be obtained from Moody's at 7 World Trade Center, 250 Greenwich Street, New York, New York 10007, (212) 553-0300. If circumstances so warrant, in the judgment of Moody's, Moody's may raise, lower, suspend or withdraw its rating. If a downward change, suspension or withdrawal occurs, it could have an adverse effect on the resale price of the Notes.

## UNDERWRITING

The Notes are being purchased from the City at a public sale by \_\_\_\_\_ (the “Underwriter”) at a price of \$ \_\_\_\_\_. The purchase price of the Notes reflects the par amount of the Notes equal to \$ \_\_\_\_\_ plus an original issue premium in the amount of \$ \_\_\_\_\_, less an underwriter’s discount in the amount of \$ \_\_\_\_\_.

The Underwriter intends to offer the Notes to the public initially at the offering yield set forth on the cover page of this Official Statement, which may subsequently change without any requirement of prior notice. The Underwriter reserves the right to join with dealers and other underwriters in offering the Notes to the public. The Underwriter may offer and sell the Notes to certain dealers (including dealers depositing Notes into investment trusts) at a yield or yields higher than the public offering yield set forth on the cover page, and such public offering yield may be changed, from time to time, by the Underwriter without prior notice.

## 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 not as representations of fact, 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 Notes.

**City of Newark, in the County of Essex,  
State of New Jersey**

By: \_\_\_\_\_  
Benjamin A. Guzmán  
Acting Director of Finance and  
Interim Chief Financial Officer

Dated: September \_\_, 2026

**APPENDIX A**

**CERTAIN GENERAL INFORMATION CONCERNING  
THE CITY OF NEWARK**

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## THE CITY OF NEWARK

The City of Newark, New Jersey (the “City” or “Newark”) is a municipal corporation having the largest population in the State of New Jersey (the “State” or “New Jersey”). The City covers a land area of 24.14 square miles in the southeastern section of the County of Essex (the “County”) in the State and is located eight (8) miles west of the City of New York and 80 miles northeast of the City of Philadelphia. Newark’s 2020 census population was 311,549, an increase of 34,409 since the 2000 census.

The City is serviced by the area’s major commercial and commuter transportation systems. It is connected to New York City by PATH railroad tubes and Amtrak’s Northeast Coast Corridor tracks and is served by Newark Liberty International Airport as well as the major container and cargo facilities of Port Newark/Elizabeth. Newark is the transportation capital of the State and is headquarters for New Jersey Transit (“NJ Transit”), the State’s rail and bus transportation operating agency that, *inter alia*, manages the operations of Newark’s Pennsylvania Station (“Penn Station”).

The City is the insurance, finance, and banking capital of the State. Among its largest employers are The Prudential Insurance Company of America, New Jersey’s largest public utility, Public Service Electric and Gas Company, Anheuser Busch Brewing Company, Verizon, and Horizon Blue Cross/Blue Shield of New Jersey. In addition, banking institutions with an ongoing presence in Newark include: Wells Fargo Bank, N.A., TD Bank, N.A., Bank of America, JP Morgan Chase Bank, and PNC Bank. Newark continues to be one of the State’s major corporate centers.

The City also serves as the County seat for Essex County, with County, State, and Federal courts and governmental offices attracting large numbers of law firms to the City’s central business district (the “Central Business District”).

Newark is a large, vibrant city at the hub of New Jersey industry, transportation, education and commerce. The City continues to grow and embrace the innovation and forward-thinking leadership needed by the current national and State economic climate.

### CITY GOVERNMENT STRUCTURE

Newark operates under a Mayor-Council form of government organized pursuant to the “Faulkner Act” (N.J.S.A. 40:69A-1 *et seq.*). Incorporated in 1836, the City adopted its present Mayor-Council form of government in November 1954. Under this system, the Mayor functions as the chief executive officer and a nine-member Municipal Council functions as the legislative body.

The executive power of the City is exercised by the Mayor. The Mayor is elected at the regular municipal election for a term of four (4) years. As the chief executive officer of the City, he supervises the administration of the charter and ordinances of the City. Included among his powers are the right to veto ordinances adopted by the Municipal Council; appointment of the directors of the ten (10) operating departments with the approval of the Municipal Council; supervision, through the Business Administrator, of the operating departments and agencies of the City government; establishment of salaries, wages, and other compensation for all administrative employees; and various other powers of appointment and removal as provided by the charter and general laws. In addition to the duties and powers outlined above, it is the responsibility of the Mayor, in conjunction with the Business Administrator, to prepare an annual operating budget and to submit it to the Municipal Council for approval.

The legislative power of the City is vested in the Municipal Council, which is comprised of nine (9) council members elected at the regular municipal election for a term of four (4) years. One council member is elected from each of the City’s five (5) wards and four (4) council members are elected at large. The Municipal Council is responsible for the approval of the municipal budget, the establishment of financial controls, and the setting of salaries for all employees of the Municipal Council and the City Clerk. The Municipal Council is empowered to review and approve the Mayor’s annual budget, reduce or increase municipal appropriations requested by the Mayor, override the Mayor’s veto of any ordinance approved by the Municipal Council, remove any City officer for cause, other than the Mayor or a member of the Municipal Council, and investigate the conduct of any department, office, or agency. Additionally, mayoral appointments of department heads are subject to the advice and consent of the Municipal Council. The City Clerk serves as the clerk of the Municipal Council and maintains the minutes and records of its proceedings in the appropriate form.

The Mayor and Municipal Council members all serve four (4) year non-staggered terms (July 1, 2026-June 30, 2030). The most current general election was held on May 12, 2026. The incumbent Mayor and Members of the Municipal Council holding office through June 30, 2030 are as follows:

| <u><b>Name</b></u>    | <u><b>Title</b></u>        |
|-----------------------|----------------------------|
| Ras J. Baraka         | Mayor                      |
| Luis A. Quintana      | President, At-Large        |
| Amina Bey             | Central Ward Councilperson |
| Patrick O. Council    | South Ward Councilperson   |
| C. Lawrence Crump     | Councilperson-At-Large     |
| Donna Jackson         | Councilperson At-Large     |
| Dupré L. Kelly        | West Ward Councilperson    |
| Anibal Ramos, Jr.     | North Ward Councilperson   |
| Louise Scott-Rountree | Councilperson-At-Large     |
| Michael J. Silva      | East Ward Councilperson    |

### **ADMINISTRATION**

The City conducts daily operations under ten (10) Departments: Office of the Business Administrator; Economic and Housing Development; Engineering; Health and Community Wellness; Recreation, Cultural Affairs and Senior Services; Department of Public Works; Finance; Water and Sewer Utility; and the Department of Public Safety. In addition to the listed Departments, the City administers the operations of various Boards and Offices including but not limited to: the Boards of Adjustment, Planning, Alcoholic Beverage Control, Office of Affirmative Action, and Rent Control Board, each of which perform certain special functions.

The following are brief biographical sketches of the City officials with major responsibility for financial management:

**Ras J. Baraka** was elected Mayor of the City of Newark in May 2014, and reelected in May 2018, May 2022 and May 2026, becoming Newark’s 40th Chief Executive since the City’s incorporation in 1836. Baraka was educated in the Newark Public schools and received a Bachelor of Arts degree in Political Science and History from Howard University in Washington, D.C. and a Master’s Degree in Education Supervision from St. Peter’s University in Jersey City. He was elected to the Newark Municipal Council to represent the South Ward in May 2010. Mayor Baraka taught elementary school for 10 years and coached girls’ basketball before becoming the principal of Central High School in 2007, serving in that position until 2014. In 1994, Baraka became a Deputy Mayor under former Mayor Sharpe James, serving in that role until November 2005. That same year, he was appointed to complete the Municipal Council vacancy created by the death of Councilmember-at-Large Donald K. Tucker.

Baraka has established various anti-crime initiatives, which include Newark’s Committee on Violence, the opening of a mini-precinct in partnership with the Newark Police Department, securing additional patrols by collaborating with county officials and creating the annual “24 Hours of Peace Cultural Event,” where he joined local and nationally recognized talent to advocate for peace and gun control, aimed at ensuring 24 hours of non-violence. An advocate for gang intervention and prevention, Baraka served as one of the key organizers and mediators of the Newark Cease Fire/Peace Initiative that took place in May 2004. He was also a founding member and served as the chairman for the historic First National Hip-Hop Political Convention, held in Newark in 2004. Baraka has also focused his time in public service on leveling the disparity between low and moderate-income and market-rate housing as well as bringing affordable housing to urban areas.

**Eric S. Pennington, Esq.** was appointed as Business Administrator on July 2, 2018. Prior to being appointed Business Administrator, Mr. Pennington was the Managing Partner of Eric S. Pennington, PC, and former Chief Judge of the Orange Municipal Court. Mr. Pennington graduated from Rutgers School of Law-Newark in 1992. After graduating, Mr. Pennington went on to clerk for Robert N. Wilentz, Chief Justice of the New Jersey Supreme Court, and then clerked for the Honorable Damon J. Keith of the United States Court of Appeals for the Sixth Circuit. Before starting his own practice in 1999, Mr. Pennington worked for two of the largest law firms in the country. Specifically, Mr. Pennington worked in the New York office of Paul, Weiss, Rifkind, Wharton & Garrison, where he practiced corporate law, and for Gibbons, Del Deo, Dolan, Griffinger & Vecchione (now Gibbons PC), where he served as an attorney working principally in the Labor and Employment Group. Mr. Pennington has served as a Commissioner of the New Jersey State Commission of Investigation, the New Jersey State Bar's Continuing Legal Education Advisory Committee, the Ethics Diversionary Program Committee, and on the Board of Trustees for the University of Medicine & Dentistry of New Jersey.

**Benjamin A. Guzmán** was named Acting Director of Finance/Interim Chief Financial Officer on February 1, 2025. Mr. Guzmán has worked for the City of Newark for more than 20 years and has served in various positions in the Finance Department. From August 2022 to January 2025, he was the Assistant Director of Finance. Mr. Guzmán graduated from Seton Hall University with a Bachelor of Science degree in Economics. He also holds a Masters of Business Administration from Seton Hall University.

### **Administration – Auxiliary**

The following are operations of Newark that are not directly operated by the City's administration, but are fiscally budgeted or processed through the City's budget.

### **Municipal Court**

The Municipal Court of the City of Newark has three (3) main divisions: the Criminal Division; the Traffic Violations Bureau; and the Administrative Support Unit that includes Finance and Data Processing. There are ten (10) full-time judges sitting in the Municipal Court and approximately 93 other employees.

### **Free Public Library**

The Newark Public Library system, comprising the Main Library, the Business Information Center, and 6 neighborhood branches, serves the citizens of Newark as an information center, a learning resource for those in school and those engaged in independent learning, a research center, and a preschoolers' door to learning. Through its NEON project (NEwark ONline), it offers all residents access to the Internet and other on-line resources. Under state and federal grants, it also serves as a statewide reference and research center.

### **Newark Museum of Art**

The Newark Museum of Art (the "Museum"), located near the intersection of Central Avenue and Washington Street, operates a museum which contains 60,000 square feet of exhibition space and 30,000 square feet of direct arts and sciences educational program space, including classrooms and a 300-seat auditorium. Founded in 1909, the Museum is New Jersey's preeminent cultural institution. Its distinguished collections are international in scope and include American painting and sculpture, decorative art, classical arts, the arts of Asia, Africa, the Americas and the Pacific, numismatics, and the natural sciences. The Museum also includes a restored Victorian mansion, the Ballantine House (circa 1885), designated a national historic landmark, the Newark Fire Museum, and a restored 18th-century schoolhouse. The Museum has approximately 86 full-time and 69 part-time employees.

## Newark Public Schools

The Newark School District (the “School District”), with 65 schools, over 7,000 employees, and a student population of 43,216, is the largest and one of the oldest school systems in New Jersey. The system employs professional and non- professional personnel, including teacher's aides. The student population is provided with a comprehensive school program including college preparatory programs, vocational training and special education classes housed in regular elementary and secondary schools. The school system currently includes 45 elementary, 1 regional day, and 19 high schools.

From 1995 until 2018, the school system had been operated by the State pursuant to the New Jersey Public School Education Act of 1975, as amended, N.J.S.A. 18A:7A-1 *et seq.* The Commissioner of Education appointed a State Superintendent to manage the School District.

The State-operated school district enabling legislation, N.J.S.A. 18A:7A-34 *et seq.*, makes provision for the City to provide moneys to the State-operated school district for the payment of operating expenditures. Chapter 139 of the Pamphlet Laws of 1991 provided a mechanism similar to the pre-existing one for the authorization and issuance of school promissory notes and school serial bonds by the City secured by the power and authority of the City to levy *ad valorem* real property taxes. The Capital Project Control Board of the Newark Public Schools (the “Capital Project Control Board”) had the authority to review and recommend capital projects proposed by the Superintendent. Following the adoption of a resolution by the Capital Project Control Board, the Municipal Council of the City was granted the power to consider the adoption of a school bond ordinance. The State, by the takeover of the school system in the City, did not affect, modify or impair the authority or the obligation of the City to the levy and collect sufficient real property taxes to pay the principal of and interest on all outstanding school debt.

The School District commenced litigation against the State seeking to terminate the State-operated status. On July 8, 2013, the New Jersey Superior Court, Appellate Division, rejected the School District’s appeal to terminate the State-operated status. On June 4, 2014, the State Board of Education voted to restore local control over the functional area of Fiscal Management to the School District, to take effect upon the State’s approval of a transition plan. Local control over Operations had previously been restored. On June 26, 2015, Governor Chris Christie and Mayor Ras Baraka announced the appointment of the Newark Educational Success Board charged with developing a timeline and benchmarks for the restoration of local control of the remaining three functional areas – Curriculum and Instruction, Personnel and Governance – to the School District. In 2017, the State Board of Education voted to initiate return of local control to the School District. Toward that end, the School District and the State Department of Education entered into a Transition Plan for the return of local control dated December 19, 2017 with an effective date of February 1, 2018. The conditions of the Transition Plan were met by the School District and on July 1, 2020, the New Jersey State Board of Education voted to return full local control to the Newark School District.

## ECONOMIC AND HOUSING DEVELOPMENT

The City is pursuing a comprehensive economic development strategy. The City’s economic development efforts will enable Newark to take full advantage of its strategic assets, including its location and transportation infrastructure; seaport and airport; a diverse and underutilized workforce; a large amount of developable land; a concentration of corporate and business service firms; several major universities; and a wealth of arts and cultural institutions. The Department of Economic and Housing Development centralizes the City’s divisions responsible for a wide array of activities – including housing production, business development and attraction, sustainability, prisoner reentry, city planning, and workforce development – in order to ensure that economic development strategies and activities have a comprehensive, unified approach. The City is also committed to developing a variety of green economic initiatives, including promoting energy efficiency, green energy production, and urban agriculture.

The City continues to concentrate such efforts on the following areas:

- Newark has strengthened its status as a global transportation and logistics center by building on growing trade at Port Newark-Elizabeth Marine Terminal (“Port Newark”), improving its competitiveness in the expanding logistics industry and creating greater access to port and airport employment opportunities for City residents. The City has made use of environmentally sound development practices at port, airport and rail hubs. In addition, the City is actively engaged in attracting businesses and industry to the area around Port Newark.



- The establishment of the Newark Port Career and Business Development Center, which has served 1,700 clients since its launch in 2008, has placed 450 clients in transportation/logistics/distribution jobs.
- Newark has worked to reposition the downtown area as a mixed-use Central Business/Residential District. A new downtown living initiative is at the core of this ongoing effort to transform the City's downtown area into a vibrant destination and place to live. The ongoing transformation is already evidenced by the 950+ units of market-rate residential housing currently under development or construction downtown.
- Newark's 150,000 jobs represent the largest concentration of jobs in New Jersey. In order to more effectively meet the employment and training needs of Newarkers, the City has undertaken a restructuring of NewarkWorks (formerly the Mayor's Office of Employment and Training). The agency is now positioned to take the lead in local workforce development as the operator of the Newark One Stop System as well as a One Stop partner agency delivering Workforce Investment Act, Work First New Jersey, and Workforce Learning Link employment and training services to Newark residents.
- Brick City Development Corporation ("BCDC") was formed in 2007. In the last five years, BCDC changed its name to Newark Economic Community Development Corporation ("NCEDC") and is now known as Invest Newark. Invest Newark is a non-profit 501(c)(3) corporation, which was formed and funded to be the City's catalyst for economic development, real estate transactions, business attraction, and retention. Invest Newark's initiatives have included the Grow Newark Fund, the agency's small business loan program, which has deployed over \$6 million in loan funding to 13 small businesses in Newark; a bond assistance program that has resulted in over \$8 million in successful bond bids; and small business technical assistance sessions that served over 200 clients in 2019. On June 20, 2019, the board of NCEDC voted to change its name to Invest Newark and filed a Certificate of Amendment to the Certificate of Incorporation form with the New Jersey Division of Revenue & Enterprise Service.
- To ensure optimal value and interconnectedness of the City's assets, Newark enhanced the City's planning and zoning division within the Economic and Housing Development to further coordinate comprehensive, planned development of the City's neighborhoods and key growth areas such as the port.

### **Current Economic and Housing Development Projects**

Among the developers with projects currently in progress or recently completed are the following:

- Dranoff Properties and NJPAC developed One Theater Square, adjacent to New Jersey Performing Arts Center-area, a \$110 million, 22 story high-rise residential rental development with 244+ units and 20,000 square feet of retail space. The project was awarded \$38 million from the State's Urban Transit Hub Tax Credit program, \$9.5 million from the City's issuance of Motor Vehicle Rental Tax Revenue Bonds in 2015 and \$2.3 million in additional RAB proceeds. The building was completed in July 2018 and is now occupied.
- Mars Wrigley Confectionery moved its headquarters from Hackettstown, NJ to Newark. Approximately 500 associates will be located in the Ironside section of Newark. Ironside Newark was originally constructed in 1907 to accommodate railroad freight storage and today it stands as 450,000 square feet of office and retail space. Ironside Newark has professional amenities such as high-speed fiber optics and it has direct access to Newark Penn Station and multiple other transportation options. In addition, the site is adjacent to a new 3 acre park, Mulberry Commons.
- On June 23, 2020, the City of Newark closed on the Newark Makerhoods project. The Redeveloper will construct a mixed-use complex consisting of 66 units of housing, of which approximately 24 units will be affordable housing, and 16 affordable workshops where tenants will operate small businesses; as well as the rehabilitation of the Krueger Scott Mansion into co-working, office, and event space focused on entrepreneurship and small business ownership and highlighting the Mansion's history.

- L&M is developing a project located at 155 Washington Street that will rehabilitate and renovate an existing 220,000 SF building with up to 220 residential units, up to 4,000 SF of non-residential, institutional space, up to 6,000 SF of retail, and a new construction element of up to 29 residential units.
- The owner of the Robert Treat Hotel, the Berger Organization, formed East Park Street Hospitality and has constructed a Tryp Hotel at 24 East Park Street in downtown Newark. The City of Newark received various approvals, including Local Finance Board approval for a RAB. The 100-room hotel includes a 64 seat restaurant/lounge and a 370 square foot multi-purpose library. The hotel has been completed and the ribbon cutting ceremony took place on May 2, 2018.

## **Affordable Housing and Neighborhood Revitalization**

Since 2014, the City of Newark has undertaken a strategic approach to improving the neighborhoods outside the Central Business District. The Neighborhood Development Program (“NDP”) has concentrated financial and human resources to areas in the South and West wards. More police have been deployed to “hot spots” in the neighborhoods where 80% of the homicides are committed; the health department has expanded services, a new health clinic is under construction in the South Ward and a new clinic has opened in an existing facility in the West Ward; over 100 vacant lots have been sold to developers and construction has commenced on new homes; murals have improved the landscape and over 200 trees have been planted throughout the neighborhoods. The NDP model has demonstrated tremendous progress in the neighborhoods and is validated by a reduction in crime and increased resident participation.

Since 2015, the City of Newark has over 3,500 units of affordable housing projects under development (completed, under construction and in the pipeline). In addition, over 16,000 units of market rate housing projects are under development (completed, under construction and in the pipeline). In addition, in 2021 the Housing Authority of the City of Newark was named the Redeveloper for the Seth Boyden Terrace site and is actively working to redevelop the site into new residential and commercial opportunities.

**Land Disposition and Tax Abatement Policies** – The City has created new land disposition and tax abatement initiatives that provide incentives for such community benefits as creating job opportunities for Newark residents, committing to minority contracting, incorporating union labor, and using environmentally sound building techniques. The City has sold over 100 parcels of land as per the new Land Disposition Policy.

**West Ward Initiative** – Piloting the land disposition policy and drawing upon the City’s new abandoned property ordinance, this initiative will reactivate City-owned vacant and privately owned abandoned properties within a 20-block area in the West Ward. A team of 13 developers, led by organizations like the Newark Housing Partnership, includes 11 minority-owned developers and ten (10) Newark-based firms. The development was guided by partners including the Urban League of Essex County and Habitat for Humanity.

- Over 233 units were rehabilitated by 17 small, local contractors.
- The Greater Newark Conservancy’s (the “GNC”) Clean and Green Crew has addressed over 50 lots in the area and planted over 200 trees.
- The GNC is building a community garden for use by the 13<sup>th</sup> Avenue School Community in addition to constructing traffic bump-outs and crosswalks along 12<sup>th</sup> Avenue.
- Additional 45 lots are currently under redevelopment and transformation into affordable and workforce housing and other community assets.

Working with Invest Newark, the City has supported new businesses, expanded cultural opportunities, and installed streetscape and lighting improvements along Clinton Avenue, a corridor with great potential to be the thriving link between the Lincoln Park neighborhood and downtown.

With more than \$40 million dollars committed over the past decade, the City is in the midst of the largest open space expansion and rehabilitation in over a century, and has already doubled City parkland.

## Economic Development Activity

Teachers Village is a vibrant, mixed use, pedestrian-oriented community on five (5) blocks in the heart of downtown Newark in the Central Business District. Prior to the groundbreaking, 90% of the neighborhood was comprised of surface parking lots. This project was completed in October 2017. The project consists of six (6) new buildings that contain:

- Three (3) not-for-profit charter schools (SPARK Academy for grades k through 5; Discovery Charter School for 4<sup>th</sup> through 8<sup>th</sup> graders; and Great Oaks for grades 6 through 8) and a daycare facility that together serve more than 1,000 predominantly low-income students in over 104,000 square feet. The schools are housed in two (2) buildings that were completed in 2014.
- 204 units of rental housing marketed to teachers in 235,000 square feet, about 20% of the units of which will be dedicated to affordable housing. The residential portion is currently “oversubscribed” with teachers who make up its prospective renters.
- 20 different high quality retail businesses in 65,000 square feet will provide jobs and services to the neighborhood. Thirteen leases have been signed and ten (10) of these are currently in design or under construction.

In 2015, Prudential completed construction of an office tower in close proximity to its existing world headquarters on Broad Street. The \$444 million, 740,000 square foot, 20-story building includes approximately 47,000 square feet of retail development with tenants like Nike and Starbucks. About 3,000 of Prudential’s nearly 48,000 employees across the globe are located in the new tower.

Over the past few years, the City has experienced a surge of small and large-scale economic development projects initiated by the private sector. This private sector investment is a result of a coordinated effort by the Department of Economic and Housing Development, the Housing Authority (defined herein), and other municipal planning and development agencies. The Central Business District has been the site for a number of these projects.

Newark has continued to grow in a difficult economic environment. Industrial development and leasing remain strong in Newark, with strong continuing demand for warehouse, transportation, and distribution facilities.

### Summary of Projects under Construction and Completed:

|                                                                     | <u>Project Investment</u> |
|---------------------------------------------------------------------|---------------------------|
| The Hahne Project (Completed)                                       | \$ 175,000,000            |
| Teachers Village (Completed)                                        | 159,000,000               |
| East Park Street Hospitality Urban Renewal (Tryp Hotel) (Completed) | 15,000,000                |
| 36-54 Rector Urban Renewal (Market Rate Housing) (Completed)        | 64,000,000                |
| Riverside Arms Apartments (Completed)                               | 24,000,000                |
| Carrino Plaza Apartments (Completed)                                | 26,000,000                |
| Hari Newark Urban Renewal (Homewood Suites Hotel by Hilton)         | 14,000,000                |
| 999 Broad Street Phase 1 (Completed)                                | 20,400,000                |
| Hampton Valley Apartments (Completed)                               | 3,000,000                 |
| Aero Farms at the 212 Rome site (Completed)                         | 14,000,000                |
| Cherry Park Apartments (Completed)                                  | 12,000,000                |
| Scattered Sites Housing Projects                                    | 10,000,000                |
| Lofts @ Lincoln Park Condominiums                                   | 6,000,000                 |
| One Theatre Square (Completed)                                      | 110,000,000               |
| Montgomery II (Completed)                                           | 45,000,000                |
| 540 Broad Street (Completed)                                        | 107,000,000               |
| New Horizon (Completed)                                             | 35,000,000                |
| 579 Broad Street                                                    | 17,000,000                |
| Tuckerview Redevelopment (Under Construction)                       | 10,000,000                |
| 155 Washington Street (Closed December 18, 2020)                    | 54,200,000                |
| Newark Makerhoods (Closed June 23, 2020)                            | 30,000,000                |

## **Newark Liberty International Airport and Port Newark**

Newark Liberty International Airport (the “Airport”), partially located in the City, is approximately 16 miles west of midtown Manhattan. In 2013, over 35 million passengers travelled through the Airport, along with 662,422 tons of air cargo and 54,677 tons of air mail. A shuttle service provides access to the Airport for passengers of the PATH system and Amtrak commuter trains. NJ Transit buses connect the City’s two train (2) stations and bus terminals with Terminals A, B, and C of the Airport. Over the past decade, the Airport has completed over \$1 billion in infrastructure improvements, including a \$400 million Airport Railroad Station at Waverly Yards that connects the on-airport passenger monorail tram system with the Northeast Corridor and NJ Transit passenger train service. The Airport is the first metro region airport offering passenger rail services from the Northeast Corridor directly to air passenger terminals. In addition, NJ Transit completed construction of the first two-mile operable segment of the Newark Elizabeth Rail Link, a light rail transit system linking NJ Transit’s Newark Broad Street Station to Penn Station.

Port Newark is a waterfront terminal development located on Newark Bay adjacent to Newark Liberty International Airport. The marine terminal contains approximately 2,230 acres of maritime property, including wharves, berthing space (about 41,000 lineal feet), container cranes, transit sheds, open storage areas, buildings, roadways, and railroad trackage. The terminal is served by Conrail which offers direct ship-to-rail transfer at the vessel berths. Port Newark handles over 2.5 million containers annually and rising, making it the third busiest port in the United States. Port Newark is currently undergoing a \$650 million expansion, which will generate as many as 6,900 jobs a year throughout the region.

The City has leased Newark Liberty International Airport and Port Newark to the Port Authority of New York and New Jersey (the “Port Authority”) since March 22, 1948.

Please see [panynj.gov](http://panynj.gov) for additional information on airport and port operations.

## **Lease Between City and Port Authority**

In 2002, the City reached agreement with the Port Authority on an extension of the Port Authority’s lease of the land on which Newark Liberty International Airport and Port Newark are located. Pursuant to this agreement, the lease was extended through 2065 and established a minimum annual rent of \$68 million beginning in 2002, with higher rent should certain gross revenue levels be reached; the minimum annual rent may increase every five (5) years based on Port Authority average gross revenues from the two (2) facilities. From 2012-2016, the City received \$84.7 million in annual rent. From 2017-2021, the City received \$97.6 million in annual rent. From 2022 through 2026, the City will receive \$104.3 million in annual rent. In addition, there are separate payments by the Port Authority in the amount of \$12.5 million per year for 35 years that are pledged, and assigned by the Housing Authority to the Trustee for the bonds to pay debt service on bonds issued by the Housing Authority (as the City’s assignee), which bonds financed the construction of the Prudential Arena and other related redevelopment projects located in the Newark Downtown Core Redevelopment District. *See* “Newark Downtown Core District Redevelopment Plan” below.

The lease agreement executed by the City additionally provides that, if the Port Authority enters into a new lease with the City of New York relating to John F. Kennedy International Airport and LaGuardia Airport, or amends the existing lease with respect to those airports, Newark will have the right to amend the provisions of its lease with the Port Authority with respect to the Airport to conform to the terms agreed upon with New York City. Furthermore, if there is a binding award to New York City pursuant to the ongoing arbitration proceeding with New York City, or any other dispute between New York City and the Port Authority relating to John F. Kennedy International Airport or LaGuardia Airport, or a settlement thereof, Newark has the right to a proportionate award from the Port Authority, except where this would result in a double recovery to Newark or where amounts are awarded to New York City with respect to an issue unrelated to the leases with Newark. Finally, the lease agreement provides that the proportion of total Passenger Facility Charges received by the Port Authority from the three (3) major airports that is attributable to the Airport shall be used for projects at that Airport.

## **Other Public Transportation**

The City is serviced by the Garden State Parkway, the New Jersey Turnpike and a system of interconnecting highways, which provide access to the major commercial, industrial and residential areas of Newark and the County. The State recently committed monies for improvements and changes in access ramps into the City from Routes 78 and 280. The

City is connected to New York City and cities in New Jersey by PATH, Amtrak and NJ Transit. In addition, NJ Transit rail lines connect the City directly with the Airport linking the two (2) major transportation hubs.

NJ Transit provides citywide bus service. NJ Transit and Newark share oversight of bus lanes for the Central Business District. During peak traffic hours in the morning (6:30 a.m. - 9:30 a.m.) and afternoon (4:30 p.m. - 6:30 p.m.) the curb lanes on both sides of Broad and Market Streets are dedicated for buses only. This program has dramatically improved the flow of traffic and has improved the timeliness of bus service. In addition, the City is served by the NJ Transit Light Rail (the “Light Rail”), an aboveground rail system. The Light Rail connects the City’s residents and visitors with many destinations throughout the City, including Newark Penn Station, Newark Broad Street Station and the Downtown Business District.

### **Cultural Arts, Entertainment and Sports in Newark**

Cultural activities continue to be a growing attraction within the City. Newark has seen an increase in programs and events attended by Newarkers, New Jerseyans and those from other states as well.

The New Jersey Performing Arts Center (“NJPAC”) opened in October 1997. The NJPAC is home to the Garden State Ballet, the New Jersey Symphony, and the New Jersey State Opera. Over \$100 million of public and private (donated) funds were invested to create the NJPAC on a 12-acre tract in the Central Business District. The center currently consists of a building which houses a 2,700 seat multi-purpose theater, a 500-seat studio theater, a restaurant, banquet facilities, and a gift shop.

Newark Symphony Hall is a 3,000-seat theater originally built in 1925 and added to the National Register of Historic Places in 1977. In addition, the Cathedral Concert Series is held in Sacred Heart Cathedral, the fifth largest Gothic cathedral in the country.

In addition to NJPAC and Symphony Hall, Newark is home to the Prudential Center, an 18,000 seat multi-purpose arena that opened in October 2007. The Prudential Center is home to the New Jersey Devils, a professional indoor hockey team, the New Jersey Ironmen, a professional indoor soccer team, Seton Hall University Men’s Basketball and various collegiate hockey teams.

The Prudential Center hosts over 200 events a year including sporting events; major concerts such as Black Eyed Peas, Carrie Underwood, Andrea Bocelli, Usher, Bruce Springsteen, The Who and The Rolling Stones; hosting the MTV Awards in 2019; and major attractions such as Disney on Ice and professional boxing. Along with major events, the Prudential Center is ushering in a new era in sports and entertainment in Newark and the entire Northern New Jersey area. The success of the Prudential Center brings direct and collateral revenue to the City as the area surrounding the Prudential Center has witnessed an influx of restaurants and other service establishments.

### **Newark Downtown Core District Redevelopment Plan**

On October 6, 2004, the Newark Municipal Council adopted an ordinance authorizing creation of the Newark Downtown Core District Redevelopment Plan & Amendment to the Newark Plaza Urban Renewal Plan (the “Newark Downtown Core District”). Concurrently, the Newark Municipal Council adopted a resolution designating the Housing Authority as the Redevelopment Entity under the New Jersey Housing and Redevelopment Act, to implement the Newark Downtown Core District Redevelopment Plan.

In October 2005, the \$310 million Newark Downtown Core Redevelopment District Project was approved by the Newark Municipal Council. The Newark Downtown Core District’s keystone was the construction and opening of the Prudential Center. Plans for the Newark Downtown Core District also included structured parking, retail and entertainment and a headquarters building for the Newark Public Schools, to be constructed by others, for a projected total of 1,800,000 square feet at an estimated combined public and private investment of \$588 million. The Courtyard Newark Downtown, a six-story, 140 room hotel with over 4,000 square feet of meeting space, along with arena-area restaurants add new street life to the Prudential Center area.

## **Passaic Waterfront Park Mixed-Use Development Project**

The U.S. Army Corps of Engineers is completing plans and designs for a \$75 million Passaic Riverfront restoration in the Central Business District. Riverfront Park runs from Bridge Street to Brill Street featuring a pedestrian walkway with active and passive recreational amenities. Open space bonds in the amount of \$25 million issued by the City in 2017, the debt service on which is paid by the City by the open space tax, funds a portion of the costs of the Riverfront Park Project. It includes 6,000 linear feet of new bulkhead, 3,200 linear feet of riverbank restoration and 9,200 linear feet of pedestrian waterfront walkway. Presently, 1,800 linear feet of new bulkhead has been constructed, with the pedestrian walkway still to be constructed between Newark Penn Station and NJPAC. Newark Riverfront Park will be the City's first true waterfront park, covering 3.5 acres and including a 1/3 mile riverfront walk, a public access floating boat dock, native plantings, and lawns for informal gatherings and performances.

The principal property owners are proposing three (3) mixed-use office-residential-retail developments within the Passaic Riverfront Park Area. Participating property owners include Hartz Mountain Industries, the Matrix and Edison Properties. Combined, these companies are proposing to develop over one million square feet of commercial office space within walking distance of Newark Penn Station, including 600 rental residential units and up to 50,000 square feet of retail along the proposed Passaic Riverfront pedestrian walkway.

As an interim waterfront improvement, the City built a public access floating boat dock with a \$139,000 grant from the New Jersey Department of Transportation. This will be the first public dock in Newark in over a century. Future plans for the riverfront site include residential, structured parking, open space and retail along the Passaic Riverfront connecting to the Minish Passaic Riverfront Park pedestrian walkway.

## **Health Care and Hospitals**

Newark's health care facilities represent a growing source of financial strength, investment, and employment. The following are descriptions of the three (3) major hospitals located in Newark:

### **Newark Beth Israel Medical Center**

Newark Beth Israel Medical Center ("Newark Beth Israel") is a 653-bed, regional care, teaching hospital in Newark with more than 1,200 physicians, 3,400 employees and 150 volunteers. Newark Beth Israel has over 300,000 outpatient visits and 20,000 admissions annually and is one of only two (2) hospitals in New Jersey where heart transplants are performed, and the only hospital in New Jersey certified to perform lung transplants. Newark Beth Israel is also home to Children's Hospital of New Jersey, the State's premier children's hospital, which provides state-of-the-art care in over 30 subspecialties.

### **St. Michael's Medical Center**

Saint Michael's Medical Center is a 358-bed regional tertiary care, teaching, and research center in the heart of Newark's business and educational district. In January 2008, Catholic Healthcare System announced its approval of its sale to Catholic Health East of three (3) hospitals located in the City – Saint James Hospital, Columbus Hospital and Saint Michael's Medical Center. In July 2008, St. Michael's Medical Center issued bonds to fund Catholic Health East's acquisition of Saint Michael's Medical Center, and to fund the termination of acute care services at Saint James Hospital and Columbus Hospital and transfer their acute care services to Saint Michael's Medical Center, in an effort to consolidate inpatient acute care services in the City. Catholic Health East subsequently sold St. Michael's Medical Center to Prime Healthcare Services, a for-profit corporation.

### **The University Hospital**

The University Hospital is the core teaching facility of Rutgers Biomedical and Health Sciences of New Jersey, and is the center of referral for many of the State's most advanced medical services and specialty care programs. The hospital is staffed by 800 full-time attending physicians who are also faculty members of the New Jersey Medical School. The University Hospital includes 519 beds and nearly 4,000 employees and has more than 18,000 admissions, 1,400 births, and over 240,000 outpatient visits annually. Effective July 1, 2013, University Hospital became a separate public entity, independent of the University of Medicine and Dentistry of New Jersey.

## **Higher Education**

The City is the site of the University Hospital, which is the principal teaching hospital for Rutgers Biomedical and Health Sciences. The City is also the site of the New Jersey Institute of Technology (“NJIT”), Rutgers - The State University of New Jersey (“Rutgers-Newark”), Seton Hall University Law School, Essex County College (“ECC”) and Berkeley College. These six (6) colleges and universities are spread out over 320 acres and serve a population of 30,000 students and faculty. Rutgers-Newark includes the State’s largest health care professional education center with more than 2,500 students and has a 529-bed acute care hospital. NJIT offers undergraduate and graduate degrees in engineering, architecture, and computer science. Rutgers-Newark offers undergraduate degrees and graduate degrees in law, nursing, business administration, public administration, chemistry, and economics. In 2009, Rutgers-Newark opened its flagship business school at 1 Washington Park, occupying 11 of 17 floors of this refurbished building, and anchoring its presence as a key partner in Newark – both through the increasing size of its footprint and through a variety of Newark programs, including a small business loan fund administered with the NCEDC. Seton Hall University Law School, also located in the City, is the third largest Catholic law school in the United States. ECC offers Associate degrees and one-year certificates. In addition, Berkeley College opened a campus in Newark, with more than 372 students matriculating.

Newark has promoted and enhanced its status as a regional knowledge center by making its several higher education institutions the focal point for the expansion of new academic and research activities, new industries, and housing and cultural opportunities that more closely integrate these institutions with Newark’s neighborhoods. The Council on Higher Education in Newark (“CHEN”), composed of ECC, NJIT and Rutgers University-Newark, is developing a 50-acre, \$200 million University Heights Science Park to attract science and technology-based businesses to benefit from its proximity to university research, students, faculty, and facilities.

## **RELATED PUBLIC AUTHORITIES**

In addition to the agencies described under “CITY INDEBTEDNESS AND DEBT LIMITS – Overlapping Debt” herein, certain regional and City agencies have cooperated with the City in the provision of services to the residents of the City. A description of these agencies and the relationship of each to the City follow.

### **Joint Meeting of Essex and Union Counties**

The Joint Meeting of Essex and Union Counties (the “Joint Meeting”) was organized in accordance with legislation passed in 1899 and operates a joint system for sewage collection and treatment. The City is one of 15 participating municipalities. As a participant, the City assumes a portion of the capital construction and operating costs of the Joint Meeting. The City’s share of operating costs of the Joint Meeting is based on a user-charge system and is provided for annually in the City’s budget. The City has occasionally satisfied capital obligations of the Joint Meeting through the issuance of City notes and/or bonds, and the City did so again in 2019 and funded its allocable share of the cost of various Joint Meeting capital projects in the amount of \$1,350,000 through the New Jersey Infrastructure Bank (“NJIB”). In September of 2025, the City delivered a \$1,445,000 Construction Financing Program Note (a “CFP Note”) to the NJIB in to finance its allocable share of the cost of various Joint Meeting 2025 capital improvement projects.

The Joint Meeting is undertaking a six phase flood mitigation project, the majority costs of which will be paid by Federal Emergency Management Agency. On October 28, 2020, the City delivered to the NJIB a CFP Note in the amount of \$2,045,000 to finance its allocable share of costs of Phase I of the Flood Mitigation Facilities Project being undertaken by the Joint Meeting. On February 7, 2023, the City closed on a NJIB CFP Note in the amount of \$4,350,000 (an increase of \$2,305,000 from the October 28, 2020 \$2,045,000 NJIB CFP Note) to finance additional costs of Phase I of the Flood Mitigation Facilities Project. On January 18, 2022, the City delivered its NJIB CFP Note in the amount of \$660,000 to finance its allocable share of costs of Phase II of the Joint Meeting Flood Mitigation Facilities Project. On September 8, 2022 the City adopted a \$4,140,000 bond ordinance to finance its allocable share of costs of the Phase III of the Flood Mitigation Project. On March 15, 2023, the City adopted a \$5,690,000 bond ordinance to finance its allocable share of (i) the unfunded portions of the costs of Phases II and III of the Flood Mitigation Facilities Project and (ii) the costs of Phases IV, V and VI of the Flood Mitigation Facilities Project. On May 19, 2023, the City delivered a (i) NJIB CFP Note in the amount of \$1,365,000 to finance the unfunded portion of the costs of Phase II of the Flood Mitigation Facilities Project, (ii) NJIB CFP Note in the amount of \$5,455,000 to finance the costs of Phase III of the Flood Mitigation Facilities Project, and (iii) NJIB CFP Note in the amount of \$935,000 to finance the costs of Phase IV of the Flood Mitigation Facilities Project.

The City financed its allocable share of costs of Phases V and VI of the Flood Mitigation Facilities Project in the fourth quarter of 2023.

## **Second River Joint Meeting**

The Second River Joint Meeting (the “SRJM”) was organized in 1928. The SRJM operates a joint sewer for seven (7) municipalities to control overflow of sewage into the Second River. Under contractual agreement, the City’s share of operating expenses for the SRJM is 3.19%. There are no construction projects at present for which the City is proportionately responsible. Each participating municipality authorizes and issues its own debt to finance any construction projects. There is currently no debt for the SRJM that is authorized and unissued.

## **Newark Parking Authority**

The Newark Parking Authority (the “Parking Authority”) was created in 1956. Its seven (7) member board consists of five (5) members who are appointed for a term of five (5) years by the Municipal Council, and two (2) of whom are appointed by the Mayor with the advice and consent of the Municipal Council.

Pursuant to a Resolution of the Municipal Council adopted on August 6, 2008 and an Interlocal Agreement between the City and the Parking Authority dated August 8, 2008 (the “Interlocal Agreement”), the City has transferred to the Parking Authority all existing parking assets owned, controlled or operated by the City to become part of the Parking Authority’s parking system (the “Parking System”). The term of the Interlocal Agreement is 40 years, with an option to the Parking Authority to renew for two (2) additional 10 year terms. During the term of the Interlocal Agreement, the Parking Authority is responsible for all costs of operating, constructing, and maintaining the parking assets of the Parking System. The parking assets transferred include parking meter operation and other conveyances, structures and equipment and other real and personal property and rights therein and appurtenances necessary or useful and convenient to the operation of the Parking System.

Under the Interlocal Agreement, the Parking Authority is entitled to share in the City’s ticket revenues. The Parking Authority is required to pay to the City certain amounts to allow the City to pay debt service on debt issued for certain upgrades to the Parking System.

Under the Interlocal Agreement, the Parking Authority is obligated to operate and maintain, and, to the extent the Parking Authority deems feasible, enlarge the Parking System. To allow the Parking Authority to effectively and efficiently operate the Parking System, the Parking Authority’s duties include, among others, bus lane enforcement, the establishment of a billing system, control over on-street parking spaces and meters, and the operation of towing and vehicle storage facilities.

In December 2018, the Parking Authority issued \$37,386,500 aggregate principal amount of Parking Revenue Bonds to finance the construction of a structured parking facility containing (a) a 510-space parking garage, (b) office space for the Finance Department of the City, (c) storage and office space for the Municipal Court of the City, (d) offices for the Parking Authority and (e) retail/café space. The project is situated on land previously used as the City Hall parking lot and is located directly east of the City's Municipal Court and approximately 500 feet from the Prudential Center Arena. In 2020, the Parking Authority authorized additional borrowing of up to \$3,000,000 to provide funds necessary to complete construction of the facility and for related purposes. The building opened in early 2021. The Parking Revenue Bonds are not backed by the City's general obligation taxing power.

## **Newark Watershed Conservation and Development Corporation**

This agency was responsible for the protection, coordination, review, and planning of limited development of the 35,000 acres in the Pequannock Watershed which the City owns in northwestern New Jersey. This watershed contains five (5) reservoirs from which the City obtains 80 million gallons per day (“mgd”). The storage capacity of the five (5) reservoirs is 14.4 billion gallons. The watershed is 35 miles from the City and is one of the region’s largest open spaces. Limited economic development is being planned on a small portion of the watershed for the purpose of relieving the City of the tax burden of this property resulting from the obligation of the City to pay taxes to various municipalities included in the watershed. Such funds are raised annually in the City’s Water Utility operating budget.



On March 26, 2013, the City was informed that the Newark Watershed Conservation and Development Corporation (the “Corporation”) would be dissolving as of May 31, 2013. As a result, the City reassumed control of its water utility as of such date and has hired certain former employees of the Corporation to assist in such operation. The City appointed Kareem Adeem as Director of the Water and Sewer Utilities.

### **The Housing Authority of the City of Newark**

The Housing Authority of the City of Newark (the “Housing Authority”) is operated by a seven-member Board of Commissioners, five (5) of whom are appointed by the Mayor with the concurrence of the Municipal Council, one of whom is appointed by the Governor, and one of whom is appointed by the Mayor without the concurrence of the Municipal Council. Operations of the Housing Authority are centered on two divisions, Public Housing and Urban Renewal. The responsibilities of the Urban Renewal Division include the redevelopment of residential, industrial, and commercial properties, relocation of affected residents, and acquisition and disposal of properties.

The Housing Authority has a total of 325 employees and currently operates 7,000 public housing units, plus 4,000 Section 8 units. Certain outstanding bonds of the Housing Authority are described below.

In February 2007, the Housing Authority issued \$7,780,000 Port Authority-Port Newark Marine Terminal Additional Rent-Backed Bonds, Series 2007 (City of Newark Redevelopment Projects) and \$168,320,000 Port Authority-Port Newark Marine Terminal Additional Rent-Backed Refunding Bonds, Series 2007 (City of Newark Redevelopment Projects) (collectively, the “2007 Bonds”), which financed and refinanced costs associated with the Prudential Center Arena and other related redevelopment projects located in the Newark Downtown Core Redevelopment District. In 2016, the Housing Authority authorized the issuance of not to exceed \$65,000,000 of Port Authority-Port Newark Marine Terminal Additional Rent-Backed Refunding Bonds, Series 2016 (City of Newark Redevelopment Projects), to refund a portion of the outstanding 2007 Refunding Bonds. The Port Newark Marine Terminal Additional Rent-Backed Bonds are secured by certain additional rent payments received by the City from the Port Authority of New York and New Jersey and assigned by the City to the Housing Authority.

In July 2009, the Housing Authority issued \$68,000,000 of its City-Secured Police Facility Revenue Bonds (South Ward Police Facility), Series 2009A (the “2009A Police Facility Bonds”), the payment of which was secured by semiannual capital grant payments required to be made by the City in amounts sufficient to pay debt service thereon. On July 6, 2016, the Housing Authority issued its City-Secured Police Facility Revenue Refunding Bonds to advance refund the outstanding 2009A Police Facility Bonds maturing on or after December 1, 2020. The refunded 2009A Police Facility Bonds were subsequently redeemed.

Except for the Housing Authority's City-Secured Police Facility Revenue Refunding Bonds and obligations expressly supported by agreements with the City, debt of the Housing Authority is not a general obligation of the City.

## **CITY INDEBTEDNESS AND DEBT LIMITS**

### **General**

The 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 general municipal and utility capital expenditures. Among its provisions are requirements that bonds must mature within the statutory period of usefulness of the projects bonded, that bonds be retired in serial installments, and, with certain exceptions, a 5% cash down payment is required toward the financing of expenditures for municipal purposes. Nearly all bonds and notes issued by the City are general (“full faith and credit”) obligations.

The City may sell short-term “bond anticipation notes” to temporarily finance a capital improvement or project in anticipation of the issue of bonds, if the bond ordinance so provides. Under the Local Bond Law, bond anticipation notes, which are full faith and credit obligations of the issuer, may be issued for a period not exceeding one (1) year and may be renewed from time to time, for a period that does not exceed one (1) year. All bond anticipation notes, including all renewals, must be paid not later than three (3) years from their original date, unless the issuer begins to amortize such notes beginning in the third year. If the appropriate amortization commences in the third year, such notes must finally 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.

To ensure the continuing tax exemption of its various outstanding bond and note issues, the City is required to periodically determine its liability, if any, relating to arbitrage rebate.

### **Tax Anticipation Notes**

The City may issue tax anticipation notes in any fiscal year in anticipation of the collection of taxes for such year whether levied or to be levied in such year or in anticipation of certain other revenues for such year, subject to the limits described below. The proceeds of the sale of such notes, unless used to redeem outstanding notes, must be applied to purposes provided for in the City budget or for which taxes are levied or to be levied for such year and may not be applied for any other purpose. Under State law, tax anticipation notes and any renewals thereof shall mature not later than 120 days after the close of the fiscal year.

The City is limited in the amount of tax anticipation notes of any fiscal year that can be outstanding at any time. Such amount shall not exceed an amount certified as the gross borrowing power of the City and no such notes shall be authorized in excess of an amount certified as the net borrowing power of the City. The gross borrowing power of the City with respect to tax anticipation notes for any fiscal year is 30% of the tax levy of the preceding fiscal year for all purposes plus 30% of the amount of the miscellaneous revenues realized in cash during the preceding fiscal year. The net borrowing power of the City for tax anticipation notes is determined by subtracting from the gross borrowing power the amount of tax anticipation notes outstanding for the current fiscal year except such notes as will be renewed by or paid from the proceeds of the notes to be issued.

The City last issued tax anticipation notes in 2016.

### **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 certified in the valuation of all taxable real property in the table of equalized valuation by the Director of Taxation, Department of Treasury, State of New Jersey (the "Division of Taxation"). Certain categories of debt are permitted by statute to be deducted for purposes of computing the statutory debt limit. As of December 31, 2025, the City has statutory net debt in the amount of \$259,136,084 which equals .960% of its three (3) year average of equalized valuation basis as of December 31, 2025.

### **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. In considering the request, the Local Finance Board concentrates 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 would be denied. The City has not exceeded its debt limit.

### **Municipal Qualified Bond Act**

Pursuant to the Municipal Qualified Bond Act, Chapter 3 of Title 40A of the New Jersey Statutes, N.J.S.A. 40A:3-1, et seq., as amended (the "Municipal Qualified Bond Act", such bonds being called "Qualified Bonds"), a portion of certain State aid (the "Municipal Qualified Revenues") allocated to the City in amounts sufficient to pay debt service on Qualified Bonds, is to be withheld by the State Treasurer and forwarded to the paying agent for such bonds on or before the principal and interest payment dates for such Qualified Bonds for deposit into accounts established for the purpose of paying debt service on such Qualified Bonds.

The Municipal Qualified Bond Act provides that the Municipal Qualified Revenues so withheld and paid or to be paid to and held by the paying agent are deemed to be held in trust and exempt from being levied upon, taken, sequestered, or applied toward paying the debts of the City other than the payment of debt service on any such Qualified Bonds of the City issued for municipal purposes or water or sewer utility purposes and entitled to the benefits of the Municipal Qualified Bond Act.

The Municipal Qualified Bond Act does not relieve the City of its obligation to include in its annual budget amounts necessary to pay, in each year, the principal of and interest on any such Qualified Bonds. Such budgeted amounts must be used to pay debt service on such Qualified Bonds of the City in any year in which sufficient Municipal Qualified Revenues are not appropriated. The State has covenanted in the Municipal Qualified Bond Act with the holders of Qualified Bonds that it will not repeal, revoke, rescind, modify, or amend the provisions of such act providing for the withholding of Municipal Qualified Revenues and payment of such revenues to the paying agent for such Qualified Bonds so as to create any lien or charge on or pledge, assignment, diversion, withholding payment or other use of or deduction from such revenues which is prior in time or superior in right to the payment of debt service on such Qualified Bonds.

### **Municipal Qualified Revenues/Debt Service Coverage Ratios**

|                             | <u>2025</u>   | <u>2024</u>   | <u>2023</u>   | <u>2022</u>   | <u>2021</u>   |
|-----------------------------|---------------|---------------|---------------|---------------|---------------|
| Qualified Revenues          | \$110,017,552 | \$110,017,552 | \$120,815,267 | \$114,392,433 | \$108,721,117 |
| Qualified Bond Debt Service | 48,710,510    | 51,424,941    | 47,627,644    | 48,875,000    | 39,884,720    |
| Coverage Ratio              | 2.26          | 2.14          | 2.54          | 2.34          | 2.73          |

Source: 2025 Adopted Municipal Budget (Unaudited)

Source: 2020-2024 Audit Reports

**The Municipal Qualified Bond Act does not contain a pledge or guarantee that any amounts payable to the paying agent for such Qualified Bonds will, in fact, be made or continued. Each such annual amount is subject to appropriation by the State Legislature. Moreover, the State is not required to continue to make appropriations of such amounts, nor is the State limited or prohibited from repealing or amending any law heretofore or hereafter enacted for the payment or apportionment of such amounts or in the manner, time or amount thereof. Further, the amount payable to the paying agent for such Qualified Bonds does not constitute an additional source of revenue available to the City.**

### **School Qualified Bond Act**

In addition to being secured by the pledge of the City's full faith and credit, certain school issued bonds of the City are entitled to the benefits of the School Qualified Bond Act, Article 15 of Chapter 24 of Title 18A of the New Jersey Statutes, N.J.S.A. 18A:24-85 et seq., as amended (the "School Qualified Bond Act"). Pursuant to the School Qualified Bond Act, a portion of the amount of State school aid payable to the School District, in amounts sufficient to pay debt service on such bonds, is to be withheld by the State Treasurer and forwarded directly to the paying agent on or before the principal and interest payment dates for such bonds. Those funds are further deposited into accounts established for the purpose of paying debt service on such bonds.

Pursuant to the provisions of the School Qualified Bond Act, the City shall certify to the State Treasurer the name and address of the paying agent, maturity schedule, interest rate or rates and dates of payment of debt service on such bonds within ten (10) days after the issuance thereof. After receipt of such certificate, the State Treasurer is required to withhold with respect to such bonds from the amount of State school aid payable to the School District an amount which will be sufficient to pay debt service on such bonds as it becomes due. For purposes of the School Qualified Bond Act, "State school aid" means funds made available to local school districts pursuant to the Quality Education Act of 1990, N.J.S.A. 18A:7D-4.

The School Qualified Bond Act provides that the State school aid so withheld and paid or to be paid to and held by the paying agent for such bonds are deemed to be held in trust and exempt from being levied upon, taken, sequestered or applied toward paying the debts of the City other than the payment of debt service on such bonds and other bonds of the City issued for school purposes and entitled to the benefits of the School Qualified Bond Act.

The School Qualified Bond Act does not relieve the City of its obligation to include in its annual budget amounts necessary to pay, in each year, the principal of and interest becoming due on such bonds. However, such budgeted amounts will be forwarded by the City to the School District, to the extent that appropriated amounts have been withheld from the State school aid payable to the School District and have been forwarded to the paying agent for such bonds. Such budgeted amounts must be used to pay debt service becoming due on such bonds and other bonds of the City issued for school purposes and entitled to the benefits of the School Qualified Bond Act in any year in which sufficient State school aid is not appropriated.

The State has covenanted in the School Qualified Bond Act with the holders of bonds entitled to the benefits of such act, that it will not repeal, revoke, rescind, modify or amend the provisions of such act providing for the withholding of State school aid and payment of such monies to the paying agent for such bonds so as to create any lien or charge on or pledge, assignment, diversion, withholding payment or other use of or deduction from such monies which is prior in time or superior in right to the payment of debt service on such bonds.

**School Qualified Revenues/Debt Service Coverage**

|                               | <u>2025</u>     | <u>2024</u>     | <u>2023</u>     | <u>2022</u>   | <u>2021</u>   |
|-------------------------------|-----------------|-----------------|-----------------|---------------|---------------|
| Qualified School Revenues     | \$1,132,450,644 | \$1,058,156,902 | \$1,035,927,916 | \$915,048,188 | \$829,329,985 |
| Qualified School Debt Service | 9,862,811       | 9,807,855       | 9,779,572       | 6,798,400     | 4,566,375     |
| Coverage Ratio                | 114.82          | 107.89          | 105.93          | 134.60        | 181.61        |

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Source: State Department of Education, City 2025 Adopted Budget and City Audited Financial Statements 2021-2024

*The School Qualified Bond Act does not contain a pledge or guarantee that any amounts payable to the paying agent for such bonds will, in fact, be made or continued. Each such annual amount is subject to appropriation by the State Legislature. Moreover, the State is not required to continue to make appropriations of such amounts, nor is the State limited or prohibited from repealing or amending any law heretofore or hereafter enacted for the payment of such amounts or in the manner, time or amount thereof. Further, the amount payable to the paying agent does not constitute an additional source of revenues available to the City.*

**Debt Statements**

The City must report all new authorizations of debt or changes in previously authorized debt to the Division of Local Government Services (the “Division”) through the filing of Annual and Supplemental Debt Statements. The Supplemental Debt Statement must be submitted to the Division before final passage of any debt authorization. Before January 31, of each year the City must file an Annual Debt Statement with the Division. This report is made under oath and states the authorized, issued, and unissued debt of the City as of the previous December 31. Through the Annual and Supplemental Debt Statements, the Division monitors all local borrowing. The City’s Annual Debt Statement as of December 31, 2025 was filed with the Division on January 28, 2026.

**Overlapping Debt**

Several regional and City agencies have issued debt for the payment of which the City and its taxpayers are responsible in varying degrees. There is no actual or contingent liability of the City for the repayment of this debt other than as described and set forth herein. A description of those agencies and the relationship of each to the City follow.

**County of Essex**

The County of Essex, directly and indirectly through the Essex County Improvement Authority, has issued various bonds, notes and other obligations payable ultimately from taxes levied upon all taxable properties within the County of Essex, a portion of which is allocated to properties within the City. Accordingly, such debt constitutes overlapping debt with respect to properties within the City. As of December 31, 2025, the County had \$592,729,874 in outstanding net debt. The City’s percentage of County debt of 20.24% is based on the equalized valuation of City properties as a percentage of the total County equalized valuation (see table on page A-21 for more information on the City’s overlapping debt).

## **Board of Education of the City of Newark**

Prior to the takeover of operations by the State, the Board of Education of the City of Newark (the “Board of Education”) issued various bonds, notes and other obligations payable ultimately from taxes levied upon all taxable properties within the School District, which is coextensive with the boundaries of the City. Accordingly, such debt constitutes overlapping debt with respect to properties within the City. On July 15, 2021, the Board of Education issued \$93,905,000 aggregate principal amount of School Energy Savings Obligation Refunding Bonds, Series 2021, to finance energy conservation measures pursuant to an Energy Savings Improvement Plan. As of June 30, 2025, \$85,120,000 aggregate principal amount of such bonds was outstanding.

## **Passaic Valley Sewerage Commission**

The Passaic Valley Sewerage Commission (the “PVSC”) was created on March 27, 1902 by legislative action of the State of New Jersey as a corporate body politic established for the purpose of developing a plan for eliminating pollution from the streams and rivers within the Passaic River valley drainage area extending from the Great Falls in Paterson to Newark Bay. The boundaries of the sewerage district known as the Passaic Valley Sewerage District includes portions of Essex, Passaic, Bergen, and Hudson Counties. Nine (9) Commissioners are appointed by the Governor with the advice and consent of the State Senate. Of the nine (9) Commissioners, each county within the Passaic Valley Sewerage District is represented by two (2) Commissioners, both of whom reside in the sewerage district and in the county they represent. At least one (1) of the two (2) Commissioners from each county must reside in a contracting municipality or in a leasing municipality. Not more than five (5) of the nine (9) members of the PVSC shall be from the same political party. The ninth member shall be an at-large member who shall serve during the term of office of the Governor of the State. Each Commissioner serves for a term of five (5) years or until his successor is appointed, except for the at-large member.

State law provides that municipalities may enter into agreements with the PVSC for the construction, maintenance, and operation of sewerage plants and works, in addition to trunk or main sewage lines. The actual construction and operation of these facilities remain within the jurisdiction of the PVSC. The cost of construction and operation of the system is apportioned annually to the respective contracting municipalities and other users of the system according to their total flow and wastewater quality.

The original Passaic Valley Sewerage System (the “System”) consisted of a primary treatment plant and steam powered pumping station located near Newark Bay, an interceptor sewer running parallel to the Passaic River between Paterson and Newark Bay, and an outfall into New York Harbor. Since completion of these original facilities in 1924, the PVSC has made numerous modifications to improve treatment and increase capacity. Construction of the secondary treatment facility, which is the principal component of the System, was initiated in 1977 and completed in 1985. The interim sludge handling facilities constructed in 1990 are the most recent addition to the System. In the 1990’s, various capital improvements and upgrades were completed. The outstanding principal amount of senior debt issued by the PVSC as of December 31, 2025 is \$92,175,000. As of December 31, 2024, PVSC also had \$70,317,750 in subordinated debt (see table on page A-21 for more information on the City’s overlapping debt).

The outstanding principal amount of senior debt issued by the PVSC as of December 31, 2025 is \$92,175,000. As of December 31, 2024, PVSC also had \$70,317,750 of permanent subordinated debt outstanding.

## **North Jersey District Water Supply Commission**

The City is a member by contract of the North Jersey District Water Supply Commission (the “Commission”) that is authorized to supply and distribute water to twelve member municipalities comprising the Commission. The Commission is empowered to finance, construct, and operate facilities necessary for the treatment, filtration, transmission, and distribution of water to municipalities that may desire to participate in a water supply project. The Commission consists of a board of seven (7) members appointed by the Governor with the advice and consent of the State Senate for terms of four (4) years. The Commission developed the Wanaque North Project, the operation of which is governed by an agreement executed on December 28, 1940 between the Commission and the participating municipalities. Newark’s allotment of water from the Wanaque North Project is approximately 38.07 million gallons per day or 40.5 percent of the daily yield of the Wanaque Reservoir System.

The Wanaque South Project is a joint undertaking of the Commission and SUEZ North America, formerly United Water New Jersey. This project was designed to increase substantially the water supply available to the co-owners and to relieve the threat of a water crisis in northeastern New Jersey. 50 percent of the additional water supply is available to the Commission for distribution to the Wanaque South participants, including the City. As of December 31, 2025, the Commission had \$24,821,098 in outstanding bonds for the Wanaque North Project and as of December 31, 2025 the Commission had \$18,156,058 in outstanding bonds for the Wanaque South Project (see table on page A-21 for more information on the City's overlapping debt).

### **Essex County Improvement Authority**

Other than the several occasions where the City has participated in financing programs through the Essex County Improvement Authority (the "ECIA") as a direct borrower, the additional overlapping debt of the ECIA, if guaranteed by the County, is covered in the gross debt of the County as noted in this section. For the City's direct debt under the ECIA, see "Total Debt Service Schedule for City General Obligation Bonds" herein.

In December 2010, the City entered into a sale-leaseback transaction with the ECIA, whereby the City sold 16 City buildings to the ECIA, and the ECIA undertook the making of certain capital improvements to such buildings and the leasing of such improved buildings back to the City. To finance the cost of such acquisition and improvements, the ECIA issued \$74,080,000 in lease revenue bonds (the "Series 2010 Bonds"), which are payable solely from lease-purchase payments to be made by the City over a 20-year period. This transaction resulted in the economic defeasance of approximately \$8 million in City obligations and inclusion into the City's 2010 fiscal year budget of approximately \$39.6 million in net sale proceeds, with a resulting annual lease payment obligation of approximately \$6.7 million per year through 2030. However, the City issued \$51,345,000 in Bonds and \$5,500,000 in Notes on February 28, 2019, the proceeds of which bonds and notes were applied by the City to defease such Series 2010 Bonds, release the lien of the lease and acquire the 16 properties from the ECIA. The City has reacquired the 16 properties from the ECIA. The notes, in the amount of \$5,500,000 were renewed in February 2021, and matured on February 22, 2022 (the "2021 ECIA Notes"). The 2021 ECIA Notes were renewed on February 18, 2022 (after a required statutory paydown) and matured on February 17, 2023 (the "2022 ECIA Notes"). The 2022 ECIA Notes have since been renewed on February 16, 2023 (after a required statutory paydown) and matured on February 16, 2024 (the "2023 ECIA Notes"). The 2023 ECIA Notes have since been renewed on February 15, 2024 and matured on February 14, 2025 (the "2024 ECIA Notes"). The 2024 ECIA Notes have since been renewed on February 13, 2025 and matured on February 12, 2026 (the "2025 ECIA Notes"). The 2025 ECIA Notes have since been renewed on February 11, 2026 and mature on February 10, 2027.

On November 7, 2019, the ECIA issued \$70,685,000 principal amount of Refunding Bonds, Series 2019 and \$1,235,000 principal amount of Refunding Notes, Series 2019, the proceeds of which were loaned to the City to fund the costs of replacing approximately 15,000 lead service lines within the City.

### **Newark Downtown District**

The Newark Downtown District (the "NDD") is a special improvement district which was formed by the City as a means of providing additional services, which additional services are funded by annual assessments against properties located within the NDD. The NDD is managed by the Newark Downtown District Management Corp. (the "NDDMC"), a nonprofit corporation. In 2007, the New Jersey Economic Development Authority (the "NJEDA") issued \$10 million in bonds for the purpose of financing various improvement projects of the NDDMC secured by annual assessments generated within the NDD, but such NJEDA bonds are not otherwise secured by the City. On January 30, 2019 the NJEDA issued \$7,905,000 in Revenue and Refunding Bonds for the purpose of currently refunding the outstanding principal amount of its Revenue Bonds (Newark Downtown District Management Corporation Project) Series 2007 in the Downtown Newark Special Improvement District.

## Statutory Debt

The following chart shows the net statutory debt for the City as of December 31, 2025:

### STATUTORY NET DEBT AS OF DECEMBER 31, 2025

|                                                             | Gross Debt         | Deductions <sup>(1)</sup> | Net Debt           |
|-------------------------------------------------------------|--------------------|---------------------------|--------------------|
| School Purposes                                             | \$ 85,120,000      | \$ 85,120,000             | \$ -               |
| Combining Water/Sewer Utility                               | 358,882,537        | 358,882,537               | -                  |
| Municipal Purposes                                          | <u>315,699,338</u> | <u>56,563,254</u>         | <u>259,136,084</u> |
| Total                                                       | \$ 759,701,875     | \$ 500,565,791            | \$ 259,136,084     |
| Avg. Equalized Valuation of Real Property (Years 2023-2025) |                    |                           | \$26,999,413,198   |
| Statutory Net Debt Percentage                               |                    |                           | 0.960%             |

- 
- (1) Deductions from gross debt are allowed in accordance with the Local Bond Law which allows a deduction from gross school purposes of an amount equal to 8% of average equalized valuations and for any Additional State School Building Aid Bonds authorized. The deduction from municipal gross debt represents bonds issued to meet cash grants-in-aid for a housing authority, redevelopment agency, or municipality acting as its local public agency, and cash on hand to pay refunded bonds.

State law also provides for deduction from gross debt of the bonds outstanding of a “self-liquidating” utility. Section 40A:2- 45 of the New Jersey statutes defines a self-liquidating utility as having receipts in a fiscal year sufficient to meet operating and maintenance costs and debt service, without drawing on fund balances carried forward from prior years.

Certain other obligations of the City, such as its obligation to make periodic lease or capital grant payments under housing authority bond issues (such as the \$51,315,000 of outstanding Housing Authority of the City of Newark City-Secured Police Facility Revenue Bonds (South Ward Police Facility), Series 2009A) and \$13,227,035 in Pension Refunding Bonds of 2003 and 2008 are currently either excluded or deducted from the statutory debt calculations.

Source: City of Newark 2025 Annual Debt Statement

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**Debt Incurring Capacity**

The following chart shows the debt incurring capacity of the City as of December 31, 2025:

|                                                                                               |                    |
|-----------------------------------------------------------------------------------------------|--------------------|
| Municipal:                                                                                    |                    |
| 1. Average Equalized Valuation of Real Property<br>(Years 2023, 2024 and 2025)                | \$ 26,999,413,198  |
| 2. 3.5% Borrowing Margin<br>(3-year average of Equalized Valuations)                          | 944,979,462        |
| 3. Net Debt Issued and Outstanding and Authorized<br>and Unissued (including refunding bonds) | <u>259,136,084</u> |
| 4. Available Borrowing (Line 2 minus Line 3)                                                  | \$ 685,843,378     |
| School:                                                                                       |                    |
| 5. 8% Borrowing Margin<br>(3-year average of Equalized Valuations)                            | \$ 2,159,953,056   |
| 6. Net Debt Issued and Outstanding and Authorized<br>and Unissued                             | <u>85,120,000</u>  |
| 7. Available Borrowing Margin - School<br>(Line 5 minus Line 6)                               | \$ 2,074,833,056   |

Source: City of Newark 2025 Annual Debt Statement

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**Overlapping Debt of the City of Newark  
as of 12/31/2025**

|                                                                 | <b>Outstanding Net Debt</b> | <b>Percentage<br/>allocated to<br/>the City<sup>(2)</sup></b> | <b>Dollar amount<br/>allocated to the City</b> |
|-----------------------------------------------------------------|-----------------------------|---------------------------------------------------------------|------------------------------------------------|
| County of Essex                                                 | \$ 592,729,874              | 20.24%                                                        | \$ 119,968,526                                 |
| Passaic Valley Sewerage<br>Commission <sup>(1) (2)</sup>        |                             |                                                               |                                                |
| Senior Bonds                                                    | 100,115,000                 | 30.43%                                                        | 30,464,995                                     |
| Subordinated<br>Bonds                                           | 70,317,750                  | 30.43%                                                        | 21,397,691                                     |
| North Jersey District Water<br>Supply Commission <sup>(2)</sup> |                             |                                                               |                                                |
| Wanaque North<br>Project                                        | 24,821,098                  | 40.500%                                                       | 10,052,545                                     |
| Wanaque South<br>Project                                        | 18,156,058                  | 27.634%                                                       | 5,017,245                                      |
| <b>TOTAL</b>                                                    | <b>=     \$ 806,139,780</b> |                                                               | <b>\$ 186,901,002</b>                          |

<sup>(1)</sup>Newark's percentage includes flow to East Orange and Hillside

<sup>(2)</sup>The City's allocation is subject to change based on actual usage

Source: 2025 Annual Debt Statement for County of Essex, 2024 Audited Financial Statements for Passaic Valley Sewerage Commission and 2025 Overlapping Debt section of North Jersey District Water Supply Commission's website.

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The following table sets forth the total debt service (principal and interest) payable on General Obligation Bonds of the City that are paid through annual budget appropriations as of the date of this Official Statement.

| Year  | General<br>Obligation<br>Bonds <sup>3</sup> | Water Utility<br>Bonds <sup>4</sup> | School<br>Bonds <sup>1 5</sup> | Sewer Utility<br>Bonds<br>(NJEIT) <sup>6</sup> | ECIA Bonds    | Total<br>Outstanding<br>Debt <sup>7</sup> |
|-------|---------------------------------------------|-------------------------------------|--------------------------------|------------------------------------------------|---------------|-------------------------------------------|
| 2026  | 42,331,645                                  | 4,481,061                           | 3,476,598                      | 5,397,354                                      | 4,997,571     | 60,684,228                                |
| 2027  | 40,283,710                                  | 4,461,748                           | 3,467,848                      | 5,365,999                                      | 4,998,452     | 58,576,757                                |
| 2028  | 40,184,545                                  | 3,934,962                           | 3,465,198                      | 3,124,475                                      | 4,593,856     | 55,303,035                                |
| 2029  | 31,208,649                                  | 3,218,008                           | 3,458,198                      | 3,126,775                                      | 4,591,047     | 45,602,677                                |
| 2030  | 24,544,454                                  | 2,494,693                           | 3,006,898                      | 2,112,205                                      | 4,227,700     | 36,385,950                                |
| 2031  | 16,498,213                                  | 2,009,606                           | 3,008,298                      | 1,117,477                                      | 4,228,950     | 26,862,543                                |
| 2032  | 16,883,063                                  | 2,005,470                           | 3,010,698                      | 1,019,927                                      | 4,225,450     | 27,144,607                                |
| 2033  | 17,300,850                                  | 2,012,792                           | 3,013,898                      | 1,024,677                                      | 4,227,200     | 27,579,416                                |
| 2034  | 11,139,613                                  | 2,012,373                           | 3,009,698                      | 874,313                                        | 4,225,400     | 21,261,397                                |
| 2035  | 11,213,788                                  | 2,005,903                           |                                | 872,975                                        | 4,225,200     | 18,317,866                                |
| 2036  | 5,768,600                                   | 2,000,957                           |                                | 871,225                                        | 4,226,400     | 12,867,182                                |
| 2037  | 4,481,750                                   | 2,002,923                           |                                | 879,307                                        | 4,228,800     | 11,592,780                                |
| 2038  | 4,483,500                                   | 1,905,389                           |                                | 876,882                                        | 4,227,200     | 11,492,971                                |
| 2039  |                                             | 1,910,931                           |                                | 874,007                                        | 4,226,600     | 7,011,538                                 |
| 2040  |                                             | 1,595,997                           |                                | 875,957                                        | 4,226,800     | 6,698,754                                 |
| 2041  |                                             | 1,588,994                           |                                | 877,557                                        | 4,227,600     | 6,694,151                                 |
| 2042  |                                             | 1,591,849                           |                                | 873,807                                        | 4,228,800     | 6,694,456                                 |
| 2043  |                                             | 1,593,963                           |                                | 874,563                                        | 4,230,200     | 6,698,726                                 |
| 2044  |                                             | 1,590,258                           |                                | 879,957                                        | 4,226,600     | 6,696,815                                 |
| 2045  |                                             | 1,586,286                           |                                | 875,157                                        | 4,228,000     | 6,689,443                                 |
| 2046  |                                             | 1,594,044                           |                                | 873,757                                        | 4,229,000     | 6,696,801                                 |
| 2047  |                                             | 929,862                             |                                | 876,957                                        | 4,229,400     | 6,036,219                                 |
| 2048  |                                             | 915,905                             |                                | 874,557                                        | 4,229,000     | 6,019,462                                 |
| 2049  |                                             | 916,547                             |                                | 871,757                                        | 4,227,600     | 6,015,904                                 |
| 2050  |                                             | 482,642                             |                                | 878,557                                        |               | 1,361,199                                 |
| 2051  |                                             | 484,092                             |                                | 874,557                                        |               | 1,358,649                                 |
| TOTAL | \$266,322,378                               | \$51,327,257                        | \$28,917,328                   | \$38,044,736                                   | \$103,732,826 | \$488,344,527                             |

<sup>1</sup>Includes Type I and State-operated School District bonds paid through City budget appropriation

<sup>2</sup>The above schedule does not include any Bond Anticipation Notes or other short term note obligations

<sup>3</sup>All General Obligation Bonds are qualified under the Municipal Qualified Bond Act, Chapter 3 of Title 40A of the New Jersey Statutes, N.J.S.A. 40A:3- 1, *et seq.*, with the exception of the Housing Authority of the City of Newark City-Secured Police Facility Revenue Bonds (South Ward Police Facility) Series 2009A and a State loan

<sup>4</sup>A portion of the City's Water Utility Bonds are covered under the Municipal Qualified Bond Act, Chapter 3 of Title 40A of the New Jersey Statutes, N.J.S.A. 40A:3-1, *et seq.*

<sup>5</sup>All School Bonds are covered under the School Qualified Bond Act, School Qualified Bond Act, N.J.S.A. 18A:24-85 *et seq.*

<sup>6</sup>A portion of the Sewer Utility Bonds (NJEIT) are covered under the Municipal Qualified Bond Act, Chapter 3 of Title 40A of the New Jersey Statutes, N.J.S.A. 40A:3-1, *et seq.*

<sup>7</sup>Unaudited

## CITY FINANCIAL PROCEDURES

### The Municipal Budget Process

The municipal operating budget process includes submission of the budget by the Mayor to the Municipal Council, its approval and adoption by the Municipal Council, and its certification by the Director of Local Government Services and subsequent certification of tax rate by the County of Essex. This process is governed by City charter and State statute. According to the City charter, the Mayor is to prepare his budget for submission to the Municipal Council on or before January 15. The Department of Administration under the direction of the Business Administrator is charged by the Mayor with responsibility for the initial formulation of the budget. This work is carried out by the Office of Management and Budget under the supervision of the Budget Director, who is responsible for compiling the budget document in accordance with policies established by the Mayor. The statute requires the budget to be in line-item format.

The budgetary process consists primarily of modification and review by the Office of Management and Budget of appropriation requests of the City's various departments and agencies. Revenue estimates are provided by the Department of Finance and are based on the previous year's receipts and instructions from the State as to what level of revenue may be anticipated.

The Municipal Council must initially introduce the budget by February 10 after which it is advertised and reviewed at public hearings held by the Municipal Council. After the close of the public hearings, and, provided certification of the Director of Local Government Services approving the budget has been received, the Municipal Council may adopt the budget, provided there are no amendments that statutorily require advertisement and a public hearing.

In order to provide for expenditures to be made in the period commencing January 1 and ending with the adoption of the regular budget, temporary appropriations must be made by the Municipal Council by resolution adopted prior to January 31 and are generally limited to 26.25% of the total appropriations made for all purposes during the preceding year. The 26.25% limit may be waived by the Director of Local Government Services for specific items falling due during the temporary budget period. Debt service, capital improvements, and public assistance payments are exempt from such limits. Appropriations for interest and principal payments coming due during this period in time must be made in full.

The 2020 Budget was adopted on behalf of the City by the Local Finance Board on September 29, 2020. The 2021 Budget was adopted on behalf of the City by the Local Finance Board on September 30, 2021. The 2022 Budget was adopted on behalf of the City by the Local Finance Board on September 17, 2022. The City introduced its 2023 budget on June 27, 2023 and adopted it on September 20, 2023. The City introduced its 2024 Budget on June 25, 2024 and adopted it on September 27, 2024. The City's 2025 budget was introduced by the Municipal Council on August 28, 2025 and adopted on October 21, 2025. The City's 2026 budget was introduced by the Municipal Council on June 3, 2026. See City "Financial Schedules" herein.

### Limitations on Expenditures (The Cap Law)

A statute passed in 1976, as amended and supplemented (N.J.S.A. 40A:4-45.1 *et seq.*) commonly known as the "Cap Law", imposed limitations on increases in municipal appropriations subject to various exceptions. While the Cap Law restricts the ability of a municipality to increase its overall appropriations, the payment of debt service is an exception to this limitation. The Cap formula is somewhat complex, but basically, it permits a municipality to increase its overall appropriations by the lesser of 2.5% or the Cost-of-Living-Adjustment ("COLA"). Increases up to 3.5% are allowed by adoption of an ordinance whenever the COLA is less than 2.5%. If the COLA is greater than 2.5%, an increase in any amount above 2.5% will be permitted by adoption of an ordinance to 3.5% and beyond 3.5% upon passage of a referendum. The COLA is the rate of annual percentage increase in the Implicit Price Deflator for State and Local Government purchases of goods and services computed by the U.S. Department of Commerce. Exceptions to the limitations imposed by the Cap Law also exist for other items including capital expenditures; extraordinary expenses approved by the Local Finance Board for implementation of an interlocal services agreement; expenditures mandated as a result of certain emergencies; and certain expenditures for services mandated by law. The Cap Law does not limit the obligation of the City to levy *ad valorem* taxes upon all taxable property within the City to pay debt service.

See, also, "ASSESSMENT AND COLLECTION OF TAXES - Property Tax Reform" below for a description of the separate tax levy cap which was enacted in 2007 and substantially amended in 2010.

## **Anticipation of Real Estate Taxes**

In regard to current taxes, “receipts from the collection of taxes levied or to be levied by the municipality, or in 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.” (Section 40A:4-41 of the Local Budget Law)

This provision requires that an additional amount (the “Reserve for Uncollected Taxes”) be added to the tax levy required to balance the budget so that when the percentage of the prior year’s tax collection is applied to the combined total the 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 City school district 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 sources 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 made after the adoption of the budget and determination of the tax rate may be authorized by the governing body of the City. However, with minor exceptions, such appropriations must be included in full in the following year’s budget. Emergency appropriations must be declared by resolution according to the definition provided in Section 40A:4-46 of the Local Budget Law, must be approved by at least two-thirds of the governing body and, if the emergency appropriation together with all prior appropriations during the same fiscal year exceeds 3% of the total current and utility operating appropriations in the current budget, must be approved by the Director of the State Division of Local Government Services.

## **Audit Requirement**

The Local Fiscal Affairs Law requires that every municipality have an annual audit of its books and accounts to be completed within six (6) months after the close of its fiscal year. The City’s audit has historically been completed approximately 12 months after the close of the 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 of Local Government Services. (N.J.S.A. 40A:5-4 through 40A:5-10). The audit for the year ended December 31, 2017 was filed with the Division on January 17, 2019. The Audit for the fiscal year ended December 31, 2018 was filed with the Division on February 21, 2020. The Audit for the fiscal year ended December 31, 2019 was filed with the Division on June 11, 2021. The 2020 Audit for fiscal year end December 31, 2020 was completed on June 9, 2022. The 2021 Audit for fiscal year end December 31, 2021 was completed on July 18, 2023. The 2022 Audit for fiscal year end December 31, 2022 was completed on August 26, 2024. The 2023 Audit for fiscal year end December 31, 2023 was completed on July 8, 2025. The 2024 Audit for fiscal year end December 31, 2024 was completed and filed with the Division on June 3, 2026.

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 B “City of Newark Auditor’s Report and Financial Statements” and the notes thereto for a description of the City’s accounting policies.

## STATE AID PROGRAMS

The State of New Jersey provides financial support to local governments through various programs aimed at reducing reliance on the local property tax base.

### Aid for School Debt Service

Based on the then-existing foundation aid formulas, the State has provided a percentage of the City's annual debt service requirement for Type I and for Type II State-Controlled school district bonds as follows:

| City<br>Fiscal Year | Debt Service<br>Requirements<br>Not Including<br>Ch. 177, Ch. 10<br>and Ch. 74 Bonds | State<br>Assistance<br>Under P.L.<br>1975, c. 212 | State Assistance<br>as Percentage<br>of Debt Service |
|---------------------|--------------------------------------------------------------------------------------|---------------------------------------------------|------------------------------------------------------|
| 2026                | \$3,434,598                                                                          | 0                                                 | N/A                                                  |
| 2025                | 9,845,998                                                                            | 0                                                 | N/A                                                  |
| 2024                | 9,807,885                                                                            | 0                                                 | N/A                                                  |
| 2023                | 9,779,572                                                                            | 0                                                 | N/A                                                  |
| 2022                | 7,147,235                                                                            | 0                                                 | N/A                                                  |

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Source: 2026 Introduced Municipal Budget (Unaudited)

Source: 2021-2024 Audit Reports and 2025 Annual Financial Statements (Unaudited)

On January 7, 2008, the New Jersey Legislature passed a comprehensive revision to the school funding formula applicable to local school districts. Such legislation was approved by the Governor on January 13, 2008, and first applied to the 2008-2009 school year.

The new funding formula provides a more streamlined approach, consolidating 23 aid categories into 8. The formula calculates aid based on the student population rather than district location, in order to distribute aid equitably during periods of changing demographics and enrollment shifts. The formula also allocates additional resources to support students who live in districts with high concentrations of poverty, regardless of the school district location. The adequacy budget is determined by enrollment data. Once the adequacy budget is identified, the portion of the adequacy budget that will be paid for by the State and the portion paid for by the local taxpayers is determined using a calculation that is part of the funding formula, giving consideration to the districts' ability to pay. The new funding formula also includes a revised calculation for special education services that will provide increases in aid for special education students and include reforms to Extraordinary Special Education Costs Aid.

### Distributed Taxes

The State collects various taxes for distribution to local governments. The proceeds are apportioned and distributed each year, according to a formula based upon the location, value of utility property, and sales. The State also collects certain taxes on financial businesses, banking corporations, and insurance companies for appropriation and distribution to the municipalities in which they do business.

### State Aid

The City receives State Aid consisting of "Consolidated Municipal Property Tax Relief Act" ("COMPTRA") and other sources of aid, which have remained approximately the same each year for the last five years. The State's 2015 Budget for the City's fiscal year 2014 included an approximately \$101.3 million allocation to the City (level with the State Aid received by the City in the preceding year). The City did not apply for Transitional Aid for the City's fiscal year 2014. The City's adopted budget for fiscal year 2014 included an allocation of \$10 million in Transitional Aid. The City entered into a

Memorandum of Understanding in connection with its receipt of such Transitional Aid in 2014. The City's 2015 Budget included an allocation of \$10 million in Transitional Aid. The City's 2016 adopted budget included \$9.5 million in Transitional Aid. The City's 2017 adopted budget included an allocation of \$7.4 million in Transitional Aid. The City's 2018-2023 adopted budgets did not include an allocation for Transitional Aid. In 2024, the City received a \$22 million loan from the State of New Jersey Department of Community Affairs to address an increase in County taxes payable. Such loan bears no interest and shall be repaid in five (5) equal installments in the amount of \$4.4 million by September 30 of each year commencing in 2025. The 2024 budget was filed with the MSRB through EMMA on September 27, 2024. In 2025, the City received a \$30 million loan from the State of New Jersey Department of Community Affairs to address an increase in County taxes payable. Such loan bears no interest and was due to be paid within 180 days following the execution of the loan agreement by all parties. The loan agreement was fully executed as of September 3, 2025 and the loan was paid on March 3, 2026. The 2025 budget was filed with the MSRB through EMMA on October 27, 2025. The City received approximately \$114 million in COMPTRA and other State Aid in 2022, approximately \$129 million in 2023, approximately \$132 million in 2024, and approximately \$140 in 2025.

The State has announced that, as in previous years, five percent (5%) of State assistance will be withheld by the State from municipalities which fail to achieve a sufficient score on a best practices inventory promulgated by the State. No State assistance has previously been withheld by the State to the City on this basis, and the City believes that no such withholding shall apply to the projected State assistance for the City's 2026 fiscal year.

### **Tax Exemption Reimbursement**

The State reimburses municipalities for the full cost of mandated property tax deductions and exemptions for certain categories of taxpayers (\$100 per year for veterans and/or disabled citizens and \$250 per year for senior citizens).

### **Welfare**

The State pays the entire non-federal share of Medicaid. New Jersey municipalities have no financial responsibility to fund these programs. The State also makes aid payments to counties with above-average welfare burdens. Effective July 1, 2008, the General Assistance administrative component was transferred to the County of Essex. The City bears no cost for the program.

### **Transit**

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

### **College Aid**

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

### **Other**

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

## **CITY FINANCIAL SCHEDULES**

### **Financial Statements**

The City's unaudited financial statement for the fiscal year ended December 31, 2025 (the "Unaudited Financial Statements"), and summaries of the audited financial statements for the fiscal years ended December 31, 2024, December 31, 2023, 2022 and 2021 (the "Audited Financial Statements," together with the Unaudited Financial Statements the "Financial Statements") are set forth in APPENDIX B. The Audited Financial Statements have been audited by Samuel Klein and Company, LLP, Certified Public Accountants, Newark, New Jersey, an independent auditor (the "Auditor"), as

stated in its report appearing in APPENDIX B to this Official Statement. See “APPENDIX B – City of Newark Auditor’s Report and Financial Statements.”

### **2021 Budget**

The City’s 2021 budget was introduced by the Municipal Council on August 19, 2021. Such 2021 introduced budget anticipated an approximately \$3.2 million reduction in the Local Tax For Municipal Purposes and approximately \$48.2 million in American Rescue Plan funds. The City adopted its 2021 budget on September 30, 2021.

### **2022 Budget**

The City’s 2022 budget was introduced by the Municipal Council on August 16, 2022 and adopted on September 17, 2022. Such 2022 budget anticipated an approximately \$4.4 million increase in the Tax Levy For Municipal Purposes and approximately \$45 million in revenue from American Rescue Plan funds. The 2022 budget was filed with the MSRB through EMMA on September 30, 2022.

### **2023 Budget**

The City 2023 budget was introduced by the Municipal Council on June 27, 2023 and adopted on September 20, 2023. Such 2023 budget anticipated an approximately \$6 million increase in the Tax Levy For Municipal Purposes. The 2023 budget was filed with the MSRB through EMMA on September 22, 2023.

### **2024 Budget**

The City’s 2024 budget was introduced by the Municipal Council on June 25, 2024 and adopted on September 27, 2024. Such 2024 budget anticipated an approximately \$10.2 million increase in the Tax Levy For Municipal Purposes and the receipt of a \$22 million loan from the State of New Jersey Department of Community Affairs to address an increase in County taxes payable. Such loan bears no interest and shall be repaid in five (5) equal installments in the amount of \$4.4 million by September 30 of each year commencing in 2025. The 2024 budget was filed with the MSRB through EMMA on September 27, 2024.

### **2025 Budget**

The City’s 2025 budget was introduced by the Municipal Council on August 28, 2025 and adopted on October 21, 2025. Such 2025 adopted budget anticipates an approximately \$24.4 million increase in the Tax Levy For Municipal Purposes and the receipt of a \$30 million loan from the State of New Jersey Department of Community Affairs to address an increase in County taxes payable. Such loan bears no interest and shall be due and payable with 180 days following the execution of the loan agreement by all parties. Such loan agreement was fully executed as of September 3, 2025 and the loan will be due and payable on March 3, 2026. The 2025 budget was filed with the MSRB through EMMA on October 27, 2025.

### **2026 Budget**

The City’s 2026 budget was introduced by the Municipal Council on June 3, 2026. Such 2026 introduced budget anticipates an approximately \$8.1 million decrease in the Tax Levy For Municipal Purposes.

### **Current Fund Balances, Revenues and Expenditures**

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 and notes. The fund balance in the Current Fund as of December 31 of each year is comprised of cash, investments, and certain receivables. Under State law, only the amount of the 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 of Local Government Services gives written consent to an exception.

The City's Current Fund balances as of December 31, 2021-2025 and the surplus included in the budget for each succeeding year are as follows:

**Surplus**

| <b><u>Year</u></b> | <b><u>Current Fund<br/>Balance, December 31<sup>(1)</sup></u></b> | <b><u>Used in Succeeding<br/>Year Budget</u></b> |
|--------------------|-------------------------------------------------------------------|--------------------------------------------------|
| 2025               | 5,632,709                                                         | 4,106,000*                                       |
| 2024               | 16,966,127                                                        | 23,850,000                                       |
| 2023               | 50,890,331                                                        | 43,000,000                                       |
| 2022               | 76,924,271                                                        | 60,000,000                                       |
| 2021               | 53,223,132                                                        | 25,000,000                                       |

\*As per 2026 Introduced Budget

Source: 2021-2024 Audit Reports and 2025 Annual Financial Statements (Unaudited)

- (1) In accordance with the accounting principles prescribed by the State of New Jersey, Department of Community Affairs, Division of Local Government Services, the City realizes revenue on a cash basis except as described in notes to the financial statements in Appendix B. Expenditures 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. See Note 1 to the annual financial statements in Appendix B for a further discussion of the City's method of accounting.

**Deferred Charges**

Under State law, emergency appropriations and cash deficits must be provided for in the subsequent year's budget. 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. However, with minor exceptions, such appropriations which are not funded in the current fiscal year must be included in full in the following year's budget as deferred charges. When such appropriations exceed 3% of the adopted operating budget, consent of the Director of Local Government Services must be obtained before such appropriation can be made. The exceptions are certain enumerated quasi-capital projects such as ice, snow, and flood damage to streets, roads, and bridges which may be financed over three (3) years, and tax map preparation, the costs related to the revision of ordinances, master plan preparations, revaluations and contractually required severance liabilities resulting from the layoff or retirement of employees which may be financed over five (5) years. In addition to emergency appropriations, there are other classes of expenditures which are treated in the same manner as emergency appropriations. This category consists almost entirely of over-expenditures of appropriations and deficits from operations.

**Special Emergencies, Emergency Appropriations and Cash Deficits  
Deferred to Subsequent Years 2021-2025**

| <b><u>Year</u></b> | <b><u>Deferred to<br/>Following Year</u></b> | <b><u>Deferred to<br/>Subsequent Years</u></b> |
|--------------------|----------------------------------------------|------------------------------------------------|
| 2025               | \$52,000,000*                                | 0                                              |
| 2024               | 4,834,798                                    | 0                                              |
| 2023               | 7,782,454                                    | 4,334,798                                      |
| 2022               | 7,782,454                                    | 12,617,152                                     |
| 2021               | 12,142,917                                   | 20,399,707                                     |

\*The amount shown for 2025 represents \$52,000,000 of emergency authorizations funded or refunded pursuant to N.J.S.A. 40A:2-3 or N.J.S.A. 40A:2-51, consisting of State loans related to County taxes.

Source: 2021-2024 Audit Reports and 2025 Annual Financial Statements (Unaudited)

**Water Utility Balances, Revenues and Expenditures**

The City has, by provisions contained in duly adopted ordinances, covenanted for the holders of a portion of its Water System Improvement Bonds (see "Total Debt Service Schedule of City General Obligation Bonds" herein) that (1) the City shall fix and collect rates, rentals, or other charges for connection with use of, and for water furnished by, the water supply system established, maintained, and operated by the City, including any improvements thereto and extensions thereof



hereafter 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 water supply system, incurred or payable during such fiscal year, and (b) 110% of all principal and interest payable during such fiscal year with respect to all of such bonds and also all other bonds heretofore issued to finance such water supply system, and (3) if a deficiency with respect to the covenants nevertheless results, the City shall forthwith revise its rates as necessary to make up such deficiency.

The City has further covenanted that it shall establish a “Maintenance Reserve and Replacement Fund” for repair and improvements of the Water Supply System. No money shall be transferred from the water supply system’s accounts to any other City account unless all operations, maintenance, and debt service have been provided for and there remains in the Maintenance Reserve and Replacement Fund the lesser of \$10 million or 50% of the system’s most recent annual operations budget. Nothing in the covenants, however, prohibits the use of money from the Maintenance Reserve and Replacement Fund for the payment of debt service or the expenses of operation and maintenance of the water supply system.

The City’s Water Utility Fund is used to account for the receipts and expenditures arising from operations of the water utility and the assets and liabilities relative to these activities. The balance in the Water Utility Fund as of December 31 of each year is comprised of cash, investments, and certain receivables. Under State law, only the amount of Water Utility Fund balance currently held in cash or quick assets may be included as anticipated surplus in the succeeding fiscal year’s Water Utility budget, unless the Director of the Division of Local Government Services gives written consent to an exception.

The Water Utility Fund balances as of December 31, 2021-2025 and the surplus included in the budget for each succeeding year are shown below:

| <b><u>Surplus</u></b>              |                                              |                                           |                                                    |
|------------------------------------|----------------------------------------------|-------------------------------------------|----------------------------------------------------|
| <b>Year Ending<br/>December 31</b> | <b>Water Fund<br/>Balance <sup>(1)</sup></b> | <b>Used in Succeeding<br/>Year Budget</b> | <b>Anticipated as<br/>Current Fund<br/>Revenue</b> |
| 2025*                              | \$9,713,576                                  | -                                         | -                                                  |
| 2024                               | 13,911,163                                   | 13,911,163                                | 0                                                  |
| 2023                               | 3,008,524                                    | 2,120,607                                 | 0                                                  |
| 2022                               | 10,055,064                                   | 4,009,500                                 | 5,000,000                                          |
| 2021                               | 2,112,647                                    | 2,112,647                                 | 0                                                  |

\*Based 2026 Introduced Budget

Source: 2021-2024 Audit Reports and 2025 Annual Financial Statements (Unaudited)

(1) In accordance with the accounting principles prescribed by the State of New Jersey, Department of Community Affairs, Division of Local Government Services, the City realizes revenue on a cash basis except as described in notes to the financial statements in Appendix B. Expenditures 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. See Note 1 to the annual financial statements in Appendix B for a further discussion of the City’s method of accounting.

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The following schedules of the Water Utility Fund operations for the years ended the years ended December 31, 2021-2025 have been prepared by the City in conformity with accounting principles and practices prescribed by the Division of Local Government Services in the Department of Community Affairs, State of New Jersey, which principles and practices differ in certain respects and which in some instances may differ materially, from generally accepted accounting principles applicable to local government units. The following schedules should be read in conjunction with the financial statements and related notes.

#### **SCHEDULE OF REVENUES WATER UTILITY FUND**

|                                                 | <b>2025</b>         | <b>2024</b>         | <b>2023</b>         | <b>2022</b>         | <b>2021</b>         |
|-------------------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| <u>Revenue and Other Income</u>                 |                     |                     |                     |                     |                     |
| Surplus Anticipated                             |                     | \$2,120,607         | \$4,009,500         | \$ 2,112,647        |                     |
| Water Rents                                     | 70,822,620          | 71,210,002          | 56,650,670          | 56,786,648          | \$48,916,912        |
| Port Authority                                  | 5,000,000           | 5,000,000           | 5,000,000           | 5,000,000           | 5,000,000           |
| Public and Private Funds                        |                     |                     | 286,400             |                     |                     |
| Other Credits to Income:                        |                     |                     |                     |                     |                     |
| Appropriation Reserves Lapsed                   | 811,173             | 1,214,688           | 802,366             | 3,031,205           | 1,567,257           |
| Accounts Payable Cancelled                      |                     | 1,002,720           | 35,000              | 1,361,914           | 4,197,547           |
| Nonbudgeted Revenue                             | 4,359,180           | 473,499             | 1,606,617           | 1,391,406           | 86,321              |
|                                                 | <u>\$78,182,024</u> | <u>\$81,021,516</u> | <u>\$68,390,553</u> | <u>\$69,683,821</u> | <u>\$59,751,673</u> |
| <u>Expenditures</u>                             |                     |                     |                     |                     |                     |
| Operating                                       |                     | \$49,321,475        | \$47,495,156        | \$44,388,618        |                     |
| Debt Service                                    |                     | 11,213,722          | 11,374,878          | 8,571,479           |                     |
| Deferred Changes and Statutory Expenditures     |                     | 1,582,728           | 1,708,431           | 1,499,709           | 1,499,709           |
| Capital Improvements                            |                     | 5,848,325           | 5,849,128           | 4,985,274           | 7,256,274           |
|                                                 | <u>\$71,610,554</u> | <u>\$67,966,250</u> | <u>\$66,427,592</u> | <u>\$59,445,080</u> | <u>\$59,751,673</u> |
| Prior Years Revenue Refunded                    |                     | 32,021              |                     | 183,677             |                     |
| Reserve for Protested Checks                    |                     |                     |                     |                     |                     |
| Cancellations - Other                           |                     |                     |                     |                     |                     |
|                                                 | <u>\$71,610,554</u> | <u>\$67,998,270</u> | <u>\$66,427,592</u> | <u>\$59,628,757</u> | <u>\$59,751,673</u> |
| Excess in Revenue                               | <u>\$9,382,419</u>  | <u>\$13,023,245</u> | <u>\$1,962,960</u>  | <u>\$10,055,064</u> | <u>\$16,364</u>     |
| Statutory Excess in Operating Fund Balance      | \$9,382,419         | \$13,023,245        | \$1,962,960         | \$10,055,064        | \$16,364            |
| Fund Balance January 1                          | \$10,187,844        | \$3,008,524         | \$10,055,064        | 2,112,647           | 3,296,284           |
| Adjustment to Balance                           | 4,142,789           |                     |                     |                     |                     |
|                                                 | <u>\$23,713,052</u> | <u>\$16,031,770</u> | <u>\$12,018,024</u> | <u>\$12,167,711</u> | <u>\$312,647</u>    |
| Decreased by:                                   |                     |                     |                     |                     |                     |
| Utilized as Anticipated Revenue                 |                     | \$2,120,607         | \$4,009,500         | \$2,112,647         | -                   |
| Transfer to Current Fund as Anticipated Revenue | 13,999,476          |                     | 5,000,000           |                     | 1,200,000           |
|                                                 | <u>\$13,999,476</u> | <u>\$2,120,607</u>  | <u>\$9,009,500</u>  | <u>\$3,065,248</u>  | <u>\$1,200,000</u>  |
| Fund Balance December 31                        | <u>\$9,713,576</u>  | <u>\$13,911,163</u> | <u>\$3,008,524</u>  | <u>\$10,055,064</u> | <u>\$2,112,647</u>  |

Source: 2021-2024 Audit Reports and 2025 Annual Financial Statement (Unaudited)

**Sewer Utility Balances, Revenues and Expenditures**

The Sewer Utility Fund was established on August 31, 1994. It is used to account for the receipts and expenditures arising from the operations of the sewer utility and the assets and liabilities pertaining to these activities. Prior to 1994, these receipts and expenditures were accounted for in the City’s Current Fund. The balance in the Sewer Utility Fund as of December 31 of each year is comprised of cash, investments, and certain receivables. Under State law, only the amount of the 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 of Local Government Services gives written consent to an exception.

The Sewer Utility Fund balances as of December 31, 2021-2025 and the surplus included in the budget for each succeeding year are shown below:

| <b>Year</b> | <b>Sewer Utility Fund<br/>Balance, December 31<sup>(1)</sup></b> | <b>Surplus Used in<br/>Succeeding Year Budget</b> | <b>Anticipated as Current<br/>Fund Revenue</b> |
|-------------|------------------------------------------------------------------|---------------------------------------------------|------------------------------------------------|
| 2025*       | \$3,128,893                                                      | -                                                 | -                                              |
| 2024        | 18,821,733                                                       | 18,800,000                                        | 0                                              |
| 2023        | 11,304,750                                                       | 616,674                                           | 10,000,000                                     |
| 2022        | 9,210,436                                                        | 0                                                 | 6,000,000                                      |
| 2021        | 1,356,428                                                        | 1,356,428                                         | 0                                              |

\*Based on 2026 Introduced Budget

Source: 2021-2024 Audit Reports and 2025 Annual Financial Statement (Unaudited)

(1) In accordance with the accounting principles prescribed by the State of New Jersey, Department of Community Affairs, Division of Local Government Services, the City realizes revenue on a cash basis except as described in notes to the financial statements in Appendix B. Expenditures 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. See Note 1 to the annual financial statements in Appendix B for a further discussion of the City’s method of accounting.

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The following schedules of Sewer Utility Fund operations for the years ended December 31, 2021-2025 have been prepared by the City in conformity with accounting principles and practices prescribed by the Division of Local Government Services in the Department of Community Affairs, State of New Jersey, which principles and practices differ in certain respects and which in some instances may differ materially, from generally accepted accounting principles applicable to local government units. The following schedules should be read in conjunction with the financial statements and related notes.

**SCHEDULE OF REVENUES  
SEWER UTILITY FUND**

|                                                       | 2025                 | 2024                 | 2023                 | 2022                | 2021                |
|-------------------------------------------------------|----------------------|----------------------|----------------------|---------------------|---------------------|
| <u>Revenue and Other Income</u>                       |                      |                      |                      |                     |                     |
| Surplus                                               | \$81,742,521         | \$616,674            |                      | \$ 1,356,428        | -                   |
| Sewer Rentals                                         |                      | \$82,219,125         | \$71,314,706         | 66,535,091          | \$54,947,858        |
| East Orange - Passaic Valley<br>Sewerage Commission   |                      |                      | 1,703,129            | 3,828,175           | 3,073,289           |
| Nonbudget Revenue                                     | 1,862,693            | 5,862,178            | 615,637              | 431,007             | 608,505             |
| Appropriation Reserves Lapsed                         | 305,880              | 356,897              | 426,132              | 6,245               | 1,121,471           |
| Commitments Payable Cancelled                         |                      | 838,684              |                      | 490,814             | 1,238,650           |
|                                                       | <u>\$83,911,094</u>  | <u>\$89,893,557</u>  | <u>\$74,059,604</u>  | <u>\$72,647,760</u> | <u>\$60,989,774</u> |
| <u>Expenditures</u>                                   |                      |                      |                      |                     |                     |
| Operating                                             |                      | 61,940,882           | 55,908,618           | \$55,202,582        | \$54,268,348        |
| Capital Outlay                                        |                      | 2,920,000            | 2,920,000            | 1,260,000           | 389,372             |
| Debt Service                                          |                      | 6,465,224            | 6,575,757            | 6,385,626           | 5,860,480           |
| Deferred Charges and Statutory<br>Expenditures        |                      | 433,794              | 560,915              | 589,116             | 402,505             |
|                                                       | <u>\$ 81,603,933</u> | <u>\$ 71,759,889</u> | <u>\$ 65,965,290</u> | <u>\$63,437,324</u> | <u>\$60,920,705</u> |
| Excess (Deficit) in Operations                        | \$ 2,307,161         | \$ 18,133,658        | \$ 8,094,314         | \$9,210,436         | \$69,069            |
| Fund Balance<br>Balance January 1                     | \$13,752,150         | \$11,304,750         | \$9,210,436          | 1,356,428           | 5,787,358           |
|                                                       | <u>\$16,059,311</u>  | <u>\$29,438,407</u>  | <u>\$17,304,750</u>  | <u>\$10,566,864</u> | <u>\$5,856,428</u>  |
| Adjustment to Balance                                 | <u>\$5,069,583</u>   |                      |                      |                     |                     |
| Decreased by:<br>Utilized as Anticipated Revenue      |                      | 616,674              |                      | \$1,356,428         | -                   |
| Transferred to Current Fund as<br>Anticipated Revenue | <u>\$18,000,000</u>  | <u>\$10,000,000</u>  | <u>\$6,000,000</u>   | <u>-</u>            | <u>\$4,500,000</u>  |
|                                                       | <u>\$18,000,000</u>  | <u>\$10,616,674</u>  | <u>\$6,000,000</u>   | <u>\$1,356,428</u>  | <u>\$4,500,000</u>  |
| Balance December 31                                   | <u>\$3,128,894</u>   | <u>\$18,821,734</u>  | <u>\$11,304,750</u>  | <u>\$9,210,436</u>  | <u>\$1,356,428</u>  |

Source: 2021-2024 Audit Reports and 2025 Annual Financial Statement (Unaudited)

## ASSESSMENT AND COLLECTION OF TAXES

### Property Valuation and Tax Rates

The City derives its power to levy direct real and personal property taxes from Article VIII, Section I of the Constitution of the State. The City serves as the taxing district for the assessment and collection of the local property tax.

Real property must be assessed at the percentage of true value established by the Essex County Board of Taxation (the “Board”). The Board has established such percentage at 100% of real value and has normally required revaluation by cities within the County when assessed valuations reach a level of 80% of true value.

The County apportions its taxes among its constituent taxing districts according to its own calculation of equalized valuation. In turn, the State annually develops its own equalized valuation for each of its taxing districts, such State equalized valuation being used in the calculation and distribution of school Equalization Support as well as the valuation basis for purposes of computation of the City’s statutory borrowing capacity.

The only personal property subject to local assessment is the machinery, implements, and equipment of telephone companies. These companies annually submit a listing and valuation of all such equipment to the City Assessor. Through application of the State-supplied ratio, the City fixes the assessed valuation of such property.

The following table indicates Municipal and County equalized valuations for recent years:

| <u>Year</u> | <u>Municipal<sup>(1)</sup></u> | <u>County<br/>Equalized</u> |
|-------------|--------------------------------|-----------------------------|
| 2021        | 12,402,617,825                 | 14,960,737,671              |
| 2022        | 12,501,962,392                 | 15,211,130,753              |
| 2023        | 12,716,672,300                 | 16,175,023,602              |
| 2024        | 12,769,266,100                 | 23,567,976,664              |
| 2025        | 12,785,121,100                 | 27,705,429,865              |

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Source: Abstract of Ratables – Essex County  
2025 Equalization Table – Essex County

(1) Includes Personal Property

### Property Tax Reform

In recent years, the New Jersey Legislature has considered various proposals to lessen the dependence of local governments on property taxes and to find alternative means to fund vital governmental services.

On July 13, 2010, the Governor approved legislation which, in addition to the “Cap Law” described under “THE CITY OF NEWARK – Limitation on Expenditures” above, amends the property tax levy cap that was enacted in 2007. This law puts a limitation of 2% on the property tax levy set in the annual budget. The law allows for exclusions for capital expenditure, debt service, increase in pension contributions and accrued liability for pension contributions in excess of 2% and increases in health care costs in excess of 2%. This limitation may be exceeded by approval of an affirmative vote in excess of 50% of the people voting at a special referendum held for such purpose.

Any legislation or constitutional amendments which alter the existing system of real property taxation in New Jersey may adversely affect the security and/or market value of bonds, notes and other obligations of counties and municipalities (such as the City).

## Property Classification and Valuation

The following table indicates assessed valuation by property classification and number of assessments since 2021:

| Year                | Real<br>Personal | Real<br>Land | Real<br>Residential | Real<br>Commercial | Real<br>Industrial | Real<br>Apartment | Total<br>Valuation |
|---------------------|------------------|--------------|---------------------|--------------------|--------------------|-------------------|--------------------|
| 2021                |                  |              |                     |                    |                    |                   |                    |
| No. of Assessments  | 1                | 3,263        | 30,152              | 4,803              | 1,012              | 1,231             | 40,462             |
| Municipal Valuation | 80,176,400       | 512,471,700  | 5,500,806,100       | 3,881,452,725      | 1,380,716,708      | 1,046,994,200     | 12,402,618,820     |
| 2022                |                  |              |                     |                    |                    |                   |                    |
| No. of Assessments  | 1                | 3,139        | 30,435              | 4,782              | 1,011              | 1,219             | 40,587             |
| Municipal Valuation | 80,580,592       | 546,301,100  | 5,646,413,500       | 3,778,193,700      | 1,403,610,600      | 1,047,177,700     | 12,501,962,398     |
| 2023                |                  |              |                     |                    |                    |                   |                    |
| No. of Assessments  | 1                | 3,013        | 30,587              | 4,663              | 1,013              | 1,217             | 40,494             |
| Municipal Valuation | 80,172,500       | 562,167,900  | 5,800,530,900       | 3,745,832,300      | 1,473,423,200      | 1,054,545,500     | 12,716,672,300     |
| 2024                |                  |              |                     |                    |                    |                   |                    |
| No. of Assessments  | 1                | 3,078        | 30,684              | 4,734              | 1,004              | 1,219             | 40,719             |
| Municipal Valuation | 600              | 579,907,000  | 5,840,204,100       | 3,791,378,300      | 1,491,602,200      | 1,066,173,900     | 12,769,266,100     |
| 2025                |                  |              |                     |                    |                    |                   |                    |
| No. of Assessments  | 1                | 2,988        | 30,882              | 4,705              | 983                | 1,221             | 40,779             |
| Municipal Valuation | 38,298,400       | 580,983,800  | 5,900,481,000       | 3,751,000,600      | 1,449,491,400      | 1,064,865,900     | 12,785,121,100     |

Source: City of Newark, Division of Assessments

## Tax-Exempt Properties

The previous chart only includes the taxable assessed valuations within the City. Tax-exempt property includes that owned by the Port Authority of New York and New Jersey, which comprises more than 20.5% of the total land area of the City. It also includes property of the Housing Authority as well as County buildings and parks. Other categories of tax-exempt property include State property, public schools, Federal property, charitable and church property, hospitals, municipal property, and higher education institutions.

The City derives revenue from many of these “tax-exempt” properties. The State makes in lieu of tax payments for State owned property in an amount equal to the equalized Municipal Tax Rate times the assessed value of the property. The Port Authority makes a payment to the City under a long-term lease agreement for Newark Liberty International Airport and Port Newark. The City also realizes significant monies from Fox-Lance and Limited Dividend properties, which have property taxes abated according to a statutory formula. In addition, tax abatement and exemptions for up to five (5) years can be made available for industrial, commercial, and residential rehabilitation and new construction projects.

Therefore, City officials believe that analytical ratios based upon traditional measurements of property value, either assessed or full, fail to portray the true nature of urban redevelopment in Newark. While they are intended to measure the City’s economic or financial base, they do not reflect the extent of development in the City where older properties leave the assessment rolls and are replaced by new developments which provide revenues and economic activity but which frequently do not enter the traditional tax base because they are built under alternative tax formulas.

The following table compares taxable municipal valuation with the valuation of all tax-exempt property, including Port Authority, County, State, school, municipal, and charitable holdings as well as tax-abated development properties.

### **Assessed and Tax-Exempt Valuation**

| <b>Year</b> | <b>Taxable Municipal<br/>Valuation</b> | <b>Tax-<br/>Exempt<br/>Valuation</b> |
|-------------|----------------------------------------|--------------------------------------|
| 2025        | \$12,785,121,100                       | \$12,746,822,700                     |
| 2024        | 12,769,266,100                         | 12,769,050,400                       |
| 2023        | 12,716,672,300                         | 10,399,378,000                       |
| 2022        | 12,501,962,392                         | 10,358,056,200                       |
| 2021        | 12,402,617,825                         | 10,190,775,735                       |

Source: City of Newark, Division of Assessments

### **Tax Appeals**

Taxpayers may appeal assessments to the Board prior to April 1 of the tax year. The Board sits as an appeals body to consider such claims. The Board's decision may be appealed to the State Tax Court. Certain appeals are made directly to the State Tax Court. Successful appeals often result in a payment due from the City to the taxpayer for prior overpayments (while the appeal was pending).

### **Tax Levy**

The amount to be raised by taxation includes the City's share of the County tax, apportioned by the Board among its taxing districts, and the amounts to be raised for school and municipal purposes as set forth in the City budget. The amount required to be collected is the amount to provide the sums needed to balance the municipal and school budgets and the City's share of the amount needed to balance the County's budget after other revenue sources have been taken into account. State law requires that the amount of the levy be equal to amounts necessary to balance the respective budgets with certain adjustments plus an additional amount as a reserve for uncollected taxes based on the preceding year's collection experience. The City must pay its share of the County budget levy on the 15th of each month in which quarterly tax payments are due. School district taxes are paid by a 20% initial payment and thereafter as requested by the custodian of school funds.

The burden of a shortfall in tax collections exceeding the reserve for uncollected taxes must be assumed by the municipal portion of the City budget. *See* "CITY FINANCIAL PROCEDURES - The Municipal Budget Process". The City is authorized to borrow for the purpose of making required payments to the County and City School district.

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The following table presents the property tax levies for fiscal years 2021-2025. Certain deductions are given to veterans and senior citizens. These adjustments are made pursuant to the Constitution of the State, which provides for annual reductions of property taxes of veterans or their widows and qualifying senior citizens. The State provides 100% for these deductions.

### Analysis of Tax Levy

|                         | 2021          | 2022          | 2023          | 2024          | 2025          |
|-------------------------|---------------|---------------|---------------|---------------|---------------|
| Municipal               | \$244,831,529 | \$249,328,116 | \$255,484,570 | \$267,917,993 | \$299,717,855 |
| Municipal Open Space    | 3,720,785     | 3,750,590     | 3,815,002     | 3,830,715     | 3,835,536     |
| School                  | 144,075,100   | 144,317,178   | 146,957,386   | 145,701,201   | 141,387,912   |
| County                  | 70,381,100    | 69,605,144    | 67,820,586    | 68,111,191    | 66,316,589    |
| Special District Taxes  | 7,687,722     | 7,814,676     | 11,413,426    | 11,368,000    | 11,413,000    |
| Added and Omitted Taxes | 2,736,545     | 2,739,343     | 4,777,749     | 5,954,568     | 158,092       |
| Total Amount Required   |               |               |               |               |               |
| to Balance              | \$473,432,781 | \$477,555,047 | \$490,268,719 | \$502,883,668 | \$522,828,984 |
| Reserve for Uncollected | 19,955,000    | 23,010,850    | 31,100,000    | 28,419,000    | 23,344,000    |
| Total Required General  |               |               |               |               |               |
| Tax Levy                | \$493,387,781 | \$500,565,897 | \$521,368,719 | \$531,302,668 | \$546,172,984 |
| Less: Veteran's and     |               |               |               |               |               |
| Senior Citizens         | 175,750       | 170,194       | 166,112       | 150,466       | 124,079       |
| Required Property Tax   |               |               |               |               |               |
| Levy Billed             | \$493,212,031 | \$500,395,703 | \$521,202,607 | \$531,152,202 | \$546,048,905 |

Source: 2021-2024 Audit Reports and 2025 Annual Financial Statement (Unaudited)

### City Special Taxes

The total value of all revenue collected from special taxes in 2025 was \$113,436,856 (\$79,843,204 from payroll taxes, \$25,156,426 from parking taxes, and \$8,437,266 from hotel taxes), a decrease of approximately \$1 million from the amounts received in 2024. These taxes are imposed and collected by the City under authority granted by the State Legislature.

The enacted 2007 New Jersey State bill S2891 increased the parking tax from 15% to 22% for special events and therefore increased the annual revenue collected from the parking tax. The economic activity generated by the Prudential Center and other local attractions increased the number of vehicles utilizing local paid parking facilities for special events.

The City's authority to impose special taxes has been renewed by the Legislature several times in the past upon its expiration. On December 22, 2004, the Governor signed a bill that eliminated the sunset provision (expiration date) in the City's authorization to impose and collect parking and payroll taxes.

Beginning in 2016, the State Division of Taxation has agreed to share its employer database with the City with respect to employers located in the City. The City is in the process of cross-referencing its database with such State-provided information to ensure that businesses located in the City that are required to pay the City's payroll tax are paying the amount required.

On March 24, 2020, the City adopted an ordinance authorizing the imposition of a 3.5% mass transit access parking tax within the City, subject to certain exemptions, pursuant to the Mass Transit Access Parking Tax Law, N.J.S.A. 40:48C-1.7 et seq. As of December 31, 2022, the City had collected approximately \$8.7 million of such tax. The City collected approximately \$5.4 million in 2024 and \$5.3 million in 2025 from the Mass Transit Access Parking Tax. The Mass Transit Access Parking Tax has been pledged as security for the City's \$110,000,000 Mass Transit Access Tax Revenue Bonds, Series 2022 (Mulberry Pedestrian Bridge Redevelopment Project) (City Secured).



## Collections

For collection comparison purposes, several adjustments are made to the amount of the current levy to reflect adjustment due to rounding of the tax rate and to additional assessments.

### CURRENT GENERAL TAX LEVY

|                                                                       | 2021          | 2022          | 2023          | 2024          | 2025          |
|-----------------------------------------------------------------------|---------------|---------------|---------------|---------------|---------------|
| Municipal                                                             | \$244,831,529 | \$249,328,116 | \$255,484,570 | \$267,917,993 | \$299,717,855 |
| Municipal Open Space                                                  | 3,720,785     | 3,750,590     | 3,815,002     | 3,830,715     | 3,835,536     |
| School                                                                | 144,075,100   | 144,317,178   | 146,957,386   | 145,701,201   | 141,387,912   |
| County                                                                | 70,381,100    | 69,605,144    | 67,820,586    | 68,111,191    | 66,316,589    |
| Special District Taxes                                                | 7,687,722     | 7,814,676     | 11,413,426    | 11,368,000    | 11,413,000    |
| Added and Omitted Taxes                                               | 2,736,545     | 2,739,343     | 4,777,749     | 5,954,568     | 158,092       |
| Reserve for Uncollected Taxes                                         | 19,955,000    | 23,010,850    | 31,100,000    | 28,419,000    | 23,344,000    |
| Total                                                                 | \$493,387,781 | \$500,565,897 | \$521,368,719 | \$531,302,668 | \$546,172,984 |
| TOTAL CURRENT COLLECTIONS                                             | 462,292,611   | 465,635,712   | 464,277,697   | 497,006,651   | 501,353,036   |
| Percent Collected of Current Levy                                     | 93.69%        | 93.02%        | 89.05%        | 93.55%        | 91.79%        |
| Percent Collected of Current Levy Minus Reserve for Uncollected Taxes | 97.65%        | 97.50%        | 94.69%        | 98.83%        | 95.89%        |

Source: 2021-2024 Audit Reports and 2025 Annual Financial Statement (Unaudited)

## Delinquent Taxes and Tax Title Liens

The local property tax is due in quarterly installments on February 1, May 1, August 1, and November 1. The first two (2) installments are billed and collected at the previous year's rate and valuation with necessary adjustments made in the final installments.

Delinquent taxes are enforced and collected by the City through the sale of the tax liens against the property. Tax Certificates are offered at the maximum rate of interest (18%) for holding the lien during the redemption period. If the lien is not purchased, it is acquired by the City. The redemption period is the time during which the property owner may pay the taxes, penalties, and costs required to remove the lien. This is a two (2) year period for privately-held liens and six (6) months for municipally held liens. At the expiration of the redemption period, the lien holder may move to acquire a tax deed for the property. When the lien is held by the City, it may move to foreclose, In Rem, at the end of six (6) months from the time the City became lien holder.

|                                      | 2021         | 2022         | 2023         | 2024         | 2025         |
|--------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Delinquent Tax Collected             | \$21,814,909 | \$26,229,722 | \$25,521,604 | \$27,278,100 | \$18,338,190 |
| Delinquent Tax Balance December 31   | 32,503,948   | 36,174,358   | 36,174,358   | 29,810,962   | 32,848,091   |
| Tax Title Liens Collected            | 1,115,557    | 1,388,777    | 931,263      | 500,859      | 1,690,135    |
| Tax Title Liens Balance December 31  | 30,360,198   | 28,971,421   | 28,040,158   | 28,038,493   | 26,347,858   |
| Foreclosed Prop. Balance December 31 | 135,511,249  | 135,511,249  | 135,511,249  | 135,511,249  | 135,511,249  |

Source: 2021-2024 Audit Reports and 2025 Annual Financial Statement (Unaudited)

## **CITY EMPLOYEES**

Under the laws of the State, municipal employees have certain organizational and representational rights, which include the right to organize, to bargain collectively by representatives of their choosing, and to engage in lawful concerted activities for bargaining. The law prohibits strikes by municipal employees.

Approximately 3,000 regular employees of the City are covered by collective bargaining agreements, which have been negotiated with sixteen (16) different collective bargaining units. The right of most public employees to organize for collective bargaining is guaranteed by New Jersey law.

A general distinction is made between uniformed employees and non-uniformed employees. The uniformed employees – police and fire – are organized into four (4) major bargaining units: Police, Police Superior Officers, Firemen, and Fire Officers, although some superior officers bargain in a much smaller unit. While the New Jersey Constitution prohibits strikes by all public employees, the Legislature has given uniformed employees the right to interest arbitration, which is a binding process resulting in a settled agreement. No other bargaining units have the right to binding interest arbitration. Interest arbitrators are appointed by the New Jersey Public Employment Relations Commission.

The City has been proactive in its approach to resolve all open contracts, stabilize the negotiating process, pursue voluntary, rather than arbitrated settlements, and bring consistency to the many terms of employment. Two (2) major focuses of the City's negotiations are a reduction in soaring health insurance costs and operational changes to reduce overtime.

Successor agreements with the City's principal uniformed unions have been reached and formally adopted by the Municipal Council. Agreements with the Police Superior Officers' Association ("SOA"), the Fraternal Order of Police, Newark Lodge No. 12, the Newark Firefighters Union and the Newark Fire Officers Union. All contracts are for the period January 1, 2024 through December 31, 2027. All parties recognized the continuing need for all employees to assist the City in cost saving measures. This concession is extremely significant since arbitration would have reduced saving to the City dramatically. In addition, the City continues to implement caps on the banking and payment of compensatory, with payment or utilization of this time within the 24 month period of accrual. Payouts are at the current rate of pay, as opposed to the previous practice of paying it all out on a lump sum basis at the time of separation (or a higher rate of pay). In each case, the goal of achieving out-of-pocket savings, where possible, and operational changes, to reduce overtime and compensatory time remain consistent.

The City has reached successor agreements with various civilian unions. Agreements with Newark Council No. 21, Newark Chapter, New Jersey Civil Service Union, affiliated with IFPTE, AFL-CIO, and certain AFSCME and SEIU bargaining units cover the period January 1, 2023 through December 31, 2026. Newark Council 21, NJCSA, was settled via the mediation process under the auspices of NJ PERC.

The approach taken with both uniformed and non-uniformed employee groups, however, as well as the City's goals, is the same. Recognizing the significant role that personnel costs play in the City's budget, the negotiation of mutually acceptable collective bargaining agreements is a major priority.

The City is in compliance with Chapter 78, P.L. 2011, which provided for changes to the manner in which the State-administered retirement systems operate and to the benefit provisions of those systems. The law also changed the manner in which the State-administered Health Benefits Programs operate and the employee contribution and benefit provisions of those programs.

## **INSURANCE**

Since 1996, the City has purchased property insurance, which protects the City from loss to properties by fire and other perils in excess of \$100,000 with a total insurance coverage of \$299,060,229.

The City also purchases insurance coverage for Pollution Liability for its water treatment facility, a Blanket Public Employee's Dishonesty Bond and Statutory Public Officials Bonds.

Responsibility for insurance and risk management including purchase of insurance and maintenance of insurance trust funds (including Worker's Compensation) lies with the Insurance Fund Commission, a statutory commission consisting of three commissioners appointed by the Mayor and Council. The City Business Administrator is currently

Chairman of the Insurance Fund Commission with the Director of Finance and the Corporation Counsel serving as the other two (2) members. The Commission's efforts are supported by the City's Risk Manager, a role created in 2007 to augment the City's insurance and risk management efforts.

The Worker's Compensation Trust Fund is administered by the City Law Department. Worker's Compensation Claims are handled by the City Law Department who coordinates the administration process with the Insurance Fund Commission and a Third Party Administrator. Tort claims are handled in house by the Law Department. Claims for property losses are handled directly by the Insurance Fund Commission and the City's Risk Manager. Claims are paid by the City Treasurer after approval by Mayor and Council and/or the Law Department, City Comptroller, or Insurance Fund Commission.

In 1977, the City established a comprehensive Self-Insurance and Risk Management Program including the creation of separate dedicated trust funds for each of the City's insurance needs. Year-end balances for the past five (5) years were as follows:

|                    | 2021             | 2022             | 2023             | 2024             | 2025           |
|--------------------|------------------|------------------|------------------|------------------|----------------|
| Worker's Comp      | \$ 345,394       | \$ 170,081       | \$(2,205,712)    | \$(1,865,423)    | \$1,877,420    |
| Liability          | 14,291,136       | 14,503,165       | 14,295,144       | 11,520,514       | 9,091,127      |
| State Unemployment | <u>1,518,531</u> | <u>2,244,576</u> | <u>3,369,192</u> | <u>1,625,810</u> | <u>968,331</u> |
| TOTAL              | \$16,155,061     | \$16,917,822     | \$15,458,624     | \$11,936,878     | \$11,936,878   |

Source: 2021-2024 Audit Reports and 2025 Annual Financial Statement (Unaudited)

## PENSION SYSTEMS

City employees who are eligible for pension coverage are enrolled, depending on their employment status, in one of four pension systems. All four (4) pension systems were established by acts of the State Legislature. Benefits, contributions, means of funding, and the manner of administration are determined by State legislation. Three (3) of the pension systems are directly administered by the State; the fourth system is administered by the City. City public school teachers are enrolled in the State Teachers Pension and Annuity Fund. The City's pays its State-assessed annual pension contribution to the State in full each year. Such payment of approximately \$52 million was appropriated in the City's 2017 adopted budget for the City's 2017 fiscal year, approximately \$55 million was appropriated in the City's 2018 adopted budget for the City's 2018 fiscal year, approximately \$65 million for the 2019 fiscal year, approximately \$68.4 million for the 2020 fiscal year, approximately \$70.6 million for the 2021 fiscal year, approximately \$71.7 million for the 2022 fiscal year, approximately \$73.2 million for the 2023 fiscal year, and approximately \$79.6 million for the 2024 fiscal year, and approximately \$93.9 million for the 2025 fiscal year.

### State Administered Pension Funds

Three (3) primary State Administered pension funds include the Consolidated Police and Firemen's Pension Fund, the Police and Firemen's Retirement System, and the Public Employees' Retirement System. The Division of Pensions within the Treasury Department of the State is the administrator of the funds with benefit and contribution levels set by the State.

### Consolidated Police and Firemen's Pension Fund

The Consolidated Police and Firemen's Pension Fund is a closed system with no active members and was established in January 1952 to provide coverage to municipal police and firemen who were appointed prior to July 1, 1944.

### Police and Firemen's Retirement System

All eligible uniformed police and fire employees of the City are enrolled in the Police and Firemen's Retirement System of New Jersey ("PFRS"), a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey. Members are required to contribute 10% of their compensation to the PFRS. The City is required to make annual employer contributions to the PFRS in amounts determined by the State on the basis of actuarial valuations and

applicable State law. Such employer contributions include amounts attributable to the system’s normal cost and unfunded accrued liability.

### **Public Employees’ Retirement System**

Certain eligible non-uniformed employees of the City participate in the Public Employees’ Retirement System of New Jersey (“PERS”), a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey. Members are generally required to contribute 7.5% of their compensation to PERS. The City is required to make annual employer contributions to PERS in amounts determined by the State on the basis of actuarial valuations and applicable State law. Such employer contributions include amounts attributable to the system’s normal cost and unfunded accrued liability.

### **Defined Contribution Retirement Program**

The Defined Contribution Retirement Program (“DCRP”) was established effective July 1, 2007 to provide eligible public employees with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Under the DCRP, the value of a participant’s retirement benefit is based upon contributions made by the employee and employer and investment earnings on such contributions. Employees participating in the DCRP are required to contribute 5.5% of their compensation, and participating employers contribute 3.0% of the employee’s compensation. The DCRP is administered by the New Jersey Division of Pensions & Benefits, with recordkeeping and investment services provided through the State’s designated DCRP service provider.

## **SOCIOECONOMIC AND DEMOGRAPHIC INFORMATION OF THE CITY**

### **LARGEST TAXPAYERS**

#### **2025 Assessed Valuation**

|                                      |                |
|--------------------------------------|----------------|
| Prudential Insurance Co. of America  | \$ 177,157,500 |
| Prudential Newark Realty, LLC        | 108,535,600    |
| Market Halsey Urban Renewal LLC      | 97,000,000     |
| 80 Park Place SPE LLC                | 90,000,000     |
| 2 Gateway Center Property Owner, LLC | 74,141,800     |
| Ivy Hill Park                        | 63,760,800     |
| Delancy SG, LLC                      | 63,035,000     |
| Newark Legal Center                  | 62,833,400     |
| Ideal Holdings ONC, LLC              | 59,925,500     |
| Anheuser-Busch Inc.                  | 59,575,500     |

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Source: City of Newark Tax Assessor

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**POPULATION**

| <b>Year</b> | <b>City</b> | <b>County</b> | <b>State</b> |
|-------------|-------------|---------------|--------------|
| 1960        | 405,220     | 923,545       | 6,066,782    |
| 1970        | 381,930     | 929,986       | 7,192,805    |
| 1980        | 329,248     | 851,116       | 7,364,823    |
| 1990        | 275,221     | 778,206       | 7,730,188    |
| 2000        | 261,620     | 793,633       | 8,414,350    |
| 2010        | 277,140     | 783,969       | 8,791,894    |
| 2020        | 311,549     | 863,728       | 9,288,994    |

Source: US Department of Commerce, Bureau of the Census, General Social and Economic Characteristics

**LABOR FORCE - CITY OF NEWARK**

| <b>Year</b> | <b>Labor</b>           | <b>Employed<br/>(000)</b> | <b>Percent<br/>Employed</b> | <b>Unemployment Rate</b> |               |              |
|-------------|------------------------|---------------------------|-----------------------------|--------------------------|---------------|--------------|
|             | <b>Force<br/>(000)</b> |                           |                             | <b>City</b>              | <b>County</b> | <b>State</b> |
| 2021        | 135.3                  | 121.5                     | 89.8                        | 10.6                     | 8.0           | 6.3          |
| 2022        | 134.2                  | 126.7                     | 94.4                        | 5.8                      | 4.5           | 3.7          |
| 2023        | 137.5                  | 128.8                     | 93.7                        | 6.3                      | 5.1           | 4.3          |
| 2024        | 138.9                  | 129.4                     | 93.2                        | 6.9                      | 5.5           | 4.5          |
| 2025*       | 140.9                  | 129.9                     | 92.3                        | 7.7                      | 6.3           | 5.2          |
| 2026**      | 140.7                  | 131.4                     | 93.4                        | 6.6                      | 5.3           | 4.4          |

Source: New Jersey Department of Labor and Workforce Development

\* 2025 Annual Average

\*\* 2026 Estimates as of July 29, 2026

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**APPENDIX B**

**CITY OF NEWARK  
AUDITOR'S REPORT AND FINANCIAL STATEMENTS**

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***SAMUEL KLEIN AND COMPANY, LLP***  
***CERTIFIED PUBLIC ACCOUNTANTS***

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**INDEPENDENT AUDITOR'S REPORT**

To the Mayor and Members of the City Council  
City of Newark  
Newark, New Jersey 07102

The accompanying summary financial statements - regulatory basis, and the related notes, are derived from the audited basic financial statements of the City of Newark, State of New Jersey, as of and for the years ended December 31, 2024, 2023, 2022 and 2021. We expressed unmodified audit opinions on those audited financial statements - regulatory basis in our report dated April 3, 2026. The audited financial statements - regulatory basis, and the summary financial statements - regulatory basis derived therefrom, do not reflect the effects of events, if any, that occurred subsequent to the date of our report on the audited financial statements - regulatory basis.

The summary financial statements - regulatory basis do not contain all the disclosures required by Generally Accepted Accounting Principles of the City of Newark, State of New Jersey. Reading the summary financial statements - regulatory basis, therefore is not a substitute for reading the audited financial statements - regulatory basis of the City of Newark, State of New Jersey.

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

Management is responsible for the preparation of the summary financial statements - regulatory basis on the basis described in Note 1.

**Auditor's Responsibility**

Our responsibility is to express an opinion about whether the summary financial statements - regulatory basis are consistent, in all material respects, with the audited financial statements - regulatory basis based on our procedures, which were conducted in accordance with auditing standards generally accepted in the United States of America. The procedures consisted principally of comparing the summary financial statements - regulatory basis with the related information in the audited financial statements - regulatory basis from which the summary financial statements - regulatory basis have been derived, and evaluating whether the summary financial statements - regulatory basis are prepared in accordance with the basis described in Note 1. We did not perform any audit procedures regarding the audited financial statements - regulatory basis after the date of our report on those financial statements.

## **Opinion**

In our opinion, the summary financial statements - regulatory basis of the City of Newark, State of New Jersey as of and for the years then ended December 31, 2024, 2023, 2022 and 2021 referred to above are consistent, in all material respects, with the audited financial statements - regulatory basis from which they have been derived, on the basis described in Note 1.

## **Emphasis-of-Matter**

These summary financial statements - regulatory basis were prepared for the purpose of inclusion in an official statement for the issuance of General Capital Improvement Bond Anticipation Notes, Series 2026G (Tax-Exempt) for the City of Newark, County of Essex, State of New Jersey, and were abstracted from audit reports issued under the periods referred to above as dated April 3, 2026, June 4, 2025, August 20, 2024 and May 30, 2023, respectively.

***SAMUEL KLEIN AND COMPANY, LLP***

SAMUEL KLEIN AND COMPANY, LLP  
CERTIFIED PUBLIC ACCOUNTANTS

***ANDREW PASCALE***

ANDREW PASCALE, CPA, RMA, PSA

Newark, New Jersey  
April 3, 2026

## CITY OF NEWARK

## CURRENT FUND - COMPARATIVE BALANCE SHEET - REGULATORY BASIS

Sheet #1

|                                           | Unaudited                | Audited                  |                          |                          |                          |
|-------------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
|                                           | Balance<br>Dec. 31, 2025 | Balance<br>Dec. 31, 2024 | Balance<br>Dec. 31, 2023 | Balance<br>Dec. 31, 2022 | Balance<br>Dec. 31, 2021 |
| <b><u>ASSETS AND DEFERRED CHARGES</u></b> |                          |                          |                          |                          |                          |
| <b><u>Regular Fund</u></b>                |                          |                          |                          |                          |                          |
| Cash                                      | \$ 69,227,291            | \$ 79,456,708            | \$127,953,542            | \$142,341,405            | \$115,665,022            |
| Cash - Deposit with State                 | 15,576,048               | 16,003,026               | 14,568,639               | 10,319,756               | 13,123,918               |
| Sub-Total                                 | 84,803,339               | 95,459,734               | 142,522,181              | 152,661,161              | 128,788,940              |
| Cash - Change Fund                        | 6,017                    | 2,440                    | 2,440                    | 2,440                    | 2,440                    |
|                                           | <u>84,809,356</u>        | <u>95,462,174</u>        | <u>142,524,621</u>       | <u>152,663,601</u>       | <u>128,791,380</u>       |
| Delinquent Property Taxes Receivable      | 29,967,306               | 29,810,962               | 36,643,775               | 36,174,358               | 33,981,250               |
| Tax Title Liens Receivable                | 26,347,858               | 28,038,493               | 28,040,158               | 28,971,421               | 30,360,198               |
| Deposits with County Registrar            |                          | 2,231                    | 2,231                    | 2,231                    | 2,231                    |
| Property Acquired for Taxes:              |                          |                          |                          |                          |                          |
| Assessed Valuations                       | 135,511,249              | 135,511,249              | 135,511,249              | 135,511,249              | 135,946,265              |
| Sales Contracts Receivable                | 12,544,477               | 12,544,477               | 12,544,478               | 12,544,477               | 12,544,477               |
| Tax Abatements Receivable                 | 32,882,828               | 32,149,174               | 73,475,475               | 63,633,784               | 56,828,598               |
| Revenue Accounts Receivable               | 169,097                  |                          | 169,097                  |                          | 336,668                  |
| Other Accounts Receivable                 | 2,231                    |                          |                          |                          |                          |
| Interfunds Receivable                     | 600,333                  | 600,394                  | 5,764,890                | 3,834,222                | 13,243,235               |
| Due from Housing for Senior Citizens      | 14,906                   | 14,906                   | 14,906                   | 14,906                   | 14,906                   |
| Due from East Orange - Passaic Valley     | 409,000                  | 402,775                  | 402,775                  | 242,983                  | 242,983                  |
|                                           | <u>238,449,285</u>       | <u>239,074,661</u>       | <u>292,569,034</u>       | <u>280,929,631</u>       | <u>283,500,811</u>       |
| Deferred Charges:                         |                          |                          |                          |                          |                          |
| Emergency Authorizations - Special        | 52,000,000               | 2,535,000                | 5,070,000                | 7,605,000                | 12,140,000               |
| Prior Year's Deficit                      |                          | 2,299,798                | 7,547,252                | 12,794,706               | 20,402,624               |
|                                           | <u>375,258,641</u>       | <u>339,371,633</u>       | <u>447,710,907</u>       | <u>453,992,938</u>       | <u>444,834,815</u>       |
| <b><u>State and Federal Grants</u></b>    |                          |                          |                          |                          |                          |
| Cash                                      | 13,658,784               | 21,396,704               | 37,812,568               | 56,362,776               | 32,805,883               |
| State and Federal Grants Receivable       | 249,965,828              | 212,976,028              | 217,376,338              | 168,504,036              | 157,812,849              |
| Prepaid Grant Expenditures                | 565,463                  | 14,265                   | 5,508                    | 19,784                   | 123,454                  |
| Accounts Receivable                       | 676,338                  | 34,472                   | 192,215                  | 192,215                  | 226,226                  |
| SLEPA Receivable - Due from State of N.J. |                          |                          |                          | 103                      | 103                      |
| Interfunds Receivable                     | 829,010                  | 829,010                  |                          |                          |                          |
|                                           | <u>265,695,423</u>       | <u>235,250,479</u>       | <u>255,386,629</u>       | <u>225,078,914</u>       | <u>190,968,515</u>       |
|                                           | <u>\$640,954,064</u>     | <u>\$574,622,112</u>     | <u>\$703,097,536</u>     | <u>\$679,071,852</u>     | <u>\$635,803,330</u>     |

## CITY OF NEWARK

## CURRENT FUND - COMPARATIVE BALANCE SHEET - REGULATORY BASIS

Sheet #2

| <u>LIABILITIES AND FUND BALANCE</u>                      | Unaudited                | Audited                  |                          |                          |                          |
|----------------------------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
|                                                          | Balance<br>Dec. 31, 2025 | Balance<br>Dec. 31, 2024 | Balance<br>Dec. 31, 2023 | Balance<br>Dec. 31, 2022 | Balance<br>Dec. 31, 2021 |
| <u>Regular Fund</u>                                      |                          |                          |                          |                          |                          |
| Appropriation Reserves, Commitments<br>and Encumbrances  | \$ 44,239,745            | \$ 46,824,198            | \$ 65,823,899            | \$ 46,670,266            | \$ 70,856,627            |
| Commitments Payable                                      | 5,247,957                | 7,137,088                | 14,581,323               | 24,021,154               | 10,257,707               |
| Due to N.J. - Senior Citizens                            | 87,418                   | 84,836                   | 104,495                  | 189,092                  | 228,020                  |
| Reserve for Void Checks Pending Distribution             |                          | 203                      | 203                      |                          | 30,959                   |
| Due to Newark Parking Authority                          | 162,863                  | 1                        | 184,702                  | 272,322                  |                          |
| Prepaid Taxes                                            | 4,144,361                | 3,649,223                | 4,595,918                | 5,536,069                | 6,048,118                |
| Prepaid Tax Abatements                                   | 623,398                  | 78,368                   | 315,765                  | 171,408                  | 824,018                  |
| Due to Special Improvement District                      | 3,039,200                | 508,950                  | 3,646,974                | 1,112,452                | 207,027                  |
| Prepaid Special Improvement District Taxes               | 46,148                   | 60,650                   | 228,240                  | 198,389                  | 163,766                  |
| Various Liabilities                                      | 250                      | 850                      | 850                      |                          |                          |
| Due to State of N.J. and Public Assistance<br>Trust Fund | 76,861                   | 624,860                  | 1,002,629                | 899,309                  | 956,874                  |
| Interfunds Payable                                       | 15,494,027               | 3,245,346                |                          |                          | 3,161,024                |
| County Taxes Payable                                     | 158,092                  | 880,935                  | 687,620                  | 407,482                  | 413,408                  |
| Local School District Taxes Receivable                   |                          | 1                        |                          |                          |                          |
| Due to Redflex Traffic Systems                           | 850                      |                          |                          | 850                      | 850                      |
| Due to State of New Jersey - Uniform<br>Construction     | 702,854                  |                          |                          |                          |                          |
| Tax Overpayments                                         |                          |                          | 633,336                  | 1,998,555                |                          |
| Reserve for Hurricane Sandy                              | 562                      | 562                      | 562                      | 562                      | 562                      |
| Assessments Payable                                      |                          |                          |                          | 2,400,000                |                          |
| Reserve for Master Plan                                  | 231,782                  | 231,782                  | 231,782                  | 231,782                  | 231,782                  |
| Due to Newark Board of Education                         | 6,247,375                |                          |                          |                          |                          |
| Reserve for Severance Pay                                |                          | 4,424,344                | 4,424,344                | 4,424,344                | 4,424,344                |
| Unallocated Receipts                                     |                          | 2,622,621                | 2,718,901                |                          |                          |
|                                                          | 80,503,744               | 70,374,818               | 99,181,543               | 88,534,036               | 97,805,086               |
| Emergency Notes Payable                                  | 52,000,000               | 2,535,000                | 5,070,000                | 7,605,000                | 10,140,000               |
| Reserve for Other Receivables                            | 238,449,285              | 239,074,661              | 292,569,033              | 280,929,631              | 283,500,811              |
| Fund Balance                                             | 4,305,612                | 27,387,154               | 50,890,331               | 76,924,271               | 53,388,918               |
|                                                          | 375,258,641              | 339,371,633              | 447,710,907              | 453,992,938              | 444,834,815              |
| <u>Federal and State Grant Funds</u>                     |                          |                          |                          |                          |                          |
| Expenditure Reserves:                                    |                          |                          |                          |                          |                          |
| Grants Appropriated                                      | 248,081,922              | 215,804,056              | 232,932,060              | 209,929,399              | 176,839,239              |
| Reserve for Elderly Nutrition                            | 2,333,942                | 2,323,884                | 2,323,776                | 2,539,745                | 2,537,512                |
| Reserve for Safe Housing                                 | 1,408,448                | 1,359,820                | 1,287,716                | 1,242,952                | 1,169,132                |
| Reserve for Other Programs                               | 3,066,354                |                          |                          |                          |                          |
| OPIOD Reserve                                            | 641,865                  |                          |                          |                          |                          |
| Interfunds Payable                                       | 5,174,564                | 5,816,429                | 9,616,430                | 8,967,158                | 8,974,564                |
| UEZ Loan Repayment                                       | 136,995                  | 136,995                  | 136,995                  | 136,995                  | 136,995                  |
| Due to Federal Government                                | 617,476                  | 617,476                  | 617,476                  | 617,476                  | 618,201                  |
| Unappropriated Grants                                    | 3,305,347                | 9,191,819                | 5,614,438                | 1,622,456                | 692,872                  |
| Prepaid Expenses                                         |                          |                          |                          | 22,733                   |                          |
| Reserve for Encumbrances                                 | 928,510                  |                          | 2,857,738                |                          |                          |
|                                                          | 265,695,423              | 235,250,479              | 255,386,629              | 225,078,914              | 190,968,515              |
|                                                          | <u>\$640,954,064</u>     | <u>\$574,622,112</u>     | <u>\$703,097,536</u>     | <u>\$679,071,852</u>     | <u>\$635,803,330</u>     |

See accompanying notes to financial statements.

CITY OF NEWARK  
CURRENT FUND - COMPARATIVE STATEMENT OF OPERATIONS  
AND CHANGES IN FUND BALANCE - REGULATORY BASIS

|                                                   | Unaudited<br>2025    | 2024                 | Audited<br>2023      | 2022                 | 2021                 |
|---------------------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| <b>Revenue and Other Income</b>                   |                      |                      |                      |                      |                      |
| Surplus                                           | \$ 23,850,000        | \$ 43,000,000        | \$ 60,000,000        | \$ 25,000,000        | \$ 11,700,000        |
| Miscellaneous Revenue Anticipated                 | 659,793,276          | 621,635,104          | 556,150,554          | 547,612,479          | 522,509,892          |
| Receipts from Delinquent Taxes                    | 21,468,269           | 27,778,960           | 26,452,868           | 27,618,498           | 22,930,466           |
| Receipts from Current Taxes                       | 501,353,036          | 474,474,933          | 464,277,697          | 441,655,733          | 443,602,676          |
| Nonbudget Revenue                                 | 862,009              | 10,226,510           | 2,281,812            | 8,710,708            | 2,049,202            |
| Other Credits to Income:                          |                      |                      |                      |                      |                      |
| Appropriation Reserves and Accounts Payable       |                      |                      |                      |                      |                      |
| Cancelled                                         | 1,296,508            | 4,066,487            | 7,285,192            | 6,851,194            | 18,267,743           |
| Commitments Payable Cancelled                     | 2,822,961            | 1,282,314            | 39,461               |                      |                      |
| Reserve for Protested Checks Pending Distribution |                      |                      |                      | 30,959               |                      |
| Interfunds                                        | 877,001              | 8,983,257            |                      | 11,809,013           |                      |
| Miscellaneous                                     |                      |                      |                      |                      | 171,407              |
|                                                   | <u>1,212,323,060</u> | <u>1,191,447,565</u> | <u>1,116,487,584</u> | <u>1,069,288,584</u> | <u>1,021,231,386</u> |
| <b>Expenditures</b>                               |                      |                      |                      |                      |                      |
| Budget and Emergency Appropriations               | 983,962,443          | 931,323,714          | 860,145,351          | 797,825,096          | 763,720,036          |
| Local District School Tax                         | 141,387,912          | 138,557,290          | 137,177,814          | 137,169,943          | 136,052,764          |
| Tax Appeals                                       |                      | 7,382,377            |                      |                      |                      |
| County Taxes                                      | 66,316,589           | 67,230,256           | 67,132,966           | 69,197,662           | 69,967,692           |
| County Share of Added and Omitted Taxes           | 158,092              | 880,935              | 687,620              | 407,482              | 413,408              |
| Special District Taxes                            | 11,413,000           | 11,368,000           | 11,413,426           | 7,814,676            | 7,687,722            |
| Delinquent Tax Abatements Receivable              |                      | 8,470,365            |                      |                      |                      |
| Interfund Reserve Established                     |                      | 2,046,036            | 2,149,346            | 100,000              | 8,796,589            |
| Due from State of New Jersey                      |                      | 38,828               |                      |                      |                      |
| Reserve for Tax Appeals                           |                      | 822,226              |                      |                      | 2,597,197            |
| Prior Year Revenue Refunded                       | 4,481,030            |                      |                      | 4,487,782            | 174,033              |
| Miscellaneous - Municipal Open Space              | 3,835,536            | 3,830,715            | 3,815,002            | 3,750,590            | 3,720,785            |
| Tax Overpayments                                  |                      |                      |                      |                      | 308,574              |
| Protested Checks                                  |                      |                      |                      |                      | 650                  |
|                                                   | <u>1,211,554,602</u> | <u>1,171,950,742</u> | <u>1,082,521,525</u> | <u>1,020,753,231</u> | <u>993,439,450</u>   |
| Excess in Revenue                                 | 768,458              | 19,496,823           | 33,966,059           | 48,535,353           | 27,791,936           |
| <b>Fund Balance</b>                               |                      |                      |                      |                      |                      |
| Balance January 1                                 | 27,387,154           | 50,890,331           | 76,924,272           | 53,388,918           | 37,296,982           |
| Decreased by:                                     |                      |                      |                      |                      |                      |
| Utilized as Anticipated Revenue                   | 23,850,000           | 43,000,000           | 60,000,000           | 25,000,000           | 11,700,000           |
| Fund Balance - December 31                        | <u>\$ 4,305,612</u>  | <u>\$ 27,387,154</u> | <u>\$ 50,890,331</u> | <u>\$ 76,924,271</u> | <u>\$ 53,388,918</u> |

ANALYSIS OF FUND BALANCE

|                                         | Unaudited<br>2025   | 2024                 | Audited<br>2023      | 2022                 | 2021                 |
|-----------------------------------------|---------------------|----------------------|----------------------|----------------------|----------------------|
| Cash                                    | \$ 84,809,356       | \$ 95,462,174        | \$ 142,524,622       | \$ 152,663,601       | \$ 128,791,379       |
| Total                                   | 84,809,356          | 95,462,174           | 142,524,622          | 152,663,601          | 128,791,379          |
| Less: Liabilities                       | 80,503,744          | 70,374,817           | 99,181,543           | 88,534,036           | 97,805,085           |
| Cash Surplus (Deficit)                  | 4,305,612           | 25,087,357           | 43,343,079           | 64,129,565           | 30,986,294           |
| Add: Noncash Assets Pledged to Surplus: |                     |                      |                      |                      |                      |
| Deferred Charges                        |                     | 2,299,797            | 7,547,252            | 12,794,706           | 22,402,624           |
| Fund Balance                            | <u>\$ 4,305,612</u> | <u>\$ 27,387,154</u> | <u>\$ 50,890,331</u> | <u>\$ 76,924,271</u> | <u>\$ 53,388,918</u> |

See accompanying notes to financial statements.

## CITY OF NEWARK

## CURRENT FUND - COMPARATIVE STATEMENT OF REALIZED REVENUE

|                                                                         | Unaudited               |                      |                      | Audited              |                      |
|-------------------------------------------------------------------------|-------------------------|----------------------|----------------------|----------------------|----------------------|
|                                                                         | 2025                    | 2024                 | 2023                 | 2022                 | 2021                 |
| Taxes for Municipal Purposes                                            | \$ 298,347,826          | \$281,026,738        | \$274,215,199        | \$246,326,230        | \$244,584,216        |
| Less: Reserve for Uncollected Taxes                                     | 23,344,000              | 28,419,000           | 31,100,000           | 23,010,850           | 19,955,000           |
| Taxes Collected for Municipal Purposes                                  | 275,003,826             | 252,607,738          | 243,115,199          | 223,315,380          | 224,629,216          |
| <u>General Revenue</u>                                                  |                         |                      |                      |                      |                      |
| Municipal Court                                                         | 11,887,394              | 8,442,880            | 7,751,344            | 4,287,328            | 2,957,816            |
| Construction Fees                                                       | 5,108,702               | 6,255,207            | 5,787,163            | 6,020,149            | 6,257,410            |
| Host Fees                                                               | 1,081,995               | 7,421,604            | 4,184,424            | 7,520,554            | 8,057,867            |
| Interest on Investment and Deposits                                     | 4,442,483               | 8,634,368            | 10,628,242           | 1,790,303            | 398,607              |
| Fox Lance Limited Dividend Receipts                                     | 35,633,788              | 30,657,784           | 23,224,994           | 25,885,657           | 20,031,828           |
| Reimbursement for In-Kind, Administrative and Fringe Benefits           | 6,000,000               | 5,000,000            | 5,000,000            | 5,000,000            | 5,000,000            |
| Revenue from New Taxes:                                                 |                         |                      |                      |                      |                      |
| Payroll Tax                                                             | 79,843,204              | 79,973,411           | 70,764,044           | 64,945,455           | 58,013,275           |
| Hotel Occupancy Tax                                                     | 8,437,226               | 8,129,729            | 7,801,351            | 5,594,944            | 3,344,122            |
| Parking Lot Receipts                                                    | 25,156,426              | 26,346,553           | 27,436,069           | 24,920,180           | 14,266,064           |
| Port Newark Lease - Port Authority of New York and New Jersey           | 124,078,212             | 120,507,137          | 107,468,633          | 107,471,655          | 97,909,485           |
| Receipts from Delinquent Taxes                                          | 21,468,269              | 27,778,960           | 26,452,868           | 27,618,498           | 22,930,466           |
| Interest and Costs on Taxes                                             | 3,613,463               | 4,444,792            | 4,053,777            | 5,441,599            | 2,112,963            |
| Rents and Sale of Municipal Property                                    | 463,219                 | 437,938              | 660,231              | 538,090              | 681,349              |
| Other                                                                   | 126,379,816             | 55,539,701           | 42,857,656           | 66,911,648           | 83,223,806           |
| Car Rental Tax                                                          | 6,605,243               | 10,000,000           | 6,000,000            | 3,500,000            | 2,500,000            |
| <u>Other Revenue</u>                                                    |                         |                      |                      |                      |                      |
| State Aid Without Offsetting Appropriations                             | 140,136,994             | 108,876,750          | 120,812,862          | 114,392,433          | 108,721,117          |
| Revenues from Public and Private Sources with Offsetting Appropriations | 127,613,111             | 113,188,290          | 110,347,635          | 103,392,484          | 109,034,183          |
|                                                                         | <u>\$ 1,002,953,372</u> | <u>\$874,242,842</u> | <u>\$824,346,492</u> | <u>\$798,546,357</u> | <u>\$770,069,574</u> |

See accompanying notes to financial statements.

CITY OF NEWARK

CURRENT FUND - COMPARATIVE STATEMENT OF EXPENDITURES - REGULATORY BASIS

|                                                                 | Unaudited      | Audited        |                |                |                |
|-----------------------------------------------------------------|----------------|----------------|----------------|----------------|----------------|
|                                                                 | 2025           | 2024           | 2023           | 2022           | 2021           |
| GENERAL APPROPRIATIONS -<br>APPROPRIATIONS WITHIN "CAPS"        | Expended       | Expended       | Expended       | Expended       | Expended       |
| Office of the Mayor and Agencies                                | \$ 19,795,577  | \$ 19,509,436  | \$ 19,900,301  | \$ 17,362,486  | \$ 17,433,500  |
| City Clerk and Municipal Council                                | 10,041,734     | 10,152,347     | 9,947,186      | 10,466,571     | 9,079,852      |
| Department of Administration                                    | 23,851,351     | 23,683,643     | 22,097,957     | 19,446,411     | 18,108,504     |
| Department of Law                                               | 9,405,600      | 7,443,361      | 6,714,604      | 6,645,398      | 6,463,988      |
| Department of Finance                                           | 6,670,989      | 6,779,010      | 6,793,467      | 6,373,249      | 6,675,762      |
| Department of Public Safety                                     | 267,708,584    | 264,260,099    | 256,519,265    | 252,855,813    | 243,267,706    |
| Department of Public Works                                      | 63,976,648     | 64,425,017     | 67,411,952     | 67,560,960     | 62,621,389     |
| Department of Engineering                                       | 17,967,564     | 18,754,620     | 17,895,375     | 16,958,185     | 16,170,576     |
| Department of Health and Community Wellness                     | 8,106,898      | 7,322,157      | 7,113,240      | 7,425,019      | 7,731,580      |
| Department of Economic and Housing                              |                |                |                |                |                |
| Development                                                     | 3,896,906      | 3,854,188      | 3,946,141      | 3,570,620      | 3,516,060      |
| Department of Recreation, Cultural Affairs                      |                |                |                |                |                |
| and Senior Services                                             | 10,239,426     | 9,445,094      | 9,030,001      | 7,176,997      | 7,034,607      |
| Unclassified Purposes                                           | 170,916,997    | 168,928,440    | 152,668,142    | 116,411,254    | 106,915,225    |
| Deferred Charges                                                | 2,628,012      | 5,712,031      | 5,747,454      | 8,107,918      | 6,679,407      |
| Statutory Expenditures                                          | 105,429,490    | 88,616,964     | 89,444,765     | 82,768,339     | 78,757,178     |
| Total Appropriations Within "CAPS"                              | 720,635,776    | 698,886,407    | 675,229,850    | 623,129,220    | 590,455,334    |
| GENERAL APPROPRIATIONS -<br>APPROPRIATIONS EXCLUDED FROM "CAPS" |                |                |                |                |                |
| Other Operations                                                | 53,275,537     | 39,166,396     | 12,545,700     | 12,553,581     | 12,107,280     |
| Public and Private Programs                                     | 127,921,571    | 114,476,146    | 111,433,364    | 104,478,213    | 110,413,204    |
| Capital Improvements                                            | 100,000        | 100,000        | 100,000        | 100,000        | 2,000,000      |
| Municipal Debt Service                                          | 69,689,811     | 66,351,880     | 48,521,865     | 45,881,878     | 39,855,819     |
| Deferred Charges                                                | 2,535,000      | 2,535,000      | 2,535,000      | 4,535,000      | 2,000,000      |
| Type I District School Debt Service                             | 9,804,747      | 9,807,885      | 9,779,572      | 7,147,204      | 6,888,399      |
| Total Appropriations Excluded from "CAPS"                       | 263,326,666    | 232,437,307    | 184,915,501    | 174,695,876    | 173,264,702    |
| Total Appropriations                                            | \$ 983,962,443 | \$ 931,323,714 | \$ 860,145,351 | \$ 797,825,096 | \$ 763,720,036 |

See accompanying notes to financial statements.

## CITY OF NEWARK

## GENERAL TRUST FUND - COMPARATIVE BALANCE SHEET - REGULATORY BASIS

Sheet #1

|                                           | Unaudited                | Audited                  |                          |                          |                          |
|-------------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
|                                           | Balance<br>Dec. 31, 2025 | Balance<br>Dec. 31, 2024 | Balance<br>Dec. 31, 2023 | Balance<br>Dec. 31, 2022 | Balance<br>Dec. 31, 2021 |
| <b>ASSETS</b>                             |                          |                          |                          |                          |                          |
| <u>Animal Control Trust Fund</u>          |                          |                          |                          |                          |                          |
| Cash                                      | \$ 59,209                | \$ 74,526                | \$ 51,742                | \$ 50,187                | \$ 48,037                |
| <u>Trust Funds</u>                        |                          |                          |                          |                          |                          |
| <u>Other Trust</u>                        |                          |                          |                          |                          |                          |
| Cash/Investments                          | 35,385,689               | 89,169,458               | 79,929,647               | 87,473,978               | 78,164,567               |
| Interfunds Receivable                     | 27,796,910               | 17,820,589               | 17,820,589               | 20,571,318               | 14,972,561               |
| Vouchers Payable                          |                          |                          | 1,897,947                | 1,905,352                | 2,033,577                |
| Due from State                            | 98,728                   |                          |                          |                          |                          |
| Liability Insurance Reserve               | 9,091,127                |                          |                          |                          |                          |
| Law Enforcement                           |                          |                          |                          |                          | 34,981                   |
| Overexpenditure - Trust Other             |                          |                          | 607                      | 607                      | 607                      |
| Workman's Compensation                    |                          | 1,865,423                | 2,205,712                |                          |                          |
|                                           | <u>72,372,455</u>        | <u>108,855,470</u>       | <u>101,854,502</u>       | <u>109,951,255</u>       | <u>95,206,293</u>        |
| <u>Community Development Block Grant</u>  |                          |                          |                          |                          |                          |
| Cash                                      |                          | 8,026,719                | 7,955,182                | 8,324,582                | 8,844,071                |
| Interfunds Receivable                     |                          |                          |                          |                          | 725                      |
| Accounts Receivable                       |                          | 120,000                  | 120,000                  | 120,000                  | 120,000                  |
| Grant Receivables                         |                          | 181,308                  | 181,308                  | 181,308                  | 181,308                  |
| Community Development Block Grant Program |                          | 5,816,549                | 7,443,707                | 6,866,448                | 9,263,250                |
| Section 108 Loan Guarantee Program        |                          | 8,291,070                | 8,291,070                | 8,291,070                | 8,291,070                |
|                                           | <u>-</u>                 | <u>22,435,646</u>        | <u>23,991,267</u>        | <u>23,783,408</u>        | <u>26,700,424</u>        |
| <u>Municipal Open Space</u>               |                          |                          |                          |                          |                          |
| Cash                                      | 11,863,517               | 11,720,800               | 11,011,061               | 8,978,593                | 8,897,089                |
| Interfunds Receivable                     |                          |                          |                          | 277,376                  |                          |
|                                           | <u>11,863,517</u>        | <u>11,720,800</u>        | <u>11,011,061</u>        | <u>9,255,969</u>         | <u>8,897,089</u>         |
|                                           | <u>\$84,295,181</u>      | <u>\$143,086,442</u>     | <u>\$136,908,572</u>     | <u>\$143,040,819</u>     | <u>\$130,851,843</u>     |



CITY OF NEWARK  
GENERAL TRUST FUND - COMPARATIVE BALANCE SHEET - REGULATORY BASIS

Sheet #2

| LIABILITIES, RESERVE AND FUND BALANCES                | Unaudited                | Audited                  |                          |                          |                          |
|-------------------------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
|                                                       | Balance<br>Dec. 31, 2025 | Balance<br>Dec. 31, 2024 | Balance<br>Dec. 31, 2023 | Balance<br>Dec. 31, 2022 | Balance<br>Dec. 31, 2021 |
| <u>Animal Control Trust Fund</u>                      |                          |                          |                          |                          |                          |
| Due to State of New Jersey                            | \$ 951                   | 1,734                    | \$ 1,201                 | \$ 1,200                 | \$ 1,061                 |
| Reserve for Expenditures                              | 58,258                   | 72,792                   | 50,541                   | 48,987                   | 46,976                   |
|                                                       | <u>59,209</u>            | <u>74,526</u>            | <u>51,742</u>            | <u>50,187</u>            | <u>48,037</u>            |
| <u>Trust Funds</u>                                    |                          |                          |                          |                          |                          |
| <u>Other Trust</u>                                    |                          |                          |                          |                          |                          |
| Interfunds Payable                                    | 4,000,000                | 600,394                  | 600,332                  | 877,709                  | 500,725                  |
| Vouchers Payable                                      |                          | 635,184                  |                          |                          |                          |
| Reserve for Other Funds                               | 64,811,445               | 90,564,628               | 77,027,198               | 77,303,704               | 62,615,712               |
| Other Liabilities                                     |                          | 15,214                   | 15,821                   | 15,821                   | 93,717                   |
| Motor Vehicle Rental - Commitment                     |                          | 1,037,532                | 1,037,532                | 1,037,532                | 1,037,532                |
| Reserves for:                                         |                          |                          |                          |                          |                          |
| Worker's Compensation                                 | 1,395,910                |                          |                          | 170,081                  | 345,394                  |
| State Unemployment Fund                               | 2,165,100                | 1,625,810                | 3,369,192                | 2,244,576                | 1,518,531                |
| Liability Fund                                        |                          | 11,520,514               | 14,295,144               | 14,503,164               | 13,791,136               |
| Payroll Deductions Payable                            |                          | 1,128,406                | 3,781,494                | 12,070,880               | 13,575,758               |
| Net Payroll                                           |                          | 1,727,788                | 1,727,788                | 1,727,788                | 1,727,788                |
|                                                       | <u>72,372,455</u>        | <u>108,855,470</u>       | <u>101,854,501</u>       | <u>109,951,255</u>       | <u>95,206,293</u>        |
| <u>Community Development Block Grant</u>              |                          |                          |                          |                          |                          |
| Reserve for Balanced Housing Grant                    |                          | 4,746,464                | 4,746,464                | 4,746,464                | 4,746,464                |
| Reserve for Demolition Liens                          |                          | 502,632                  | 502,632                  | 502,632                  | 502,632                  |
| Reserve for Community Development Block Grant         |                          | 5,452,165                | 6,817,680                | 7,065,315                | 9,487,866                |
| Reserve for Community Economic Development Trust      |                          | 305,344                  | 301,517                  | 291,646                  | 285,509                  |
| Reserve for Revolving Development Trust Fund          |                          | 746,474                  | 746,474                  | 746,474                  | 746,474                  |
| Reserve for Section 108 Guarantee Loan Program        |                          | 9,987,967                | 10,219,827               | 10,219,826               | 10,724,121               |
| Reserve for Section 108 Guarantee Loan Program Income |                          | 490,515                  | 452,589                  | 6,966                    | 3,273                    |
| Reserves - Other                                      |                          | 204,085                  | 204,085                  | 204,085                  | 204,085                  |
|                                                       | <u>-</u>                 | <u>22,435,646</u>        | <u>23,991,268</u>        | <u>23,783,408</u>        | <u>26,700,424</u>        |
| <u>Municipal Open Space</u>                           |                          |                          |                          |                          |                          |
| Reserve for Open Space                                | 11,863,517               | 11,720,800               | 11,011,061               | 9,255,969                | 8,897,089                |
|                                                       | <u>11,863,517</u>        | <u>11,720,800</u>        | <u>11,011,061</u>        | <u>9,255,969</u>         | <u>8,897,089</u>         |
|                                                       | <u>\$84,295,181</u>      | <u>\$143,086,442</u>     | <u>\$136,908,572</u>     | <u>\$143,040,819</u>     | <u>\$130,851,843</u>     |

See accompanying notes to financial statements.

CITY OF NEWARK  
GENERAL CAPITAL FUND - COMPARATIVE BALANCE SHEET - REGULATORY BASIS

|                                                          | Unaudited                | Audited                  |                          |                          |                          |
|----------------------------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
|                                                          | Balance<br>Dec. 31, 2025 | Balance<br>Dec. 31, 2024 | Balance<br>Dec. 31, 2023 | Balance<br>Dec. 31, 2022 | Balance<br>Dec. 31, 2021 |
| <b><u>ASSETS AND DEFERRED CHARGES</u></b>                |                          |                          |                          |                          |                          |
| Cash                                                     | \$ 45,453,431            | \$ 17,275,762            | \$ 32,961,665            | \$ 54,233,420            | \$ 58,583,403            |
| Cash Held by Trustee                                     | 110,000,000              | 110,000,000              | 110,000,000              | 110,000,000              |                          |
| Accounts Receivable                                      | 16,840,000               | 16,550,000               | 16,550,000               | 16,550,000               | 16,550,000               |
| Interfunds                                               | 8,000,000                | 6,136,655                | 7,800,000                |                          |                          |
| Deferred Charges to Future Taxation:                     |                          |                          |                          |                          |                          |
| Funded                                                   | 290,374,656              | 327,884,819              | 363,455,885              | 363,100,930              | 254,805,382              |
| Unfunded                                                 | 155,162,511              | 93,405,511               | 74,459,511               | 124,738,200              | 266,398,231              |
| Deferred Charge:                                         |                          |                          |                          |                          |                          |
| Newark Housing Authority - Guarantee                     | 62,555,000               | 64,905,000               | 47,145,000               | 49,280,000               | 51,315,000               |
| Due from ECIA                                            | 4,144,636                | 4,144,636                | 4,144,636                | 4,144,636                | 4,144,636                |
| Due from State and Federal Grants                        |                          |                          |                          | 7,800,000                | 16,300,000               |
| Unallocated                                              | 5,024,229                | 4,396,146                | 4,396,146                | 50,625                   |                          |
|                                                          | <u>\$697,554,463</u>     | <u>\$644,698,529</u>     | <u>\$660,912,843</u>     | <u>\$729,897,811</u>     | <u>\$668,096,652</u>     |
| <b><u>LIABILITIES, RESERVES AND FUND BALANCE</u></b>     |                          |                          |                          |                          |                          |
| General Serial Bonds                                     | \$265,928,929            | \$294,812,818            | \$322,183,884            | \$314,163,929            | \$228,210,382            |
| School Serial Bonds                                      | 23,947,000               | 32,447,000               | 40,522,000               | 48,062,000               | 25,595,000               |
| Bond Anticipation Notes                                  | 106,991,000              | 55,874,000               | 36,928,000               | 74,646,000               | 108,741,581              |
| Improvement Authorizations:                              |                          |                          |                          |                          |                          |
| Funded                                                   | 146,295,352              | 150,690,429              | 160,668,131              | 162,969,117              | 47,539,795               |
| Unfunded                                                 | 98,486,472               | 26,782,888               | 30,925,171               | 59,107,041               | 189,760,242              |
| Loans Payable                                            | 43,053,726               |                          |                          |                          |                          |
| Capital Improvement Fund                                 |                          | 774,044                  | 674,043                  | 574,044                  | 474,044                  |
| Guarantee - Newark Housing Authority                     |                          | 64,905,000               | 47,145,000               | 49,280,000               | 51,315,000               |
| Capital Leases Payable                                   | 3,710,000                | 3,710,000                | 3,710,000                | 3,710,000                | 3,710,000                |
| State Trust Loan Payable                                 |                          | 625,000                  | 750,000                  | 875,000                  | 1,000,000                |
| Interfunds                                               | 9,000,000                | 13,500,000               | 17,164,558               | 16,233,889               |                          |
| Due to Current Fund                                      |                          |                          |                          |                          | 10,837,318               |
| Fund Balance                                             | 141,984                  | 577,350                  | 242,056                  | 276,791                  | 913,290                  |
|                                                          | <u>\$697,554,463</u>     | <u>\$644,698,529</u>     | <u>\$660,912,843</u>     | <u>\$729,897,811</u>     | <u>\$668,096,652</u>     |
| <b><u>Bonds and Notes Authorized but Not Issued:</u></b> |                          |                          |                          |                          |                          |
| General                                                  | <u>\$ 48,171,511</u>     | <u>\$ 37,531,511</u>     | <u>\$ 37,531,511</u>     | <u>\$ 50,092,200</u>     | <u>\$157,656,650</u>     |

See accompanying notes to financial statements.

## CITY OF NEWARK

## WATER UTILITY FUND - COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

Sheet #1

|                                                          | Unaudited                | Audited                  |                          |                          |                          |
|----------------------------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
|                                                          | Balance<br>Dec. 31, 2025 | Balance<br>Dec. 31, 2024 | Balance<br>Dec. 31, 2023 | Balance<br>Dec. 31, 2022 | Balance<br>Dec. 31, 2021 |
| <b>ASSETS</b>                                            |                          |                          |                          |                          |                          |
| <u>Operating Section</u>                                 |                          |                          |                          |                          |                          |
| Cash                                                     | \$ 6,681,648             | \$ 18,044,167            | \$ 7,232,415             | \$ 5,198,620             | \$ 4,341,100             |
| Consumer Accounts Receivable                             | 27,287,192               | 4,578,310                | 24,385,826               | 30,760,457               | 26,927,824               |
| Sundry Accounts Receivable                               |                          |                          | 357,956                  |                          |                          |
| Water Liens Receivable                                   | 577,187                  | 975,963                  | 577,187                  | 577,187                  | 577,187                  |
| Inventory                                                | 607,958                  | 607,958                  | 607,958                  | 607,958                  | 607,958                  |
| Other Receivables                                        |                          |                          |                          | 86,000                   | 86,000                   |
| Interfunds Receivable                                    | 22,161,046               | 16,483,644               | 14,742,289               | 24,351,323               | 28,315,927               |
|                                                          | <u>57,315,030</u>        | <u>40,690,042</u>        | <u>47,903,630</u>        | <u>61,581,545</u>        | <u>60,855,996</u>        |
| <u>Capital Section</u>                                   |                          |                          |                          |                          |                          |
| Cash                                                     | 10,463,289               | 6,554,162                | 9,639,483                | 4,847,868                | 15,367,418               |
| Due from State of New Jersey - Waste<br>Water Trust Fund | 968,019                  | 989,218                  | 989,218                  | 989,218                  | 1,306,179                |
| Due from State of New Jersey                             |                          | 968,019                  | 968,019                  | 968,019                  | 968,019                  |
| Interfunds Receivable                                    |                          |                          |                          | 8,801,411                |                          |
| Fixed Capital                                            | 431,791,204              | 512,252,173              | 431,791,204              | 291,598,267              | 284,439,724              |
| Fixed Capital Authorized and<br>Uncompleted              | 252,048,383              | 172,003,383              | 213,103,383              | 324,753,383              | 318,808,383              |
|                                                          | <u>695,270,895</u>       | <u>692,766,955</u>       | <u>656,491,307</u>       | <u>631,958,166</u>       | <u>620,889,723</u>       |
|                                                          | <u>\$ 752,585,925</u>    | <u>\$ 733,456,997</u>    | <u>\$ 704,394,937</u>    | <u>\$ 693,539,711</u>    | <u>\$ 681,745,719</u>    |

## CITY OF NEWARK

## WATER UTILITY FUND - COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

Sheet #2

| LIABILITIES, RESERVES AND<br>FUND BALANCE           | Unaudited                | Audited                  |                          |                          |                          |
|-----------------------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
|                                                     | Balance<br>Dec. 31, 2025 | Balance<br>Dec. 31, 2024 | Balance<br>Dec. 31, 2023 | Balance<br>Dec. 31, 2022 | Balance<br>Dec. 31, 2021 |
| <u>Operating Section</u>                            |                          |                          |                          |                          |                          |
| Appropriation Reserves and Encumbrances             | \$ 6,709,546             | \$ 5,545,363             | \$ 6,713,278             | \$ 6,899,655             | \$ 8,460,214             |
| Accounts Payable                                    | 649,293                  | 917,719                  | 1,951,200                | 1,917,963                | 3,452,929                |
| Accrued Interest on Bonds and Notes                 | 517,539                  | 502,783                  | 517,538                  | 129,049                  | 129,049                  |
| Belleville Flood Control                            |                          | 994                      | 994                      | 994                      | 994                      |
| Reserve for Overpayments and Credits                | 362,515                  | 337,175                  | 98,159                   | 1,393,059                | 1,347,034                |
| Reserve for Water Easement                          | 150,994                  | 150,000                  | 150,000                  | 236,000                  | 236,000                  |
| Interfunds Payable                                  | 9,130,067                | 13,162,615               | 9,535,010                | 9,004,160                | 17,004,160               |
| Reserves for:                                       |                          |                          |                          |                          |                          |
| Consumer Accounts Receivable                        | 27,287,192               | 6,162,231                | 25,928,927               | 30,760,456               | 26,927,824               |
| Inventory                                           | 607,958                  |                          |                          | 607,958                  | 607,958                  |
| Water Liens                                         | 577,187                  |                          |                          | 577,187                  | 577,187                  |
| Fund Balance                                        | 11,322,741               | 13,911,162               | 3,008,524                | 10,055,064               | 2,112,647                |
|                                                     | <u>57,315,030</u>        | <u>40,690,042</u>        | <u>47,903,630</u>        | <u>61,581,545</u>        | <u>60,855,996</u>        |
| <u>Capital Section</u>                              |                          |                          |                          |                          |                          |
| State Water Loan Payable                            | 91,440,946               | 100,759,947              | 99,967,441               | 94,844,379               | 129,595,486              |
| Serial Bonds                                        | 68,610,000               | 70,590,000               | 72,495,000               | 74,325,000               | 6,620,000                |
| Improvement Authorizations:                         |                          |                          |                          |                          |                          |
| Funded                                              | 4,555,581                | 4,626,476                | 6,413,621                | 6,727,604                | 11,978,258               |
| Unfunded                                            | 77,241,820               | 80,164,471               | 52,955,267               | 43,009,404               | 64,234,011               |
| Interfunds Payable                                  | 19,742,289               | 13,703,964               | 13,742,289               | 13,709,401               | 17,700,002               |
| Capital Improvement Fund                            | 2                        | 2                        | 2                        | 2                        | 2                        |
| Reserve for Deferred Amortization                   | 34,058,635               | 19,188,663               | 34,058,635               | 84,682,855               | 14,174,399               |
| Reserve for Amortization                            | 378,999,545              | 388,031,487              | 361,157,107              | 298,957,576              | 291,420,620              |
| Reserve for Due from State of New Jersey            | 5,926,475                | 968,019                  | 968,019                  | 968,019                  | 968,019                  |
| Reserve for Amortization - Revaluation of Watershed | 5,780,431                | 5,780,431                | 5,780,431                | 5,780,431                | 5,780,431                |
| ECIA Payable                                        |                          |                          |                          |                          | 69,465,000               |
| Fund Balance                                        | 8,915,171                | 8,953,495                | 8,953,495                | 8,953,495                | 8,953,495                |
|                                                     | <u>695,270,895</u>       | <u>692,766,955</u>       | <u>656,491,307</u>       | <u>631,958,166</u>       | <u>620,889,723</u>       |
|                                                     | <u>\$ 752,585,925</u>    | <u>\$ 733,456,997</u>    | <u>\$ 704,394,937</u>    | <u>\$ 693,539,711</u>    | <u>\$ 681,745,719</u>    |
| <br>Bonds and Notes Authorized But Not Issued       | <br><u>\$ 79,712,806</u> | <br><u>\$ 99,905,029</u> | <br><u>\$ 71,435,973</u> | <br><u>\$ 57,761,409</u> | <br><u>\$ 86,192,171</u> |

See accompanying notes to financial statements.

## CITY OF NEWARK

WATER UTILITY OPERATING FUND - COMPARATIVE STATEMENT  
OF OPERATIONS AND CHANGES IN FUND BALANCE - REGULATORY BASIS

|                                 | Unaudited            | Audited              |                     |                      |                     |
|---------------------------------|----------------------|----------------------|---------------------|----------------------|---------------------|
|                                 | Balance              | Balance              | Balance             | Balance              | Balance             |
|                                 | Dec. 31, 2025        | Dec. 31, 2024        | Dec. 31, 2023       | Dec. 31, 2022        | Dec. 31, 2021       |
| <b>Revenue and Other Income</b> |                      |                      |                     |                      |                     |
| Surplus Anticipated             | \$                   | \$ 2,120,607         | \$ 4,009,500        | \$ 2,112,647         | \$                  |
| Water Rents                     | 71,523,613           | 71,210,002           | 56,650,670          | 56,786,648           | 48,916,912          |
| Port Authority                  | 5,000,000            | 5,000,000            | 5,000,000           | 5,000,000            | 5,000,000           |
| Public and Private Funds        | 630,000              |                      | 286,400             |                      |                     |
| Other Credits to Income:        |                      |                      |                     |                      |                     |
| Appropriation Reserves Lapsed   | 1,509,475            | 1,214,688            | 802,365             | 3,031,206            | 1,567,257           |
| Accounts Payable Cancelled      |                      | 1,002,719            | 35,000              | 1,361,914            | 4,197,546           |
| Nonbudgeted Revenue             | 4,370,763            | 473,499              | 1,606,617           | 1,391,406            | 86,321              |
|                                 | <u>83,033,851</u>    | <u>81,021,515</u>    | <u>68,390,552</u>   | <u>69,683,821</u>    | <u>59,768,036</u>   |
| <b>Expenditures</b>             |                      |                      |                     |                      |                     |
| Operating                       | 50,998,682           | 49,321,475           | 47,495,156          | 44,388,618           | 42,196,612          |
| Debt Service                    | 12,153,062           | 11,213,721           | 11,374,878          | 8,571,479            | 8,799,078           |
| Deferred Changes and Statutory  |                      |                      |                     |                      |                     |
| Expenditures                    | 1,620,000            | 1,582,728            | 1,708,430           | 1,499,709            | 1,499,709           |
| Capital Improvements            | 7,270,000            | 5,848,325            | 5,849,128           | 4,985,274            | 7,256,274           |
|                                 | <u>72,041,744</u>    | <u>67,966,249</u>    | <u>66,427,592</u>   | <u>59,445,080</u>    | <u>59,751,673</u>   |
| Prior Year Revenue Refunded     |                      | 32,021               |                     | 183,677              |                     |
|                                 | <u>72,041,744</u>    | <u>67,998,270</u>    | <u>66,427,592</u>   | <u>59,628,757</u>    | <u>59,751,673</u>   |
| Excess in Revenue               | <u>10,992,107</u>    | <u>13,023,245</u>    | <u>1,962,960</u>    | <u>10,055,064</u>    | <u>16,363</u>       |
| <b>Fund Balance</b>             |                      |                      |                     |                      |                     |
| Balance January 1               | 13,911,162           | 3,008,524            | 10,055,064          | 2,112,647            | 3,296,284           |
| Adjustment to Balance           | 419,471              |                      |                     |                      |                     |
|                                 | <u>25,322,741</u>    | <u>16,031,769</u>    | <u>12,018,024</u>   | <u>12,167,711</u>    | <u>3,312,647</u>    |
| Decreased by:                   |                      |                      |                     |                      |                     |
| Utilized as Anticipated Revenue |                      | 2,120,607            | 4,009,500           | 2,112,647            |                     |
| Transfer to Current Fund as     |                      |                      |                     |                      |                     |
| Anticipated Revenue             | 14,000,000           |                      | 5,000,000           |                      | 1,200,000           |
|                                 | <u>14,000,000</u>    | <u>2,120,607</u>     | <u>9,009,500</u>    | <u>2,112,647</u>     | <u>1,200,000</u>    |
| Fund Balance December 31        | <u>\$ 11,322,741</u> | <u>\$ 13,911,162</u> | <u>\$ 3,008,524</u> | <u>\$ 10,055,064</u> | <u>\$ 2,112,647</u> |

See accompanying notes to financial statements.

## CITY OF NEWARK

## SEWER UTILITY FUND - COMPARATIVE BALANCE SHEET - REGULATORY BASIS

|                                                               | Unaudited                | Audited                  |                          |                          |                          |
|---------------------------------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
|                                                               | Balance<br>Dec. 31, 2025 | Balance<br>Dec. 31, 2024 | Balance<br>Dec. 31, 2023 | Balance<br>Dec. 31, 2022 | Balance<br>Dec. 31, 2021 |
| <b>ASSETS</b>                                                 |                          |                          |                          |                          |                          |
| <u>Operating Section</u>                                      |                          |                          |                          |                          |                          |
| Cash                                                          | \$ 9,390,812             | \$ 12,793,474            | \$ 9,261,556             | \$ 15,447,586            | \$ 6,284,893             |
| Consumer Accounts Receivable                                  | 41,337,470               | 6,474,856                | 35,849,789               | 35,553,328               | 32,998,102               |
| Sewer Liens Receivable                                        | 2,039,625                | 1,380,252                | 2,039,625                | 2,039,625                | 2,039,625                |
| Interfunds Receivable                                         | 9,125,610                | 13,158,455               | 9,530,850                | 9,000,000                | 3,150,000                |
|                                                               | <u>61,893,517</u>        | <u>33,807,037</u>        | <u>56,681,820</u>        | <u>62,040,539</u>        | <u>44,472,620</u>        |
| <u>Capital Section</u>                                        |                          |                          |                          |                          |                          |
| Cash                                                          | 781,913                  | 1,003,289                | 506,347                  | 10,896,135               | 4,760,659                |
| Interfunds Receivable                                         | 4,200,000                | 4,200,000                | 4,200,000                | 3,000,000                |                          |
| Fixed Capital                                                 | 15,707,824               | 18,305,344               | 15,707,824               | 12,455,708               | 11,586,754               |
| Fixed Capital Authorized and Uncompleted                      | 234,160,376              | 227,310,276              | 227,310,276              | 221,620,276              | 221,620,276              |
| State Grant Receivable                                        | 1,164,960                | 1,164,960                | 1,164,960                | 1,164,960                | 1,164,960                |
| Waste Water Treatment Funds - Due from<br>State of New Jersey | 5,092,375                | 3,122,923                | 3,122,922                | 3,122,922                | 3,108,518                |
|                                                               | <u>261,107,448</u>       | <u>255,106,792</u>       | <u>252,012,329</u>       | <u>252,260,001</u>       | <u>242,241,167</u>       |
|                                                               | <u>\$323,000,965</u>     | <u>\$288,913,829</u>     | <u>\$308,694,149</u>     | <u>\$314,300,540</u>     | <u>\$286,713,787</u>     |
| <b>LIABILITIES, RESERVES AND FUND BALANCE</b>                 |                          |                          |                          |                          |                          |
| <u>Operating Section</u>                                      |                          |                          |                          |                          |                          |
| Appropriation Reserves                                        | \$ 457,106               | \$ 103,668               | \$ 627,231               | \$ 724,637               | \$ 202,495               |
| Appropriation Reserves - Encumbered                           | 5,376,425                | 2,041,689                | 1,402,336                | 1,112,392                | 597,972                  |
| Interfunds Payable                                            | 4,200,000                | 4,200,000                | 4,200,000                | 12,641,922               | 6,132,354                |
| Commitments Payable                                           | 412,069                  | 389,024                  | 1,142,860                | 711,880                  | 1,057,053                |
| Sewer Overpayments                                            | 195,758                  | 395,814                  | 115,229                  | 46,318                   | 88,592                   |
| Reserve for:                                                  |                          |                          |                          |                          |                          |
| Consumers' Accounts Receivable                                | 41,337,470               | 6,474,856                | 35,849,789               | 35,553,329               | 32,998,102               |
| Sewer Liens Receivable                                        | 2,039,625                | 1,380,252                | 2,039,625                | 2,039,625                | 2,039,625                |
| Fund Balance                                                  | 7,875,064                | 18,821,734               | 11,304,750               | 9,210,436                | 1,356,427                |
|                                                               | <u>61,893,517</u>        | <u>33,807,037</u>        | <u>56,681,820</u>        | <u>62,040,539</u>        | <u>44,472,620</u>        |
| <u>Capital Section</u>                                        |                          |                          |                          |                          |                          |
| Waste Water Treatment Trust Loan Payable                      |                          | 18,331,944               | 14,794,490               | 16,414,195               | 11,433,854               |
| Waste Water Treatment Fund Loan Payable                       | 54,364,868               | 34,227,551               | 41,053,074               | 31,889,596               | 33,850,370               |
| Improvement Authorizations:                                   |                          |                          |                          |                          |                          |
| Funded                                                        | 8,881,610                | 8,881,610                | 8,881,610                | 8,934,106                | 8,988,307                |
| Unfunded                                                      | 56,023,556               | 50,932,039               | 58,090,169               | 66,043,388               | 70,488,632               |
| Interfunds Payable                                            | 5,000,000                | 5,000,000                | 5,000,000                | 13,801,411               | 11,672,302               |
| Deferred Reserve for Amortization                             | 134,586,723              | 137,020,064              | 123,479,402              | 114,463,721              | 105,094,118              |
| Construction Loan Advances                                    | 1,537,107                |                          |                          |                          |                          |
| Reserve for Sewer Construction Grant                          | 713,584                  | 713,584                  | 713,584                  | 713,584                  | 713,584                  |
|                                                               | <u>261,107,448</u>       | <u>255,106,792</u>       | <u>252,012,329</u>       | <u>252,260,001</u>       | <u>242,241,167</u>       |
|                                                               | <u>\$323,000,965</u>     | <u>\$288,913,829</u>     | <u>\$308,694,149</u>     | <u>\$314,300,540</u>     | <u>\$286,713,787</u>     |
| Bonds and Notes Authorized but Not Issued                     | <u>\$ 70,541,133</u>     | <u>\$ 56,036,061</u>     | <u>\$ 63,691,133</u>     | <u>\$ 71,308,471</u>     | <u>\$ 82,828,687</u>     |

See accompanying notes to financial statements.

## CITY OF NEWARK

SEWER UTILITY OPERATING FUND - COMPARATIVE STATEMENT OF OPERATIONS  
AND CHANGES IN FUND BALANCE - REGULATORY BASIS

|                                                       | Unaudited           | Audited              |                      |                     |                     |
|-------------------------------------------------------|---------------------|----------------------|----------------------|---------------------|---------------------|
|                                                       | Balance             | Balance              | Balance              | Balance             | Balance             |
|                                                       | Dec. 31, 2025       | Dec. 31, 2024        | Dec. 31, 2023        | Dec. 31, 2022       | Dec. 31, 2021       |
| <u>Revenue and Other Income</u>                       |                     |                      |                      |                     |                     |
| Surplus                                               |                     | \$ 616,674           | \$                   | \$ 1,356,428        | \$                  |
| Sewer Rents                                           | 86,666,447          | 82,219,125           | 71,314,706           | 66,535,091          | 54,947,858          |
| East Orange-Passaic Valley<br>Sewer Commission        |                     |                      | 1,703,129            | 3,828,175           | 3,073,289           |
| Nonbudget Revenue                                     | 2,484,936           | 5,862,178            | 615,637              | 431,007             | 608,505             |
| Appropriation Reserves Lapsed                         | 303,423             | 356,896              | 426,132              | 6,245               | 1,121,471           |
| Commitments Payable Cancelled                         | 2,457               | 838,684              |                      | 490,814             | 1,238,650           |
|                                                       | <u>89,457,264</u>   | <u>89,893,557</u>    | <u>74,059,604</u>    | <u>72,647,760</u>   | <u>60,989,773</u>   |
| <u>Expenditures</u>                                   |                     |                      |                      |                     |                     |
| Operating                                             | 66,723,188          | 61,940,881           | 55,908,618           | 55,202,582          | 54,268,348          |
| Capital Outlay                                        | 7,420,000           | 2,920,000            | 2,920,000            | 1,260,000           | 389,372             |
| Debt Service                                          | 6,971,578           | 6,465,224            | 6,575,757            | 6,385,626           | 5,860,480           |
| Deferred Charges and Statutory<br>Expenditures        | 489,167             | 433,794              | 560,915              | 589,116             | 402,505             |
|                                                       | <u>81,603,933</u>   | <u>71,759,899</u>    | <u>65,965,290</u>    | <u>63,437,324</u>   | <u>60,920,705</u>   |
| Excess in Operations                                  | 7,853,331           | 18,133,658           | 8,094,314            | 9,210,436           | 69,068              |
| <u>Fund Balance</u>                                   |                     |                      |                      |                     |                     |
| Balance January 1                                     | 18,821,734          | 11,304,750           | 9,210,436            | 1,356,428           | 5,787,359           |
|                                                       | <u>26,675,065</u>   | <u>29,438,408</u>    | <u>17,304,750</u>    | <u>10,566,864</u>   | <u>5,856,427</u>    |
| Adjustment to Balance                                 | <u>(1)</u>          |                      |                      |                     |                     |
| Decreased by:                                         |                     |                      |                      |                     |                     |
| Utilized as Anticipated Revenue                       |                     | 616,674              |                      | 1,356,428           |                     |
| Transferred to Current Fund as<br>Anticipated Revenue | 18,800,000          | 10,000,000           | 6,000,000            |                     | 4,500,000           |
|                                                       | <u>18,800,000</u>   | <u>10,616,674</u>    | <u>6,000,000</u>     | <u>1,356,428</u>    | <u>4,500,000</u>    |
| Balance December 31                                   | <u>\$ 7,875,064</u> | <u>\$ 18,821,734</u> | <u>\$ 11,304,750</u> | <u>\$ 9,210,436</u> | <u>\$ 1,356,427</u> |

See accompanying notes to financial statements.

## **NOTES TO FINANCIAL STATEMENTS**



## CITY OF NEWARK

### NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2024

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### A. Reporting Entity

The City of Newark is organized as a Mayor-Council form of government pursuant to the Optional Municipal Charter Law Plan C under the provisions of N.J.S. 40:69A-1 et seq., commonly known as the Faulkner Act. Under this system, the Mayor functions as the chief executive and the nine member Municipal Council functions as the legislative body. The Mayor and Council are elected at the regular municipal election for a term of four years. One council member is elected from each of the City's five wards and four council members are elected at large.

Governmental Accounting Standards Board (GASB) Statement 14 establishes certain standards for defining and reporting on the financial reporting entity. In accordance with these standards, the reporting entity should include the primary government and those component units which are fiscally accountable to the primary government. The financial statements of the City of Newark include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the City, as required by the provisions of N.J.S. 40A:5-5. The financial statements, however, do not include the operations of the Newark Board of Education, Library, Museum, Technical Schools, Newark Housing Authority and Newark Parking Authority, which are separate entities subject to separate examinations.

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

###### Description of Funds

The Governmental Accounting Standards Board (GASB) is the recognized standard setting body for establishing governmental accounting and financial reporting principles. The GASB establishes three fund types and two account groups to be used by governmental units when reporting financial position and results of operations in accordance with generally accepted accounting principles (GAAP).

The accounting policies of the City of Newark conform to the accounting principles applicable to municipalities which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. These principles are a "Modified Accrual Basis of Accounting" which differs from accounting principles generally accepted in the United States of America (GAAP) for governmental entities. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the City of Newark accounts for its financial transactions through the following separate funds which differ from the fund structure required by generally accepted accounting principles.

Current Fund - Encompasses resources and expenditures for basic governmental operations. Fiscal activity of Federal and State grant programs are reflected in a segregated section of the Current Fund.

Trust Funds - The records of receipts, disbursements and custodianship of monies in accordance with the purpose for which each account was created are maintained in Trust Funds. These include the Assessment Trust Fund, Animal Control Trust Fund, Other Trust Funds, Insurance Trust Fund, Grant Fund and Payroll Agency Trust Fund.

General Capital Fund - The receipts and expenditure records for the acquisition of general infrastructure and other capital facilities, other than those acquired in the Current Fund, are maintained in this Fund, as well as, related long-term debt accounts.

## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

#### **Description of Funds (Continued)**

Utilities Funds - Water and Sewer Utilities are treated as separate entities. Each maintains its own Operating and Capital Funds which reflect revenue, expenditures, stewardship, acquisitions of utility infrastructure and other capital facilities, debt service, long-term debt and other related activity.

Capital Fixed Assets - These accounts reflect estimated valuations of land, buildings and certain movable fixed assets of the City as discussed under the caption of "Basis of Accounting".

#### **Basis of Accounting**

The accounting principles and practices prescribed for municipalities by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, differ in certain respects from generally accepted accounting principles. The accounting system is maintained on the modified accrual basis with certain exceptions. Significant accounting policies in New Jersey are summarized as follows:

#### **Property Taxes and Other Revenue**

Property taxes and other revenue are realized when collected in cash or approved by regulation for accrual from certain sources of the State of New Jersey and the Federal Government. Accruals of taxes and other revenue are otherwise deferred as to realization by the establishment of offsetting reserve accounts. GAAP requires such revenue to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

#### **Grant Revenue**

Federal and State grants, entitlements or shared revenue received for purposes normally financed through the Current Fund are recognized when anticipated in the City of Newark budget. GAAP requires such revenue to be recognized in the accounting period when they become susceptible to accrual.

#### **Expenditures**

Expenditures for general and utility operations are generally recorded on the accrual basis. Unexpended appropriation balances, except for amounts which may have been cancelled by the governing body or by statutory regulation, are automatically recorded as liabilities at December 31<sup>st</sup> of each year, under the title of "Appropriation Reserves". Amounts unexpended at the end of the second year are lapsed and are recorded as income.

Grant appropriations are charged upon budget adoption to create separate spending reserves.

Budgeted transfers to the Capital Improvement Fund are recorded as expenditures to the extent permitted by law.

Expenditures from Trust and Capital Funds are recorded upon occurrence and charged to accounts statutorily established for specific purposes.

Budget Appropriations for interest on General Capital Long-Term Debt is raised on the cash basis and is not accrued on the records; interest on Utility Debt is raised on the accrual basis and so recorded.

GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which should be recognized when due.

## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

#### **Basis of Accounting (Continued)**

##### **Encumbrances**

As of January 1, 1986 all local units were required by Technical Accounting Directive No. 85-1, as promulgated by the Division of Local Government Services, to maintain an encumbrance accounting system. The directive states that contractual orders outstanding at December 31st are reported as expenditures through the establishment of an encumbrance payable. Encumbrances do not constitute expenditures under GAAP.

##### **Appropriation Reserves**

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

##### **Compensated Absences**

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

##### **Property Acquired for Taxes**

Property Acquired for Taxes (Foreclosed Property) should be recorded in the Current Fund at the assessed valuation during the year when such property was acquired by deed or foreclosure and is offset by a corresponding reserve account. GAAP requires such property to be recorded in the capital fixed assets at market value on the date of acquisition.

##### **Self-Insurance Contributions**

Contributions to self-insurance funds are charged to budget appropriations. GAAP requires that payments be accounted for as an operating transfer and not as an expenditure.

##### **Interfunds Receivable**

Interfunds Receivable in the Current Fund are generally recorded with offsetting reserves which are established by charges to operations. Collections are recognized as income in the year that the receivables are realized. Interfunds Receivable of all other funds are recorded as accrued and are not offset with reserve accounts. Interfunds Receivable of one fund are offset with Interfunds Payable of the corresponding fund. GAAP does not require the establishment of an offsetting reserve.

##### **Inventories of Supplies**

Materials and supplies purchased by all funds are recorded as expenditures.

An annual inventory of materials and supplies for the Water and Sewer Utility Funds are required, by regulation, to be prepared by City personnel for inclusion on the Water and Sewer Operating Fund balance sheets. Annual changes in valuations, offset with a Reserve Account, are not considered as affecting results of operations. Materials and supplies of other funds are not inventoried nor included on their respective balance sheets.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**Basis of Accounting (Continued)**

**Capital Fixed Assets**

**General:**

In accordance with Technical Accounting Directive No. 85-2, Accounting for Governmental Capital Fixed Assets, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles, the City of Newark has developed a capital fixed asset accounting and reporting system.

GAAP requires that capital fixed assets be capitalized at historical or estimated historical cost if actual historical cost is not available. Depreciation on utility capital fixed assets should also be recorded.

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

Acquisitions of land, buildings, machinery, equipment and other capital assets are recorded on a perpetual fixed asset record.

Vehicles, furniture, equipment and other items are reflected at replacement values at time of inventory preparation. Additions to the established capital fixed assets are valued at cost.

Depreciation of assets is not recorded as an operating expense of the City.

**Utilities:**

Capital acquisitions, including utility infrastructure costs of the Water and Sewer Utility Funds, are recorded at cost upon purchase or project completion in the Fixed Capital Account of the utilities. The Fixed Capital Accounts are adjusted for dispositions or abandonments. The accounts include movable fixed assets of the Utilities but are not specifically identified and are considered as duplicated in the Capital Fixed Assets. The duplication is considered as insignificant on its effect on the financial statements taken as a whole.

Utility improvements that may have been constructed by developers are not recorded as additions to Fixed Capital.

Fixed Capital of the Utility is offset by accumulations in Amortization Reserve Accounts. The accumulations represent costs of fixed assets purchased with budgeted funds or acquired by gift as well as grants, developer contributions or liquidations of related bonded debt and other liabilities incurred upon capital fixed asset acquisition.

The Fixed Capital Accounts reflected herein are as recorded in the records of the municipality and do not necessarily reflect the true condition of such Fixed Capital. The records consist of a control account only. Detailed records are not maintained.

**C. Basic Financial Statements**

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

## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **D. Recent Accounting Pronouncements Not Yet Effective**

The City is currently reviewing the following for applicability and potential impact on the financial statements:

- *GASB Statement No. 102, Certain Risk Disclosures.* The objective of this Statement is to provide users of government financial statements with essential information about risk related to a government's vulnerability due to certain concentrations or constraints.

Effective Date: The requirements of this Statement are effective for fiscal year beginning after June 15, 2024, and all reporting periods thereafter. Earlier application is encouraged.

The City does not expect this Statement to impact its financial statements.

- *GASB Statement No. 103, Financial Reporting Model Improvements.* The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability.

Effective Date: The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged.

The City does not expect this Statement to impact its financial statements.

- *GASB Statement No. 104, Disclosure of Certain Capital Assets.* This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. This Statement also requires additional disclosures for capital assets held for sale.

Effective Date: The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged.

The City does not expect this Statement to impact its financial statements.

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

### **A. Cash and Cash Equivalents**

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey, which are insured by the Federal Deposit Insurance Corporation (FDIC) or any other agencies of the United States that insures deposits or the State of New Jersey Cash Management Fund.

The State of New Jersey Cash Management Fund is authorized by statute and regulations of the State Investment Council to invest in fixed income and debt securities which mature or are redeemed within one year. Twenty-five percent of the Fund may be invested in eligible securities which mature within two years provided, however, the average maturity of all investments in the Fund shall not exceed one year. Collateralization of Fund investments is generally not required.

In addition, by regulation of the Division of Local Government Services, municipalities are allowed to deposit funds in the Municipal Bond Insurance Association (MBIA) through their investment management company, the Municipal Investors Service Corporation.

In accordance with the provisions of the Governmental Unit Deposit Protection Act of New Jersey, public depositories are required to maintain collateral for deposits of public funds that exceed insurance limits as follows:

The market value of the collateral must equal five percent of the average daily balance of public funds, or

## 2. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

### A. Cash and Cash Equivalents (Continued)

If the public funds deposited exceed 75 percent of the capital funds of the depository, the depository must provide collateral having a market value equal to 100 percent of the amount exceeding 75 percent.

All collateral must be deposited with the Federal Reserve Bank, The Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.00.

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

Cash equivalents include money market funds, mutual funds, cash management funds and certificates of deposit with maturity dates of less than three months. Investments include certificates of deposit with maturity dates of more than three months. Cash equivalents and investments are stated at cost, which approximates market. Cash equivalents and investments were held by the City's trustee in the City's name.

*Custodial Credit Risk* - This is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the City will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The City does not have a policy for custodial credit risk. Federal depository insurance and New Jersey's Governmental Unit Deposit Protection Act mitigate this risk.

*Interest Rate Risk* - This is the risk that changes in market interest rates that will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to change in market interest rates. The City's investment policy does not include limits on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

*Concentrations* - The City's policy is to maintain a diversified portfolio to minimize the risk of loss resulting from over concentration of assets.

As of December 31, 2024 and 2023, the City's cash, cash equivalents and investments consisted of:

|                                                          | <u>2024</u>             | <u>2023</u>             |
|----------------------------------------------------------|-------------------------|-------------------------|
| Checking/Saving Accounts                                 | \$274,900,482.04        | \$334,713,016.27        |
| Cash Held by State of New Jersey -<br>Qualified Bond Act |                         |                         |
| Cash Held by Trustee                                     | <u>110,000,000.00</u>   | <u>110,000,000.00</u>   |
| Total Cash and Cash Equivalents                          | <u>\$384,900,482.04</u> | <u>\$444,713,016.27</u> |

*Custodial Credit Risk - Deposits* - Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned. The City does not have a specific deposit policy for custodial risk other than those policies that adhere to the requirements of statute, which requires cash be deposited only in New Jersey based bank institutions that participate in the New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. Under the act, all demand deposits are covered by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the City in excess of FDIC insured amounts are protected by GUDPA. As of December 31, 2024, of the cash balance in the bank, \$2,250,305.99 was covered by Federal Depository Insurance, \$272,650,176.05 was covered under the provisions of NJGUDPA and \$110,000,000.00 is held by a Trustee

As of December 31, 2024, the City had funds on deposit in checking accounts and money market accounts. These funds constitute "deposits with financial institutions" as defined by GASB Statement No. 40. There were no securities categorized as investments as defined by GASB Statement No. 40.

During the year the City had none of its idle funds invested in repurchase agreements collateralized by eligible securities. At the close of 2024 and 2023, no such investments were held by the City.

## **2. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)**

### **B. Investments**

New Jersey statutes permit the City to purchase the following types of securities:

- . Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America. This includes instruments such as Treasury bills, notes and bonds.
- . Government money market mutual funds.
- . Any federal agency or instrumentality obligation authorized by Congress that matures within 397 days from the date of purchase, and has a fixed rate of interest not dependent on any index or external factors.
- . Bonds or other obligations of the local unit or school districts of which the local unit is a part.
- . Any other obligations with maturities not exceeding 397 days, as permitted by the Division of Investments.
- . Local government investment pools, such as New Jersey CLASS, and the New Jersey Arbitrage Rebate Management Program.
- . New Jersey State Cash Management Fund.
- . Repurchase agreements of fully collateralized securities subject to special conditions.

In addition, a variety of State laws permit local governments to invest in a wide range of obligations issued by State Governments and its agencies.

## **3. TAXES AND TAX TITLE LIENS RECEIVABLE**

Property assessments are determined on true values and taxes are assessed based upon these values. The residential tax bill includes the levies for the City, County and School purposes. Certified adopted budgets are submitted to the County Board of Taxation by each taxing district. The tax rate is determined by the board upon the filing of these budgets.

The tax bills are mailed by the Tax Collector annually and are payable in four quarterly installments due the first of August and November of the current year and a preliminary billing due the first of February and May of the subsequent year. The August and November billings represent the third and fourth quarter installments and are calculated by taking the total year tax levy less the preliminary first and second quarter installments due February and May. The preliminary levy is based on one-half of the current year's total tax.

The Tax Collector's balances include items which were not in the tax sale. The report includes taxes billed for added, omitted and added/omitted items in bankruptcy, installment agreements, appeals and other items which were not subject to be included in the tax sale.

Tax installments not paid by the above due dates are subject to interest penalties determined by a resolution of the governing body. The rate of interest in accordance with the aforementioned resolution is 8% per annum on the first \$1,500 of delinquency and 18% on any delinquency in excess of \$1,500. The resolution also sets a grace period of ten days before interest is calculated. In addition, any delinquency in excess of \$10,000 at the end of the calendar year is subject to a 6% penalty on the unpaid balance.

Taxes unpaid on the 11<sup>th</sup> day of the eleventh month in the fiscal year when the taxes became in arrears are subject to the tax sale provisions of the New Jersey statutes. The municipality may institute in rem foreclosure proceedings after six months from the date of the sale if the lien has not been redeemed.

### 3. TAXES AND TAX TITLE LIENS RECEIVABLE

The following is a five year comparison of certain statistical information relative to property taxes and property tax collections for the current and previous four years:

#### Comparative Tax Rate Information

| <u>Year</u> | <u>Assessed<br/>Valuation</u> | <u>Tax<br/>Rate</u> | <u>Apportionment of Tax Rate</u> |                |                           |                |
|-------------|-------------------------------|---------------------|----------------------------------|----------------|---------------------------|----------------|
|             |                               |                     | <u>Municipal*</u>                | <u>County*</u> | <u>Local<br/>School**</u> | <u>Library</u> |
| 2024        | \$12,796,266,100.00           | \$3.803             | \$2.076                          | \$0.527        | \$1.141                   | \$0.059        |
| 2023        | 12,716,672,300.00             | 3.728               | 2.004                            | 0.528          | 1.156                     | 0.040          |
| 2022        | 12,501,962,392.00             | 3.736               | 1.989                            | 0.554          | 1.154                     | 0.039          |
| 2021        | 12,402,617,825.00             | 3.734               | 1.969                            | 0.564          | 1.162                     | 0.039          |
| 2020        | 12,347,290,880.00             | 3.800               | 2.004                            | 0.589          | 1.168                     | 0.039          |

\*Includes Open Space.

\*\*Includes Type I Debt.

#### Comparison of Tax Levies

| <u>Year</u> | <u>Tax Levy</u>     | <u>Cash<br/>Collections</u> | <u>Percentage<br/>of<br/>Collections</u> |
|-------------|---------------------|-----------------------------|------------------------------------------|
| 2024        | \$ 502,883,667.32 * | \$ 474,474,933.13           | 95.77 %                                  |
| 2023        | 490,268,719.26      | 464,277,697.55              | 94.69                                    |
| 2022        | 477,555,047.00      | 441,655,732.80              | 92.48                                    |
| 2021        | 473,432,780.89      | 443,602,675.63              | 94.04                                    |
| 2020        | 477,744,424.82 *    | 450,754,047.71              | 94.35                                    |

\*Adjusted for reductions due to tax appeals in accordance with R.S. 54:3-21.

#### Delinquent Taxes and Tax Title Liens

| <u>Year</u> | <u>Tax Title<br/>Liens</u> | <u>Amount of<br/>Delinquent<br/>Taxes</u> | <u>Total<br/>Delinquent<br/>Taxes</u> | <u>Percentage<br/>of<br/>Tax Levy</u> |
|-------------|----------------------------|-------------------------------------------|---------------------------------------|---------------------------------------|
| 2024        | \$ 28,038,493.02           | \$ 29,810,962.15                          | \$ 57,849,455.17                      | 11.68 %                               |
| 2023        | 28,040,158.33              | 36,643,774.63                             | 64,683,932.96                         | 13.19                                 |
| 2022        | 28,971,421.35              | 36,174,357.85                             | 65,145,779.20                         | 13.64                                 |
| 2021        | 30,360,197.89              | 33,981,249.67                             | 64,341,447.56                         | 13.40                                 |
| 2020        | 31,475,754.39              | 29,182,477.32                             | 60,658,231.71                         | 12.70                                 |



#### 4. PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

The value of property acquired by purchase, gift, deed and liquidation of tax title liens, on the basis of the last assessed valuation of such properties in the year of acquisition, was as follows:

| <u>Year</u> | <u>Amount</u>     |
|-------------|-------------------|
| 2024        | \$ 135,511,248.69 |
| 2023        | 135,511,248.69    |
| 2022        | 135,946,265.24    |
| 2021        | 135,946,265.24    |
| 2020        | 135,946,265.24    |

#### 5. WATER RENTS ACCOUNTS RECEIVABLE

The City of Newark maintains a Utility Fund for the billing and collection of water rents. A comparison of water rent billings and collections for the past five years are as follows:

| <u>Year</u> | <u>Billings</u> | <u>Collections</u> |
|-------------|-----------------|--------------------|
| 2024        | \$71,415,633.75 | \$68,807,459.71    |
| 2023        | 49,934,664.10   | 56,309,295.26      |
| 2022        | 60,631,932.23   | 56,786,648.01      |
| 2021        | 57,099,292.80   | 48,916,911.99      |
| 2020        | 55,129,942.31   | 54,190,910.10      |

The sums of billings and collections include interest penalties. Realization of prior year unpaid balances are also included in the collections above.

#### 6. SEWER CHARGES ACCOUNTS RECEIVABLE

The City of Newark maintains a Utility Fund for the billing and collection of sewer rents. A comparison of sewer rent billings and collections for the past five years are as follows:

| <u>Year</u> | <u>Billings</u> | <u>Collections</u> |
|-------------|-----------------|--------------------|
| 2024        | \$78,364,113.59 | \$82,219,124.53    |
| 2023        | 71,611,166.04   | 71,314,705.86      |
| 2022        | 69,109,445.04   | 66,535,091.12      |
| 2021        | 66,805,311.59   | 54,947,858.44      |
| 2020        | 63,777,588.90   | 60,218,368.07      |

The sums of billings and collections include interest penalties. Realization of prior year unpaid balances are also included in the collections above.

## 7. FUND BALANCE APPROPRIATED

|                               | <u>Year</u> | <u>Balance<br/>December 31</u> | <u>Utilized in<br/>Budget of<br/>Succeeding<br/>Year</u> | <u>Anticipated<br/>as Current<br/>Fund<br/>Revenue</u> |
|-------------------------------|-------------|--------------------------------|----------------------------------------------------------|--------------------------------------------------------|
| Current Fund:                 | 2024        | \$ 16,966,127.09               | \$ 23,850,000.00                                         | \$ -                                                   |
|                               | 2023        | 50,890,330.57                  | 43,000,000.00                                            | -                                                      |
|                               | 2022        | 76,924,271.72                  | 60,000,000.00                                            | -                                                      |
|                               | 2021        | 53,223,132.41                  | 25,000,000.00                                            | -                                                      |
|                               | 2020        | 37,296,982.41                  | 11,700,000.00                                            | -                                                      |
| Water Utility Operating Fund: | 2024        | 13,911,162.74                  |                                                          | 13,911,162.74                                          |
|                               | 2023        | 3,008,524.38                   | 2,120,607.00                                             | -                                                      |
|                               | 2022        | 10,055,063.77                  | 4,009,500.00                                             | 5,000,000.00                                           |
|                               | 2021        | 2,112,647.42                   | 2,112,647.42                                             | -                                                      |
|                               | 2020        | 3,296,283.85                   | -                                                        | 1,200,000.00                                           |
| Sewer Utility Operating Fund: | 2024        | 18,821,732.97                  |                                                          | 18,800,000.00                                          |
|                               | 2023        | 11,304,750.10                  | 616,673.73                                               | 10,000,000.00                                          |
|                               | 2022        | 9,210,436.25                   | -                                                        | 6,000,000.00                                           |
|                               | 2021        | 1,356,427.60                   | 1,356,427.60                                             | -                                                      |
|                               | 2020        | 5,787,358.59                   | -                                                        | 4,500,000.00                                           |

## 8. PENSION PLANS

Substantially all of the City's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Public Employees' Retirement System (PERS), the Police and Firemen's Retirement System (PFRS) or the Consolidated Police and Firemen's Pension Fund (CPFPPF). These systems are sponsored and administered by the New Jersey Division of Pensions and Benefits. The Public Employees' Retirement System and the Police and Firemen's Retirement System are considered a cost-sharing multiple-employer plan.

### Description of Systems

The amount of the City's contribution is certified each year by PERS, PFRS and CPFPPF 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](http://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, PFRS and CPFPPF. In the PERS, PFRS and CPFPPF the employer contribution includes funding for post-retirement medical premiums.

## 8. PENSION PLANS (Continued)

|                                     | PERS*       |             |             |
|-------------------------------------|-------------|-------------|-------------|
|                                     | <u>2023</u> | <u>2022</u> | <u>2021</u> |
| Covered Employee Payroll            | \$ *        | \$ *        | \$ *        |
| Actuarial Contribution Requirements |             |             |             |
| Total Contributions                 |             |             |             |
| Employer Share                      |             |             |             |
| % of Covered Payroll                |             |             |             |
| Employee's Share                    |             |             |             |
| % of Covered Payroll                |             |             |             |

\*Includes Library.

|                                     | PFRS - Police |             |             |
|-------------------------------------|---------------|-------------|-------------|
|                                     | <u>2023</u>   | <u>2022</u> | <u>2021</u> |
| Covered Employee Payroll            | \$ *          | \$ *        | \$ *        |
| Actuarial Contribution Requirements |               |             |             |
| Total Contributions                 |               |             |             |
| Employer Share                      |               |             |             |
| % of Covered Payroll                |               |             |             |
| Employee's Share                    |               |             |             |
| % of Covered Payroll                |               |             |             |

|                                     | PFRS - Fire |             |             |
|-------------------------------------|-------------|-------------|-------------|
|                                     | <u>2023</u> | <u>2022</u> | <u>2021</u> |
| Covered Employee Payroll            | \$ *        | \$ *        | \$ *        |
| Actuarial Contribution Requirements |             |             |             |
| Total Contributions                 |             |             |             |
| Employer Share                      |             |             |             |
| % of Covered Payroll                |             |             |             |
| Employee's Share                    |             |             |             |
| % of Covered Payroll                |             |             |             |

\*Information Not Provided.

### Assumptions

The collective total PERS pension liability for June 30, 2024 measurement date was determined by an actuarial valuation as of July 1, 2023 using an actuarial experience study for the period July 1, 2018 to June 30, 2021 for PERS. The pension liability was rolled forward to June 30, 2024. The actuarial valuation used an inflation rate of 2.75% for price and 3.25% for wage, projected salary increases through 2026 of 2.75% to 6.55% for PERS based on years of service and an investment rate of return of 7.00%.

The collective total PFRS pension liability for June 30, 2024 measurement date was determined by an actuarial valuation as of July 1, 2023 using an actuarial experience study for the period July 1, 2018 to June 30, 2021 for PFRS. The pension liability was rolled forward to June 30, 2024. The actuarial valuation used an inflation rate of 2.75% for price and 3.25% for wage, projected salary increases through all future years 3.25% to 16.25% for PFRS based on years of service and an investment rate of return of 7.00%.

## 8. PENSION PLANS (Continued)

### ***Assumptions (Continued)***

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

For PFRS, employee mortality rates were based on the PubS-2010 amount-weighted mortality table with a 105.6% adjustment for males and 102.5% adjustment for females. For healthy annuitants, mortality rates were based on the PubS-2010 amount-weighted mortality table with a 96.7% adjustment for males and 96.0% adjustment for females. Disability rates were based on the PubS-2010 amount-weighted mortality table with a 152.0% adjustment for males and 109.3% adjustment for females. Mortality improvement is based on Scale MP-2021.

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

### ***Public Employees' Retirement System:***

The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing, multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district or public agency, provided the employee is not required to be a member of another State-administered retirement system or other state of local jurisdiction.

### **Significant Legislation**

P.L. 2011, c. 78, effective June 28, 2011, made various changes to the manner in which PERS operates and to the benefit provisions of that system. 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  $\frac{1}{4}$  to 1 percent for each month that the member is under age 65.
- The eligibility to qualify for a service retirement in the PERS is increased from age 62 to 65 for Tier 5 members.
- Active member contribution rates will increase. PERS active member rates increase from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years. The phase-in of the additional incremental member contributions for PERS members will take place in July of each subsequent year.

## 8. PENSION PLANS (Continued)

### *Public Employees' Retirement System: (Continued)*

#### Significant Legislation (Continued)

- 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.

In addition, the method for amortizing the pension systems' unfunded accrued liability changed (from a level percent of pay method to a level dollar of pay).

The following presents the City's proportionate share of the collective PERS net pension liability calculated using the discount rate of 7.00% and 7.00% as of June 30, 2024 and 2023, 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 Collective PERS Net Pension Liability to Changes in the Discount Rate

|      | At 1%<br>Decrease<br>(6.00%) | At Current<br>Discount<br>Rate<br>(7.00%) | At 1%<br>Increase<br>(8.00%) |
|------|------------------------------|-------------------------------------------|------------------------------|
| 2024 | <u>\$198,586,616</u>         | <u>\$148,205,712</u>                      | <u>\$107,641,013</u>         |
|      | At 1%<br>Decrease<br>(6.00%) | At Current<br>Discount<br>Rate<br>(7.00%) | At 1%<br>Increase<br>(8.00%) |
| 2023 | <u>\$209,833,294</u>         | <u>\$159,841,036</u>                      | <u>\$119,785,581</u>         |

#### Special Funding Situation

Under N.J.S.A. 43:15A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed that legally obligated the State if certain circumstances occurred. The legislation which legally obligates the State, is Chapter 366, P.L. 2001. The amounts contributed on behalf of the local participating employers under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers related to this legislation. Below is the portion of the nonemployer contributing entities' total proportionate share of the collective net pension liability that is associated with the local participating employers:

|                                                               | <u>2024</u>          | <u>2023</u>          |
|---------------------------------------------------------------|----------------------|----------------------|
| Employer Net Pension Liability                                | \$148,205,712        | \$159,841,036        |
| Nonemployer Propotional Share<br>of the Net Pension Liability | <u>1,247,531</u>     | <u>1,347,589</u>     |
|                                                               | <u>\$149,453,243</u> | <u>\$161,188,625</u> |

## 8. PENSION PLANS (Continued)

### ***Police and Firemen's Retirement System:***

The Police and Firemen's Retirement System (PFRS) was established in July, 1944 under the provisions of N.J.S.A. 43:16A to provide coverage to substantially all full-time county and municipal police and firemen and State firemen appointed after June 30, 1944. Membership is mandatory for such employees. Members may opt for Service Retirement if over age 55 or Special Retirement at any age if they have a minimum of 25 years of service or 20 years of service if enrolled in the PFRS as of January 18, 2000. Retirement benefits vary depending on age and years of service.

Chapter 428, Public Law of 1999, effective January 18, 2000, allows a member, age 55 and older with 20 or more years of service, to retire with a benefit equaling 50% of final compensation, in lieu of the regular retirement allowance available to the member. Final compensation means the compensation received by the member in the last twelve months of creditable service preceding retirement.

In addition, a member of the system as of the effective date of this law may retire with 20 or more years of service with a retirement allowance of 50% of final compensation, regardless of age, and, if required to retire because of attaining the mandatory retirement age of 65, an additional 3% of final compensation for every additional year of creditable service up to 25 years.

P.L. 2011, c. 78, effective June 28, 2011, made various changes to the manner in which PFRS operates and to the benefit provisions of that system.

This new legislation's provisions impacting employee pension and health benefits include:

- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members) will be 60 percent instead of 65 percent of the member's final compensation plus 1 percent for each year of creditable service over 25 years but not to exceed 30 years.

### **Consolidated Police and Firemen's Retirement System:**

The Consolidated Police and Firemen's Pension Fund (CPFPPF) is a closed system with no active members and was established in January 1952 to provide coverage to municipal police and firemen who were appointed prior to July 1, 1944.

The following presents the City's proportionate share of the collective PFRS net pension liability calculated using the discount rate of 7.00% and 7.00% as of June 30, 2024 and 2023, 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.

### ***Sensitivity of the City's Proportionate Share of the Collective PFRS - Police Net Pension Liability to Changes in the Discount Rate***

|      | At 1%<br>Decrease<br>(6.00%) | At Current<br>Discount<br>Rate<br>(7.00%) | At 1%<br>Decrease<br>(8.00%) |
|------|------------------------------|-------------------------------------------|------------------------------|
| 2024 | <u>\$486,133,328</u>         | <u>\$284,212,384</u>                      | <u>\$218,750,610</u>         |
|      | At 1%<br>Decrease<br>(6.00%) | At Current<br>Discount<br>Rate<br>(7.00%) | At 1%<br>Decrease<br>(8.00%) |
| 2023 | <u>\$493,877,516</u>         | <u>\$299,308,603</u>                      | <u>\$238,357,958</u>         |

## 8. PENSION PLANS (Continued)

### Police and Firemen's Retirement System: (Continued)

#### Sensitivity of the City's Proportionate Share of the Collective PFRS - Fire Net Pension Liability to Changes in the Discount Rate

|      | At 1%<br>Decrease<br>(6.00%) | At Current<br>Discount<br>Rate<br>(7.00%) | At 1%<br>Decrease<br>(8.00%) |
|------|------------------------------|-------------------------------------------|------------------------------|
| 2024 | <u>\$478,491,793</u>         | <u>\$197,989,974</u>                      | <u>\$215,312,066</u>         |
|      | At 1%<br>Decrease<br>(6.00%) | At Current<br>Discount<br>Rate<br>(7.00%) | At 1%<br>Decrease<br>(8.00%) |
| 2023 | <u>\$347,737,883</u>         | <u>\$210,742,414</u>                      | <u>\$167,827,222</u>         |

### Special Funding Situation

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

|                                                                | Police                  |                         |
|----------------------------------------------------------------|-------------------------|-------------------------|
|                                                                | <u>2024</u>             | <u>2023</u>             |
| Employer Net Pension Liability                                 | \$284,212,384.00        | \$299,308,603.00        |
| Nonemployer Proportional Share<br>of the Net Pension Liability | <u>56,031,862.00</u>    | <u>55,151,091.00</u>    |
|                                                                | <u>\$340,244,246.00</u> | <u>\$354,459,694.00</u> |
|                                                                | Fire                    |                         |
|                                                                | <u>2024</u>             | <u>2023</u>             |
| Employer Net Pension Liability                                 | \$197,989,974.00        | \$210,742,414.00        |
| Nonemployer Proportional Share<br>of the Net Pension Liability | <u>39,033,298.00</u>    | <u>38,831,740.00</u>    |
|                                                                | <u>\$237,023,272.00</u> | <u>\$249,574,154.00</u> |

## 8. PENSION PLANS (Continued)

### ***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, 2024 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, 2024, 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, 2024:

|                                              | <u>PERS</u>   | <u>PFRS - Police</u> | <u>PFRS - Fire</u> |
|----------------------------------------------|---------------|----------------------|--------------------|
| Net Pension Liabilities                      | \$148,205,712 | \$284,212,384        | \$197,989,974      |
| Deferred Outflow of Resources                | 3,919,185     | 22,426,676           | 16,914,783         |
| Deferred Inflow of Resources                 | 15,509,520    | 38,997,998           | 16,014,922         |
| Pension Expense                              | 3,854,963     | 11,242,397           | 17,128,190         |
| Contributions Made After<br>Measurement Date | 14,841,468    | 38,070,012           | 26,520,592         |

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, collective 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, 2024 and 2023. The City's proportionate share of the collective net pension liability as of June 30, 2024 and 2023 was 1.0907% and 1.1035% for PERS, 2.7523% and 2.7090% for PFRS - Police and 1.9173% and 1.9074% for PFRS - Fire, respectively.

It is important to note that New Jersey's municipalities and counties do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording the net pension liability as a liability on their balance sheets. However, N.J.A.C. 5:30-6.1(c)(2) requires municipalities and counties to disclose GASB 68 information in the Notes to the Financial Statements.

At June 30, 2024, the amount determined as the City's proportionate share of the PERS net pension liability was \$148,205,712. For the year ended June 30, 2024, the City would have recognized PERS pension expense of \$3,854,963. At June 30, 2024, deferred outflows of resources and deferred inflows of resources related to the PERS pension are as follows:



## 8. PENSION PLANS (Continued)

### *Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension (Continued)*

|                                                                                         | <u>Deferred<br/>Outflows of<br/>Resources</u> | <u>Deferred<br/>Inflows of<br/>Resources</u> |
|-----------------------------------------------------------------------------------------|-----------------------------------------------|----------------------------------------------|
| Difference Between Expected and Actual Experience                                       | \$ 2,968,833                                  | \$ 394,564                                   |
| Change of Assumptions                                                                   | 184,118                                       | 1,686,240                                    |
| Net Difference Between Projected and Actual Investment Earnings                         |                                               | 6,871,893                                    |
| Net Change in Proportions                                                               | 766,234                                       | 6,556,823                                    |
| Total Contributions and Proportionate Share of Contributions After the Measurement Date | <u>14,841,468</u>                             |                                              |
|                                                                                         | <u>\$18,760,653</u>                           | <u>\$15,509,520</u>                          |

At June 30, 2024, the amount determined as the City's proportionate share of the PFRS - Police net pension liability was \$284,212,384. For the year ended June 30, 2024, the City would have recognized PFRS - Police pension expense of \$11,242,397. At June 30, 2024, deferred outflows of resources and deferred inflows of resources related to the PFRS pension are as follows:

|                                                                                         | <u>Deferred<br/>Outflows of<br/>Resources</u> | <u>Deferred<br/>Inflows of<br/>Resources</u> |
|-----------------------------------------------------------------------------------------|-----------------------------------------------|----------------------------------------------|
| Difference Between Expected and Actual Experience                                       | \$17,905,159                                  | \$ 9,729,843                                 |
| Change of Assumptions                                                                   | 449,287                                       | 8,346,849                                    |
| Net Difference Between Projected and Actual Investment Earnings                         |                                               | 2,224,479                                    |
| Net Change in Proportions                                                               | 4,072,230                                     | 18,696,827                                   |
| Total Contributions and Proportionate Share of Contributions After the Measurement Date | <u>38,070,012</u>                             |                                              |
|                                                                                         | <u>\$60,496,688</u>                           | <u>\$38,997,998</u>                          |

At June 30, 2024, the amount determined as the City's proportionate share of the PFRS - Fire net pension liability was \$197,989,974. For the year ended June 30, 2024, the City would have recognized PFRS - Fire pension expense of \$17,128,190. At June 30, 2024, deferred outflows of resources and deferred inflows of resources related to the PFRS pension are as follows:

## 8. PENSION PLANS (Continued)

### *Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension (Continued)*

|                                                                                         | <u>Deferred<br/>Outflows of<br/>Resources</u> | <u>Deferred<br/>Inflows of<br/>Resources</u> |
|-----------------------------------------------------------------------------------------|-----------------------------------------------|----------------------------------------------|
| Difference Between Expected and Actual Experience                                       | \$12,473,215                                  | \$ 6,778,070                                 |
| Change of Assumptions                                                                   | 312,985                                       | 5,814,639                                    |
| Net Difference Between Projected and Actual Investment Earnings                         |                                               | 1,549,632                                    |
| Net Change in Proportions                                                               | 4,128,583                                     | 1,872,581                                    |
| Total Contributions and Proportionate Share of Contributions After the Measurement Date | <u>26,520,592</u>                             |                                              |
|                                                                                         | <u>\$43,435,375</u>                           | <u>\$16,014,922</u>                          |

### *Long-Term Expected Rate of Return*

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

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

## 8. PENSION PLANS (Continued)

### *Long-Term Expected Rate of Return (Continued)*

#### Employees' Retirement System:

The Employees' Retirement System was created in November 1954 by Ch. 218, P.L. 1954 by the merger of the former Newark Municipal Employees' Pension Fund, Newark Board of Health Pension Fund and Newark Board of Workers' Pension Fund as at January 1, 1955.

Additional legislation effective August 26, 1966 provides that in the fiscal year 1979, "the City shall increase its contributions by 13% of the amount of the salaries paid to all members of the Pension Fund in 1978 and in each fiscal year thereafter the contribution of the City shall be increased over the previous percentage by an additional 1% of the salaries paid to all members of the Pension Fund in the immediate preceding year until the actuary shall certify to the City that the total of the contributions made by the City, together with the contributions of the members and all earnings, is sufficient to meet the liabilities of the fund on a fully funded, reserve basis".

The plan provides a method for a permanent employee of the City to receive credit for all or part of the time served prior to joining the Retirement System by payment into the fund of an amount computed in the manner prescribed by the statute. The payment may be made in one lump sum or payroll deductions over a maximum of ten years. In accordance with Senate Bill 332 effective February 21, 1969, the employer is required to match the employee's total prior service time purchase, without interest, as soon as the employee enters into the contract.

Effective January 1, 1972 (P.L. 1971, Ch. 277) a "cost of living" increase was granted to all retirees who were receiving a pension for at least three calendar years. The "ratio of increase", which will apply to the pension originally granted, is based on the Consumer Price Index for Urban Wage Earners and Clerical Workers of the United States Department of Labor. The "ratio of increase" will be reviewed annually by the Director of the Division of Pensions of the State Department of the Treasury to determine if there will be any changes to the "cost of living" increase originally granted. The employer shall bear the cost of the increase in the pensions payable to retirees who retired from the employ of such employer.

Additional legislation (P.L. 1981, Ch. 565), effective May 30, 1982, provided for the creation of a special account in the Pension Fund for all elected officials of the City of Newark. Elected officials must contribute at a rate of 5% of their salaries with the City contributing at a rate of 20% of their salaries.

The allocation of members' contributions between current and prior years' service payments is reflected on the basis of the allocations made by Administrators of the Fund.

The membership voted to join the State Pension Fund. The Commissioner approved the Social Security Referendum Certification number of 974 members who opted to go into the State Pension Fund on September 6, 1990.

To fund the future retirees we hereby quote N.J. Statute Section E of 43:13-22.29:

(E) All moneys required to meet the City contributions provided for under this and all other sections of this act shall be appropriated annually in the City budget of the Governing Body. If at any time there is not sufficient money to meet the requirements of this system and pay the pensions or other benefits provided for herein, the Governing Body shall, from time to time, include in any tax levy a sum sufficient to meet the said requirements and payments of the retirement system, provided, however that no insufficiency of funds shall be made up by the City unless and until the commission shall have required deductions from employees at the maximum rates set forth in subsection (A) of this section L. 1954, c. 218, p. 824,27.

## 8. PENSION PLANS (Continued)

### Contributions Required and Made

Contributions made by the employees for PERS was 7.50% of their base wages. PFRS is 10.0% of their base wages. Employer contributions are actuarially determined on an annual basis by the Division of Pensions.

Employer contributions are actuarially determined on an annual basis by the Division of Pensions. All other employees are enrolled in the Newark Municipal Employees' Pension Fund. Contributions to the plan for the past three (3) years are as follows:

| Year                             | PERS            |           | PFRS            |           |
|----------------------------------|-----------------|-----------|-----------------|-----------|
|                                  | City            | Employees | City            | Employees |
| 2024                             | \$13,639,726.79 |           | \$64,070,085.22 |           |
| 2023                             | 12,722,749.93   |           | 58,931,737.29   |           |
| 2022                             | 14,751,223.00   | *         | 56,991,187.00   | *         |
| Newark<br>Municipal<br>Employees |                 |           |                 |           |
| Year                             | City            |           | City            |           |
| 2024                             | \$ 400,000.00   |           |                 |           |
| 2023                             | 400,000.00      |           |                 |           |
| 2022                             | 400,000.00      |           |                 |           |

\*Not Available - See Notes and Comments.

## 9. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

In addition to the pension described in Note 8, the City provides postemployment health care benefits as part of the State Health Benefits Local Government Retired Employments Plan.

### General Information about the OPEB Plan

The State Health Benefit Local Government Retired Employees Plan (the Plan) is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. The plan meets the definition of an equivalent arrangement as defined in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions* (GASB Statement No. 75); therefore, assets are accumulated to pay associated benefits. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits (the Division) Annual Comprehensive Financial Report (ACFR), which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

The Plan provides medical and prescription drugs to retirees and their covered dependents of the employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

## 9. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

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

### Total OPEB Liability

The information contained herein is the latest information available. The June 30, 2024 State of New Jersey State Health Benefits Local Government Retired Employee Plan Audit Report dated September 26, 2025 indicated that there were 0 members participating and a Net OPEB Liability of \$0.00.

At December 31, 2022, the City had a liability of \$800,377,182 for its proportionate share of the non-special funding net OPEB liability. The net OPEB liability was measured as of June 30, 2022 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The City's proportion of the net OPEB liability was based on a projection of the City's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers in the plan. At June 30, 2022, the City's proportion was 4.956020% which was a decrease of .048314% from its proportion measured as of June 30, 2021.

For the year ended December 31, 2022, the City would have recognized OPEB expense of \$145,742,690. At December 31, 2022, deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|                                                                                                                       | <u>Outflows of<br/>Resources</u> | <u>Inflows of<br/>Resources</u> |
|-----------------------------------------------------------------------------------------------------------------------|----------------------------------|---------------------------------|
| Difference Between Expected and Actual                                                                                | \$ 41,332,333                    | \$148,355,908                   |
| Changes of Assumptions                                                                                                | 106,813,653                      | 273,153,301                     |
| Net Difference Between Projected and Actual                                                                           |                                  |                                 |
| Earnings on OPEB Plan Investments                                                                                     | 210,705                          |                                 |
| Changes in Proportion and Differences Between<br>the City's Contributions and Proportionate<br>Share of Contributions | <u>578,220,190</u>               | <u>31,082,151</u>               |
| Total                                                                                                                 | <u>\$726,576,881</u>             | <u>\$452,591,360</u>            |

Amounts reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB (excluding changes in proportion) would be recognized in OPEB expense as follows:

|                     |                   |
|---------------------|-------------------|
| Year Ended June 30: |                   |
| 2023                | \$(72,525,432.29) |
| 2024                | (72,589,457.38)   |
| 2025                | (57,322,817.84)   |
| 2026                | (25,600,705.20)   |
| 2027                | (5,739,592.83)    |
| 2028 - 2029         | (39,374,513.21)   |

### Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 7.82 and 7.82 years for the 2022 and 2021 amounts, respectively.

## 9. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

### Actual Assumptions and Other Inputs

Pre-retirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Post-retirement mortality rates were based on the RP-2006 Headcount-Weighted Health Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

Certain actuarial assumptions used in the June 30, 2021 valuation were based on the results of the pension plans' experience studies for which the members are eligible for coverage under this Plan - the Police and Firemen's Retirement System (PFRS) and the Public Employees' Retirement System (PERS). The PFRS and PERS experience studies were prepared for the periods July 1, 2018 to June 30, 2021.

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

The total OPEB liability for June 30, 2022 was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2022. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

|                                                |                                                                                                                                                                       |
|------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Inflation Rate                                 | 2.50%                                                                                                                                                                 |
| Salary Increases*:                             |                                                                                                                                                                       |
| Public Employees' Retirement System (PERS):    |                                                                                                                                                                       |
| Initial Fiscal Year Applied:                   |                                                                                                                                                                       |
| Rate for all Future Years                      | 2.75% to 6.55%<br>Based on Years of Service                                                                                                                           |
| Police and Firemen's Retirement System (PFRS): |                                                                                                                                                                       |
| Rate for all Future Years                      | 3.25% to 16.25%<br>Based on Years of Service                                                                                                                          |
| Mortality:                                     |                                                                                                                                                                       |
| PERS                                           | Pub-2010 General Classification Headcount-Weighted Mortality with<br>Generational Mortality Improvement Projections from the Central<br>Year Using Scale MP-2021      |
| PFRS                                           | Pub-2010 Safety Classification Headcount-Weighted Mortality with<br>Fully Generational Mortality Improvement Projections from the Central<br>Year Using Scale MP-2021 |

\*Salary Increases are Based on Years of Service Within the Respective Plan.

Actual assumptions used in the June 30, 2021 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2018 to June 30, 2021.

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

### Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend is initially 5.6% and decreases to a 4.5% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2021 through 2022 are reflected. The rates used for 2023 and 2024 are 21.83% and 18.53%, respectively, trending to 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.00% and decreases to a 4.5% long-term trend rate after seven years.

## 9. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

### Discount Rate

The discount rate for June 30, 2022 and 2021 was 3.54% and 2.16%, respectively. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

### Sensitivity of Net OPEB Liability to Changes in the Discount Rate

The following presents the City's proportionate share of the net OPEB liability as of June 30, as well as what the City's proportionate share of 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 current rate:

|                                                     | June 30, 2022           |                                      |                         |
|-----------------------------------------------------|-------------------------|--------------------------------------|-------------------------|
|                                                     | 1%<br>Decrease<br>2.54% | At Current<br>Discount Rate<br>3.54% | 1%<br>Increase<br>4.54% |
| City's Proportionate Share<br>of Net OPEB Liability | \$ 927,798,277          | \$800,377,182                        | \$697,854,988           |
|                                                     | June 30, 2021           |                                      |                         |
|                                                     | 1%<br>Decrease<br>1.21% | At Current<br>Discount Rate<br>2.21% | 1%<br>Increase<br>3.21% |
| City's Proportionate Share<br>of Net OPEB Liability | \$1,060,032,535         | \$900,769,172                        | \$774,549,533           |

The following presents the City's proportionate share of the net OPEB liability as of June 30, as well as what the City's proportionate share of the net OPEB liability would be if it were calculated using a healthcare trend rate that is one percentage point lower or one percentage point higher than the current rate:

|                                                     | June 30, 2022  |                               |                 |
|-----------------------------------------------------|----------------|-------------------------------|-----------------|
|                                                     | 1%<br>Decrease | Healthcare Cost<br>Trend Rate | 1%<br>Increase  |
| City's Proportionate Share<br>of Net OPEB Liability | \$678,984,060  | \$800,377,182                 | \$ 955,847,588  |
|                                                     | June 30, 2021  |                               |                 |
|                                                     | 1%<br>Decrease | Healthcare Cost<br>Trend Rate | 1%<br>Increase  |
| City's Proportionate Share<br>of Net OPEB Liability | \$751,544,859  | \$900,769,172                 | \$1,095,488,423 |

### Special Funding Situation

Under Chapter 330, P.L. 1997, the State shall pay the premium or periodic charges for the qualified local police and firefighter retirees and dependents equal to 80 percent of the premium or periodic charge for the category of coverage elected by the qualified retiree under the State managed care plan or a health maintenance organization participating in the program providing the lowest premium or periodic charge. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L. 1989.

## **9. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)**

### ***Special Funding Situation (Continued)***

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

The City as of December 31, 2024 had 1,542 members under the Special Funding Situation. The State proportionate share of the net OPEB liability attributed to the City is \$365,855,171.

## **10. DEFINED CONTRIBUTION RETIREMENT PROGRAM**

### **Description of System**

The Defined Contribution Retirement Program (DCRP) was established on July 1, 2007 for certain public employees under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007. The program provides eligible members, with a minimum base salary of \$1,500.00 or more, with a tax-sheltered, defined contribution retirement benefit, in addition to life insurance and disability coverage. As of May 21, 2010, the municipal base salary required for eligibility in the DCRP was increased to \$5,000.00. The DCRP is jointly administered by the Division of Pensions and Benefits and Prudential Financial.

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

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

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

- All elected officials taking office on or after July 1, 2007, except that a person who is reelected to an elected office held prior to that date without a break in service may remain in the Public Employees' Retirement System (PERS).
- A Governor appointee with the advice and consent of the Legislature or who serves at the pleasure of the Governor only during that Governor's term of office.
- Employees enrolled in the PERS on or after July 1, 2007 or employees enrolled in the PERS after May 21, 2010 who earn salary in excess of established "maximum compensation" limits.
- Employees otherwise eligible to enroll in the PERS on or after November 2, 2008 who do not earn the minimum salary for PERS Tier 3, but who earn salary of at least \$5,000.00.
- Employees otherwise eligible to enroll in the PERS after May 21, 2010, who do not work the minimum number of hours per week required for PERS Tier 4 or Tier 5 enrollment (32 hours per week) but who earn salary of at least \$5,000.00 annually.

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

### **Contributions Required and Made**

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

During the year 2024, there were several officials or employees enrolled in the DCRP.



## 11. MUNICIPAL DEBT

The Local Bond Law governs the issuance of bonds and notes to finance general capital expenditures. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the City are general obligation bonds, backed by the full faith and credit of the City. Pursuant to N.J.S.A. 40A:2-8.1, bond anticipation notes, which are issued to temporarily finance capital projects, cannot be renewed past the third anniversary unless an amount equal to at least the first legal requirement is paid prior to each anniversary and must be paid off within ten years and five months or retired by the issuance of bonds. Bond anticipation notes, which are issued to temporarily finance capital projects, must be paid off within ten years and five months or retired by the issuance of bonds.

### Summary of Municipal Debt (Excluding Current and Operating Debt) (and School if Applicable)

|                                   | <u>Year 2024</u>        | <u>Year 2023</u>        | <u>Year 2022</u>        |
|-----------------------------------|-------------------------|-------------------------|-------------------------|
| <u>Issued</u>                     |                         |                         |                         |
| General:                          |                         |                         |                         |
| Bonds and Notes                   | \$350,686,818.50        | \$359,111,884.50        | \$388,809,929.80        |
| Guaranteed Bonds                  | 64,905,000.00           | 47,145,000.00           | 49,280,000.00           |
| State Loan                        | 625,000.00              | 750,000.00              | 875,000.00              |
| Water Utility:                    |                         |                         |                         |
| Bonds and Notes                   | 70,590,000.00           | 72,495,000.00           | 74,325,000.00           |
| State Water Loan                  | 100,759,946.81          | 99,967,441.35           | 94,844,378.77           |
| Sewer Utility:                    |                         |                         |                         |
| State Sewer Loan                  | <u>52,559,494.74</u>    | <u>55,847,563.40</u>    | <u>48,303,790.84</u>    |
| Total Issued                      | <u>640,126,260.05</u>   | <u>635,316,889.25</u>   | <u>656,438,099.41</u>   |
| <u>Authorized but Not Issued</u>  |                         |                         |                         |
| General:                          |                         |                         |                         |
| Bonds and Notes                   | 23,805,510.99           | 23,805,510.99           | 36,366,200.28           |
| Water Utility:                    |                         |                         |                         |
| Bonds and Notes                   | 99,905,028.74           | 71,435,972.74           | 57,761,408.74           |
| Sewer Utility:                    |                         |                         |                         |
| Bonds and Notes                   | <u>56,036,061.42</u>    | <u>63,691,133.42</u>    | <u>71,308,471.42</u>    |
| Total Unauthorized but Not Issued | <u>179,746,601.15</u>   | <u>158,932,617.15</u>   | <u>165,436,080.44</u>   |
|                                   | <u>\$819,872,861.20</u> | <u>\$794,249,506.40</u> | <u>\$821,874,179.85</u> |

### Summary of Statutory Debt Condition (Annual Debt Statement)

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 1.805%.

|                            | <u>Gross Debt</u>       | <u>Deductions</u>       | <u>Net Debt</u>         |
|----------------------------|-------------------------|-------------------------|-------------------------|
| Local School District Debt | \$ 89,810,000.00        | \$ 89,810,000.00        | \$                      |
| Water Utility Debt         | 271,254,975.55          | 271,254,975.55          |                         |
| Sewer Utility Debt         | 108,595,556.16          | 108,595,556.16          |                         |
| General Debt               | <u>440,022,329.49</u>   | <u>35,304,175.95</u>    | <u>404,718,153.54</u>   |
|                            | <u>\$909,682,861.20</u> | <u>\$504,964,707.66</u> | <u>\$404,718,153.54</u> |

Net Debt, \$404,718,153.54 divided by Equalized Valuation Basis \$22,428,001,006.33 per N.J.S. 40A:2-2, as amended, equals 1.805%.

# **11. MUNICIPAL DEBT (Continued)**

## **Borrowing Power Under N.J.S. 40A:2-6 as Amended**

|                                                |                         |
|------------------------------------------------|-------------------------|
| 3 1/2% of Equalized Valuation of Real Property | \$784,980,035.22        |
| Net Debt                                       | <u>404,718,153.54</u>   |
| Remaining Borrowing Power                      | <u>\$380,261,881.68</u> |

## **Calculation of "Self-Liquidating Purpose" Water Utility per N.J.S.A. 40A:2-4**

|                                                                                                                                                           |                      |                        |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|------------------------|
| Fund Balance and Cash Receipts from<br>Fees, Rents or Other Charges for Year<br>Including Surplus and Interest on<br>Investments (Per P.L. 1991, Ch. 196) |                      | \$78,804,108.00        |
| Deductions:                                                                                                                                               |                      |                        |
| Operating and Maintenance Costs                                                                                                                           | \$50,904,202.85      |                        |
| Debt Service per Water Operating Fund                                                                                                                     | <u>11,213,721.83</u> |                        |
|                                                                                                                                                           |                      | <u>62,117,924.68</u>   |
| Excess in Revenue                                                                                                                                         |                      | <u>\$16,686,183.32</u> |

There being an excess in revenue, all Water Utility Debt is deductible for debt statement purposes.

## **Calculation of "Self-Liquidating Purpose" Sewer Utility per N.J.S.A. 40A:2-4**

|                                                                                                                                                           |                     |                        |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|------------------------|
| Fund Balance and Cash Receipts from<br>Fees, Rents or Other Charges for Year<br>Including Surplus and Interest on<br>Investments (Per P.L. 1991, Ch. 196) |                     | \$88,697,976.32        |
| Deductions:                                                                                                                                               |                     |                        |
| Operating and Maintenance Costs                                                                                                                           | \$62,374,675.41     |                        |
| Debt Service per Sewer Operating Fund                                                                                                                     | <u>6,465,224.04</u> |                        |
|                                                                                                                                                           |                     | <u>68,839,899.45</u>   |
| Excess in Revenue                                                                                                                                         |                     | <u>\$19,858,076.87</u> |

There being an excess in revenue, all Sewer Utility Debt is for debt statement purposes.

The foregoing debt information is in agreement with the amended Annual Debt Statement as filed by the Chief Financial Officer.

## 11. MUNICIPAL DEBT (Continued)

As of December 31, 2024, the City's long-term debt is as follows:

|                                                                                                                                                                                      |                          |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|
| \$40,747,035.25, 2003 Pension Refunding Bonds due in annual installments of \$890,704 to \$957,922.90 through April 2033. These bonds are Capital Appreciation Bonds.                | \$ 8,294,175.95          |
| \$5,283,000, 2010 Taxable General Improvement Bonds due in annual installments of \$2,560,000 to \$2,723,000 through June 2030, interest at 6.20% to 6.30%.                          | 5,283,000.00             |
| \$51,553,000, 2015 Qualified General Improvement Bonds due in annual installments of \$6,583,000 to \$7,355,000 through July 2029, interest at 5.00% to 5.25%.                       | 35,033,000.00            |
| \$25,000,000, 2016 Qualified Improvement Bonds for Riverfront Expansion due in annual installments of \$1,195,000 to \$1,900,000 through September 2035, interest at 2.50% to 3.00%. | 16,625,000.00            |
| \$16,820,000, 2016 Horizon Private Placement Bonds due in annual installments of \$1,810,000 to \$1,855,000 through September 2026, interest at 2.240%.                              | 3,665,000.00             |
| \$15,585,030, 2016 GO Energy Savings Refunding Bonds due in annual installments of \$535,000 to \$1,260,000 through May 2036, interest at 4.500%.                                    | 10,385,000.00            |
| \$4,775,000, Redevelopment Area Bonds due in annual installments of \$280,000 to \$350,000 through August 2031, interest at 3.380% to 4.000%.                                        | 2,185,000.00             |
| \$12,568,224, Redevelopment Area Bonds due in annual installments of \$698,234.65 through August 2031.                                                                               | 4,887,642.55             |
| \$51,345,000, Qualified Improvement Bonds due in annual installments of \$4,065,000 to \$5,285,000 through November, 2030, interest at 3.750% to 4.300%.                             | 28,440,000.00            |
| \$71,005,000 Qualified General Improvement Refunding Bonds due in annual installments of \$8,990,000 to \$10,735,000 through October 2028, interest at 5.00%.                        | 39,390,000.00            |
| \$110,000,000 Mass Transit Access Tax Revenue Bonds - Redevelopment due in annual installments of \$335,000 to \$9,660,000 through October 2062, interest at 5.00% to 6.00%.         | 110,000,000.00           |
| \$32,655,000 Qualified General Improvement Bonds due in annual installments of \$2,130,000 to \$3,445,000 through February 2035, interest at 4.00% to 7.00%                          | 30,625,000.00            |
|                                                                                                                                                                                      | <u>\$ 294,812,818.50</u> |

### Developer's Receivable Debt Service

The City issued debt for various Redevelopment Improvements. The City has Financial Agreements with the Developers in which the Developer will pay for the debt service. The following listing indicates which debt services are being paid by the Developers:

11. MUNICIPAL DEBT (Continued)

Developer's Receivable Debt Service: (Continued)

| Year | 2012<br>Redevelopment<br>Bonds |                      | 2012 Redevelopment Bonds |                      | Mass Transit Access Tax<br>Revenue Bonds - Redevelopment |                          | Total                    |                          |
|------|--------------------------------|----------------------|--------------------------|----------------------|----------------------------------------------------------|--------------------------|--------------------------|--------------------------|
|      | Principal                      | Interest             | Principal                | Interest             | Principal                                                | Interest                 | Principal                | Interest                 |
| 2025 | \$ 698,234.65                  | \$ 83,450.00         | \$ 280,000.00            | \$ 83,450.00         | \$ 978,234.65                                            | \$ 6,314,437.50          | \$ 978,234.65            | \$ 6,397,887.50          |
| 2026 | 698,234.65                     | 74,000.00            | 290,000.00               | 74,000.00            | 988,234.65                                               | 6,314,437.50             | 988,234.65               | 6,388,437.50             |
| 2027 | 698,234.65                     | 63,850.00            | 300,000.00               | 63,850.00            | 998,234.65                                               | 6,314,437.50             | 998,234.65               | 6,378,287.50             |
| 2028 | 698,234.65                     | 52,600.00            | 310,000.00               | 52,600.00            | 1,008,234.65                                             | 6,314,437.50             | 1,008,234.65             | 6,367,037.50             |
| 2029 | 698,234.65                     | 40,200.00            | 320,000.00               | 40,200.00            | 1,018,234.65                                             | 6,314,437.50             | 1,018,234.65             | 6,354,637.50             |
| 2030 | 698,234.65                     | 27,400.00            | 335,000.00               | 27,400.00            | 1,033,234.65                                             | 6,314,437.50             | 1,033,234.65             | 6,341,837.50             |
| 2031 | 698,234.65                     | 14,000.00            | 350,000.00               | 14,000.00            | 1,048,234.65                                             | 6,314,437.50             | 1,048,234.65             | 6,328,437.50             |
| 2032 |                                |                      |                          |                      | 335,000.00                                               | 6,314,437.50             | 335,000.00               | 6,314,437.50             |
| 2033 |                                |                      |                          |                      | 455,000.00                                               | 6,297,687.50             | 455,000.00               | 6,297,687.50             |
| 2034 |                                |                      |                          |                      | 575,000.00                                               | 6,274,937.50             | 575,000.00               | 6,274,937.50             |
| 2035 |                                |                      |                          |                      | 710,000.00                                               | 6,246,187.50             | 710,000.00               | 6,246,187.50             |
| 2036 |                                |                      |                          |                      | 850,000.00                                               | 6,210,687.50             | 850,000.00               | 6,210,687.50             |
| 2037 |                                |                      |                          |                      | 995,000.00                                               | 6,168,187.50             | 995,000.00               | 6,168,187.50             |
| 2038 |                                |                      |                          |                      | 1,155,000.00                                             | 6,118,437.50             | 1,155,000.00             | 6,118,437.50             |
| 2039 |                                |                      |                          |                      | 1,320,000.00                                             | 6,060,687.50             | 1,320,000.00             | 6,060,687.50             |
| 2040 |                                |                      |                          |                      | 1,495,000.00                                             | 5,994,687.50             | 1,495,000.00             | 5,994,687.50             |
| 2041 |                                |                      |                          |                      | 1,685,000.00                                             | 5,919,937.50             | 1,685,000.00             | 5,919,937.50             |
| 2042 |                                |                      |                          |                      | 1,885,000.00                                             | 5,835,687.50             | 1,885,000.00             | 5,835,687.50             |
| 2043 |                                |                      |                          |                      | 2,100,000.00                                             | 5,734,368.75             | 2,100,000.00             | 5,734,368.75             |
| 2044 |                                |                      |                          |                      | 2,330,000.00                                             | 5,621,493.75             | 2,330,000.00             | 5,621,493.75             |
| 2045 |                                |                      |                          |                      | 2,575,000.00                                             | 5,496,256.25             | 2,575,000.00             | 5,496,256.25             |
| 2046 |                                |                      |                          |                      | 2,835,000.00                                             | 5,357,850.00             | 2,835,000.00             | 5,357,850.00             |
| 2047 |                                |                      |                          |                      | 3,110,000.00                                             | 5,205,468.75             | 3,110,000.00             | 5,205,468.75             |
| 2048 |                                |                      |                          |                      | 3,400,000.00                                             | 5,038,306.25             | 3,400,000.00             | 5,038,306.25             |
| 2049 |                                |                      |                          |                      | 3,710,000.00                                             | 4,855,556.25             | 3,710,000.00             | 4,855,556.25             |
| 2050 |                                |                      |                          |                      | 4,040,000.00                                             | 4,656,143.75             | 4,040,000.00             | 4,656,143.75             |
| 2051 |                                |                      |                          |                      | 4,385,000.00                                             | 4,438,993.75             | 4,385,000.00             | 4,438,993.75             |
| 2052 |                                |                      |                          |                      | 4,755,000.00                                             | 4,203,300.00             | 4,755,000.00             | 4,203,300.00             |
| 2053 |                                |                      |                          |                      | 5,175,000.00                                             | 3,918,000.00             | 5,175,000.00             | 3,918,000.00             |
| 2054 |                                |                      |                          |                      | 5,620,000.00                                             | 3,607,500.00             | 5,620,000.00             | 3,607,500.00             |
| 2055 |                                |                      |                          |                      | 6,095,000.00                                             | 3,270,300.00             | 6,095,000.00             | 3,270,300.00             |
| 2056 |                                |                      |                          |                      | 6,600,000.00                                             | 2,904,600.00             | 6,600,000.00             | 2,904,600.00             |
| 2057 |                                |                      |                          |                      | 7,140,000.00                                             | 2,508,600.00             | 7,140,000.00             | 2,508,600.00             |
| 2058 |                                |                      |                          |                      | 7,715,000.00                                             | 2,080,200.00             | 7,715,000.00             | 2,080,200.00             |
| 2059 |                                |                      |                          |                      | 8,325,000.00                                             | 1,617,300.00             | 8,325,000.00             | 1,617,300.00             |
| 2060 |                                |                      |                          |                      | 8,970,000.00                                             | 1,117,800.00             | 8,970,000.00             | 1,117,800.00             |
| 2061 |                                |                      |                          |                      | 9,660,000.00                                             | 579,600.00               | 9,660,000.00             | 579,600.00               |
| 2062 |                                |                      |                          |                      |                                                          |                          |                          |                          |
|      | <u>\$ 4,887,642.55</u>         | <u>\$ 355,500.00</u> | <u>\$ 2,185,000.00</u>   | <u>\$ 355,500.00</u> | <u>\$ 110,000,000.00</u>                                 | <u>\$ 190,168,700.00</u> | <u>\$ 117,072,642.55</u> | <u>\$ 190,524,200.00</u> |

## 11. MUNICIPAL DEBT (Continued)

### State Trust Loan

The City of Newark entered into a loan agreement for \$2,500,000 for a Demolition Loan with the State of New Jersey. The loan is repayable in 20 annual installments from 2009 to 2029.

\$625,000.00

A schedule of annual debt service for the repayment of the State Trust Loan is as follows:

| <u>Year</u> | <u>Total</u>        | <u>State<br/>Demolition<br/>Bond</u> |
|-------------|---------------------|--------------------------------------|
| 2025        | \$125,000.00        | \$125,000.00                         |
| 2026        | 125,000.00          | 125,000.00                           |
| 2027        | 125,000.00          | 125,000.00                           |
| 2028        | 125,000.00          | 125,000.00                           |
| 2029        | 125,000.00          | 125,000.00                           |
|             | <u>\$625,000.00</u> | <u>\$625,000.00</u>                  |

### Water Utility Bonds

\$7,737,000, 2005 General Water Bonds due in annual installments of \$360,000 through December 2029, interest at 4.30% to 4.50%.

\$1,800,000.00

\$3,860,000, Water Refunding Bonds due in annual installments of \$150,000 to \$305,000 through October 2039, interest at 4.00% to 5.00%.

3,330,000.00

\$5,130,000.00

# **11. MUNICIPAL DEBT (Continued)**

## **Essex County Improvement Authority Bonds Payable**

An agreement was entered into by the City of Newark with the Essex County Improvement Authority for the purpose of replacing all lead service lines within the City at an interest rate of 4.00% to 5.00%.

The following is a schedule of annual principal and interest payments for the Essex County Improvement Authority Bonds as of December 31, 2024:

| <u>Year</u> | <u>Total</u>            | <u>Principal</u>       | <u>Interest</u>        |
|-------------|-------------------------|------------------------|------------------------|
| 2025        | \$ 4,228,700.00         | \$ 1,470,000.00        | \$ 2,758,700.00        |
| 2026        | 4,230,200.00            | 1,545,000.00           | 2,685,200.00           |
| 2027        | 4,227,950.00            | 1,620,000.00           | 2,607,950.00           |
| 2028        | 4,226,950.00            | 1,700,000.00           | 2,526,950.00           |
| 2029        | 4,226,950.00            | 1,785,000.00           | 2,441,950.00           |
| 2030        | 4,227,700.00            | 1,875,000.00           | 2,352,700.00           |
| 2031        | 4,228,950.00            | 1,970,000.00           | 2,258,950.00           |
| 2032        | 4,225,450.00            | 2,065,000.00           | 2,160,450.00           |
| 2033        | 4,227,200.00            | 2,170,000.00           | 2,057,200.00           |
| 2034        | 4,225,400.00            | 2,255,000.00           | 1,970,400.00           |
| 2035        | 4,225,200.00            | 2,345,000.00           | 1,880,200.00           |
| 2036        | 4,226,400.00            | 2,440,000.00           | 1,786,400.00           |
| 2037        | 4,228,800.00            | 2,540,000.00           | 1,688,800.00           |
| 2038        | 4,227,200.00            | 2,640,000.00           | 1,587,200.00           |
| 2039        | 4,226,600.00            | 2,745,000.00           | 1,481,600.00           |
| 2040        | 4,226,800.00            | 2,855,000.00           | 1,371,800.00           |
| 2041        | 4,227,600.00            | 2,970,000.00           | 1,257,600.00           |
| 2042        | 4,228,800.00            | 3,090,000.00           | 1,138,800.00           |
| 2043        | 4,230,200.00            | 3,215,000.00           | 1,015,200.00           |
| 2044        | 4,226,600.00            | 3,340,000.00           | 886,600.00             |
| 2045        | 4,228,000.00            | 3,475,000.00           | 753,000.00             |
| 2046        | 4,229,000.00            | 3,615,000.00           | 614,000.00             |
| 2047        | 4,229,400.00            | 3,760,000.00           | 469,400.00             |
| 2048        | 4,229,000.00            | 3,910,000.00           | 319,000.00             |
| 2049        | 4,227,600.00            | 4,065,000.00           | 162,600.00             |
|             | <u>\$105,692,650.00</u> | <u>\$65,460,000.00</u> | <u>\$40,232,650.00</u> |

## **New Jersey Environmental Infrastructure Trust Loan Payable - Water Utility Fund**

Loan agreements were entered into by the City of Newark with the Department of Environmental Protection for the purpose of improvements to the Water Treatment Plant. Loans outstanding at December 31, 2024 are detailed as follows:

|            |                         |
|------------|-------------------------|
| Trust Loan | \$ 53,708,409.00        |
| Fund Loan  | <u>47,051,537.81</u>    |
|            | <u>\$100,759,946.81</u> |

It is noted that the Fund Loan was issued interest-free.

# 11. MUNICIPAL DEBT (Continued)

## New Jersey Environmental Infrastructure Trust Loan Payable - Water Utility Fund (Continued)

A schedule of principal and interest on the loans is as follows:

| Cash Basis |                         |                        |                        |                        |
|------------|-------------------------|------------------------|------------------------|------------------------|
| Year       | Total                   | Trust Loan             |                        | Fund Loan              |
|            |                         | Principal              | Interest               | Principal              |
| 2025       | \$ 6,921,320.38         | \$ 1,710,200.00        | \$ 2,438,815.58        | \$ 2,772,304.80        |
| 2026       | 6,637,773.08            | 1,793,000.00           | 2,356,626.44           | 2,488,146.64           |
| 2027       | 6,424,136.51            | 1,818,600.00           | 2,273,731.84           | 2,331,804.67           |
| 2028       | 5,717,881.23            | 1,587,900.00           | 2,190,825.96           | 1,939,155.27           |
| 2029       | 5,529,995.41            | 1,528,000.00           | 2,119,782.20           | 1,882,213.21           |
| 2030       | 5,028,629.98            | 1,227,200.00           | 2,051,354.48           | 1,750,075.50           |
| 2031       | 5,033,881.84            | 1,288,400.00           | 1,995,406.34           | 1,750,075.50           |
| 2032       | 5,034,245.82            | 1,346,700.00           | 1,937,470.32           | 1,750,075.50           |
| 2033       | 5,034,955.06            | 1,406,500.00           | 1,878,379.56           | 1,750,075.50           |
| 2034       | 5,032,873.60            | 1,466,500.00           | 1,816,298.10           | 1,750,075.50           |
| 2035       | 5,032,640.66            | 1,531,500.00           | 1,751,065.16           | 1,750,075.50           |
| 2036       | 5,016,576.44            | 1,583,700.00           | 1,682,800.94           | 1,750,075.50           |
| 2037       | 4,976,383.77            | 1,663,700.00           | 1,611,498.10           | 1,701,185.67           |
| 2038       | 4,918,499.61            | 1,694,400.00           | 1,536,581.22           | 1,687,518.39           |
| 2039       | 4,925,766.29            | 1,778,700.00           | 1,459,547.90           | 1,687,518.39           |
| 2040       | 4,929,901.21            | 1,863,700.00           | 1,378,682.82           | 1,687,518.39           |
| 2041       | 4,921,148.57            | 1,939,900.00           | 1,293,730.18           | 1,687,518.39           |
| 2042       | 4,918,734.61            | 2,026,400.00           | 1,204,816.22           | 1,687,518.39           |
| 2043       | 4,926,823.69            | 2,127,800.00           | 1,111,505.30           | 1,687,518.39           |
| 2044       | 4,925,218.85            | 2,224,200.00           | 1,013,500.46           | 1,687,518.39           |
| 2045       | 4,914,096.59            | 2,315,700.00           | 910,878.20             | 1,687,518.39           |
| 2046       | 4,730,046.08            | 2,439,300.00           | 803,785.48             | 1,486,960.60           |
| 2047       | 4,277,992.85            | 2,321,800.00           | 691,030.70             | 1,265,162.15           |
| 2048       | 4,263,135.81            | 2,416,950.00           | 581,023.66             | 1,265,162.15           |
| 2049       | 4,266,988.56            | 2,535,661.00           | 466,165.06             | 1,265,162.50           |
| 2050       | 3,728,325.57            | 2,456,681.00           | 355,197.06             | 916,447.51             |
| 2051       | 3,729,276.14            | 2,567,135.00           | 245,693.60             | 916,447.54             |
| 2052       | 3,293,184.82            | 2,500,355.00           | 131,070.42             | 661,759.40             |
| 2053       | 973,376.24              | 547,827.00             | 16,599.16              | 408,950.08             |
|            | <u>\$140,063,809.27</u> | <u>\$53,708,409.00</u> | <u>\$39,303,862.46</u> | <u>\$47,051,537.81</u> |

# 11. MUNICIPAL DEBT (Continued)

## General Capital and Water Utility Bonds

A schedule of annual debt service for principal and interest for bonded debt is as follows:

|      | General Capital          |                          | Water Utility          |                        |
|------|--------------------------|--------------------------|------------------------|------------------------|
|      | Principal                | Interest                 | Principal              | Interest               |
| 2025 | \$ 28,186,156.85         | \$ 14,121,476.25         | \$ 510,000.00          | \$ 224,500.00          |
| 2026 | 29,020,284.25            | 12,888,694.75            | 520,000.00             | 201,520.00             |
| 2027 | 28,000,556.30            | 11,605,597.75            | 530,000.00             | 178,040.00             |
| 2028 | 28,921,767.50            | 10,315,219.63            | 540,000.00             | 153,790.00             |
| 2029 | 20,971,760.20            | 9,000,161.50             | 550,000.00             | 128,950.00             |
| 2030 | 15,058,346.65            | 8,232,886.50             | 195,000.00             | 103,250.00             |
| 2031 | 7,321,365.45             | 7,623,536.50             | 210,000.00             | 93,500.00              |
| 2032 | 6,531,877.30             | 7,232,012.50             | 220,000.00             | 83,000.00              |
| 2033 | 7,145,704.00             | 7,015,737.50             | 230,000.00             | 74,200.00              |
| 2034 | 6,665,000.00             | 6,771,687.50             | 240,000.00             | 65,000.00              |
| 2035 | 7,095,000.00             | 6,510,412.50             | 250,000.00             | 55,400.00              |
| 2036 | 1,970,000.00             | 6,302,887.50             | 265,000.00             | 45,400.00              |
| 2037 | 850,000.00               | 6,210,687.50             | 275,000.00             | 34,800.00              |
| 2038 | 995,000.00               | 6,168,187.50             | 290,000.00             | 23,800.00              |
| 2039 | 1,155,000.00             | 6,118,437.50             | 305,000.00             | 12,200.00              |
| 2040 | 1,320,000.00             | 6,060,687.50             |                        |                        |
| 2041 | 1,495,000.00             | 5,994,687.50             |                        |                        |
| 2042 | 1,685,000.00             | 5,919,937.50             |                        |                        |
| 2043 | 1,885,000.00             | 5,835,687.50             |                        |                        |
| 2044 | 2,100,000.00             | 5,734,368.75             |                        |                        |
| 2045 | 2,330,000.00             | 5,621,493.75             |                        |                        |
| 2046 | 2,575,000.00             | 5,496,256.25             |                        |                        |
| 2047 | 2,835,000.00             | 5,357,850.00             |                        |                        |
| 2048 | 3,110,000.00             | 5,205,468.75             |                        |                        |
| 2049 | 3,400,000.00             | 5,038,306.25             |                        |                        |
| 2050 | 3,710,000.00             | 4,855,556.25             |                        |                        |
| 2051 | 4,040,000.00             | 4,656,143.75             |                        |                        |
| 2052 | 4,385,000.00             | 4,438,993.75             |                        |                        |
| 2053 | 4,755,000.00             | 4,203,300.00             |                        |                        |
| 2054 | 5,175,000.00             | 3,918,000.00             |                        |                        |
| 2055 | 5,620,000.00             | 3,607,500.00             |                        |                        |
| 2056 | 6,095,000.00             | 3,270,300.00             |                        |                        |
| 2057 | 6,600,000.00             | 2,904,600.00             |                        |                        |
| 2058 | 7,140,000.00             | 2,508,600.00             |                        |                        |
| 2059 | 7,715,000.00             | 2,080,200.00             |                        |                        |
| 2060 | 8,325,000.00             | 1,617,300.00             |                        |                        |
| 2061 | 8,970,000.00             | 1,117,800.00             |                        |                        |
| 2062 | 9,660,000.00             | 579,600.00               |                        |                        |
|      | <u>\$ 294,812,818.50</u> | <u>\$ 222,140,260.38</u> | <u>\$ 5,130,000.00</u> | <u>\$ 1,477,350.00</u> |

\*Includes Capital Appreciation Bonds.

\*\*Includes Developer's Reimbursable Debt.



## 11. MUNICIPAL DEBT (Continued)

### General Capital and Water Utility Bonds (Continued)

Certain maturities of the \$40,747,035.25 General Obligation Refunding Bonds (Pension Refunding) were sold as Capital Appreciation Bonds which are not subject to optional redemption. Interest is paid upon maturity. Below is the debt service schedule:

| <u>Year</u> | <u>Principal</u>      | <u>Interest</u>        | <u>Total</u>           |
|-------------|-----------------------|------------------------|------------------------|
| 2025        | \$ 957,922.20         | \$ 2,957,077.80        | \$ 3,915,000.00        |
| 2026        | 947,049.60            | 3,197,950.40           | 4,145,000.00           |
| 2027        | 937,321.65            | 3,457,678.35           | 4,395,000.00           |
| 2028        | 928,532.85            | 3,726,467.15           | 4,655,000.00           |
| 2029        | 920,525.55            | 4,014,474.45           | 4,935,000.00           |
| 2030        | 912,112.00            | 4,317,888.00           | 5,230,000.00           |
| 2031        | 903,130.80            | 4,636,869.20           | 5,540,000.00           |
| 2032        | 896,877.30            | 4,973,122.70           | 5,870,000.00           |
| 2033        | 890,704.00            | 5,329,296.00           | 6,220,000.00           |
|             | <u>\$8,294,175.95</u> | <u>\$36,610,824.05</u> | <u>\$44,905,000.00</u> |

### New Jersey Environmental Infrastructure Trust Loan Payable - Sewer Utility Fund

Loan agreements were entered into by the City of Newark with the Department of Environmental Protection for the purpose of improvements to the Waste Water Treatment Plant. Loans outstanding at December 31, 2024 are detailed as follows:

|             |                        |
|-------------|------------------------|
| Trust Loan  | \$18,331,943.52        |
| Fund Loan   | 31,186,949.22          |
| * Fund Loan | <u>3,040,602.00</u>    |
|             | <u>\$52,559,494.74</u> |

It is noted that the fund loan was issued interest-free.

\*Interim Loan Disbursements have been made to the City. No payments are made until the loan is fully disbursed. The final loan repayment schedule was not received.

**11. MUNICIPAL DEBT (Continued)**

**New Jersey Environmental Infrastructure Trust Loan Payable - Sewer Utility Fund (Continued)**

A schedule of principal and interest on the loans is as follows:

| Cash Basis |                        |                        |                       |                        |
|------------|------------------------|------------------------|-----------------------|------------------------|
| Year       | Total                  | Trust Loan             |                       | Fund Loan              |
|            |                        | Principal              | Interest              | Principal              |
| 2025       | \$ 6,882,602.92        | \$ 1,858,719.79        | \$ 779,797.76         | \$ 4,244,085.37        |
| 2026       | 4,448,426.51           | 1,500,175.73           | 695,798.96            | 2,252,451.82           |
| 2027       | 3,264,883.56           | 956,000.00             | 624,729.42            | 1,684,154.14           |
| 2028       | 3,107,059.94           | 921,000.00             | 584,244.42            | 1,601,815.52           |
| 2029       | 2,867,375.92           | 959,000.00             | 545,249.42            | 1,363,126.50           |
| 2030       | 2,606,576.29           | 893,000.00             | 504,664.42            | 1,208,911.87           |
| 2031       | 1,986,445.15           | 490,000.00             | 466,579.42            | 1,029,865.73           |
| 2032       | 1,890,245.15           | 415,000.00             | 445,379.42            | 1,029,865.73           |
| 2033       | 1,895,845.15           | 440,000.00             | 425,979.42            | 1,029,865.73           |
| 2034       | 1,747,661.46           | 410,000.00             | 405,366.92            | 932,294.54             |
| 2035       | 1,694,188.07           | 405,000.00             | 388,929.42            | 900,258.65             |
| 2036       | 1,692,638.07           | 420,000.00             | 372,379.42            | 900,258.65             |
| 2037       | 1,695,469.33           | 440,000.00             | 355,210.68            | 900,258.65             |
| 2038       | 1,692,544.31           | 455,000.00             | 337,285.66            | 900,258.65             |
| 2039       | 1,698,669.31           | 480,000.00             | 318,410.66            | 900,258.65             |
| 2040       | 1,693,669.31           | 495,000.00             | 298,410.66            | 900,258.65             |
| 2041       | 1,698,069.31           | 520,000.00             | 277,810.66            | 900,258.65             |
| 2042       | 1,691,419.31           | 535,000.00             | 256,160.66            | 900,258.65             |
| 2043       | 1,688,775.57           | 555,000.00             | 233,516.92            | 900,258.65             |
| 2044       | 1,667,956.10           | 585,000.00             | 210,010.66            | 872,945.44             |
| 2045       | 1,624,216.12           | 605,000.00             | 185,610.66            | 833,605.46             |
| 2046       | 1,627,466.12           | 635,000.00             | 158,860.66            | 833,605.46             |
| 2047       | 1,629,366.12           | 665,000.00             | 130,760.66            | 833,605.46             |
| 2048       | 1,624,966.12           | 690,000.00             | 101,360.66            | 833,605.46             |
| 2049       | 1,545,485.12           | 641,069.00             | 70,810.66             | 833,605.46             |
| 2050       | 1,553,284.72           | 671,494.00             | 48,185.26             | 833,605.46             |
| 2051       | 1,549,535.22           | 691,485.00             | 24,444.00             | 833,606.22             |
|            | <u>\$58,764,840.28</u> | <u>\$18,331,943.52</u> | <u>\$9,245,947.54</u> | <u>\$31,186,949.22</u> |

## 11. MUNICIPAL DEBT (Continued)

### Capital Lease Program

The City has entered into various agreements with the Essex County Improvement Authority to be a participant in the Capital Equipment Lease Program and the Sportsplex Program.

A schedule of principal and interest payments for the leases as of December 31, 2024 are as follows:

| <u>Year</u> | <u>Total<br/>Debt<br/>Service</u> | <u>Principal</u>       | <u>Interest</u>       |
|-------------|-----------------------------------|------------------------|-----------------------|
| 2025        | \$ 7,971,288.00                   | \$ 5,760,000.00        | \$2,211,288.00        |
| 2026        | 8,015,356.00                      | 6,130,000.00           | 1,885,356.00          |
| 2027        | 8,014,789.00                      | 6,485,000.00           | 1,529,789.00          |
| 2028        | 7,613,506.00                      | 6,460,000.00           | 1,153,506.00          |
| 2029        | 7,607,522.00                      | 6,835,000.00           | 772,522.00            |
| 2030        | 6,718,850.00                      | 6,340,000.00           | 378,850.00            |
|             | <u>\$45,941,311.00</u>            | <u>\$38,010,000.00</u> | <u>\$7,931,311.00</u> |

The above-mentioned leases are not reflected on the financial statements herein.

### Bond Anticipation Notes

Outstanding Bond Anticipation Notes in the General Capital Fund were issued at various rates and are summarized as follows:

|                           | <u>Original<br/>Issue</u> | <u>Amount</u>          |
|---------------------------|---------------------------|------------------------|
| General Capital Fund:     |                           |                        |
| 2018 Essex County Lease   |                           |                        |
| Refunding                 | 2-28-19                   | \$ 5,200,000.00        |
| 2021 Various Improvements | 9-15-21                   | 18,109,550.00          |
| 2021 Various Improvements | 9-29-23                   | 12,564,450.00          |
| 2024 Newark Housing Loan  | 9-29-23                   | 20,000,000.00          |
|                           |                           | <u>\$55,874,000.00</u> |

Statutory requirements for providing sums equivalent to legally payable installments for the redemption of notes (Budget Appropriations) and permanent funding (Bond Issues) are summarized as follows:

| <u>Original<br/>Note<br/>Issued</u> | <u>Legal<br/>Installment<br/>Due</u> | <u>Permanent<br/>Funding Required<br/>as of May 1</u> |
|-------------------------------------|--------------------------------------|-------------------------------------------------------|
| 2017                                | 2020 - 2028                          | 2029                                                  |
| 2018                                | 2021 - 2029                          | 2030                                                  |
| 2019                                | 2022 - 2030                          | 2031                                                  |
| 2020                                | 2023 - 2031                          | 2032                                                  |
| 2021                                | 2024 - 2032                          | 2033                                                  |
| 2022                                | 2025 - 2033                          | 2034                                                  |
| 2024                                | 2027 - 2035                          | 2036                                                  |

## 11. MUNICIPAL DEBT (Continued)

### Bonds and Notes Authorized but Not Issued

There were Bonds and Notes Authorized but Not Issued in the following amounts:

|                             | Balance<br>Dec. 31, 2024 |
|-----------------------------|--------------------------|
| General Capital Fund:       |                          |
| General Improvements        | <u>\$ 13,726,000.00</u>  |
| Water Utility Capital Fund: |                          |
| General Improvements        | <u>\$ 99,905,028.74</u>  |
| Sewer Utility Capital Fund: |                          |
| General Improvements        | <u>\$ 56,036,061.42</u>  |

## 12. SCHOOL DEBT

The Board of Education of the City of Newark is presently a Type II School District. The members of the Board of Education are elected by the voters of the school district on the third Tuesday in April. At each annual school election the Board of Education shall submit to the voters of the district the amount of money fixed and determined in its budget, excluding interest and debt redemption charges, to be voted upon for use of the public schools of the district for the ensuing school year.

School debt is deductible up to the extent of 8.0% of the Average Equalized Assessed Valuations of real property for the Local School Debt.

The Board of Education of the City of Newark was a Type I School District and the school debt, authorized by the Board of School Estimate, are obligations of the City and school debt service is raised as part of the school tax levy. School debt is reported on the balance sheet of the General Capital Fund and is detailed as follows:

### Type I School Bonds

|                                                                                                                                                 |                        |
|-------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|
| \$5,120,000, 2015 General School Bonds due in annual installments of \$385,000 to \$430,000 through July 2029, interest at 5.00%.               | \$ 2,035,000.00        |
| \$25,245,000, 2020 General School Bonds due in annual installments of \$6,095,000 through June 2025, interest at 5.00%.                         | 6,095,000.00           |
| \$27,982,000, 2022 General School Bonds due in annual installments of \$2,020,000 to \$2,887,000 through June 2034, interest at 4.00% to 4.25%. | <u>24,317,000.00</u>   |
|                                                                                                                                                 | <u>\$32,447,000.00</u> |

## 12. SCHOOL DEBT (Continued)

### Type I School Bonds (Continued)

A Schedule of Principal and Interest Payments for Type I School Debt is as follows:

| <u>Year</u> | <u>Principal</u>       | <u>Interest</u>       | <u>Total</u>           |
|-------------|------------------------|-----------------------|------------------------|
| 2025        | \$ 8,500,000.00        | \$1,386,397.50        | \$ 9,886,397.50        |
| 2026        | 2,495,000.00           | 981,597.50            | 3,476,597.50           |
| 2027        | 2,590,000.00           | 877,847.50            | 3,467,847.50           |
| 2028        | 2,695,000.00           | 770,197.50            | 3,465,197.50           |
| 2029        | 2,800,000.00           | 658,197.50            | 3,458,197.50           |
| 2030        | 2,465,000.00           | 541,897.50            | 3,006,897.50           |
| 2031        | 2,565,000.00           | 443,297.50            | 3,008,297.50           |
| 2032        | 2,670,000.00           | 340,697.50            | 3,010,697.50           |
| 2033        | 2,780,000.00           | 233,897.50            | 3,013,897.50           |
| 2034        | 2,887,000.00           | 122,697.50            | 3,009,697.50           |
|             | <u>\$32,447,000.00</u> | <u>\$6,356,725.00</u> | <u>\$38,803,725.00</u> |

### Bond Anticipation Notes

There were no bond anticipation notes outstanding as of December 31, 2024.

### Bonds and Notes Authorized but Not Issued

There were Bonds and Notes Authorized but Not issued in the following amount:

|        |                        |
|--------|------------------------|
|        | Balance                |
|        | <u>Dec. 31, 2024</u>   |
| School | <u>\$13,726,000.00</u> |

## 13. INTERFUND RECEIVABLES AND PAYABLES

As of December 31, 2024, interfund receivables and payables that resulted from various interfund transactions were as follows:

|                              | <u>Due from<br/>Other Funds</u> | <u>Due to<br/>Other Funds</u> |
|------------------------------|---------------------------------|-------------------------------|
| Current Fund                 | \$ 600,393.76                   | \$13,666,374.25               |
| Federal and State Grant Fund | 11,250,038.58                   | 5,816,429.31                  |
| Other Trust Fund             | 17,820,588.89                   | 600,393.76                    |
| General Capital Fund         | 6,136,655.48                    | 13,500,000.00                 |
| Water Operating Fund         | 16,483,644.32                   | 13,162,614.52                 |
| Water Capital Fund           |                                 | 13,703,964.13                 |
| Sewer Operating Fund         | 13,158,454.94                   | 4,200,000.00                  |
| Sewer Capital Fund           | 4,200,000.00                    | 5,000,000.00                  |
|                              | <u>\$69,649,775.97</u>          | <u>\$69,649,775.97</u>        |

#### 14. DEFERRED CHARGES TO BE RAISED IN SUCCEEDING YEARS BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. The deferred charges as of December 31, 2024 are as follows:

|                                   | <u>Balance<br/>Dec. 31, 2024</u> | <u>2025 Budget<br/>Requirement</u> |
|-----------------------------------|----------------------------------|------------------------------------|
| Current Fund:                     |                                  |                                    |
| Special Emergency Authorizations: |                                  |                                    |
| Severance Pay - 2020              | <u>\$2,535,000.00</u>            | <u>\$2,535,000.00</u>              |
| Deficit in Operations - 2013      | <u>\$1,552,574.06</u>            | <u>\$1,552,574.06</u> *, **        |
| Deficit in Operations - 2014      | <u>\$ 747,224.19</u>             | <u>\$ 747,224.19</u> *, **         |

\*The City received approval from the State Local Finance Board for a ten (10) year amortization.

\*\*The State has allowed an eleven (11) year repayment schedule with only \$1,000.00 being raised in 2017 for each deficit.

#### 15. DEFERRED COMPENSATION PLAN

The City of Newark offers its employees a Deferred Compensation Plan created in accordance with the provisions of N.J.S. 43:15B-1 et seq., and the Internal Revenue Code, Section 457. The plan, available to all municipal employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

Statutory and regulatory requirements governing the establishment and operation of Deferred Compensation Plans have been codified in the New Jersey Administrative Code under the reference N.J.A.C. 5:37.

The "Small Business Job Protective Act of 1996" revised several provisions of Section 457 of the Internal Revenue Code. A provision of the act required that all existing plans be modified to provide that the funds be held for the exclusive benefit of the participating employees and their beneficiaries. The City of Newark authorized such modifications to their plan by resolution of the City Council.

The Administrators for the City of Newark Deferred Compensation Plan is the Great-West Life Assurance Company and the MetLife Companies.

#### 16. RISK MANAGEMENT

The City of Newark maintains self-insurance programs for General Liability, Automobile and Worker's Compensation. These programs are funded through budget appropriations from the Current, Water and Sewer Utility Funds.

In addition, the City is self-insured with respect to State Unemployment Compensation. A summary of activity is detailed as follows:

|                       | <u>Balance<br/>Dec. 31, 2023</u> | <u>Increase</u> | <u>Decrease</u> | <u>Balance<br/>(Deficit)<br/>Dec. 31, 2024</u> |
|-----------------------|----------------------------------|-----------------|-----------------|------------------------------------------------|
| Worker's Compensation | \$ (2,205,712.08)                | \$ 8,996,092.34 | \$ 8,655,803.12 | \$ (1,865,422.86)                              |
| Liability Fund        | 14,295,143.62                    | 4,002,606.19    | 6,777,235.97    | 11,520,513.84                                  |
| State Unemployment    | 3,369,192.09                     | 740,714.20      | 2,484,096.57    | 1,625,809.72                                   |

## **17. CONTINGENT LIABILITIES**

### **A. Arbitrage Rebate Calculation**

In 1986, under the Tax Reform Act, the arbitrage rebate law went into effect requiring issuers of tax exempt debt obligations to rebate to the Federal Government all of the earnings in excess of the yield on investments of proceeds of such debt issuances (the "rebate arbitrage"). During 1989 the City issued tax exempt debt obligations subject to arbitrage rebate. The Rebate Regulations require the calculation of rebatable arbitrage by analyzing the cash flows of the proceeds of an issue and "future valuing" the investment cash flows at an interest rate equal to the yield on the issue. The Rebate Regulations apply to obligations issued after August 31, 1986. The arbitrage rebate liability must be calculated every installment computation date (last day of the fifth bond year) or earlier if the bonds are retired, defeased or refunded and pay at least 90% of the rebatable arbitrage (plus any earnings thereon) within 60 days after such date. The City does not calculate their arbitrage rebate liability each year. During 2008, the City authorized a contract with an outside consultant to perform arbitrage calculations, however, as of the date of this audit a copy of this report has not been provided.

### **B. Compensated Absences**

The City of Newark has various labor contracts with their employee unions. Payment of accrued sick time varies with each labor agreement and date of employment.

Generally, the City requires employees with accumulated vacation, holiday, personal and compensatory leave credits to extend their separation dates beyond their last working day in order to exhaust all such accumulated time. Replacement personnel are hired only after position is no longer encumbered. Where circumstances warrant lump sum payment (for such accumulated credits) at time of separation, position remains unavailable for hiring until such time as that expenditure is amortized over the period had the employee remained on the payroll beyond his last working day as above. Sole general exception is payment for unused sick leave which is distributed to eligible non-uniformed employees only upon retirement.

City officials have determined that the sum of \$34,676,300.28 has accumulated for unused sick and vacation pay and would be due to employees upon their retirements. This amount has not been verified by audit.

The sum, considered as a contingent liability, is not carried on the Financial Statements of the City.

### **C. Tax Appeals**

As at December 31, 2024, there are Property Tax Appeals in the Tax Court of New Jersey against the City involving commercial, industrial and residential properties. It is impracticable for the City to describe each of the appeals that are currently pending against the City. The City vigorously defends each of these appeals through extensive discovery, settlement negotiations and, if necessary, trial. At this point it is impossible to specifically quantify the extent of any potential exposure to the City relating to these appeals. There should be no substantial additional impact upon the financial status of the City.

As at December 31, 2024, there are Property Tax Appeals in the Tax Court of New Jersey against the City involving commercial, industrial and residential properties. It is impracticable for the City to describe each of the appeals that are currently pending against the City. The City vigorously defends each of these appeals through extensive discovery, settlement negotiations and, if necessary, trial. At this point it is impossible to specifically quantify the extent of any potential exposure to the City relating to these appeals. There should be no substantial additional impact upon the financial status of the City.

Judgments, adverse to the City, would apply to the year of appeal plus at least two subsequent years. Refunds or tax credits, including statutory interest thereon, would be chargeable to operations or future budget appropriations.

County taxes paid on the reductions in assessed valuations are subject to credits against the County Tax Levy of the year subsequent to the year in which appeals were adjudicated.

## **17. CONTINGENT LIABILITIES (Continued)**

### **D. Federal and State Awards**

The City participates in several federal and state 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 receivable at December 31, 2024 may be impaired.

### **E. Payments in Lieu of Taxes (PILOT)**

Under N.J.S.A. 40A:20-12, each municipality is required to annually remit to the County five percent (5%) of the annual service charge for each long-term PILOT financial agreement entered into by the municipality.

### **F. Litigation**

The City, and in some instances, its officers or employees in their official capacities are defendants in a number of lawsuits which may be categorized as follows:

- Negligence Actions
- Civil Rights Actions
- Contract Actions
- Land Use Actions
- Condemnations
- Labor and Employment Matters
- Tax Appeals

The City is self-insured and there are appropriate reserves sufficient to cover losses based on experience. To the best knowledge of the Corporation Counsel, there is no threat of exposure outside of the self-insurance program.

The Office of Corporation Counsel is currently unaware of any litigation presently pending or threatened in any manner questioning the authority or the proceedings for the levy or the collection of taxes, and neither the corporate existence, nor the boundaries of the City, nor the title of any of the present officers thereof to their respective offices is being contested.

## **18. POTENTIAL LIABILITY**

In the City's Memorandum of Understanding (MOU) with the State of New Jersey, under the caption "**Required to Reimburse the State Under Certain Conditions**", it states "that to ensure that aid provided in 2012 is not again in excess of the Municipality's needs and the Municipality shall be required to appropriate as a repayment to the State in its 2013 Budget all funds above \$10,000,000.00 that are available to be used as revenue in support of the 2013 Budget according to the 2012 Annual Unaudited Financial Statement". The City's 2012 Annual Unaudited Financial Statement indicated a Fund Balance of \$12,959,747.74 and the City anticipated the sum of \$12,904,747.74 in the 2013 Budget as revenue. We did not see the amount of \$2,959,747.74 set up in the 2012 Annual Unaudited Financial Statement as a liability or in the 2013 Budget as an appropriation in accordance with MOU.

The 2012 Audit reflected a Fund Balance of \$11,411,387.66. The sum of \$1,411,387.66 has not been set up as a liability as of December 31, 2012 since the State approved the 2013 Budget without an appropriation or a liability for the amount in excess of \$10,000,000.00. No provision has been made in the 2013, 2014, 2015, 2016, 2017, 2018, 2019 nor the 2020 audits for the above amount.



## 19. MOTOR VEHICLE RENTAL TAX REVENUE BONDS

On February 5, 2015, the City approved an ordinance authorizing the issuance of up to \$16,000,000.00 aggregate principal amount of Motor Vehicle Rental Tax Revenue Bonds and the assignment of all or a portion of the proceeds of the City's Motor Vehicle Rental Tax to the payment of such bond's principal and interest.

During March 2015, a bond sale was held in the amount of \$13,490,000.00 at an interest rate of 3.14% dated March 31, 2015 with a principal payment on December 15<sup>th</sup> of each year and interest payments on June 15<sup>th</sup> and December 15<sup>th</sup> of each year. In addition, a Trust Indenture between the City and the U.S. Bank National Association for the Motor Vehicle Rental Tax Revenue Bonds, Series 2015 that included, but not limited, to the following:

- A. The making of capital grants by the City in support of four (4) redevelopment projects authorized.
- B. Annual Report with respect to revenues by April 1<sup>st</sup> of each year.
- C. The City shall not amend the Tax Ordinance or its Zoning Ordinances in any manner that may result in a reduction of the Motor Vehicle Rental Taxes received by the City.

A schedule of Annual Debt Service for principal and interest for bond debt is as follows:

| <u>Year</u> | <u>Motor Vehicle Rental Tax Revenue Bonds</u><br><u>Series 2015</u> |                    |
|-------------|---------------------------------------------------------------------|--------------------|
|             | <u>Principal</u>                                                    | <u>Interest</u>    |
| 2025        | <u>\$1,570,000.00</u>                                               | <u>\$49,298.00</u> |

As previously noted, U.S. Bank National Association pays this debt service directly and the underlying debt does not appear on the records of the City of Newark.

## 20. SECONDARY MARKET DISCLOSURE

Solely for purposes of complying with Rule 15c2-12 of the Securities and Exchange Commission, as amended and interpreted from time to time (the "Rule"), and provided that the Bonds are not exempt from the Rule and provided that the Bonds are not exempt from the requirements in accordance with Paragraph (d) of the Rule, for so long as the Bonds remain outstanding (unless the Bonds have been wholly defeased), the municipality shall provide for the benefit of the holders of the Bonds and the beneficial owners thereof various financial documents relating to the financial conditions of the Municipal Securities Rulemaking Board through the Electronic Municipal Access Data Port (the "MSRB").

## 21. SUBSEQUENT EVENTS

The City of Newark has evaluated subsequent events that occurred after the balance sheet date, but before April 3, 2026, and it was determined that the following item required disclosure:

On June 11, 2025, the City of Newark issued \$29,060,000.00 in General Obligation Refunding Bonds, \$27,425,000.00 in Qualified General Improvement Refunding Bonds and \$1,635,000.00 in Qualified School Refunding Bonds at various interest rates.

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## **APPENDIX C**

### **FORM OF APPROVING LEGAL OPINION**

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

September \_\_\_\_, 2026

Mayor and Municipal Council  
of the City of Newark  
Newark, New Jersey

Ladies and Gentlemen:

We have examined certified copies of the proceedings of the Municipal Council of the City of Newark, in the County of Essex (the "City"), a municipal corporation organized and existing under the laws of the State of New Jersey, and other proofs submitted to us relative to the authorization, issuance, sale, execution and delivery of the \$32,368,000 aggregate principal amount of General Capital Improvement Bond Anticipation Notes, Series 2026G (Tax-Exempt) (the "Notes") of the City. The Notes are dated September 22, 2026, mature September 21, 2027, and bear interest at the rate of \_\_\_\_\_ and \_\_\_\_\_ hundredths per centum (\_\_\_\_%) per annum.

The Notes are issued in fully registered book-entry form, without coupons, initially registered in the name of, and held by, Cede & Co., as nominee for The Depository Trust Company, Brooklyn, New York ("DTC"), an automated depository for securities and clearing house for securities transactions. Individual purchases of the Notes will be made in denominations of \$5,000 each or any integral multiple of \$1,000 in excess thereof, through book entries made on the books and records of DTC and its participants. So long as DTC or its nominee is the registered owner of the Notes, payments of principal of and interest on the Notes will be made by the City or a duly designated paying agent directly to Cede & Co., as nominee for DTC, which will, in turn, remit such payments to DTC Participants, which will, in turn, remit such payments to the beneficial owners of the Notes.

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

The Notes are authorized by, and are issued pursuant to: (i) the provisions of the Local Bond Law of the State of New Jersey, N.J.S.A. 40A:2-1 et seq., as amended and supplemented (the "Local Bond Law"); (ii) bond ordinance number 6PSF-a(s) duly adopted by the Municipal Council of the City on June 22, 2021, approved by the Mayor, and published as required by law (the "Bond Ordinance"); and (iv) a resolution duly adopted by the Municipal Council of the City on September 9, 2026 (the "Resolution").

The Notes are being issued to currently refund a \$32,368,000 principal portion of the City's General Capital Improvement Bond Anticipation Notes, Series 2025E (Tax-Exempt) issued in the principal amount of \$33,951,000 on September 24, 2025 and maturing on

September 23, 2026 (the “Series 2025 Notes”) (a \$1,583,000 portion of the Series 2025 Notes will be paid by the City with a 2026 budget appropriation) (which Series 2025 Notes were issued to (i) currently refund a \$29,091,000 principal portion of the City’s General Capital Improvement Bond Anticipation Notes, Series 2024C (Tax-Exempt) issued in the principal amount of \$30,674,000 on September 26, 2024 and which matured on September 25, 2025 (the “Series 2024 Notes”) (a \$1,583,000 portion of the Series 2024 Notes was paid by the City with a 2025 budget appropriation), and (ii) temporarily finance various capital improvements in and for the City in the amount of \$4,860,000), which Series 2024 Notes were issued to currently refund a \$30,674,000 principal portion of the City’s General Capital Improvement Bond Anticipation Notes, Series 2023B issued in the principal amount of \$31,628,000 on September 28, 2023 and which matured on September 27, 2024 (the “Series 2023 Notes”) (a \$954,000 portion of the Series 2023 Notes was paid by the City with a 2024 budget appropriation, which Series 2023 Notes were issued to currently refund the City’s General Capital Improvement Bond Anticipation Notes, Series 2022D (the “Series 2022D Notes”), which Series 2022D Notes were issued to currently refund a portion of the City’s General Capital Bond Anticipation Notes, Series 2021E (the “Original Notes”), which Original Notes were issued to fund various capital improvements throughout the City and to pay costs of issuance associated therewith).

We are of the opinion that (i) such proceedings and proofs show lawful authority for the authorization, issuance, sale, execution and delivery of the Notes pursuant to, as applicable, the Local Bond Law, the Bond Ordinance, and the Resolution, (ii) the Notes have been duly authorized, executed and delivered and constitute valid and legally binding general obligations of the City, which are enforceable in accordance with their terms, and (iii) the City has pledged its full faith and credit for the payment of the principal of and interest on the Notes and, unless paid from other sources, all the taxable property within the City is subject to the levy of *ad valorem* taxes, without limitation as to rate or amount, for the payment of the principal of and interest on the Notes.

The Internal Revenue Code of 1986, as amended (the “Code”), establishes certain requirements which must be met at the time of, and on a continuing basis subsequent to, the issuance and delivery of the Notes for interest thereon to be and remain excludable from gross income for Federal income tax purposes under Section 103 of the Code. Noncompliance with such requirements could cause the interest on the Notes to be included in gross income for Federal income tax purposes retroactive to the date of the issuance of the Notes. The City has covenanted in a tax certificate relating to the Notes to maintain the exclusion of the interest on the Notes from gross income for Federal income tax purposes pursuant to section 103(a) of the Code.

In our opinion, under existing statutes, regulations, rulings and court decisions, and assuming continuing compliance by the City with the provisions of the Code and the aforementioned covenants in its tax certificate, interest on the Notes is not includable for Federal income tax purposes in the gross income of the owners of the Notes pursuant to Section 103 of the Code. The Notes are not “specified private activity bonds” within the meaning of Section 57 of the Code and, therefore, the interest on the Notes will not be treated as a preference item for purposes of computing the Federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the Federal alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022.

We are also of the opinion that, under existing laws of the State of New Jersey, interest on the Notes and any gain on the sale thereof are not includable in gross income of the

owners of the Notes under the New Jersey Gross Income Tax Act, 1976 N.J. Laws c. 47, as amended and supplemented.

Except as stated in the preceding paragraphs, we express no opinion as to any Federal, state, local or foreign tax consequences of the ownership or disposition of the Notes. Furthermore, we express no opinion as to any Federal, state, local or foreign tax law consequences with respect to the Notes, or the interest thereon, if any action is taken with respect to the Notes or the proceeds thereof upon the advice or approval of other bond counsel.

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

This opinion is rendered on the basis of Federal law and the laws of the State of New Jersey as enacted and construed on the date hereof.

We have examined the form of the executed Note and, in our opinion, the form of the Note is regular and proper.

Very truly yours,

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**APPENDIX D**

**FORM OF CONTINUING DISCLOSURE CERTIFICATE**

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## CONTINUING DISCLOSURE CERTIFICATE

I, BENJAMIN A. GUZMÁN, Acting Director of Finance and Interim Chief Financial Officer of the City of Newark, in the County of Essex (the "City"), a municipal corporation organized and existing under the laws of the State of New Jersey, DO HEREBY CERTIFY in connection with the issuance of \$32,368,000 General Capital Improvement Bond Anticipation Notes, Series 2026G (Tax-Exempt) (the "Notes"), dated September 22, 2026 and maturing September 21, 2027, that pursuant to the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended and supplemented (the "Rule"), specifically subsections (d)(3) and (b)(5)(i)(C) thereof, the City will provide notice (the "Notice") to the Municipal Securities Rulemaking Board (the "MSRB") via MSRB's Electronic Municipal Market Access system ("EMMA") as a Portable Document File (PDF file) to [www.emma.msrb.org](http://www.emma.msrb.org), of any of the following events with respect to the City and/or the Notes herein described, as applicable: (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 or other material events affecting the tax-exempt status of the security; (7) modifications to rights of security holders, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution or sale of property securing repayment of the securities, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the City; (13) consummation of a merger, consolidation, or acquisition, or sale of all or substantially all of the assets of the City other than in the ordinary course of business, entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such action, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or change of name of a trustee, if material; (15) incurrence of a Financial Obligation, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation, any of which affect Noteholders, if material; or (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation, any of which reflect financial difficulties (collectively, the "Listed Events").

*"Financial Obligation"* shall mean a: (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b) listed hereinabove. The term *"Financial Obligation"* shall not include municipal securities as to which a final official statement has been provided to the MSRB, through the EMMA system, consistent with the Rule.

If the City (a) has or obtains knowledge of the occurrence of any of the Listed Events not requiring a materiality determination, or (b) determines that the occurrence of a Listed Event requiring a materiality determination would be material to the Beneficial Owners of the Notes, the City shall file a Notice of each such occurrence with the MSRB via EMMA in a timely manner not in excess of ten (10) business days after such determination.

The City's obligations under this Certificate shall terminate upon the redemption, defeasance or payment in full of the Notes.

In the event the City fails to comply with any provision of this Certificate, any Noteholder may take such action as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the City to comply with its obligations under this Certificate. Notwithstanding the above, the remedy for a breach of the provisions of this Certificate or the City's failure to perform hereunder shall be limited to bringing an action to compel specific performance.

This Certificate shall inure solely to the benefit of the City, the purchaser and the holders from time to time of the Notes, and shall create no further rights in any other person or entity hereunder.

The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be Digital Assurance Certification, LLC. The City shall compensate the Dissemination Agent (which shall be appointed) for the performance of its obligations hereunder in accordance with an agreed upon fee structure.

IN WITNESS WHEREOF, I have hereunto set my hand on behalf of the City this \_\_\_\_ day of September, 2026.

**CITY OF NEWARK,  
IN THE COUNTY OF ESSEX,  
STATE OF NEW JERSEY**

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**BENJAMIN A. GUZMÁN,  
Acting Director of Finance and  
Interim Chief Financial Officer**

**Acknowledged and Accepted by:**

**DIGITAL ASSURANCE CERTIFICATION, LLC  
as Dissemination Agent**

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**BRIANNA STEGER,  
Senior Vice President –  
Securities Compliance Division**